

BUSINESS FORUM MAGAZINE

# VIETNAM Business Forum

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

VOL. 01, NO. 12 (1290), SEP 8 - 21, 2020  
ISSN 1859-0632



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**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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# “Vietnam’s future is inseparable from peace, stability, cooperation and shared prosperity of the region and the world”



Prime Minister Nguyen Xuan Phuc addresses the ceremony marking the 75th anniversary of Vietnam's National Day

On the occasion of the 75th National Day of the Socialist Republic of Vietnam (September 2, 1945 - 2020), the Vietnam Business Forum would like to excerpt the address delivered by Prime Minister Nguyen Xuan Phuc at the celebratory meeting recently held in Hanoi.

**O**n September 2, 1945, President Ho Chi Minh, the great leader of Vietnam, proclaimed the independence of the Democratic Republic of Vietnam - now the Socialist Republic of Vietnam.

On this historic day, the Oath to Independence resounded in the hearts of millions of Vietnamese who pledged to stand united, to join our strength and be one mind, to hoist up the Red Flag of Yellow Star in our revolutionary process, to overcome countless hardships and perform sacrifice in order to secure our independence, sovereignty, territorial integrity, right to self-determine the national fate and the right to pursue happiness for people. Such are the inalienable rights of all nations, but the Vietnamese people had to undergo untold

losses and ordeals to claim such rights. Lying deep in our hearts is the teaching of esteemed President Ho Chi Minh – “Nothing is more precious than independence and freedom.”

**Today**, the 75-year revolutionary path has been marked with glory. Vietnam has made great strides toward the goal of “wealthy people, powerful nation, and democratic, just and cultured society”. Important achievements include strong and sustained economic growth, higher living standards, secured social and political stability, safeguarded national defense and security, and improved laws and institutions, expanded international relations with proactive international integration, and active and responsible contributions to peace, cooperation and development in the region and the world.

These momentous successes of historic significance present testimony to the strong willpower of our people and Vietnam’s role as a trusted friend and partner of the international community. Such achievements bear the hallmark of the effective and invaluable assistance given by countries, friends, and the international community, represented by many of you here. We will always remember and value such generous support.

On August 27, Vietnam received a congratulatory message from the United Nations Secretary General Antonio Guterres, highlighting Vietnam’s contributions to the United Nations since its membership in 1977. Vietnam is playing a leading role in fulfilling the United Nations Development Goals and maintaining peace and security. “The 75th anniversary of Vietnam National Day coincides with its Chairmanship of ASEAN and membership of the Security Council, demonstrating your strong presence on the global arena.”

**The year 2020** has been an extraordinary year. Not merely a public health crisis, the Covid-19 pandemic has caused serious global turmoil, inflicting enormous damage to human health and lives. Impacts also include a grave global economic, trade and investment downturn, sociopolitical instability, and strong difficulty to international relations.

Right now, the pandemic is expected to rage on in the foreseeable future, and combative measures are still required. As revealed by Covid-19, countries are interdependent, and international cooperation is of great significance.

**Vietnam** has a highly open economy and trade which is hit hard by the pandemic. In this battle, the Vietnamese Government and people, led by the Party, have joined hearts and minds in a phenomenal effort to achieve the dual goal of “resolutely combating the epidemic” while steadfastly sustaining and reviving production and economic development, ensuring people’s life and livelihoods, and leaving nobody behind.

As of now, Vietnam is still able to successfully keep Covid-19 under control. Our balanced, effective, and low-cost model has earned international recognition and domestic support.





**Prime Minister Nguyen Xuan Phuc and APEC ministers responsible for trade, APEC Vietnam 2017**



Though significantly hard hit by Covid-19, Vietnam's economy has remained stable and expanded by nearly 2% in the first half of 2020. Trade surplus reached nearly US\$11 billion, while foreign investment inflow has rebounded after a stall in the first months. Vietnam placed No. 12 out of 66 emerging economies in the Financial Health Ranking of The Economist, counting itself among the "Safe" countries amid the epidemic breakout.

The **Government of Vietnam** is focused on playing an enabling role for development, reforms, economic restructuring towards sustainability and resilience, digital transformation, which is indexed by the satisfaction of the business community and the public.

Amidst the complicated developments of the pandemic, Vietnam's engagement in diplomacy and international cooperation has been strong, innovative, flexible and diverse, with medical supplies and equipment provided for 40 countries and two international organizations. Since February 2020, the Party General Secretary and State President, the Prime Minister and the Chairwoman of the National Assembly have joined 30 virtual summits and phone calls with leaders of various countries and international organizations, such as ASEAN, WHO, UN, G20, IPU and the Non-Aligned Movement.

**In the pursuit of active international integration,** Vietnam has been effectively assuming our roles as the 2020 Chair of ASEAN and AIPA 41, and a non-permanent member of the United Nations Security Council, including the Chair of the United Nations Security Council in January 2020 where Vietnam put forward important and timely initiatives.

In this endeavor, we believe that:

- Globalization and international integration remain a key driver for mankind's development, despite certain difficulties in the way. Let us work together for a more sustainable, more humanitarian and safer globalization in the coming time.

- Multilateral mechanisms are in need of reforms to be more effective, representative and responsive, with the United Nations at the core, and organizations such as ASEAN as part and parcel, working together for a fair and sustained world

order. Vietnam has been persevering in this pursuit.

- Peace, stability, cooperation and development are the aspiration of all nations and peoples. In international relations, all peoples and nations are equal. All countries should uphold the rule of law and respect the independence, sovereignty, territorial integrity and legitimate interests of one another.

- Many small and medium-sized countries, including Vietnam, have suffered greatly in their struggles for independence and national construction, and are currently making important contributions to the world. Their voices should be heard and respected.

- Strong cooperation is required for more effective prevention and control of the Covid-19 epidemic, vaccine development and distribution, and response to future epidemics. At the same time, we must be vigilant to nontraditional security challenges such as pollution, climate change and natural disasters.

Following the adoption of the European Parliament (EP), in early June, the National Assembly of Vietnam ratified the EU-Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA). The entry into force of the EVFTA and ongoing implementation of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and other free trade agreements open up major opportunities for Vietnam's rapid economic rebound in the post-Covid-19 era.

**Vietnam is moving toward** achieving its development tasks and targets set for 2020 and for 2016-2020 and preparing for the 13th National Party Congress. The Congress will set key strategic guidelines for national development to 2025, to 2030 and further to 2045. We remain fully committed to fulfilling our international roles, including those related to ASEAN this year and the UN Security Council in 2020-2021 tenure.

Vietnam's future is going alongside peace, stability, cooperation and shared prosperity of the region and the world. As the Covid-19 pandemic continues to unfold in unpredictable ways, Vietnam hopes to work closely with all countries to fight it effectively and foster recovery and economic development together.



**Secretary General, State President Nguyen Phu Trong; Prime Minister Nguyen Xuan Phuc; National Assembly Chairwoman Nguyen Thi Kim Ngan and Deputy Prime Ministers chair the conference on resolution of the XIV National Assembly on the mission of socio-economic development in 2020**



**Prime Minister Nguyen Xuan Phuc and National Assembly Chairwoman Nguyen Thi Kim Ngan co-chair the ASEAN Leaders' Interface with AIPA Representatives**

In the past months, your life in Vietnam certainly has been affected by the Covid-19 pandemic. Many diplomatic events have been cancelled or delayed. Many among you have been unable to return home and reunite with your loved ones. I am fully sympathetic with you, and very much appreciate your empathy and solidarity with Vietnam. I am glad to learn that staff at embassies and international representative missions are all safe. I am very glad to learn that.

For Vietnamese, springtime brings the “New Year Day” and autumn brings Independence Day, the second of September, sacred and profound. I am fully confident that in these historic autumn days, you will bear witness to the air of openness, of joy and of

optimism of the people, Vietnamese and foreign businesses in the future of our country.

I would like to thank you, and express my hope that you will continue to play your role as the vital bridge between us, and contribute further to the promotion of friendship and cooperation between Vietnam and its friends and partners all over the world. Through you, I would like to send my greetings to leaders of your countries and international organizations and we are indeed eager to meet your leaders face to face.

I would like to take this opportunity to **reaffirm Vietnam's foreign policy** of independence, self-reliance, diversification and multilateralization of diplomatic ties and active international integration. We are a trusted friend and partner, and a responsible member of the international community, promoting cooperation with all countries on the principles of respecting independence, sovereignty, equality and shared interest, and seeking to settle differences through peaceful means based on international law. ■



VCCI President Vu Tien Loc and other VCCI leaders at the 8th Congress of the VCCI Party Committee

# 8th VCCI Party Congress for 2020-2025 Term Wraps up

On August 31, the 8th Congress of the Party Committee of the Vietnam Chamber of Commerce and Industry (VCCI) for the 2020 - 2025 term wrapped up in Hanoi.

**HUONG LY**

In the 2015-2020 term, VCCI has worked together with the business community and associations to effectively support business development. VCCI has also advised the Party and the Government on major guidelines and policies to promptly help enterprises stabilize and develop production and business, improve competitiveness and accelerate international integration.

At the congress, Dr. Vu Tien Loc, President of VCCI, said that VCCI has taken the lead in researching and propagating Marxism-Leninism and President Ho Chi Minh's thought on a multisector economy and the owner role of enterprises and businesspeople, protecting the ideological foundation of our Party, and opposing wrong and hostile views.

In addition, VCCI is the driving force that promotes economic institutional reform in the country by participating in political theory studies; important resolutions of the Party; laws of the National Assembly; policies of the Government, and enforcement plans of localities greatly supported by the Provincial Competitiveness Index reports (PCI).

As for policymaking, VCCI has made many important administrative reform proposals to the Government. VCCI is

an active part in all three waves of administrative reform, including the eradication of thousands of sublicenses in 2016, reduction and simplification of more than 50% of business conditions and specialized administrative procedures in 2018, and review of regulatory overlaps and shortcomings in 2020.

According to Dr. Vu Tien Loc, VCCI has always encouraged and promoted international integration, and joined the country's integration efforts in CPTPP, EVFTA, APEC and ASEAN.

As an advisory body, VCCI has recommended the Party and the Government to set business development goals and programs, established the first SME support centers in Vietnam, the first employer office, the first national startup program, and the first Business Office for Sustainable Development.

As for main tasks and solutions in the 2020 - 2025 term, VCCI will more thoroughly carry out effective solutions to support businesses, fulfil requirements assigned to VCCI and the VCCI Party Committee, and realize wishes of the business community and expectations of Party and State leaders.

The business community and the economy are enduring the toughest stage in decades in the wake of the Covid-19 pandemic and the global economic slowdown. Institutional reform also enters a more arduous period when relatively easy things we have done are now expected to make disruptive changes and we need higher political determination in this tough time. Reform motivation also needs to come from more innovation efforts for Vietnam to excel itself and to catch up with global trends, he emphasized.

Business development is entering a stage where we care

about not only quantity but also quality, performance, productivity and competitiveness. FDI attraction and entry to global value chains are not only targeted for higher value-added stages, but also for enhanced social responsibility and environmental friendliness rather than sweaty stages like parts assembly, material processing and resources consumption that harm the environment.

Dr. Loc said the goal of the next term is having 1.5 million effective enterprises by 2025 and upgrading 5.2 million business households that are actually family-run microenterprises which generate livelihoods of millions of people and produce more than 30% of the country's GDP. That is the goal for VCCI and the main content of a national political research project that VCCI has proposed to the Central Theoretical Council. Such policies and objectives are proposed to be clearly defined in the document of the 13th National Party Congress. ■



**The Central Business Block's Party Committee awards Certificate of Merit to the VCCI Party Committee for successfully completing its tasks in the term 2015 - 2020**

## Drone Pro Wins First Prize at National Finals of EWC

Drone Pro Vietnam, a startup that launched its first product of a smart delivery drone system for people living in apartments and skyscraper buildings, won the first prize at the national finals of the Entrepreneurship World Cup (EWC) competition held recently in Hanoi.

Mr. Vo Tran Trung, Founder & CEO of Drone Pro VN Joint Stock Company, captured the 1st prize, and will advance to the next round of the global competition against national winners from 200 countries.

"A smart drone system that delivers goods & services from sellers to buyers in the high rise building," said Mr. Trung. "The problem that Drone Pro VN wants to solve is traffic congestion in major cities. The first product is a Smart delivery drone system for people living in apartments and skyscraper buildings."

In preparation for the EWC Global Finals, Mr. Vo Tran Trung will participate in an acceleration program which features virtual training and one-to-one mentoring targeted to their company's current stage and growth trajectory.

Mr. Vo Tran Trung emerged victorious from a pool of a large number of contestants who applied – each receiving access to free virtual training services and up to US\$25,000 in perks to help them take their venture to the next level. Other finalists at EWC Vietnam included Nguyen Nghia and David Tran from Phu Yen, startups - who won the final prize in National Startup Competition 2019; Mai Xuan Viet from Ho Chi Minh City a startup - who won the second prize of Vietnamese Mathematics.

Giving comments about the winner, Mr. Hung Truong Thanh, Deputy Chairman, Vietnam Startup Mentors Alliance (VSMA), said: "This is actually a very pioneering solution, at least in Vietnam, to address various issues encountering in urban areas such as faster and cost-saving goods delivery regardless of terrible traffic jams in big cities, high building glass cleaning and painting or even for fire-fighting. The team is really strong with proven records and possesses the technology patent registered in the U.S.. The minimum viable product has been validated and is now ready to go to market with high potential to scale up, especially during this Covid-19 pandemic when non-human touch delivery is highly recommended."

More than 150,000 contestants from 200 countries entered the Entrepreneurship World Cup. The initiative combines a broad-

reaching pitch competition, aimed at ventures ranging from idea stage to growth stage, with a virtual accelerator program to help all participants launch, strengthen and scale their enterprises. Global Finalists will face off against one another at the Misk Global Forum in Riyadh, Saudi Arabia in October.

EWC is an initiative led by the Misk Global Forum, Global Entrepreneurship Network and the Global Education and Leadership Foundation with support from a collection of national and global partners, including the GSVlabs and Entrepreneurs' Organization. EWC Vietnam is organized by Business Forum Magazine and administered by VCCI. **B.H**

## "Make in Vietnam Digital Technology Product Award 2020" Launched

The Ministry of Information and Communications in collaboration with the Vietnam Chamber of Commerce and Industry (VCCI) held a press conference to launch the "Make in Vietnam Digital Technology Product Award 2020", part of the "Vietnam Technology Enterprise Development Forum".

The award is designed to stimulate digital technology firms to research and create digital technology products and solve Vietnam's problems; honor excellent digital technology products with practical values to digital government development, digital economy, digital society and digital nation; and support "Make in Vietnam" digital products to businesses and people in Vietnam at large.

Candidate products will be assessed publicly and transparently according to two criteria: Design and creativity in Vietnam and solutions to Vietnamese problems.

The award has five categories: Excellent Digital Foundation Award, Excellent Digital Product Award, Excellent Digital Solution Award, Narrow the Digital Gap Award (City - Countryside, disadvantaged, limiting the reverse side of digital technology) and Potential Digital Product Award.

Candidate companies from all economic sectors are supposed to file registration applications in accordance with Vietnamese law, have digital technology products designed and created in Vietnam, and have been applied and used to solve Vietnamese problems.

The time for submitting applications for the award is from August 20 to October 20, 2020 via [makeinvietnam.mic.gov.vn](http://makeinvietnam.mic.gov.vn).

**Thu Ha**



VCCI President Vu Tien Loc delivers a remark at a conference on EVFTA and Vietnam's integration

# EVFTA

## Foundation for Consolidated Vietnam-EU Relations

The Covid-19 pandemic is having both short-term and long-term effects on the Vietnamese economy. In this context, the official entry into force of the EU - Vietnam Free Trade Agreement (EVFTA) will have a significant impact on the

Vietnamese economy and its enterprises, especially small and medium-sized ones. Dr. **Vu Tien Loc**, President of the Vietnam Chamber of Commerce and Industry (VCCI), gives an exclusive interview on this issue on the sidelines of the workshop, “EVFTA Agreement and Vietnam's Integration into Global Value Chains in a Post-Covid-19 World”, recently hosted by the Delegation of the European Commission (EC), VCCI and the European Chamber of Commerce and Industry (EuroCham) in Hanoi

**How has the Covid-19 pandemic affected Vietnamese exporters and how are they performing after the EU - Vietnam Free Trade Agreement (EVFTA) officially came into force on August 1, 2020?**

Vietnam is a highly open economy which largely depends on foreign markets for inputs for production and for output consumption. The Covid-19 pandemic disrupted supply chains and shrank global market demand, and that immediately affected Vietnam's manufacturing industries which are reliant on imported inputs and on exported outputs.

In that context, EVFTA is opening up rare opportunities for Vietnam. I understand that, in the current context of a very stagnant market, many producers of agricultural products, apparel, footwear and electronics in Vietnam have now started to receive new orders and new opportunities from the EU.



**President of the European Council Donald Tusk (L) and President of the European Commission Jean-Claude Juncker (R) welcome Prime Minister Nguyen Xuan Phuc to the Asia-Europe Meeting summit at the European Council, Belgium, October 18, 2018**

also very important. Therefore, to help supporting industries to enter global supply chains, Vietnam must have consistent actions on all three spearheads.

Vietnam and the EU have a long-term relationship in the manufacturing industry, as well as inputs for manufacturing industries. The EU has helped Vietnam a lot in training technical workers for mechanical engineering industries. Motivated by the Covid-19 pandemic and the EVFTA Agreement, the EU hopes to step up and expand the scale and scope of its cooperation programs. In that way, the EU will support the Vietnamese economy to strengthen the development of supporting industries and more effectively join global supply chains with EU economies.

Thus, this pact can be said to be a pathway for Vietnam to address existing problems caused by the disruption of global supply chains and also a long-term solution for it to take a deeper part in higher value segments of supply chains. Vietnamese manufacturers are well aware that EVFTA imposes very strict requirements for the ratio of local inputs. Therefore, Vietnam will have the opportunity to promote the development of supporting industries and purchase more input materials from the EU. In return, that will also strengthen cooperation between Vietnam and the EU.

To utilize benefits brought by EVFTA, in the coming time, Vietnam needs to have a strategy and amend the legal system to match its commitments. More importantly, there must be amendments, institutional reforms, and even higher requirements to create a more favorable business environment and fairer competition to enhance business competitiveness. Only much enhanced corporate competitiveness will provide Vietnam with a solid foundation to take a deeper part in global supply chains and promote FDI in the coming time.

#### **Vietnam faces difficulties in localization, how will EVFTA help solve this matter?**

The first difficulty for Vietnam in fostering the development of supporting industries is that the country has not introduced enough reasonable incentives and policies, especially tools to support domestic enterprises. The second is the shortage of high-quality, well-trained human resources - the most important factor for the development of supporting technologies.

Besides, infrastructure quality that helps reduce costs is

#### **Does EVFTA create competition between businesses of both sides and what is the measure of success in EVFTA enforcement?**

Vietnam has the opportunity to penetrate the EU market, and EU businesses of different scales and sizes have the opportunity to make inroads into the Vietnamese market as well. However, Vietnam and the EU are two complementary markets, rather than face-to-face competitors. Although the EU has agricultural products, it does not compete directly with Vietnam's tropical agricultural products. Europe has a very long winter while Vietnam is in a tropical climate where plants grow all year round. This creates an opportunity, a very good niche for Vietnam to enter the EU market.

I think that the most important measure of success in the EVFTA enforcement for the EU and Vietnam is the participation of small and medium enterprises and family businesses in this process. I expect a prospect that "A family in Europe can order fresh flowers still wet with the dew in Da Lat, and Vietnamese families can order apples from a farm in Europe" with the help of e-commerce.

With those favorable cooperation policies between Vietnam and the EU, I do believe that Vietnam's agricultural products, apparels, footwear and electronics products can likely enter the EU market. Enterprises must innovate, have product, service, marketing and technology strategies and enhance their competitiveness to capture EVFTA benefits. I want to emphasize that EVFTA is the foundation to strengthen Vietnam - EU relations, coupled with both challenges and opportunities. The matter is how to create a more transparent and favorable business environment.

**Thank you very much!**

# Historic Milestone in Vietnam-EU Cooperation



Mr. Giorgio Aliberti, the EU Ambassador to Vietnam

The EU-Vietnam Free Trade Agreement (EVFTA) came into force in the context that Covid-19 continues to take a toll on the global economy, including Vietnam and the EU. The pact is expected to be beneficial for both the Vietnam and EU economy, and acts as an important factor to nurture opportunities for economic recovery. Following is the article by Mr. Giorgio Aliberti, the EU Ambassador to Vietnam, regarding this historic pact.

**T**his year witnesses the relationship between the EU and Vietnam growing closer than ever. The two sides just ratified the EU-Vietnam Free Trade Agreement (EVFTA), which will bring our bilateral relations to an all-time high. The agreement came into force in the context that Covid-19 continues to take a toll on the global economy, including Vietnam and the EU. Undeterred by the pandemic, the governments in Vietnam and EU member States have strengthened their commitments to promote economic growth and to strengthen investment, as well as trade cooperation between the two sides.

Obviously, the trade agreement is an historic milestone in the EU-Vietnam cooperation. It is expected to be beneficial for both the Vietnam and EU economies. Especially for Vietnam, from

day one of the effectiveness of the agreements the reduction in tariffs are in some cases very significant at approx. 25% and applicable to 65% of EU exports to Vietnam, and 71% of EU imports from Vietnam. Almost all other tariffs will be eliminated after 10 years. Any reduction in and elimination of tariffs will act like an effort to restart and boost economic development post Covid-19. Therefore, the EVFTA will be an important factor to nurture opportunities for economic recovery.

The bilateral removal of tariffs and of import taxes and the reduction of non-tariff barriers (NTBs) will help to boost trading across borders. By some estimates, export value by EU companies will be increased by €8 billion by 2035, while exports by Vietnam by €15 billion. According to an economic impact analysis conducted in 2018, exports by Vietnam to EU will increase 18% annually. However, these figures cannot reveal all other social and economic benefits the agreements will bring for both sides.

We all know that FDI often follows strong trade relations. More FDI on its turn will further boost the trade potential between partners. In its amazing process to become a middle-income country, Vietnam realized that without more FDI, it will face constraints in becoming a regional hub and an integral part of global value chains.

Together with EVFTA and EVIPA, the current disruptions of global value chains (GVCs) can be opportunities to reshape the trade and investment cooperation of Vietnam. Vietnamese businesses may like to consider if they can diversify the GVCs and their participation in such chains. Vietnam can become more diversified and less vulnerable to similar shocks in the future.

On the grounds of new trade and investment agreements with the EU, the choice of European partners will become obvious and will open opportunities for Vietnamese manufacturers. This will bring more opportunities and more advantages for local start-ups and SMEs to grow and become global companies.

It is both a possibility and hope that the agreement will activate a new wave of FDI from the EU into Vietnam. European companies will bring high skills and long-term experiences on efficient management, governance, and technology to Vietnam.

European FDI will be accompanied with higher standards in corporate social responsibility regarding labour and environment. It will enable Vietnam to spur economic growth, to create more decent jobs and to ensure sustainable development. Such spill-over impacts are necessary for economies like Vietnam to overcome the middle income trap.

We expect that the understanding among enterprises, business associations, policy makers in Vietnam and also in EU about the EVFTA will be boosted to figure out actions to best utilize EVFTA to support Vietnam to benefit from further integrating into the GVCs post-Covid-19 and for the mutual benefits of Vietnam EU cooperation. ■

# New Prospects for Vietnam-EU Cooperation

The year 2020 witnesses the 30th anniversary of Vietnam-EU diplomatic relations (1990-2020), an important milestone in bilateral relations and marking robust comprehensive partnership and cooperation between Vietnam and the European Union (EU). On this occasion, Vietnam Business Forum has an interview with Mr. **Dinh Toan Thang**, Director of the Europe Bureau, the Ministry of Foreign Affairs of Vietnam, on this issue. **Nguyen Mai** reports.



**2020 marks the 30th year since Vietnam and the EU established diplomatic relations. Could you please tell us some memorable milestones in the relationship?**

The development of Vietnam - EU relations over the past 30 years has been always coupled with Vietnam's open foreign policy, Doi Moi (renovation), toward diversifying and multilateralizing international relations and deepening relations with major partners and important partners within an extensive international integration process. That 30-year trajectory also reflects the dynamic progress of the EU's policies and strategies toward the Asia-Pacific and Southeast Asia region, where it attaches increasing importance to the role and position of Vietnam and considers the country a leading EU partner in the region.

We still remember that five years after the establishment of diplomatic relations, the Framework Agreement on Vietnam-EC Cooperation was signed in 1995, concurrent with other major milestones of Vietnamese foreign relations, for example the normalization of the Vietnam-U.S. relationship and Vietnam's accession to ASEAN, which created an important legal framework for diverse cooperation programs between the two sides. The widening door and very positive cooperation results, coupled with the common desire to bring to the bilateral relationship broader and more comprehensive development, laid the groundwork for Vietnam and the EU to agree on and sign the Comprehensive Partnership and Cooperation Agreement (PCA) in 2012, replacing the 1995 Framework Agreement on Cooperation and establishing a new vision for bilateral ties.

Based on that new framework, Vietnam - EU cooperation has really spread to many fields and increasingly deepened. Typical examples are outstanding agreements reached by the two sides like Voluntary Partnership Agreement/Forest Law Enforcement, Governance and Trade (VPA/FLEGT Agreement) signed in 2018, the Framework Participation Agreement (FPA) in the EU Crisis Management signed in 2019, and especially the Vietnam - EU Free

Trade Agreement (EVFTA) signed in June 2019, effective in early August 2020, and the Vietnam - EU Investment Protection Agreement (EVIPA), which is in the process of ratification.

It should be emphasized that those developments in Vietnam-EU relations are backed by the strong political will of the two sides' high-ranking leaders, as well as the dynamic actions of central and local authorities, partners and businesses of Vietnam and the EU. High-level visits have really become important milestones in Vietnam - EU relations, established important driving forces for new cooperation development, including major visits in recent years, like the EU visits by General Secretary and President of Vietnam Nguyen Phu Trong in 2013, by Prime Minister Nguyen Xuan Phuc in 2018 and National Assembly Chairwoman Nguyen Thi Kim Ngan in 2019, as well as many visits to Vietnam by EC and EP leaders.

We are witnessing the comprehensive development of Vietnam - EU relations. As a result, the EU has become one of Vietnam's top trading partners. The two-way trade value exceeded US\$50 billion since 2017. Good cooperation is opening up in many development areas for Vietnam in the current period, such as energy, education and climate change response. Vietnam, in its active multilateral foreign policy, is working closely with the EU in multilateral forums and mechanisms to promote cooperation and contribute to maintaining rules-based international order, for peace, stability and development in the region and the world.

## **What are advantages and disadvantages of EVFTA and EVIPA negotiation and promotion?**

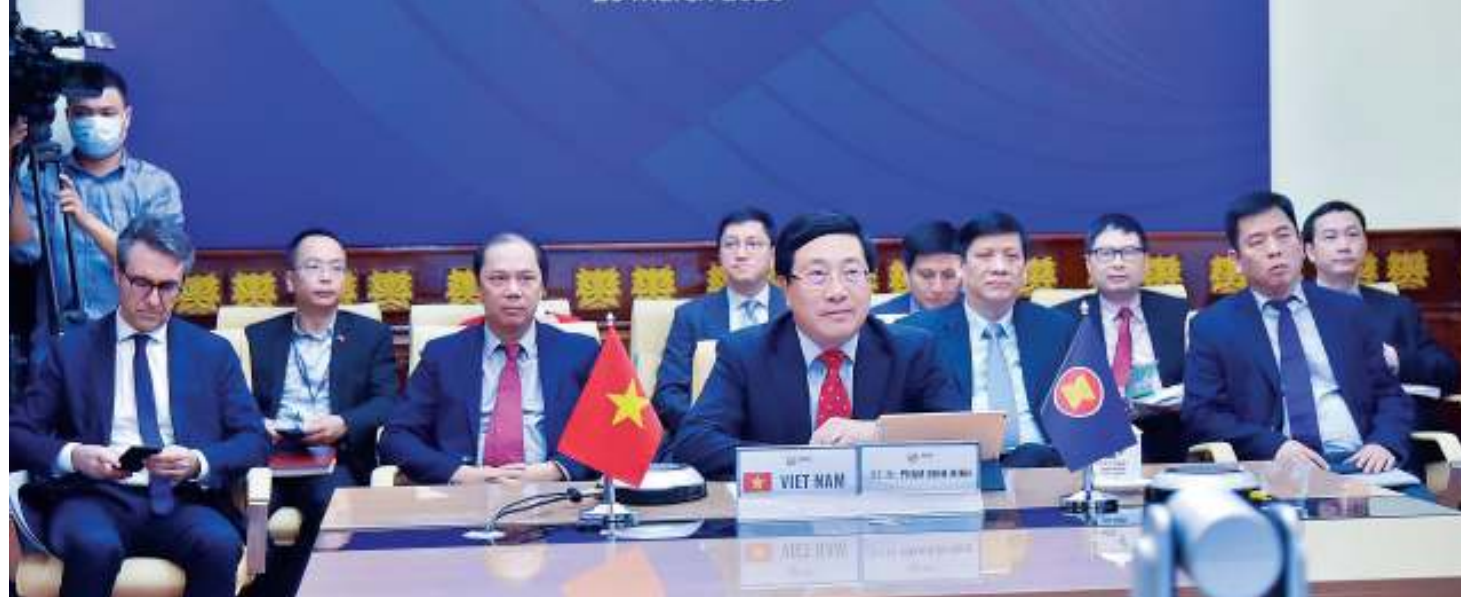
EVFTA and EVIPA were negotiated in the context that both Vietnam and the EU wanted to realize the will and the new strategic vision that leaders of the two sides and the PCA Agreement saw it as a very important area for both Vietnam and the EU. EVFTA and EVIPA have since become new featured content in all high-level exchanges between the two sides. The agreement on vision and benefits created a strong determination and motivation for Vietnam and the EU to promote EVFTA and EVIPA, which is not only seen as an important move to build an equal, comprehensive and long-term partnership between Vietnam and the EU, but also allows exploiting the market potential, promoting complementarity between the two economies, creating opportunities for investment and business cooperation for the business community, bringing benefits to the people, promoting regional cooperation and integration, and enhancing the position of both Vietnam and the EU in the changing international economic landscape.

EVFTA is a trade agreement that represents the EU's deepest level and range of commitments to a developing economy. As for Vietnam, EVFTA is a new-generation free trade agreement, demonstrating Vietnam's high level of integration and commitment to sustainable economic and trade development. Therefore, the pact must reflect both the commitments of Vietnam and the EU, and also show the balance and harmony of interests of the two sides. That is the basis, advantage and challenge when related contents are



# ASEAN-EU MINISTERIAL CONFERENCE ON THE CORONAVIRUS DISEASE 2019 (COVID-19)

20 March 2020



Deputy PM, Foreign Minister Pham Binh Minh at ASEAN- EU ministerial conference on Covid-19

☞ unified and promoted. The final result has been deemed satisfactory by both sides.

The negotiation, signing and ratification of EVFTA and EVIPA also underwent many difficult times. EVFTA split into two agreements, one on trade - EVFTA, and the other on investment - EVIPA, when the two sides almost reached agreement and new issues emerged, partly due to the internal process of the EU - a group of 28 member countries at the time of signing and partly due to the impact of various trends and changes in the region and the world, especially at the time of signing and ratifying the agreements, reflecting great challenges we had to tackle to push the EU and work with the EU to reach the current outcome together.

It must be emphasized that the process of bringing EVFTA and EVIPA into reality was directly and firmly directed by the Prime Minister and central leaders, and enthusiastically supported by the business community of the two sides, including VCCI. We still remember that in the final stage of signing and ratifying the two agreements, many of our official delegations at all levels met, exchanged with, informed and advocated EU partners to solve emerging matters. The Ministry of Foreign Affairs alone held two delegations just before the voting sessions in the European Parliament (EP) in early 2020, helping achieve a very positive voting result of EVFTA and EVIPA at the EP.

**Now, EVFTA is already officially effective. What are policies and plans does Vietnam have to strengthen diplomatic and economic development cooperation with the EU?**

As I said above, EVFTA is a strategic, comprehensive and balanced new-generation free trade agreement for both sides, expected to be an important helping hand to reach growth targets and improve the size and quality of the two economies, especially the Vietnamese economy that is being accelerated by the cause of modernization and industrialization, to overcome and mitigate damage caused by Covid-19 impacts, and at the same time reach a better position in production and supply value chains, which are rapidly shifting regionally and globally.

To realize those expectations, Vietnam needs to effectively carry

out the Government's EVFTA Action Plan. Here, there is a need to ensure smooth information, quickly complete regulations and policy frameworks, especially mobilize adequate resources for effective organization and improved enforcement capacity of authorities and each business and industry association concerned. The Ministry of Foreign Affairs and other ministerial agencies are willing to coordinate with VCCI and businesses to strictly fulfil Vietnam's commitments, try to seize opportunities and take advantage of cooperation, support partners to improve production capacity, product quality, business, cooperation and investment connections, and build consumption and import-export networks to make the most of advantages brought by EVFTA.

Needless to say, the EU and its member states are all high potential partners. We already have a favorable background built on the results of 30-year cooperation and many new opening prospects for the time being. EVFTA and EVIPA are part of a common vision that Vietnam and the EU share for the development of bilateral relations in this fourth decade, to deepen comprehensive partnerships in politics and security, in economy and development, in inter-regional connectivity and in coordinated response to global challenges for a world of peace, cooperation and prosperity, for an indispensable business cooperation environment for the business community of both sides.

During the Covid-19 pandemic, the two sides had a lot of close and regular sharing, support and coordination, which reflects an effective relationship. More broadly and more comprehensively speaking, both at present and in the future, Vietnam - an active member in ASEAN and the international community, currently the Chair of ASEAN 2020 and a non-permanent member of the United Nations Security Council in the 2020 - 2021 period - and the EU, which is making every effort to strengthen connectivity, maintain presence and voice in the world and in the Asia-Pacific, and strengthen relations with ASEAN, are two bridgeheads for a connection that keeps both Vietnam and the EU and their two economies going strong.

**Thank you very much!**

# Supporting Businesses to Harness EVFTA Opportunities

## What do Vietnamese businesses need to prepare to effectively tap EVFTA?

EVFTA offers both an opportunity to diversify markets and export products, and poses challenges to Vietnamese businesses. The challenge is fiercer competition in commodity and service markets, even in the domestic market. For that reason, they need to work harder to improve product competitiveness and foster intensive trade promotion such as market research and partner appraisal to make effective use of opportunities generated by EVFTA.

To effectively boost trade promotion and capture good opportunities, in addition to government support, Vietnamese enterprises, especially small and medium-sized ones (SMEs), need to study and take active preparations. Preparations should be made comprehensively from information research on the EU market to product development investment to ensure compliance with EU import standards and regulations, as well as carefully working out export plans for each product and each target market. They must focus on improving product quality, applying advanced quality standard systems to satisfy increasingly rigorous technical requirements in importing markets, which must be considered a top target. In addition to enhancing quality, they must raise productivity to reduce costs, diversify designs and packaging to match consumer tastes and develop the brand name.

EU consumption practices and trends prioritize sustainability factors. We will have communication and promotion activities to introduce products and build quality and transparent images. These are also the core values that each industry, business and product must show at the same time. Enterprises need to join hands with practical action, proven by quality, compliance with commitments and guaranteed transparency. Hiding product defects will damage the reputation and transparency of the entire industry and in all markets.

Moreover, they need to more actively cooperate with trade promotion agencies to develop plans and join trade promotion events to ensure real, feasible and effective outcomes. For success, businesses must be active, determined and bold to invest money for domestic and overseas trade promotion, improve staff capacity on trade promotion to professionalize



The EU-Vietnam Free Trade Agreement (EVFTA) offers great opportunities for both trade and investment. Adhering to EVFTA provisions is a key factor that helps businesses in particular and the Vietnamese economy in general to utilize the advantages of EVFTA. Mr. **Le Hoang Tai**, Deputy Director of the Vietnam Trade Promotion Agency (Vietrade), the Ministry of Industry and Trade, gives insight into this issue. **Huong Ly** reports.

enforcement capacity and maximize the outcome of trade promotion.

## EVFTA took effect as the Covid-19 pandemic is seriously wrecking the global society and economy. What solutions do you suggest?

EVFTA comes into force and effect when the world economy in general as well as the EU and Vietnam in particular are still heavily hurt by the Covid-19 pandemic. It is believed that the enforcement of this pact will need more time to be productive.

However, in order to support businesses to capture EVFTA opportunities, right since preparatory stages for the entry into force of the agreement, we have encouraged central and local trade promotion agencies and trade associations to actively build schemes to support local businesses or their potential, capable members to export their products to the EU market.

For our part, we have built and launched communications and training programs to help them understand EVFTA, as well as capture specifics and requirements of the EU market, helping them improve the capacity to access and penetrate the EU market, help domestic trade associations and trade promotion agencies enhance their service capacity.

In addition, we have further built trade promotion projects in a new way, applied information technology to trade promotion, digital media advertising and online trade connection to continuously maintain relationships and contact with EU partners while saving travel costs in EU countries. We are well prepared for stronger export promotion right after the epidemic is over.

## In the medium and long term, how will you support Vietnamese businesses to comply with EVFTA regulations?

In the medium and long term, the Vietnam Trade Promotion Agency will continue to coordinate with industry associations, trade promotion agencies and Vietnamese trade offices in foreign countries to further promote and improve the outcome of trade promotion activities in the European market. In addition to traditional activities,

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HIỆP ĐỊNH THƯƠNG MẠI TỰ DO VÀ HIỆP ĐỊNH BẢO HỘ ĐẦU TƯ  
GIỮA CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM VÀ LIÊN MINH CHÂU ÂU

Hà Nội, ngày 30 tháng 6 năm 2019

SIGNING CEREMONY

FREE TRADE AGREEMENT AND INVESTMENT PROTECTION AGREEMENT  
BETWEEN THE SOCIALIST REPUBLIC OF VIET NAM AND THE EUROPEAN UNION

Hà Nội, 30 June 2019



European Commissioner for Trade Cecilia Malmstrom and Vietnam's Industry and Trade Minister Tran Tuan Anh exchange documents while attending the signing ceremony of EVFTA



we will support trade associations to research and develop projects to consolidate and develop the European market according to following contents:

Strengthening foundation building and capacity building for Vietnamese trade promotion organizations and the business community; carrying out trade promotion associated with value chains, linking trade promotion for product development and

common market, as well as each member market with its own specific characteristics.

We will continue to build digital platforms for trade promotion and store import and export data by market and industry in importing and exporting activities in general and trade promotion in particular.

**Thank you very much!**

## IFC Lends US\$140 Mln to VPBank, OCB to Support SMEs

IFC, a member of the World Bank Group, is providing US\$140 million in loans to Vietnam Prosperity Joint Stock Commercial Bank (VPBank) and Orient Commercial Joint Stock Bank (OCB) to help them support clients, especially small and medium enterprises (SMEs), which have been impacted by the Covid-19 pandemic. The aim of the additional financing is to help local businesses with disrupted cash flows sustain operations and maintain jobs.

The pandemic has severely impacted Vietnamese businesses including SMEs, a key driver of Vietnam's economic growth over the past two decades. Guided by the State Bank of Vietnam, VPBank and OCB have taken various relief measures for their SME clients impacted by Covid-19.

As part of its Covid-19 fast-track financing support package, IFC is providing VPBank with US\$100 million and OCB with US\$40 million in one-year, renewable senior loans. The funding will provide VPBank and OCB, IFC's existing clients, with additional liquidity to continue lending to businesses, as these banks are offering payment relief to their borrowers at the same time.

IFC is also partnering with international lenders including the Asian Infrastructure Investment Bank (AIIB) to mobilize an additional financing package to further expand VPBank's lending capacity to local businesses impacted by the pandemic. AIIB will be co-financing up to US\$100 million to support VPBank's trade finance and working capital finance to Vietnamese enterprises, including SMEs, during the Covid-19 crisis.

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## National Data Portal Data.gov.vn Debuted

The Ministry of Information and Communications held an official ceremony to launch the National Data Portal on August 31, 2020.

The portal is designed to be a shared data platform among administrative agencies where they can publish, update, and review their database to improve data transparency on the internet. It will facilitate access to official documents, services, tools, applications, and data analysis provided by state agencies.

In the early stage, the ministry will build and launch some basic subsystems including one for publishing existing data from governmental agencies and another providing open data sources. Apart from those subsystems, the portal will also be integrated with other platforms such as the digital map VMap and the postal code platform Vpostcode to meet users' demands. This is the first step for the development of the portal. The ministry will continue to research and expand each subsystem and component of the portal, making it a tool, a foundation and an effective role to play to carry out data policy, a foundation for e-Government development.

The National Data Portal is addressed at <https://data.gov.vn>. The open data portal, a component of the National Data Portal, is addressed at <https://open.data.gov.vn>. Users can also use a PostID account provided by Vietnam Post Corporation to access National Data Portal for items to be identified.

**Ha Linh**

# EVFTA

## Boosting Trade and Investment through Combination of Eliminating Tariffs and Opening up Markets

The EU-Vietnam Free Trade Agreement (EVFTA) is a historic deal – the most comprehensive and ambitious ever agreed between the European Union and a developing nation. Over the next decade, almost 99% of tariff lines will be phased out on a wide range of goods. It will take time to unlock the full potential of this agreement, as tariffs on some goods will be phased out over the course of its implementation period. With respect to how EVFTA will benefit EU-Vietnam trade, Vietnam Business Forum would like to introduce this article by Mr. Nicolas Audier, Chairman of the European Chamber of Commerce in Vietnam (EuroCham Vietnam).



Mr. Nicolas Audier, Chairman of EuroCham Vietnam

### Vietnam's trade and investment environment

In a world where normal business operations remain fragile and economic growth is under threat, Vietnam is a rare bright spot for global trade and investment. The government's handling of Covid-19 has been recognized around the world as a model of effective public health management. Meanwhile, stimulus packages and policies to support business have prevented an international pandemic becoming a national financial crisis.

Back in the spring, when the Covid-19 pandemic first hit, social distancing and travel restrictions brought business to a standstill. This sudden interruption caused the EuroCham Business Climate Index, a regular barometer of our members and their perceptions of the trade and investment environment, to fall to 27% in quarter 1 of 2020. However, after the Government implemented its world-leading public health and economic response, Vietnam was able to return to business-as-usual much sooner than other countries.

In the months that followed, the confidence of European business leaders began to return. In quarter 2, our BCI saw a 7% jump to reach 34.5%. Meanwhile, around a quarter of enterprises saw an improvement in their business operations last quarter, performing much better than predicted during the height of the pandemic.

Of course, these are uncertain times and Covid-19 will remain a cloud over global trade for some time. However, despite these challenges, Vietnam's long-term prospects remain bright. Strong economic growth, estimated at around 4% in 2020, will outstrip that of the Eurozone and





VCCI President Vu Tien Loc and EuroCham Vietnam's Chairman Nicolas Audier at a conference on EVFTA

➡ other major economies. Coupled with its demographic dividend, strategic location, growing middle class and increasing integration with global markets, this will help Vietnam continue to grow and attract foreign direct investment, in particular from the European Union.

Vietnam has proved itself to be a robust and resilient market, and one which remains attractive and open for business while other countries continue to struggle with the impact of the pandemic. But Vietnam also has one important advantage over others in the region: The recent implementation of the EU-Vietnam Free Trade Agreement – or EVFTA.

### How the EVFTA will benefit EU-Vietnam trade

The EVFTA was implemented on August 1 after almost a decade of negotiation. This historic deal, the most comprehensive and ambitious ever agreed between the European Union and a developing nation, will boost trade and investment through a combination of eliminating tariffs and opening up markets.

Over the next decade, almost 99% of tariff lines will be phased out on a wide range of goods. It will take time to unlock the full potential of this agreement, as tariffs on some goods will be phased out over the course of its implementation period. However, the moment the EVFTA entered into force, 65% of EU goods sold to Vietnam became tariff-free overnight, as did 71% of Vietnamese goods sold to the EU.

This has a real and tangible impact on European

companies and their products. For instance, pharmaceuticals make up almost 10% of EU goods sold to Vietnam. Since the 1st of August, around half of these products are now tariff-free. On the Vietnamese side, products like non-processed shrimp can now be sold to the EU with no import duties at all. While others, such as broken rice, have had their tariffs cut in half.

Considering the size of the EU market and the scale of tariff reductions, the EVFTA will have a more significant impact on economic growth and trade than Vietnam's previous free trade agreements. The World Bank predicts that a complete implementation of the EVFTA over the next decade would see GDP increase 2.4%. It would also see exports grow 12%, and standards of living rise for some of the poorest people.

Over and above tariff reductions, the EVFTA will also bring a wide range of other important benefits that will boost trade and investment. It will tackle barriers to trade, such as those affecting the automotive sector, while 169 EU food products from champagne to feta cheese will benefit from legal protections known as Geographic Indications (or GIs). Meanwhile, greater protection of IP rights will increase investor confidence in the market. Vietnam has also agreed to open up attractive sectors – such as telecommunications, higher education, and financial services – to European investment and innovation.

In short, the EVFTA is a roadmap for economic growth over the next decade. European goods will become more competitive in Vietnam's domestic market while Vietnamese

companies will have privileged access to Europe's large and high-income consumer class. This will create even greater incentive for Europeans to invest in and trade with Vietnam, and for Vietnamese companies to grow their footprint in the European Union.

### **Vietnam's importance to the European market**

Vietnam is just the second ASEAN member state to sign a free trade agreement with the European Union. This shows how important Vietnam is to the EU not just in economic terms but also as a strategic member state in ASEAN and as a leading voice in the region.

Trade and investment have been growing ever since Vietnam and the EU established formal diplomatic ties. In the last decade alone, the value of Vietnamese goods sold to the EU has risen from €5 billion to €35 billion. Over the same period, the value of EU imports has more than doubled to over €10 billion. Vietnam is now the EU's second-largest trade partner in ASEAN and 17th-largest in the world. The EU is also one of the biggest investors in Vietnam, with FDI projects in all sectors and industries.

Furthermore, our two markets complement each other. Vietnamese products from electronics and accessories (US\$4.7 billion in sales in 2018) to footwear (US\$4.6 billion) and textiles (US\$4.1 billion) are in high demand from EU consumers. Likewise, high-tech electrical equipment and pharmaceutical products are some of the most popular EU products sold in the Vietnamese market.

Now that the EVFTA has entered into force, economic ties between Vietnam and the EU will continue to go from

strength to strength as companies and consumers on both sides take advantage of new opportunities in trade and investment.

### **Promoting trade and investment in the future**

EuroCham has been an enthusiastic supporter of the EVFTA ever since talks first began. During the negotiations, we shared on-the-ground insights from European companies to get the best-possible text agreed. Then, throughout the ratification process, we lobbied first the EU Commission and later the European Parliament to highlight the benefits of the EVFTA and to ensure the deal got over the line.

However, even though the agreement has now entered into force, this does not mean our work is finished. The next task is to secure a smooth and successful implementation and to ensure that the provisions agreed to in principle are now realized in practice. The EU-Vietnam Investment Protection Agreement (or EVIPA) also needs to be ratified in each EU Member State. This is important as once it enters into force it will better protect EU capital, increase investor confidence, and boost FDI from European enterprises.

Our political leaders have given us the tools to unlock a new wave of trade and investment. But it is up to us, the foreign and domestic business communities – to make it a success. That means building bridges between both sides in order to share our knowledge, contacts, and networks. In this spirit, EuroCham hopes to soon establish a new organization with VCCI: The EU-Vietnam Business Council (or EU-VBC). This EU-VBC will bring together European and Vietnamese companies in sector-specific working groups, giving them a

forum in which to raise concerns and a tool with which to resolve them. We have also signed an MoU agreement with Vinamarine to ensure closer coordination in the fields of transport, logistics, and maritime trade. And we continue to work with both national ministries and local provinces to raise awareness of the EVFTA and to help companies access the European market.

This has been our role ever since EuroCham was first established. Over the last two decades, we have promoted the opportunities of the Vietnamese market in Europe and the advantages of European investment in Vietnam. In this new chapter of stronger trade relations, we will continue to support companies and consumers on both sides to unlock the full potential of the EVFTA. This will not just help to boost trade and investment – essential though this is. It will also improve livelihoods and living standards, accelerate legal reform, increase environmental protections, and promote sustainable development. In doing so, it will help Vietnam to build on the success of the last three decades and to go further and faster on its path of economic growth and development. ■



**EuroCham leads mission to Brussels to push for EVFTA ratification**

# How Should Businesses Effectively Tap EVFTA?



The European Union-Vietnam Free Trade Agreement (EVFTA) was negotiated by the two sides beginning in 2012 and was signed on June 30, 2019. EVFTA, effective from August 1, 2020, is extremely important in promoting trade ties between Vietnam and the EU, and opening up opportunities for Vietnamese goods to be exported to the EU market.

## QUYNH ANH

According to the agreement, for Vietnam's exports, as soon as the agreement comes into effect, the EU will eliminate import duties on 85.6% of tariff lines, equivalent to 70.3% of Vietnam's export turnover to the EU. Seven years after the pact comes into force, the EU will eliminate import duties on 99.2% of tariff lines, equivalent to 99.7% of Vietnam's export turnover. For the remaining 0.3% of export turnover, the EU pledged to provide Vietnam with tariff quotas having quota import tax to 0%.

As EVFTA comes into effect, it opens up a big market for Vietnam's seafood exports. According to the Import and Export Department (the Ministry of Industry and Trade), the EU is the largest seafood consumption market in the world. Every year, this region spends about €50 billion importing nearly 9.3 million tons of seafood products. The EU is currently Vietnam's third largest seafood export market, behind the United States and Japan. In 2019, Vietnam's

seafood exports to the EU reached US\$1.25 billion, accounting for about 15% of the country's seafood export.

With EVFTA, the reduction of import tax will enhance the competitiveness of Vietnamese seafood in the EU market. In which, the product that benefits most is shrimp, especially frozen black tiger shrimp and white leg shrimp. According to EVFTA commitments, the GSP tax rate imposed on black tiger shrimp for export is reduced from 4.2% to 0% upon EVFTA coming into effect; while the tax rate on frozen white leg shrimp gradually decreases to 0% after five years. This is the biggest advantage that Vietnamese seafood enterprises have over their competitors.

The second item is tuna, which are also advantageous products of many Vietnamese seafood exporters. Therefore, the EU's elimination of tariffs on fresh/frozen tuna products immediately upon the EVFTA coming into effect has an immediate positive impact on businesses that specialize in supplying these products.

For pangasius catfish, the EU tax rate for Vietnam in EVFTA is reduced from the current 5.5% to 0% in the third year after the EVFTA comes into effect. Some processed products with high basic tax rates (20%) such as oysters, scallops, squids, octopuses, clams, cockles, abalones, etc will enjoy growth thanks to the tax reduced to 0% as soon as EVFTA is in effect.

In addition to the immediate effect of taxation, the pure rule of origin for Vietnamese seafood in the EVFTA is deemed as more flexible.

According to Mr. Mai Ngoc Son, Director of Quy Nhon Frozen Seafood Joint Stock Company, with experience in exporting seafood products to the EU for many years, the tax reduction will help increase its advantages in this competitive market. In 2019, this enterprise exported nearly 800 tons of frozen shrimp, fetching US\$4.7 million. This year, despite difficulties caused by the Covid-19 pandemic in the first two quarters of the year, it is estimated that the export turnover of Quy Nhon Frozen JSC will reach US\$5 million.

However, this seafood exporter also anticipated many difficulties and challenges ahead when exporting to the EU due to strict technical barriers and quality standards, especially the issue of yellow cards.

Textiles and garments are also one of the industries greatly impacted when Vietnam enforces EVFTA. The EU is the largest market in terms of demand for textiles and garments with US\$250 billion/year. In 2019, Vietnam's textile and garment exports to the EU reached US\$4.3 billion, behind

China, Bangladesh, India and Pakistan. The effect of EVFTA will help Vietnam's garments and textiles have a more competitive advantage.

According to Mr. Luong Huu Lam, Brand Manager of Giovanni Group, to produce high-end fashion products for local and EU markets, many types of fabrics are imported from Italy. Therefore, when EVFTA comes into effect, businesses will use materials from Italy to create high quality products in Vietnam and then bring them to EU markets for consumption. Thus, businesses can take advantage of tax incentives in both directions: importing fabric materials and exporting complete fashion products.

However, there are not many businesses that can take advantage of EVFTA to access raw materials from Europe with competitive prices and taxes as the case of Giovanni Group. Most domestic textile and garment enterprises are struggling to meet the rule of origin.

For example, in the case of Garment 10 Corporation Joint Stock Company, export orders to the EU account for up to 60% of the processing, purely according to customer orders, and the rest is exported by FOB method (enterprises have their own sources of materials). In the structure of production items, Garment 10 does not import fabrics from the EU, but from China and Taiwan, of course, these fabrics will not be eligible for preferential treatment.

Besides, it is worth mentioning that 85% of Vietnam's textile and garment enterprises have capital scale of less than VND50 billion, 15% have over VND50 billion (of which only 3% having VND500 billion), so there are not enough resources to invest in raw materials to enjoy incentives in EVFTA.

In order for Vietnamese enterprises to successfully implement the agreement, the Prime Minister has recently approved the EVFTA Implementation Plan, assigning tasks and responsibilities to concerned agencies and organizations to carry out measures for the full and effective implementation of this agreement.

In the coming time, in addition to regular tasks, ministries, ministerial-level agencies, government agencies, people's committees of provinces and centrally-run cities need to concretize and organize the implementation of basic tasks such as: Propagating EVFTA and markets of EU countries; building laws and institutions; improving competitiveness and developing human resources, policies and guidelines for trade unions and labor organizations at enterprises; and promoting policies of social security, environmental protection and sustainable development.

## Mr. BRAD KELLY

GENERAL DIRECTOR/CEO MERCEDES-BENZ VIETNAM LTD



After 25 years since we first established our company here, Mercedes-Benz continues to ensure we respect and comply with the investment and business framework of Vietnam, which is especially important for a high integrity organization like Daimler.

Vietnam is in the top 70 among 190 countries in "Doing Business 2020" published by the World Bank. In SEA, Vietnam is ranked 5th. This represents major progress in recent years, but there remains room for improvement. It should be multilateral

interaction between the government and enterprises, as well as the supporting role of organizations like VCCI.

EVFTA brings about more potential and opportunities for both Vietnam and the EU, especially for Vietnam to penetrate such a significant market with relatively high value of turnover and premium products. Vietnamese companies should prepare the necessary resources to be competitive yet compliant with the framework in Europe. I see great opportunities for Vietnam companies over the coming years because of the EVFTA.

For MBV, we have more solutions to build our business strategy in Vietnam. When tax barriers are removed, customers are definitely the beneficiaries who have more choices at competitive pricing. I look forward, in the years ahead, to be able to provide many new vehicle solutions to the people of Vietnam to meet their automotive needs.

## Mr. HARDY DIEC

MANAGING DIRECTOR, FEDEX EXPRESS INDOCHINA



The demand for international logistics services and solutions has increased steadily as Vietnam has seen more investment in the manufacturing industry.

The recent FTAs that have come into effect, such as CPTPP and EVFTA, have boosted investment access and freer trade with these trading partners. These FTAs allow Vietnam to take advantage of reduced tariffs and at the same time attract companies to relocate or expand manufacturing in Vietnam and export to partners throughout

ASEAN. Improved trading access will offer greater opportunities to small and medium-sized businesses (SMEs). It will be imperative that logistics providers are ready and capable to support SMEs' expansion plans. Robust and efficient supply chain solutions will benefit customer needs greatly, alongside the rapid growth of e-commerce.

E-commerce, both domestically and through cross-border trade, is driving growth for logistics offerings within the industry. Vietnam's e-commerce market reached US\$5 billion in 2019, an accelerated growth of 81% as compared to 2015, and it is expected to hit US\$23 billion by 2025.

To ride this growth, access to a global transportation network will remain a key ingredient in marrying the two worlds – the digital and physical – and making them work for the customer's business.

We believe that Vietnam has significant potential in the global supply chain.

We will adapt our business strategy in Vietnam while staying focused on our long-term priorities. These include using our extensive networks to and from Europe and tapping into new trade lanes within Asia Pacific, Middle East and Africa (AMEA) region. The Intra-Asia and Asia-Europe lanes are expected to outgrow the



✎ Trans-Pacific lane. Intra-regional trade now accounts for more than half of Asian trade. Access to and connections between those markets remain one of the most vital elements for SMEs.

For Vietnam to gain prominence in the global supply chain landscape, the key goals are improving connectivity via national highways, railways, and airways and enabling logistics firms to lower transportation and service costs; further streamlining tax and customs clearance processes and expanding the talent pool of professionals specifically trained in the logistics field to serve future demand.

## Mr. YOON YOUNG KIM

CLUSTER PRESIDENT VIETNAM & CAMBODIA OF SCHNEIDER ELECTRIC

We have been here since Vietnam first opened its economy to foreign investment and have experienced double-digit growth in many years thanks to the country's fast-growing economy. We are proud to have contributed greatly to Vietnam's development agenda being among the largest European investors here.

The EVFTA is a great achievement for a better relationship between Vietnam and EU countries on the exchange of expertise, competency and technology and for sustainable development. With this regard, we can expect that Vietnam participates in not only labor-intensive supply chains, but also in a "new normal" which we define in Schneider Electric as Tailored, Sustainable, Connected 4.0.

Looking from Industry perspective, new circumstances such as the pandemic have reinforced the importance of agility, efficiency, and resiliency by accelerating Digital. There are four trends in Industries that our CEO Jean-Pascal Tricoire has shared recently: (1) the transition to remote technology; (2) Resiliency - industry needs to focus on connectivity, predictiveness, and preventiveness and across the whole chain, automation and analytics need to be implemented; (3) Efficiency acceleration by the integration of energy and automation, the vertical integration of end-point to cloud and the lifecycle integration; (4) Sustainability as a priority. Schneider Electric's most comprehensive digitization offers a portfolio of energy management, machine management, assets management and facilities management help thousands of manufacturers worldwide accelerate their local operations adopting Industry 4.0 and be ready for the future at the local cost. We look forward to supporting enterprises by both leveraging the momentum from the EVFTA and contributing to their Industry 4.0 progress.

## Mr. DAVID M. JACKSON

CEO OF COLLIERS INTERNATIONAL IN VIETNAM



Investing US\$8.71 billion (in 2018), the EU is one of the largest foreign investors in Vietnam. Therefore, the signing of the EVFTA once again helped Vietnam with fresh opportunities to attract capital flows from the EU. In addition to serious efforts of the Government and people of Vietnam to stamp out the pandemic, the Government is considering support packages for

businesses and people affected by Covid-19, amending the land law and streamlining procedures to facilitate real estate transactions, which will help the property market recover

faster and the economy regain growth momentum in the last three months of 2020.

A pre-Covid-19 study conducted by the Ministry of Planning and Investment of Vietnam showed that EVFTA and EVIPA will likely increase Vietnam's GDP by 4.6% and boost exports to the EU by 42.7% in 2025.

Among 28 EU member states investing in Vietnam, the Netherlands always takes the lead in registered value. By the end of 2019, the country ranked first among EU members, with 344 projects and US\$10.05 billion, accounting for 39.43% of the EU's total investment fund in Vietnam (26 projects and US\$692.76 million more than a year earlier). Consul General Carel Richter said that, in the next five years, 200 Dutch businesses are expected to invest in Ho Chi Minh City. The Netherlands hopes that the city will be well prepared for this investment inflow.

Following the Netherlands closely are France, the United Kingdom and Germany. Due to the Covid-19 pandemic outbreak, the trade value between Vietnam and France sank 18.66% year on year to US\$1.77 billion. However, according to experts, France's FDI flows into Vietnam will soon likely increase when the EVFTA comes into effect, with many commitments already made to facilitate investment and trade.

EVFTA is expected to leverage the Vietnamese economy to recover, go back to the growth trajectory and attract more quality investors from Europe in the medium and long term.

## Mr. SHOEIB REZA CHOUDHURY

DHL EXPRESS VIETNAM'S GENERAL DIRECTOR AND COUNTRY MANAGER



As a major logistics player in Vietnam over the past three decades, DHL Express continues to support our customers in moving their shipments to the 220 countries and territories throughout the pandemic. We are continuously investing to make our service even more convenient for our customers and these latest service points are another milestone in that journey. This

is all part of our mission to be the international express provider-of-choice in Vietnam.

During the global Covid-19 pandemic situation, all DHL Express service points and facilities in Vietnam are equipped with comprehensive protective measures, to ensure the safety and wellbeing of staff and customers alike. These include, but are not limited to, mandatory mask-wearing at all times, handwashing, two-meter distancing, and sanitizing of countertops and work stations.

It is our goal at DHL Express to support our customers in reaching their business goals by tailoring our services to the needs of their business. As a prerequisite, we have been investing heavily in our international network. Rising volumes in the e-commerce market have increased the demand for logistics expertise and in response, DHL Express has invested comprehensively in new lower carbon-emission aircrafts, expanded its green fleet, enhanced its global hub and gateway network and top-of-the-line sorting technology armed with multiple processing capacities. These advances and those to come will help us, our customers and partners, to contribute significantly to improving our ecological footprint. ■

# Consistent Policy, Synchronous Infrastructure Needed to Boost Cashless Payment



## Strong growth

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), said, after nearly four years of implementation, cashless payment continued to develop positively. Payment infrastructure and technology has been intensively invested to improve quality and efficiency. The inter-bank electronic payment system works stably, safely to meet interbank payment demands across the country. Security and safety of cashless payment systems is strengthened.

Electronic payment services and instruments are strongly developed and diversified. Payment products and instruments, mostly new and modern, are researched and deployed in Vietnam, especially payment via mobile devices that has achieved strong growth.

According to Mr. Le Anh Dung, Deputy Director of the Payment Department under the State Bank of Vietnam (SBV), driven by strong evolution of information technology - telecommunications and the popularity of internet-connected smart mobile devices, many new products and services such as 24/7 online money transfer via mobile banking, bill payment, shopping and service booking via mobile banking applications, e-wallet and QR code are

After four years of carrying out Decision 2545/QĐ-TTg ratifying cashless payment development projects in Vietnam in 2016-2020, as of now, electronic payment and electronic payment ecosystem have made positive progress, especially amid the Covid-19 epidemic breakout. However, many difficulties in practice disappoint cashless payment outcomes.

QUYNH CHI

increasingly popular in the market to create a new development step in cashless payment, meet increasing requirements of consumers and bring benefits to consumers and businesses.

The opening and adoption of personal accounts has kept rising. By the end of June 2020, approximately 93.7 million personal accounts were activated (11.6% more than the same period of 2019). Developing personal service accounts has helped draw unemployed cash from the public and facilitated the expansion of cashless payment services.

Up to now, 75 payment service providers (PSPs) are providing payment services over the Internet and 45 PSPs provide services via mobile phones. In the first six months of 2020, internet-based transactions reached more than 200 million, valued about VND12,900 trillion (36% higher in value over the same period in 2019) and mobile-based transactions reached more than 472 million, valued about VND4,900 trillion (178% and 177% higher than a year earlier, respectively).

Payment services continue to be developed by banks. By the end of June 2020, a total of 106 million cards are in circulation (about 14.5% more than a year earlier). Card-based transactions totaled over 171 million, valued at about VND399 trillion in the first six months of 2020 (up 20.9% and 9.1% year on year, respectively). Banks have integrated more functions into their cards for payment for goods and services while enhancing the quality and security of card services.

However, according to VCCI President Loc, despite remarkable development, Vietnam has yet to reach the expected target of high cashless payment. Data released by the International Data Group (IDG) in 2019 showed that nearly 40% of the Vietnamese population has bank accounts but 80% of daily transactions are made in cash. From a business perspective, cashless payment has become an essential requirement in Vietnam but it has not really been considered properly.



# SMEs Have More Opportunities to Borrow Money

In the face of the economic effects of the Covid-19 pandemic, Vietnamese banks have launched many products to help micro-, small and medium-sized enterprises (MSMEs) have more feasible financing options for restructuring their production and safe business from now to the end of 2020.

QUYNH ANH

## Capital is needed to reach customers in the digital age

By the end of 2019, small and medium-sized enterprises (SMEs) account for about 97% of Vietnamese businesses. Despite accounting for a high proportion and playing an important role, this business sector always faces many challenges. The general picture of SMEs through the Provincial Competitiveness Index (PCI) in 2019 shows that the biggest difficulties for businesses were: capital (62%), sources of customers (60%), factories (55%), legal issues (45%).

Around the world, according to a survey by data provider Statista, 79% of SMEs believe that their most difficult challenge is to attract new customers. This is an issue that many businesses have

struggled with, except for the "big players". Bigger companies with a resounding history often easily attract new customers.

To make up for its fledgling reputation, SMEs need technology and a large amount of capital to reach customers in the digital age. However, that is quite difficult to do even though lending is now much more accessible than in previous years. Many small and medium enterprises are rejected by banks for a variety of reasons, such as non-transparent book systems and financial statements of enterprises. Or the leaders of SMEs have the trend of borrowing massively to invest in fixed assets temporarily without thinking about whether they can get it back with revenue. After a while, the



At present, financial institutions (including banks, payment intermediaries and e-wallets) have built their own payment equipment system, a wasteful option because they do not use a common infrastructure. New payment methods such as QR code and biometrics started to develop but are yet to be planned and assessed for widespread deployment.

Regarding the legal environment, according to Dr. Loc, although there is certain progress on building a legal corridor for payment services, certain hindrances are still found in current legal papers and procedures. This makes cashless payment in Vietnam insufficiently quick and easy for clients keen on convenience, particularly corporate customers. Shortcomings include nonconformity of regulations on electronic vouchers and electronic documents. User privacy is still not guaranteed.

## Authorities must go first

To promote cashless payment, Vietnam needs to make new efforts at the policy level and create infrastructure for the proliferation of cashless payment in Vietnam in general and in enterprises in particular, he said.

According to Mr. Tran Van Trong, Director of the Administration Office of the Vietnam E-commerce Association (Vecom), to further foster cashless payment, authorities must have enabling policies for enterprises to deploy. At the same time, they must show how cashless payment is better and more convenient than traditional payment methods to the community: From service registration to application stage, security and cost. They must go first in applying cashless payment to public services. They must introduce practical policies for cashless payment.

For their part, payment service providers (PSPs) or payment intermediaries need to work together to make it easy for users, both

personal and corporate, to use conveniently. Besides, there should be some new payment technology solutions (Smart POS and NFC), he added.

For corporate service users, payment intermediaries are too many but they lack interconnectivity, resulting in waste in market expansion and confusing consumers amid so many payment channels. Therefore, payment intermediaries should synchronously integrate with each other to save resources to cover the market for services, he added.

Mr. Le Anh Dung said that, in the coming time, the SBV will direct customer-centered payment to improve service quality, increase competitiveness and utilize advanced Industry 4.0 to create breakthrough development.

In particular, the central bank will continue to study and issue new regulations and amend and supplement new ones to create an open, favorable legal corridor for cashless payment and electronic payment, urgently submit a decree on cashless payment in place of decree 101 to the Government for approval.

The SBV will focus on fostering the development of a new-generation automatic clearing house (ACH) network, which functions as an open and secure digital payment platform; complete the plan of converting magnetic cards to chip cards in Vietnam; and widely deploy the QR Code Facility Standard.

At the same time, the SBV will urgently issue a circular on amendments and supplements to Circular 23/2014 on opening and using payment accounts, which contains guidelines on opening electronic personal payment accounts (e-KYC), allowing people, especially in rural, remote and isolated areas, to easily open accounts, access payment services via digital channels, without having to go to physical addresses; develop new cashless payment and payment solutions for rural areas; and carry out the National Strategy for Comprehensive Finance. ■



**ABBank offers soft loans to support SMEs to recover from the pandemic**

capital and inventory are stagnant, then it will be too late to think how to get payback.

Outdated capital and technical conditions affect strategy and business performance. To expand business development is also difficult when "the difficulty bundles the wisdom", lack of capital leading to the loss of profit.

Lacking investment capital, most SMEs have to operate "modestly" in cramped offices and in "poor" facilities. All of these are "killers" that silently kill the work motivation and creative spirit of corporate personnel and create a vicious cycle of difficulties piling up.

### **Many support loans**

Every year, the State has a package to support small and medium enterprises such as the annual credit incentive program named "SME Success" or most recently, a credit package connecting the bank and enterprise with a total capital of VND274,450 billion in the last six months of the year. However, very few SMEs are able to access capital. During the recurring Covid-19 pandemic in Vietnam, it is even more difficult for SMEs to have no reserve capital to maintain their operations. They can only wait for banks to implement their own specific support packages.

However, not all businesses can access the bank's capital, because many enterprises do not meet the loan conditions, the approval process is slow, they lack documents, or have wrong documents or unsecured procedures. Especially, during the Covid-19 pandemic, although banks want to support, businesses must also ensure the safety and efficiency of capital flows. If this cannot be guaranteed, even though banks want to provide capital, it is very difficult to support them.

Another obstacle in getting loans is that the interest rates at some banks are quite high, making small businesses still hesitate to approach. Those reasons can unintentionally cause enterprises to lose investment opportunities.

It can be said that the lender and the borrower need to have a good coordination with each other. In order to be facilitated by banks in terms of capital, the businesses also need to coordinate with banks in the implementation of loan documents such as: Completing dossiers; meeting deadlines for sending records, and; having a development plan.

If they meet all the above requirements, borrowing will not be difficult. Up to now, many banks have launched incentive programs to support SMEs during the pandemic.

In particular, at An Binh Commercial Joint Stock Bank (ABBank), "Quickly Refinancing - Business Growth" program, which supports SMEs to re-start and boost their business after a difficult period due to Covid-19, will be applied with the preferential lending interest rate of only from 6.5% / year. Or a duo of credit products for the group of micro enterprise customers of ABBank have more flexible and improved policies to help micro enterprises more easily access capital. Both product packages are designed for a credit extension of up to VND10 billion, loans ratio up to 99% of the collateral value and a maximum credit term of 120 months.

Not only ABBank, many State-owned and joint stock banks have launched programs and solution packages to support small and micro enterprises. Vietnam Maritime Commercial Joint Stock Bank (MSB) has launched a super-fast credit package for businesses with a limit of up to VND10 billion; Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) has an incentive program "VietinBank SME Stronger"; Sai Gon Joint Stock Commercial Bank (SCB) implements an incentive program to support businesses; Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank) spends VND1 trillion supporting enterprises to recover and develop business after the Covid-19 pandemic.

The current loan packages not only help micro enterprises easily access capital for business operations in the second half of 2020, but also are the right solutions for micro enterprises through a commitment for simple loan procedures, minimal invoices and competitive lending rates. ■

## INDUSTRIAL REAL ESTATE

## A Highlight amidst Pandemic

According to experts, industrial real estate will grow strongly from 2021 with the driving force of free trade agreements (FTAs), especially the EU-Vietnam Free Trade Agreement (EVFTA). Commitments to improve the institution and the business environment under EVFTA will create a great attraction for European investors to Vietnamese market. At the same time, in the wake of the U.S.-China trade war, many foreign companies have diversified their production and supply chains by moving their factories out of China to Vietnam. This is a great opportunity for the industrial park market in Vietnam to develop. This leads to a higher demand for warehouses, factories and industrial parks in general.

Mr. David M Jackson, General Director of Colliers International, said that the occurrence of the Covid-19 pandemic quickly changed the behavior of customers on a global scale. The concepts "work from home", "online meeting" were still quite unfamiliar and not used much in the previous time, but have now become too familiar and become an effective and timely transaction method. E-commerce channels are concentrating on developing at a faster rate than expected and are considered one of the most effective business platforms and achieving impressive growth during the difficult period of Covid-19. Besides, Vietnam is currently considered one of the fastest growing e-commerce markets in Southeast Asia, second only to Indonesia, attracting investment flows from foreign investors and enterprises.

According to a study by Colliers International, for the real estate market, the pandemic had slowed down construction and real estate transactions in the first quarter, then by the beginning of the second quarter, social distancing was required, which made the real estate industry in particular and the Vietnamese economy in general experience the most difficult time in the past 10 years. However, according to Colliers International's report on the real estate market in the second quarter of 2020, in addition to the declining figures, the industrial park market still recorded some positive signs and kept the rents quite stable.

By the end of June, Ho Chi Minh City remained the leading industrial park market in the South. Specifically, the average rental price for industrial land increased to US\$162 /m2/period, 8% higher than the same period last year. Regarding the factory, the rental price also increased by about US\$5/m2 /period. The occupancy rate was 85% thanks to the advantages of the largest city and the business center of the country that attracted many investments from domestic and international companies. Currently, the total number of industrial parks in Ho Chi Minh City is 18, providing nearly

While the segments of offices, serviced apartments, and resort real estate are experiencing the most difficult period in the past 10 years due to the Covid-19 pandemic, the industrial park market in Vietnam still sees some positive signals and is considered to be an ideal destination for the shifting FDI wave.

NGUYEN MAI

3,700 hectares of industrial land for lease. Since May 2019, Ho Chi Minh City has asked the Government to approve a new industrial park project in Binh Chanh, (providing more than 380 hectares to the market). With new industrial park projects pending, including Phase 3 of Hiep Phuoc Industrial Park and the expansion of Northwest Cu Chi Industrial Park, the industrial market in Ho Chi Minh City is expected to further develop.

Currently, in Hanoi, there are 10 industrial parks in operation (providing 2,000 hectares), this number is expected to increase to 3,500 hectares in the near future. Chuong My, Thach That and Dong Anh are the districts with industrial parks accounting for 68% of the total area. 5 out of 11 new industrial parks are expected to open by the end of 2021. As for industrial clusters, there are currently 70 clusters (a total area of 1,337 hectares) with 3,100 factories. 9 new clusters were expected to enter the market in the first quarter of 2020

but have been postponed due to the impact of Covid-19. Despite the pandemic, the demand for industrial parks is still increasing in Hanoi. More than 50% of total industrial parks have occupancy rates of 100%. Hanoi is the city receiving US\$646 million of capital, ranking 4th in the country. During the Covid-19 pandemic, although the country's FDI decreased, Hanoi recorded an increase in FDI compared to the same period last year. Hanoi is expected to double the number of industrial parks in the next two years, bringing the total number of industrial parks to 19.

Binh Duong province is asserting itself as a fast-growing residential location with a convenient location, close to Ho Chi Minh City. Binh Duong borders Ho Chi Minh City to the North with Thu Duc District and District 9. In recent years, many housing projects have been planned to provide thousands of apartments for residents as well as migrant workers. As Ho Chi Minh City becomes more and more crowded and developed, the rise in residential land prices as well as the rise in selling and renting prices have prompted real estate investors to start looking for alternative locations to increase values. The demographic movement of people living and working near Ho Chi Minh City has created a need to develop cheaper housing, a trend that is increasingly common as Vietnam modernizes. Binh Duong province is also aiming to attract more sustainable and high-tech industries in the future. However, with its reasonable supply and competitive rents, Binh Duong still has a high appeal to traditional industries such as apparel and fast-moving consumer goods. The built-in factory model in Binh Duong has many potentials, especially for tenants who want to design and build a warehouse suitable for their purpose. This trend is forecast to dominate areas near Ho Chi Minh City and Dong Nai, leading to a record increase in land prices in Binh Duong (nearly doubling in the past 5 years).■

# Promoting New Growth Driver to Avoid Covid-19 Economic Trap

Although Vietnam has been spectacularly controlling the Covid-19 pandemic, the economy has been hurt in recent months. "The Covid-19 economic trap" is a phrase that many foreign economic experts use to refer to the pandemic's economic effects.

## QUYNH CHI

**A**lthough Vietnam's GDP still grew at 0.4% in the second quarter, a result that can be considered an exception in the world at this time, it was still the worst result in 35 years. The magnitude of the economic slowdown - a drop of almost 7% points - was equivalent to the one observed in most affected countries - except that Vietnam's economy, thanks to a healthier body, was in a better starting position to resist the pandemic.

According to Mr. Jacques Morisset, the World Bank's Chief Economist in Vietnam, in terms of employment and income, the scale of the Covid-19 shock may be even larger. It is estimated that over 30 million Vietnamese workers, or about half of the workforce, were affected at the height of social distancing in April 2020.

According to the statistics of the Ministry of Labor, Invalids and Social Affairs, the urban unemployment rate increased by 33% in the second quarter of 2020, while the average income per worker decreased by 5%. However, thanks to the easing of social distancing since the late of April, most family businesses have resumed their operation, and almost all wage workers have returned to work (according to a recent phone survey conducted by World Bank Group). However, this economic shock can be considered unexpectedly large for a country used to recording full employment during the last two decades.

In the near future, the economy is still vulnerable to new waves of coronavirus outbreak and, even in their absence, it could be stuck in the "Covid-19 economic trap."

In the near future, according to Mr. Jacques Morisset, Vietnam's economy will no longer be able to depend entirely on two traditional drivers of growth - foreign demand and private consumption. Due to domestic and international uncertainties, risk-averse households will limit their investment and consumption plans. For example, the tourism industry will likely miss the 20 million foreign travelers that were expected to visit Vietnam in 2020. The export manufacturing and processing industry - a major source of urban employment - will face a further decline in orders from abroad. All manufacturing and processing exports - with the notable exception of computer parts - have declined in the past 6 months with this negative trend accelerating during the most recent months.

According to the World Bank's economic update titled "What

will be the new normal for Vietnam? The economic impact of Covid-19", Vietnam is nevertheless in a good position to escape the economic trap of Covid-19, for at least two reasons.

This is because the Government has created enough fiscal space to implement an ambitious fiscal stimulus package. At the end of 2019, the level of public debt to GDP ratio decreased by 7% compared to 2016 - and the authorities had accumulated massive cash reserves. In the spirit of Keynesian economics, the government can therefore enhance both the aggregate demand in the short term and the aggregate supply in the longer term by spending more and better.

Of course, the World Bank's analysis argued that this tool must be used with caution, to ensure debt and fiscal sustainability in the future. Besides, Vietnam also needs to improve the allocative and financial efficiency of public expenditures. The positive impact associated with the fiscal stimulus can be maximized only if the authorities are capable of selecting the projects with the highest multiplier effect on jobs and the entire economy.

On the other hand, to continue stimulating demand, this fiscal drive should also have to provide smart support to the private sector, including family businesses, through a combination of tax relief and financial assistance.

Due to the inconsistent results of Vietnam's policy implementation in the above aspects, the World Bank's economic update also offers a series of recommendations on how to improve them. Although the fiscal stimulus package can boost the Vietnamese economy in the short term, to return to the pre-crisis trajectory of sustained and inclusive growth, Vietnam will need more efforts.

It is worth mentioning that Vietnam can rely on the second advantage. Due to early escaping from the epidemic trajectory in the fight against Covid-19, Vietnam can also increase its footprint on the world economy by attracting foreign businesses looking to diversify their operations and reduce risk associated with future shocks. Vietnam can also diversify trade by forging alliances with other countries with low Covid-19 infection rates and through exporting rice (and other agricultural products) to an increasing number of countries that face the risk of food insecurity.

In the domestic market, according to Mr. Jacques Morisset, Vietnam can accelerate the development of contact-free services (online learning, e-commerce, e-government and telemedicine), at the same time continue to deploy the digital payment system. Such a move not only helps meet the growing demand for quality services from the emerging middle class, but also improves the country's competitiveness by reducing transaction costs for the public and private sectors.

Getting rid of the Covid-19 economic trap is a priority of Vietnam as well as of many countries in the coming months. Nonetheless, Vietnam's policymakers have the opportunity to stay ahead of others, thereby not only adapting its own economy to the new realities, but also inspiring other governments in the coming time when they have to define what will be the new normal in the post-pandemic world. ■

TIN NGHIA CORP.

# 31-Year Branding

Tin Nghia Corporation, set up more than 30 years ago, has grown from a small business to a giant corporation thanks to breakthrough innovations. The corporation currently has 13 subsidiaries, five associated companies and three affiliated units.

**W**ith its efforts and achievements in business, Tin Nghia Corporation has made great contributions to the socioeconomic development of Dong Nai province and the industrialization and modernization process of the country. For many consecutive years, the corporation has been among the Top 500 largest enterprises in Vietnam. The firm excels in all key business fields like investment in and commercial infrastructure operation in industrial parks, petroleum trading, trading and processing of agricultural products, port and warehousing services, multimodal transportation and logistics.

## Business resilience

### • *Industrial park infrastructure development*

In 1997, Tin Nghia started getting involved in industrial park infrastructure development and the firm has invested in and operated eight industrial parks in

Dong Nai and Ba Ria - Vung Tau provinces, covering a total area of 3,500 ha. Currently, Tin Nghia industrial parks house more than 280 companies which have registered to invest US\$6.5 billion and employed more than 150,000 workers.

In 2011, Tin Nghia invested and traded in Japanese-standard factories for rent with a total area of 18 ha, now hired by 50 businesses which have registered to invest nearly US\$50 million, of which 30 are Japanese and the rest are from South Korea and European countries. In the future, the factory area will become the "Japanese Business Village" where the majority of Japanese customers come to invest in production development.

In the coming time, Tin Nghia will further improve industrial park infrastructure and attract more investors. At the same time, the corporation will expand its fully leased industrial parks, utilize the economy of scale and reduce costs; and build industrial parks together with adjacent residential areas, green parks and markets. The firm will focus on developing new products and services: Factories for rent in industrial parks, shophouses, offices for lease in commercial and service areas, and other services for investors. It will provide full services for investors in industrial parks from establishment to operation.





### • *Petroleum and oil trading*

In the petroleum business, starting with only one filling station in 1999, Tin Nghia has now become a leading petroleum retailer in Dong Nai province with more than 50 stations. The business motto of “Right quality, sufficient quantity and civilized courtesy” has created the prestige of the Tin Nghia petroleum brand, which is highly appreciated by consumers. In order to further promote its strength in this business, Tin Nghia Corporation is carrying out an investment project to build Phu Huu Petroleum Depot with a capacity of 180,000 tons and a 20-ha wharf that can accommodate ships of 40,000 tons in Phu Huu commune, Nhon Trach district, Dong Nai province.

On May 21, 2019, Tin Nghia Corporation was granted a license for petroleum import and export by the Ministry of Industry and Trade under Decision 28/GPXD-BCT, becoming a first wholesaler directly importing petroleum in Dong Nai province. This is an important turning point for the corporation's sustainable petroleum development, creating a premise for the entire development of Tin Nghia petroleum system. Its petroleum import will help increase incomes for local State budget revenue in the coming time.





### ☞ • *Importing and exporting, processing coffee and agricultural products*

In the export business, Tin Nghia Corporation has grown its footprint in the coffee market for nearly 30 years. For many consecutive years, Tin Nghia has been among the Top 5 coffee exporters in Vietnam. Since 2003, the firm has been recognized as a reputable exporter of Vietnam by the Ministry of Industry and Trade.

In 2018, Tin Nghia inaugurated and operated the instant coffee processing factory with an annual capacity of 3,200 tons in the first phase and 10,000 tons a year in the second phase. Costing about US\$100 million, the facility is powered by cutting-edge technology and equipment. Its main products are roasted ground coffee and instant coffee, especially instant coffee treated by frozen dried technology. Most products will be exported to North America, Europe and some Asia Pacific countries.

### • *Port, warehousing, multimodal transportation and logistics services*

Logistics has been the main field of activity of Tin Nghia Corporation since 1999. With vast warehouses (including bonded warehouse), with a strong fleet of vehicles and a force of highly trained and experienced employees, Tin Nghia provides a full range of package logistics services, including port - warehouse services, multimodal transport and logistics in the province and the southern key economic region.

Currently, the Corporation is carrying out a warehouse system and clearance depot expansion project in Nhon Trach, building Phu Huu General Port and Service - Trade - Logistics Area, expanding air logistics services, express delivery service for e-commerce, including air freight and warehousing services, to meet all demands of customers who always feel satisfied because of cost and time optimization.



### **International trade opportunities**

In 2007, Tin Nghia Corporation expanded production, business and investment areas in Lao PDR. Currently, the corporation is growing and trading coffee in Paksong district in Champasak province, located on the Bolaven Plateau, 1,100 meters above sea level, where soil and climate are suitable for growing Arabica coffee. This place produces 99% of coffee in Lao PDR. Therefore, Paksong district has good conditions to invest in developing specialized coffee growing areas. In Bolaven Plateau, Tin Nghia established a 500-ha Catimor coffee growing farm in Chansavang village, Paksong district.

The activities that Tin Nghia has done are always tied to the motto of prestige in business and quality in each service and product. The firm always places customer and partner satisfaction first. Needless to say, Tin Nghia's success comes from its good governance and management capacity, right development strategies and the solidarity and determination of employees. These important internal forces help Tin Nghia overcome challenges and difficulties on the path of integration and development and contribute to the cause of national industrialization and modernization. ■

## DAI AN SAIGON INDUSTRIAL ZONE

# Ready to Support Investors

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



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

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

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

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

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

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

## CHAU DUC URBAN INDUSTRIAL PARK &amp; GOLF COURSE

# Strategic Choice of Investment in Ba Ria Vung Tau

After more than 10 years of operation, Chau Duc Urban Industrial Park and Golf Course has become an ideal investment destination for many domestic and foreign investors thanks to its strategic location and outstanding incentives.



**W**ith outstanding advantages and reasonable investment policies, as of now, Chau Duc Urban Industrial Park and Golf Course has attracted more than 60 domestic and foreign tenants from different countries and territories such as South Korea, China, Taiwan and India. The occupancy rate is about 35%.

## Strategic position

Located in a prime area of the southern key economic region, Chau Duc Urban Industrial Park and Golf Course is conveniently connected to most major traffic hubs, adjacent to Highway 56, about 13 km from National Highway 51, about 44 km from Vung Tau City, 16-19 km from Thi Vai - Cai Mep deep-water port and about 54 km from Long Thanh International Airport.

Besides the quick access to major provinces, cities and centers in the southeast region, lying near the administrative center of Ba Ria - Vung Tau province is another great advantage for Chau Duc Urban Industrial



Park and Golf Course to attract local and vicinity workers.

Covering 2,287 ha, Chau Duc Urban Industrial Park and Golf Course is a major industrial complex in the region, including 1,556 ha for industrial land and the remainder for urban, commercial area and 36-hole golf course.

The project is planned to have synchronized, modern and fully functional industrial facilities and utility



services. Its technical infrastructure is properly invested with a six-lane trunk road and two-lane branch road system, smooth communication network, gas supply, electricity supply, clean water supply, wastewater treatment, and fire prevention facilities to ensure uninterrupted and complete operations of tenants.

With the aim of attracting investment and upholding the responsibility of environmental protection and sustainable development, Sonadezi Chau Duc Shareholding Company, the investor of Chau Duc Urban Industrial Park and Golf Course, pays special attention to creating green space for the industrial park by covering all internal traffic routes and the entire campus with green trees to make sure that industrial manufacturing does not adversely affect the environment. Besides, the industrial park restricts environment-polluting industries such as pulp production, seafood processing, rubber latex and scrap steelmaking.

### Outstanding incentives

According to many investors, incentives at Chau Duc Urban Industrial Park and Golf Course are an attractive and decisive factor. Specifically, tenants are entitled to a preferential corporate income tax of 17% for a 10-year period, a two-year tax exemption and a 50% tax reduction for a four-year period.

Moreover, tenants will enjoy preferential and competitive policies on land rental rates, management fees and flexible payment methods. Sonadezi Chau Duc Shareholding Company will actively support investors to apply for investment registration certificates, business registration certificates, construction permits and other procedures.

With its outstanding advantages and clear and sustainable development approach, Chau Duc Urban Industrial Park and Golf Course is highly appreciated by the Ba Ria - Vung Tau Provincial People's Committee for its potential and is considered a strategic investment destination for investors seeking to do business in the province. At the same time, the project will actively help local modern industrial development. ■

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*Chau Duc Urban Industrial Park and Golf Course is invested by Sonadezi Chau Duc Shareholding Company, one of 16 member companies of Sonadezi Corporation, an industrial park developer with 30 years of experience. The project was designed by Hyder Consulting Ltd (UK), one of the world-leading planning and designing companies. The 36-hole golf course project is designed by Greg Norman Golf Course Design Company (Australia).*

# SHTP

## Vision toward Smart, Innovative Hi-Tech Park

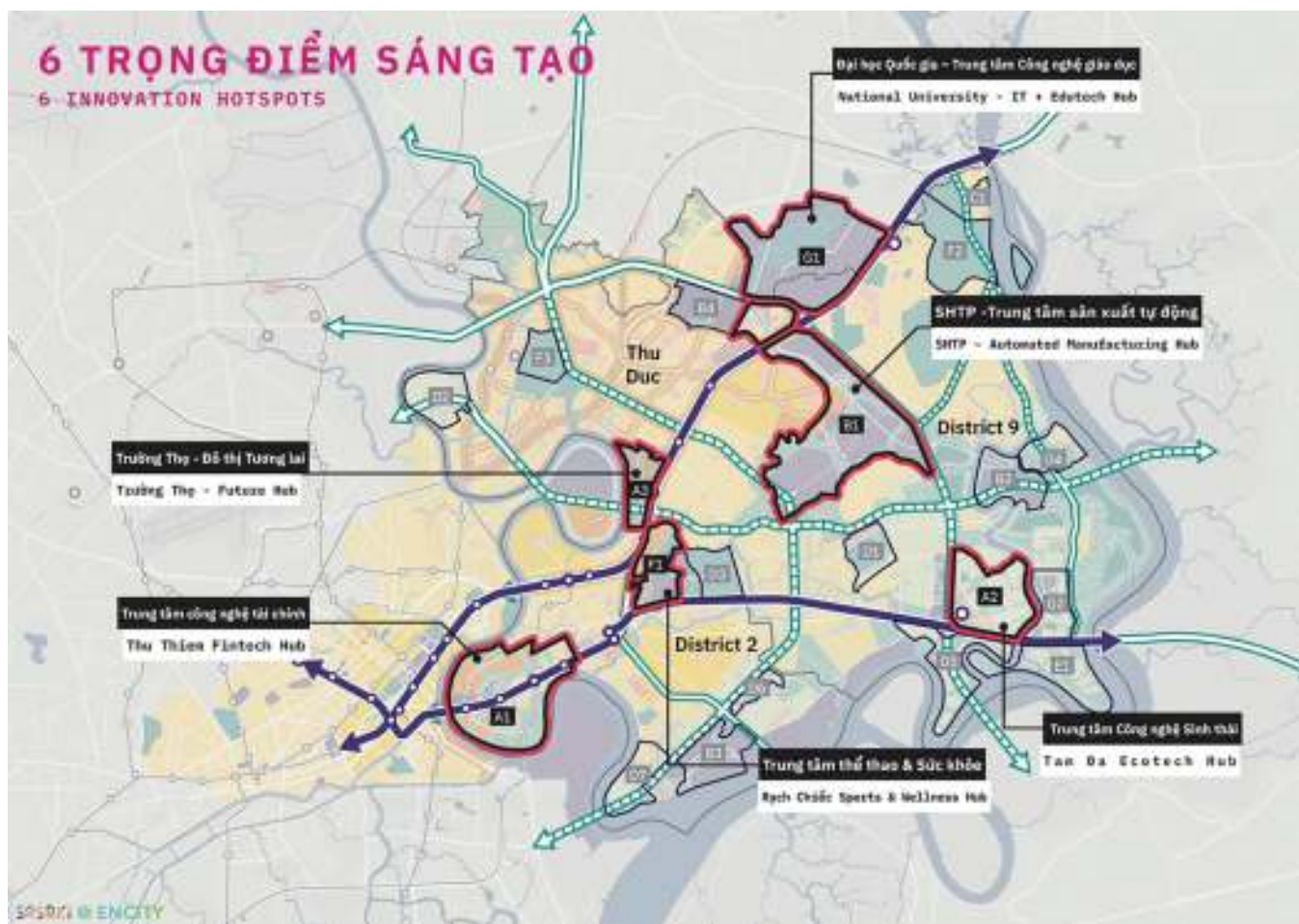


SHTP is a nucleus in the highly interactive and innovative city

Established on October 24, 2002, Saigon High-Tech Park (SHTP) is one of three national high-tech parks established by the Government, with a vision toward a science and technology city that lays the basic foundation for development of knowledge economy of Ho Chi Minh City and the southern key economic region, and becomes an attractive destination for high-tech capital, technology and human resources.

As of August 2020, SHTP attracted 158 domestic and foreign investors with a total investment fund of over US\$7.7 billion, including 50 FDI projects with US\$5.7 billion, accounting for 73% of total investment fund and 108 domestic projects with US\$2.03 billion. The successful attraction of prestigious high-tech firms from the United States (Intel and Techtronic Industry), Japan (Nidec and Nipro), South Korea (Samsung) and France (Sanofi and Schneider Electronics) has made the name of Ho Chi Minh City in particular and Vietnam in general on the world high-tech map.

The development of SHTP is divided into four phases: Startup, Formation, Acceleration and Innovation. Currently, SHTP is in the stage of high-tech innovation, R&D investment and product commercialization from the high-tech research and development business center.



Accumulation to August 2020, SHTP had a production value of about US\$77 billion, and export value reached US\$73 billion, up more than 5 times compared to the previous period.

SHTP is pursuing a mission to mobilize resources, facilities and technologies to speed up high-tech research, training and incubation as well as high-tech product commercialization. SHTP is focusing on attracting high-tech investment from innovative start-ups and projects of multinational high-tech corporations.

The project for formation and development of an innovative and highly interactive city in the east of Ho Chi

Minh City, to become a new growth driver for the city in the Fourth Industrial Revolution, includes six key innovation contents: SHTP Automated Manufacturing Center; Thu Thiem Fintech Center; Rach Chiec Sports and Health Area; Educational Technology Center - Vietnam National University of Ho Chi Minh City; Tan Da Ecological Technology Park; and Truong Tho Future Urban Area. SHTP is defined as the nucleus for accelerated development of this city, provides and nurtures scientific and technological ideas, attracts high-tech capital, technology and human resources from domestic and international investors, and adapts to the Industrial Revolution 4.0.

To become a science park - a developed science and technology city in ASEAN, SHTP is calling for more hi-tech investment projects and hi-tech supporting industries in the second phase, and paying special attention to domestic and international high-tech research and development and incubation projects.■



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## DUNG QUAT EZ AND QUANG NGAI IPs

# Many Opportunities to Attract Investment from EU

Endowed with diverse advantages coupled with an open investment environment, enabling policies, and friendly and open-minded authorities, Quang Ngai province has become an attractive destination for domestic and foreign businesses and investors. Dung Quat Economic Zone and industrial parks in the province play a vital role in promoting socioeconomic development and attracting investment into Quang Ngai province as well as the central key economic region.

**THANH TUNG**

## Destination of large-scale projects

As one of five coastal economic zones prioritized by the Government for infrastructure investment and assigned highest preferential policies in Vietnam, Dung Quat Economic Zone has attracted large-scale advanced projects like Dung Quat Oil Refinery (with an annual output capacity of 6.5 million tons, to be upgraded to 8 million tons), Hoa Phat Dung Quat Iron and Steel Production Complex (a yearly output capacity of 4 million tons), Doosan Heavy Industries (US\$315 million) and VSIP Industrial - Service - Urban Complex. In addition to Dung Quat Economic Zone, the appeal of Quang Ngai province to investors comes from four centralized industrial parks and 15 smaller industrial clusters with modern comprehensive infrastructure. VSIP Industrial - Service - Urban Complex, covering 1,746 ha, is considered a modern and model industrial park.

Mr. Nguyen Minh Tai, Director of the Dung Quat Economic Zone and Quang Ngai Industrial Parks Authority, said, by the end of June 2020, Dung Quat Economic Zone and Quang Ngai Industrial Parks attracted 352 valid projects with a total registered capital of VND293,283 billion (US\$14.347 billion), including 59 FDI projects with US\$1.8 billion and 293 domestic projects with VND253,367 billion (US\$12.56 billion).

As of now, 170 tenants are active in Dung Quat Economic Zone and Quang Ngai Industrial Parks. They reported steady growth in all fields of operation, including Dung Quat Oil Refinery, Doosan Vina Heavy Industries, Hoa Phat Dung Quat Iron and Steel Complex and

VSIP. At present, Dung Quat Economic Zone and Quang Ngai Industrial Parks have generated 50,400 jobs.

Driven by the motto "The success of investors is ours", in the past time, Quang Ngai province and Dung Quat EZ and Quang Ngai IPs Authority have always supported investors, hosted regular meetings and dialogues to promptly remove difficulties and provide favorable conditions for businesses and investors to develop, and persuaded existing investors to recommend new ones to Dung Quat Economic Zone and Quang Ngai industrial parks. Accordingly, provincial leaders have streamlined administrative procedures and adopted a quick single-window mechanism. In 2018, the province operated the Public Administration Center, which handles administrative documents of 16 provincial departments, thus reducing costs and time to settle administrative procedures for investors and businesses.

To facilitate investors to carry out their projects, Dung Quat EZ and Quang Ngai IPs Authority has proposed the province establish a steering committee on investment, led by the Chairperson or Vice Chairperson of the Provincial People's Committee, responsible for assisting large-scale projects to deal with emerging matters. In addition to investor support, Dung Quat EZ and Quang Ngai IPs Authority has actively coordinated with local authorities to resolve specific problems for each project. It has worked with relevant agencies to give explanations to local people on the process of land compensation and site clearance; and promptly advised the Provincial People's Committee on solutions to land compensation and site clearance.

Being aware that modern synchronous infrastructure will be an





essential condition to lure investors, Dung Quat EZ and Quang Ngai IPs Authority gives top priority to mobilizing all resources for infrastructure development. Currently, it is focusing on assisting investors to carry out infrastructure investment projects like VSIP Industrial - Service - Urban Complex, Dung Quat Industrial - Urban Area (Phase 1A), Binh Hoa - Binh Phuoc Industrial Park (invested by South Korea), and Pho Phong Industrial Park (invested by Khanh Hung Development Joint Stock Company). At the same time, it has coordinated with concerned central and local agencies to bring ashore gas from Ca Voi Xanh oilfield and prepare for the launch of gas power projects in Dung Quat Economic Zone.

### Actively welcoming EU investors

According to Director Nguyen Minh Tai, the official enforcement of the EU-Vietnam Free Trade Agreement (EVFTA) from August 1, 2020, followed by the upcoming EU-Vietnam Investment Protection Agreement (EVIPA), will open up great opportunities for Quang Ngai province in general, and Dung Quat Economic Zone and other industrial parks in particular, to attract investment flows from the EU. In 2020, to realize the goal of attracting US\$500 million, Dung Quat EZ and Quang Ngai IPs Authority will diversify investment promotion activities, especially persuade existing investors to recommend others to the province, targeting those from the EU, Japan, South Korea, Singapore and the United States. Dung Quat EZ and Quang Ngai IPs Authority will improve the quality of investment projects and strengthen inspection into ongoing projects to resolutely revoke slow-moving, ineffective projects; work with industrial infrastructure investors to assist secondary investors to obtain investment and business registration certificates in VSIP Quang Ngai Industrial Park and Dung Quat Urban - Industrial Park. It will continue to support investors to implement large-scale projects such as FLC Group eco-tourism projects, Dung Quat Oil Refinery and Dung Quat Urban - Industrial Area.

Last but not least, Dung Quat EZ and Quang Ngai IPs Authority will concentrate all investment resources for infrastructure and utility development; promote investment into industries with comparative advantage; launch country-target investment promotion programs; and further streamline administrative procedures and investment climate to make Dung Quat Economic Zone and Quang Ngai Industrial Parks a magnet to domestic and foreign investors. ■

*By 2025, Dung Quat Economic Zone will be developed into an integrated, multi-industry economic zone; one of the industrial - urban - service centers of the central key economic region. It will have a national energy and petrochemical refining center with Van Tuong urban area, Doc Soi urban area and other urban centers. It is projected to become one of the important international trade hubs in the Central Coast and the Central Highlands; and will be a driving force to accelerate the industrialization and modernization of the province.*



# BAC LIEU

## Ready to Catch Golden Opportunities from EVFTA and EVIPA



In recent years, Bac Lieu has strongly emerged as a leading light in the Mekong Delta's socioeconomic development and investment attraction with many effective projects that create motivation, foundation and ripple effects for the province to draw more investors. How will Bac Lieu province prepare to welcome investment opportunities brought by EVFTA and EVIPA together with the redirection of investment flows in the region? Our reporter has an interview with Mr. **Duong Thanh Trung**, Chairman of Bac Lieu Provincial People's Committee. **Thanh Tung** reports.

**Could you please tell us about the province's outstanding achievements in investment attraction?**

Bac Lieu province's investment attraction is diversified and renovated in forms and contents, with rising quality. In 2019, the province witnessed 10 projects disburse over VND2 trillion; licensed 16 new projects, including 13 domestic projects with VND2,145.3 billion of investment capital and three FDI projects with US\$113.51 million.

Today, the province has gradually become a popular destination for domestic and foreign investors in the Mekong Delta, demonstrated by its successful meetings with businesses and investors in Hanoi and Ho Chi Minh City, especially cooperation with the Ministry of Foreign Affairs, FLC Group and Viet Uc Corporation to organize two events (Workshop on Bac Lieu and Workshop on Bac Lieu Shrimp - Vietnamese Flavor) in FLC Ha Long Resort Complex - Quang Ninh, which contribute to introducing and popularizing the image of Bac Lieu province, advertising its shrimp industry and promoting the brand of Bac Lieu shrimp to domestic and international communities.

Particularly in the first six months of 2020, despite being heavily affected by the COVID-19 pandemic, the province still achieved a growth of over 3%. The province licensed nine projects with a total registered capital of VND100 trillion - a record value of the province. These factors have greatly contributed to local economic growth. Specifically, Bac Lieu licensed nine projects (including eight domestic



**Bac Lieu province has many advantages for wind power development**

projects with VND4,279.94 billion and one FDI project with US\$4 billion), an increase of VND2,331.01 billion of domestic investment value and US\$3.89 billion of FDI value from a year earlier. These projects are involved in five economic pillars of the province such as wind power and high-tech agriculture. The Bac Lieu Natural Gas Power Plant (LNG) project in LNG Bac Lieu Thermal Power Center invested by Delta Offshore Energy Pte. Ltd with a registered investment value of US\$4 billion is considered a driving force for the province. As for business development, in the first six months, Bac Lieu province has 215 newly established enterprises with a total registered capital of VND2,930 billion, an increase of 9.13% in number and 29.27% in value from the same period of 2019. These results are expected to create a strong foundation and a broad ripple effect, helping the province to draw more FDI projects in Bac Lieu in the coming time.

#### **What support and incentives do investors get when they come to the province?**

Bac Lieu province is assigned to the list of investment priority specified in Annex II of the Governmental Decree 118/2015/ND-CP dated November 12, 2015. When investing in the province, investors will enjoy highest priorities and support in the regulatory framework. The service motto of the province is "right subject, enough policy, quick procedure".

In addition, with its solutions for a better business investment environment and the dedication of responsible public employees, investors will be offered consultation, support and quick resolution of administrative procedures, with the "convenient - fast and friendly" approach. Specially,

the province "says No to informal charges," "always stands by the side of investors and enterprises" and serves them with the principle "easy work for enterprises, hard work for the government."

#### **The shift of investment flows in the region is bringing a great opportunity for Vietnam. So, how has Bac Lieu province prepared to accommodate these flows?**

The province has focused on improving infrastructure and socioeconomic development, and facilitating solutions to speed up infrastructure construction, especially key traffic works. Bac Lieu province has established and adjusted socioeconomic development plans, sectoral development plans, product development plans and construction plans to lay the foundation to lure investment flows into the province. It has applied appropriate mandatory policies and mechanisms to utilize resources effectively. The province has applied appropriate mechanisms to attract local resources for development; adjusted land rent rates flexibly for each period in order to increase budget revenue and attract investors. It has appropriate policies to maximize internal resources in each region in the province.

In addition, the province has proactively allocated resources for site clearance to create land funds for investors. In the near future, Bac Lieu province will focus on upgrading the infrastructure system in 100-ha Lang Tram Industrial Park to welcome investors, especially FDI investors to create a driving force for local socioeconomic development. It will train and develop human resources capable of applying advanced technologies to meet business needs, especially in fields where the province is calling for investment capital. It



will continue to step up administrative reform, with focus placed on reducing the time for settling administrative procedures, building and completing foreign investment policies in line with its chosen development trends and approaches, and meeting advanced regional and international standards. At the same time, Bac Lieu will monitor and assess anti-corruption measures, thrift practices and waste prevention methods; and ensure stable social order, safety and a good investment environment to secure investors.

**EVFTA officially took effect on August 1, 2020. To help local businesses to tap this pact, what practical actions and programs has Bac Lieu made?**

EVFTA is a comprehensive, high-quality agreement. The pact will be a huge boost to exports of Vietnam in general and Bac Lieu province in particular, helping to diversify markets and export products, especially agricultural and aquatic products. In order to help local businesses to make good use of opportunities generated by EVFTA, the Party Committee and the government of Bac Lieu province have made specific steps to prepare for better investment and business environment; and mobilized investment resources for development.

Accordingly, the province has developed, issued and implemented investment promotion programs; effectively applied solutions to improve PCI scores and rankings.

Bac Lieu province has continued to accelerate administrative procedure reform, especially simplifying

procedures concerning investment registration and business registration, with a focus on reducing the time for processing administrative procedures, and creating favorable conditions for businesses and investors to carry out their investment projects. At the same time, it has actively supported resolving difficulties for businesses and investors, and created motivation for them to implement projects as planned, particularly high-tech agriculture projects and wind-to-power projects.

Bac Lieu province has improved the performance of provincial and district public administrative service centers in order to create a favorable environment for investment attraction; applied information technology to operations and solved administrative procedures for citizens and businesses.

The province will also soon establish and operate a startup and investment promotion center under the Department of Planning and Investment in a bid to provide better support for startups and improve the quality and efficiency of investment attraction. It will further assist businesses to accelerate international cooperation and economic integration and maintain relationships with established partners. It will further expand trade promotion to increase output markets for local products; strengthen investment promotion and tourism promotion to introduce the local investment environment, potential and advantages to domestic and international investor communities, thereby attracting more and more investors to Bac Lieu province.

**Thank you very much!**



# VSS Ranks First in IT Application for Third Time



The Ministry of Information and Communications has just announced the results of assessing and ranking the level of information technology application among State agencies in 2019. According to the rankings, Vietnam Social Security (VSS) continues to secure the first position among government agencies. This is the third consecutive time that Vietnam Social Security has achieved this title.

The assessment and ranking of the level of information technology (IT) application in 2019 has been carried out by the Ministry of Information and Communications, according to three divisions of agencies and units (ministries and ministerial-level agencies; government agencies; provinces and municipalities), with six categories, including: IT technical infrastructure; applying IT in agency activities; website/portal; providing online public services; mechanisms, policies and regulations for IT application; and human resources for IT application. According to the report, in 2019, the IT application level of all three agencies increased over 2018. application level of all three agencies increased over 2018.

Specifically, the average IT application index of ministries and ministerial agencies increased from 0.69 in 2018 to 0.82 in 2019. All the average component indexes of the ministries and ministerial-level agencies in 2019 increased over 2018, of which, the index of IT technical infrastructure and the application of IT in the ministry's operations increased the most.

Ministries and ministerial-level agencies	Ranking
Ministry of Finance	1 (0.9291)
Ministry of Industry and Trade	2 (0.8914)
Ministry of Information and Communications	3 (0.8642)
Ministry of Health	4 (0.8639)
The State Bank of Vietnam	5 (0.8598)
Ministry of Planning and Investment	6 (0.8529)
Ministry of Science and Technology	7 (0.8220)
Ministry of Justice	8 (0.8188)
Ministry of Labor, War Invalids and Social Affairs	9 (0.8122)
Ministry of Transport	10 (0.8086)

## Top 10 ministries and ministerial-level agencies in terms of IT application level in 2019

Seven government agencies record an average increase in the level of IT application. And, Vietnam Social Security (VSS) continues to hold the top ranking, for the third time in a row.

Government agencies	Ranking
Vietnam Social Security	1 (0.904)
Vietnam Academy of Science and Technology	2 (0.707)
Vietnam News Agency	3 (0.669)
Voice of Vietnam	4 (0.634)
Vietnam Television Station	5 (0.518)
Ho Chi Minh Mausoleum Management	6 (0.492)
Vietnam Academy of Social Sciences	7 (0.292)

## Overall index of IT application levels among government agencies in 2019

Among 63 provinces and municipalities, Thua Thien Hue has replaced Da Nang in the first position, with an overall score of 0.9039, followed by Quang Ninh, Binh Duong, Ho Chi Minh City, Khanh Hoa, An Giang, Thanh Hoa, Lam Dong and Hanoi.

Provinces and municipalities under the command of the central government	Ranking
Thua Thien-Hue	1 (0.9039)
Da Nang	2 (0.8813)
Quang Ninh	3 (0.8697)
Binh Duong	4 (0.8360)
Ho Chi Minh city	5 (0.8354)
Khanh Hoa	6(0.8339)
An Giang	7 (0.8217)
Thanh Hoa	8 (7832)
Lam Dong	9 (0.7826)
Hanoi	9 (0.7826)

## Top 10 localities leading in IT application level in 2019.

The report on assessing the level of IT application in 2019 is one of the useful documents serving the management, policy-making to implement IT application to successfully build an e-Government and digital Government in Vietnam. ■

# Strong Innovation in Environmental Management



## Toward regulatory unity

The Law on Environmental Protection was born in 1993 and experienced two amendments. However, many contents on environmental protection are still scattered in different laws rather than in a single one. To overcome these shortcomings, in this draft law, the Ministry of Natural Resources and Environment of Vietnam included scattered regulations on environmental protection in other laws in this draft to lay the foundation for a unified rule on environment while clearly defining responsibilities of government agencies on environmental protection.

This innovation is reflected from the process of amending separate articles as well as the general rule, from 7 new policies to 13 new ones, in order to create a regulatory framework on environmental protection while immediately addressing shortcomings in practice. The uniformity and unity of State management are clearly expressed when, for the first time, the draft includes scattered regulations on

The Draft Law on Environmental Protection (amended) includes 16 chapters and 186 articles, featuring the view that environmental protection must be placed at the center of development decisions and environment is not traded for economic growth. The draft law has strongly reformed administrative procedures with the target of reducing over 40% of them and reducing the time to fulfill administrative procedures by 20-75 days. According to experts and enterprises, this law features substantial reforms and adds a new perception in environmental management in Vietnam.

MINH NGOC

environmental protection in other laws, unifying environmental authority of State agencies into the draft such as solid waste management, environmental standards and technical regulations, level decentralization and power decentralization, transfer of State role to business, community and public role. With this approach, the new law will clearly define management roles and execution roles, clearly identify units primarily responsible for environmental issues. At the same time, it will settle the relationship between fundamental laws and specialized laws.

Mr. Tran Hong Ha, Minister of Natural Resources and Environment, said that, in the short term of 3-5 years, the economy may be affected but after five years, environmental investment with modern technology will prove that it will bring about economic, social and environmental benefits. As for the current management, according to World Bank, about 5% of GDP payable costs that we have never accounted, indirectly and directly, are related to environmental quality management. Not only setting technical barriers, the revised Law on Environmental Protection also proposes new contents in inspection and examination. Specifically, subjects of sudden inspections and examinations on environmental protection are not necessarily notified in advance to ensure effectiveness. Companies with good environmental protection practices will be inspected less frequently. The law stipulates that the validity of a punishment is five years to match the nature of environmental violations.

To apply policies effectively, the law should be based on the spirit that policies and objectives are aligned with organizational and

# Converting Waste to Resource

Waste is currently a big global problem that seriously affects the living environment if it is not handled thoroughly, especially in urban areas. In Vietnam, due to rapid urban growth and rapidly growing urban population, waste is becoming a hot issue of concern for the Government, central agencies and local authorities and the whole society.

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**A**ccording to data released by the Ministry of Natural Resources and Environment, currently, municipal solid waste (MSW) generated nationwide is about 61,000 tons a day, including 37,000 tons in urban areas and

24,000 tons in rural areas, of which 85.5% and 45-60% are collected and treated, respectively. MSW is primarily landfilled (about 71%) while the rest is treated by other methods such as composting production, incineration or incineration with energy recovery and some other technologies.

As for plastic waste, a household uses about 1 kg of plastic bags a month. In Hanoi and Ho Chi Minh City, dwellers discharge 80 tons of plastic a day into the environment. If we do not have effective and timely solutions, negative impacts from plastic waste will become very serious. In order to improve solid waste management, on February 3, 2019, the Government issued Resolution 09/NQ-CP, assigning the Ministry of Natural Resources and Environment to lead State management on solid waste management; assigning the Chairpersons of the Provincial People's Committee to be responsible for waste and waste treatment in the locality.

Prof. Nguyen Huu Dung, Director of the Vietnam Institute of Urban and Industrial Environment, said, "Environment policies are yet to meet market requirements, thus failing to engage the private sector to collect, transport



budget conditions, he said. We will socialize, gradually shift investment from the Government to the private sector. Currently, the budget for the environmental activity is 1% of the GDP and this is recurrent. What we need is private investment and the Government needs to balance social and economic investment to ensure environmental quality. "We want to have a budget list which consists of two cells: one is for development investment and the other is administrative expenditure. This funding is currently from 3-5% of GDP in other countries," said the minister.

## **Consistent with investment laws**

The draft Law on Environmental Protection (revised) is a strong reform of environmental management approaches to address current pollution. However, as the law is difficult and complicated, it is necessary to further review the bill to ensure the consistency of the legal system, its feasibility and requirements according to the Law on Promulgation of Legal Documents.

According to the Law on Public Investment 2019, public investment projects, when considered and approved, must be based on a preliminary environmental impact assessment (EIA). The Investment Law 2020 stipulates that "preliminary environmental impact assessment" is a content of the report on investment project proposals. The draft law, submitted to the 9th plenary meeting of the National Assembly by the Government adds provisions on preliminary environmental impact assessment on projects with negative impact on environment, while the Law on Environmental Protection 2014 did not have such

provisions.

Projects that have a negative impact on the environment include public investment projects that build environment-polluting industrial items; construction projects that are built in the public-private partnership (PPP) form; construction investment projects that are approved by the National Assembly or the Prime Minister or investment projects that must have environmental impact assessment decided by the Chair of the Provincial People's Committee.

## **To the "green" aspirations of Vietnam**

The more we want to improve the Vietnamese environment, the more innovative environment law we have to make. "This law will have to go into practice. When it is enacted, are existing problems, especially polluted environmental components, addressed or not? And after five years, can pollution trends be reversed?" Minister Tran Hong Ha wondered.

The fresh content of the revised Law on Environmental Protection is indispensable. The amendment to the law is necessitated when the current law fails to catch up with rapid changes in real life; our country's environment is developing more and more complicatedly; environmental quality in some places is no longer capable of receiving waste; government policies on sustainable development need to be institutionalized; and the Fourth Industrial Revolution requires innovative thinking and ways in environmental management. Comprehensive and breakthrough innovations to create the revolution in environmental protection are needed. ■

and treat waste.” Organic composting, waste burning, waste-to-energy production (electricity and heat), recycling technology and methane recovery depends on the size, waste amount, incinerator capacity and local output and consumption, special consideration should be given to cost and environmental protection.

Accordingly, in order to support MSW treatment technology, Vietnam needs many drastic measures. First of all, waste must be classified at the source and transported to given places by specialized vehicles. Then, locally appropriate technology will be chosen for economically, technically and environmentally effective solid waste treatment.

In addition, it needs to review, amend and supplement legal documents, regulations, standards, technical and economic norms, and announce market-based prices for waste collection, transportation and treatment. It also needs to have preferential mechanisms for collection and transportation services, waste output products such as recycled waste and electricity, said Dung.

Mr. Trinh Van Tuyen from the Institute of Environmental Technology, said, “Applying technological advances and innovations to waste treatment is to create a cleaner production environment and reduce pollution emissions. Waste is collected and produced into useful products, biogas, electricity and unburnt bricks and others. To choose an appropriate management model and technology, we

need to promote research and application of advanced and modern technologies and solutions to waste treatment; and enhance trade promotion and technology transfer between domestic enterprises and cooperatives with foreign partners.”

According to the Ministry of Natural Resources and Environment, waste treatment technology is always given special attention by the ministry. Particularly, the energy-recovery combustion technology is applied to urban areas where 400-500 tons or more of MSW is collected a day. In the near future, it will be applied to major economic centers and major cities where waste is huge in volume. Non-energy recovery technology is applied to district areas where 200-400 tons of MSW is collected a day. In addition, compost production will be prioritized to application and production of dry yeast, suitable for areas where there is a high demand for fertilizers (forestry farms and industrial crops). Other technologies such as methanization, carbonization, and co-treatment in cement kilns will applied in given cases.

In order to effectively manage waste treatment and turn waste into a resource, the Ministry of Natural Resources and Environment will coordinate with relevant ministries and agencies to study and review simplifying procedures for waste-to-electricity incinerators that relate to national electricity development plans to speed up socialization of waste treatment in general and waste-to-energy treatment in particular.■



*Chapter VI of the draft Law on Environmental Protection (amended) supplements regulations on classification, collection, recycling, and treatment of municipal solid waste generated from manufacturing, business, and service activities. The bill clearly stipulates that organizations and individuals are responsible for classifying nonhazardous industrial solid waste and domestic solid waste at the source to facilitate reuse, recycling, energy recovery and handling; encourage the application of environmentally friendly technologies to waste treatment and energy recovery. The reuse and recycling of plastic waste for production of goods and construction materials, and traffic, will foster the development of secondary material marketplaces.*



# Pushing Back “White Pollution”

**P**lastic waste is the second most painful environmental problem in the world, just after climate change. In Vietnam, plastic products and plastic bags have become indispensable items in everyday life. Given their advantages of durability, strength, convenience and low price, plastic products and plastic bags are widely used almost everywhere, especially in big cities. Notably, this amount of plastic bags has increased year by year.

According to studies by scientists, plastic waste and plastic bags, if landfilled, will contaminate soil and water environment, hinder growth and development of plants, and cause soil erosion, and harm ecological development. Plastic bags also clog drains, ditches and canals to cause waterlogging. On the other hand, burning plastic bags will create toxic dioxin gas and furan poisoning that harm endocrine glands, reduce immunity, cause digestive dysfunction and birth defects in children and cause cancer.

A representative of the Vietnam Environment Administration (VEA) said that each year, the amount of plastic waste produced by humans globally is enough to cover four times the Earth's surface, of which 13 million tons of plastic waste is dumped into the oceans. According to the United Nations, the amount of plastic produced will double in the next 10-15 years, expected to reach 500 million tons by 2025 and 619 million tons by 2030. Vietnam has about 1.8 million tons of plastic waste each year, growing by 16-18% a year, standing among the Top 5 countries that dump most plastic into the oceans. Waste treatment and recycling in Vietnam has yet to meet the demand, especially waste sorting at source.

To reduce the use of disposable plastic waste, the Prime Minister of Vietnam issued Directive 33/CT-TTg on strengthening management, reuse, recycling, treatment and reduction of plastic waste. Accordingly, the Prime Minister instructed the Ministry of Natural Resources and Environment to complete institutions for solid waste management in the draft Law on Environmental Protection (amended), which will see waste and plastic waste as natural resources; promote the development of circular economy models; reduce waste and classify waste at the source; collect, reuse, recycle, and treat waste (including plastic waste); and develop technical guiding documents for waste

Environmental pollution caused by plastic waste and plastic bags, also known as "white pollution", seriously affects environment and human health. Vietnam is one of the countries in the world where the amount of plastic waste and plastic bags is increasing and difficult to control. Therefore, the control of plastic waste and plastic bags is becoming an urgent environmental matter today.

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classification at source.

Besides, the Prime Minister assigned the Ministry of Finance to study and submit to competent authorities the amended Law on Environmental Protection Tax in the direction of expanding taxable objects and increasing tax rates for plastic bags, packages and other plastic products; study propose taxation of virgin plastics; and direct inspection and examination into environmental tax evasion. For medical facilities and schools, plastic waste reduction is a required criterion for ranking. The Ministry of Education and Training will build and integrate waste sorting at source contents into educational activities for students.

The Ministry of Natural Resources and Environment shall be responsible for coordinating with the Ministry of Industry and Trade to count and classify plastic materials used in production, consumption and plastic waste; build a national database on plastic use and plastic waste; conduct

research on current situations, generation trends and plastic waste management. The ministry shall elaborate and submit to the Prime Minister a scheme on the establishment of concentrated recycling industrial parks to form a recycling industry and market.

The Ministry of Finance will be responsible for working with the Ministry of Natural Resources and Environment to study and propose financial policies to promote and encourage waste recycling and plastic waste recycling, provide incentives and support for eco-friendly plastic bags, recycled plastic products and environmentally friendly materials; and research and develop priority criteria or norms to apply public procurement for recycled and environmentally friendly products.

Particularly for accommodation and tourism service companies, the Ministry of Culture, Sports and Tourism will study and supplement criteria for minimizing the use of disposable plastic products and ungradable plastic bags; and offer alternatives in the tourism industry. To carry out the above contents, the Prime Minister requested agency leaders at central and local levels to issue directives or plans for minimization, classification, collection, reuse, recycling and treatment of plastic waste in industries, fields and areas within their jurisdiction, scheduled to be completed before October 30, 2020. ■



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# 04

## LĨNH VỰC, NGÀNH NGHỀ CHÍNH MAIN BUSINESS SECTORS

**KINH DOANH XĂNG DẦU, KHÍ ĐỐT**  
*TRADING PETROL, GAS*



**KINH DOANH HẠ TẦNG KHU CÔNG NGHIỆP**  
*DEVELOPING INDUSTRIAL ESTATE INFRASTRUCTURE*



**KINH DOANH DỊCH VỤ KHO, CẢNG, LOGISTICS**  
*OPERATING LOGISTICS SERVICES*



**KINH DOANH XUẤT NHẬP KHẨU NÔNG SẢN, CÀ PHÊ**  
*IMPORTING, EXPORTING AGRO-PRODUCTS, COFFEE*

# DAI AN SAI GON INDUSTRIAL ZONE

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



## INVESTMENT INCENTIVES

**10% of enterprise income tax** within **15 years** since projects come into operation. And **Exemption** from enterprise income tax within **4 years** and **50% of the tax** within **9 following years** since taxable income.

**Deducting 50% of personal income tax.**

**Exemption from import tax within 5 years.**

Commodities produced, processed, reprocessed or assembled in non-tariff areas of border-gate economic zones and exported abroad **are exempt from export duty.**

Other investment incentives of **Value-added tax**, **Excise tax** are complied with the Law.

## STRATEGIC LOCATION

- To Tan Son Nhat Airport 45Km
- To Cat Lai Port 70Km
- To Moc Bai - HCM Highway 4Km
- To Moc Bai Border Gate 8Km
- To Ho Chi Minh City 50Km
- To Tay Ninh City 35Km

## STRATEGIC LOCATION

Dai An Sai Gon IZ is a multi-sector Industrial Zone which attracts domestic and foreign investment, especially offer the priority to: auxiliary industrial fields; projects applied modern and high technology; non-polluted environment projects and strictly environmental treated projects; projects with cleaner production technology; friendly to environment and energy-saving technology.



## DAI AN SAI GON JOINT STOCK COMPANY

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