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APEC VIET NAM 2017

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ĐẶC SAN CỦA BÁO ĐẦU TƯ
VIETNAM INVESTMENT REVIEW
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President of the Socialist Republic of Viet Nam
Hosting APEC 2017 is a top priority in Viet Nam's foreign policy agenda, as it aspires to make greater contributions to an ever thriving Asia-Pacific region. After more than 30 years of reform and extensive regional and international integration, Viet Nam today is a highly open and dynamic economy, projected to become one of the 10 fastest growing economies in the world.

All preparations are being made to ensure that 2017 is another successful year for APEC. Viet Nam is ready to welcome all member economies to participate in APEC 2017 activities, held throughout Viet Nam, as well as in other member economies.

APEC is at a crucial juncture. A rapidly changing world and a transforming Asia-Pacific are presenting us with unprecedented opportunities and challenges. The Fourth Industrial Revolution, the 2030 Agenda for Sustainable Development, and the Paris Agreement on Climate Change have laid important foundations for sustainable, inclusive, and equitable global development. Yet, the confluence of prolonged economic stagnation, new waves of protectionism, terrorism, regional conflicts, climate change, amongst others, ever more complex and interrelated non-traditional security challenges are exerting far-reaching impacts on each and every economy, business, and individual across the world.

More than ever, APEC must continue to uphold its leading and pioneering role in creating new drivers to build the Asia-Pacific into a region of peace, stability, and dynamic, sustainable, and inclusive development. Viet Nam therefore proposes “Creating New Dynamism, Fostering a Shared Future” as the overarching theme for APEC 2017.

Accordingly, APEC 2017 deliberations shall seek to create new dynamism in order to:
- Accelerate the accomplishment of the Bogor Goals on trade and investment liberalisation by 2020 according to its roadmap.
- Deepen regional integration through efforts to revitalise economic, trade, and investment ties; promote connectivity in all the three domains – infrastructure, institutions, and people; promote global value chain connectivity; enhance sub-regional and remote area connectivity; promote sustainable tourism; and expand cultural, youth, and student exchanges.
- Further sustainable, inclusive, and equitable growth; accelerate structural reforms; raise productivity; and develop high-quality human resources. It is essential to better tap into the opportunities offered by the digital revolution.
- Improve the competitiveness and innovation of enterprises, especially micro-, small-, and medium-sized enterprises (MSMEs) in the digital economy and the internet; unleash the great potentials of public-private partnerships and businesses, especially women-led enterprises and young entrepreneurs.
- Increase the resilience and inclusiveness of APEC economies, particularly in promoting education, employment, healthcare, gender equality, and sustainable rural and agricultural development to adapt to climate change, and ensure food, energy, and resources security, especially for water resources.

The 21st century is expected to be the century of the Asia-Pacific, home to the world’s most dynamic economies. Throughout its 27 years of existence, APEC has proven to be a responsive and effective mechanism, making important contributions to regional prosperity. It is now incumbent upon APEC to reaffirm its role as an incubator of ideas and a driver for regional growth and connectivity.

It is therefore crucial that APEC member economies continue to discuss the post-2020 vision and direction for APEC, working together towards an Asia-Pacific partnership for sustainable and inclusive development for the 21st century.
APEC 2017: New Vision and Position of Viet Nam

H.E. Pham Binh Minh, Politburo member, Deputy Prime Minister, Minister of Foreign Affairs, and Chairman of the 2017 APEC National Committee, talks about the effects APEC has had on Viet Nam, and vice versa.

Hosting APEC is a vivid illustration of the dynamic, leading and responsible role played by each member of this prominent economic cooperation mechanism in the Asia-Pacific region. APEC Viet Nam 2017 has been sailing only halfway of the voyage. For what has been achieved, APEC friends and partners all highly appreciate Viet Nam’s organisation of the year in a thoughtful and professional manner as well as her active and constructive initiatives to promote co-operation and connectivity in APEC.

Viet Nam hosts the APEC Year for the second time when the world and the region are undergoing complicated transformation and developments. While APEC is accelerating the attainment of the Bogor Goals of free and open trade and investment by 2020, some obstacles against globalisation and economic linkages have emerged. However, nearly 10 years has gone by since the global financial crisis in 2008-2009, and we are now witnessing more positive developments, including new prospective signals in global and regional economic and trade growth. The reality presents the navigators of the APEC ship with major responsibility to work together so as to carry more significant new ideas to the forum, and hence bringing about more substantial benefits to the people and businesses. Therefore, the international community considers APEC Viet Nam 2017 both as a challenge and an opportunity to boost growth and connectivity in the Asia-Pacific region and in the world, thereby contributing to the maintenance of peace, stability and development in a turbulent world.

APEC 2017 – THE STRATEGIC VISION OF VIET NAM’S FOREIGN POLICY

The APEC Year 2017 is an important opportunity to highlight the spirit and intellectual capacity of Viet Nam’s diplomacy, particularly the multi-lateral diplomacy in the comprehensive integration of the country. The successes of APEC Year 2006 and the prestige gained through her high responsibility in various international organisations have brought Viet Nam to APEC Year 2017 spotlight with a new stature.

It is by no accident that the theme “Creating new dynamism, fostering a shared future” is welcomed and nurtured by international friends and partners. In the continuation of recent achievements of APEC co-operation, Viet Nam has introduced four priorities on fostering sustainable, innovative and inclusive growth; deepening regional economic integration; strengthening micro-, small-, and medium-sized enterprises’ (MSMEs) competitiveness and innovation in the digital age, and enhancing food security and sustainable agriculture in response to climate change. These meet the interests and benefits of member economies, reflecting the common trend in international co-operation, and equally serving the socio-economic development demand of our country in a new period as well.

The identification of the right theme, priorities and directions of co-operation for APEC Year 2017 clearly reflects the strategic vision of Viet Nam’s foreign policy. First and foremost, it is the vision of a peaceful, stable and dynamic Asia-Pacific which continues to be the driver of regional and global economic growth and linkages in which the APEC Forum, the ASEAN Community, the Mekong Sub-regional Cooperation Mechanisms, and bilateral and multilateral Free Trade Agreements (FTAs) ... co-developed and complemented each other, thereby forming a sustainable and comprehensive regional architecture. That strategic vision is driven by the strong belief that the 21st century needs to be shaped by equality, mutual benefit and fundamental principles of international law, not by the “zero sum” (lose-win) principle, especially in economic, trade and investment co-operation. All countries of the region, whether they are APEC members, share the common interest in building Asia-Pacific partnership for sustainable and inclusive development in the 21st century.

Second, APEC activities this year should create the new impetus to promote growth and increase regional economic integration to a new height and to reiterate that the Forum is for the people and businesses. APEC needs more impetus for quality growth, structural reform, inclusive social-economic and financial development; strengthen connectivity; develop global value chains and collaborate on the next-generation economic - commercial issues... At the same time, another pressing need is to accelerate effort to completely obtain the Bogor Goals, to maintain regional momentum in such frameworks as the Transatlantic Economic Partnership (TPP), Economic Partnership Comprehensive Regional (RCEP), etc... toward the formation of the Asia-Pacific Free Trade Area (FTAAP).
Third, 2017 is expected to be the year to continue affirming APEC’s role as a forum for initiating ideas, directing and coordinating economic linkages, thereby promoting the building of a sustainable transparent, highly-adaptable regional architecture which ensures the complementarity and harmonisation of multi-layered mechanisms.

Accounting for 39 per cent of the world’s population, 57 per cent of GDP and 49 per cent of global trade, APEC should continue to promote its pioneering role in the global effort for sustainable development and adaptation to climate change, for promotion of multilateral trading system and addressing common challenges such as the adverse effects of globalisation and digitalisation, and increased inequality.

Fourth, after 28 years into formation and development, this is also an important time to shape the APEC Vision for the post 2020 period. That vision should clearly define the objectives, long-term direction and pillars of co-operation for the forum in the next 10 to 15 years. Promoting the spirit of equal, voluntary and non-binding co-operation for mutual benefits is necessary to guarantee the dynamism and attractiveness of APEC with diverse history, culture and development levels.

Bearing that in mind, the APEC Year 2017 promises to create a new momentum for the forum. This is also a great opportunity for Viet Nam to join hands with other members to shape the future of not only APEC, but also regional economic structure. APEC 2017 again serves as a solid testimony that multilateral diplomacy is an important mainstay for nations, large or small, to foster their interests and improve their position in a world of extensive globalisation.

**HIGHER POSITION, MORE SUBSTANTIAL BENEFITS**

For Viet Nam, APEC is one of the most important multilateral fora, which offers the most substantial benefits. Thirteen of 25 Viet Nam’s major strategic and comprehensive partners and many of Viet Nam’s leading economic and trade partners come from the Forum. Eighteen APEC members are the key partners in bilateral and multilateral free trade agreements (FTA) to which Viet Nam is a signatory. APEC members account for 78 per cent of foreign direct investment (FDI), 75 per cent of trade in goods, 38 per cent of official development assistance (ODA), and 79 per cent of Viet Nam’s international tourist arrivals. Approximately 80 per cent of overseas Vietnamese students are studying in APEC member economies.

Therefore, the APEC Year 2017 is an important lynchpin of Viet Nam’s diplomacy and the most significant contribution of our country to APEC co-operation in the period of extensive and intensive international integration.

Together with assuming the role of ASEAN Chair in 2020, running for the United Nations Security Council 2020-2021 and fulfilling the WTO accession commitments by 2018, the successful APEC Viet Nam 2017 will contribute to the consistent realisation of the very important policy of the 12th National Party Congress “to improve the quality and effectiveness of multilateral diplomacy and proactively contribute to the building and shaping of multilateral mechanisms”.

The support and active participation of APEC member economies, regional and international organisations to APEC 2017 efforts will serve as a lever for Viet Nam to promote “soft power.” It is by no accident that Viet Nam became the first APEC host to be invited to the G-20 meetings this year. That reflects the trust and appreciation of international friends for initiatives and ideas above and beyond the regional norms that Viet Nam has proposed for APEC. Obviously, the APEC Year 2017 activities have and will contribute to affirming the increasingly important role of the forum and Viet Nam’s deserving stature in regional and global governance.

Activities in 2017 will also provide opportunities for our country to deepen the established partnership within stable and sustainable frameworks, and particularly enhance long-term and interwoven interests with key APEC members. During the 2017 APEC Economic Leaders’ Week in November, several meetings and official visits by senior APEC leaders and officials to Viet Nam have been scheduled to further strengthen bilateral relations and reinforce coordination in regional and international affairs.

From a socio-economic perspective, the endeavor to complete the Bogor Goals, to implement APEC Strategies and Action Plans, together with our efforts to fulfill commitments under ASEAN’s FTAs will provide the driving force for economic reform and restructuring, transfiguration of the growth model and improvement of the business and investment environment of our country. It is a prerequisite to realise the determination to build a government of development facilitation and integrity whose mission is to act and serve the people and businesses.

For localities and businesses, various opportunities for co-operation, businesses, investment and tourism will be brought about through approximately 200 APEC activities in 2017. The 2017 APEC Economic Leaders’ Week in Da Nang will attract some 10,000 delegates from regional and international leading businesses and major mainstream media. This will serve as a golden opportunity to promote the image of a dynamic and active Viet Nam, and to improve the comparative advantages of localities and regions across the country. This is also a chance for ministries, government agencies, industries, localities and enterprises to accumulate their capabilities to integrate into the world, thus contributing to promoting the country’s culture of integration.

It can be said by now that APEC’s activities have proceeded smoothly, meeting the set objectives. This achievement is attributed to the unanimity of all state levels and sectors from central to local as well as the business community, experts, scholars and the people.

With the new strength and position of the country after over 30 years of Renovation (doi moi), with the support and precious assistance of our friends and partners, the APEC Viet Nam 2017 will definitely be a great success, contributing to our development and security interests, while highlighting our country’s new vision and position.
A look at 28 years of APEC

Established in 1989, the Asia-Pacific Economic Cooperation (APEC) is the Asia-Pacific’s premier economic forum. The primary goal is to support sustainable economic growth and prosperity in the Asia-Pacific region.

The APEC member economies are united in their drive to build a dynamic, sustainable, and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical co-operation, and facilitating a favourable and sustainable business environment. APEC initiatives turn policy goals into concrete results and agreements into tangible benefits.

APEC also aims to help all residents of the Asia-Pacific region participate in the growing economy. For example, APEC projects provide digital skills training for rural communities and help indigenous women export their products abroad. Recognising the impacts of climate change, APEC members also implement initiatives to increase energy efficiency and promote sustainable management of forests and marine resources.

The forum adapts to allow members to deal with important new challenges to the region’s economic well-being. This includes ensuring disaster resilience, planning for pandemics, and addressing terrorism.

APEC’s 21 member economies comprise Australia, Brunei Darussalam, Canada, Chile, China, Hongkong-China, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Chinese Taipei, Thailand, the United States, and Viet Nam.

APEC’S DEVELOPMENTAL MILESTONES

2017 – DA NANG, VIET NAM

Under the overarching theme of “Creating New Dynamism, Fostering a Shared Future”, the 2017 APEC Economic Leaders’ Week has four priorities:

- Promoting sustainable, innovative, and inclusive growth;
- Deepening regional economic integration;
- Strengthening micro-, small-, and medium-sized enterprises’ (MSMEs) competitiveness and innovation in the digital age; and
• Enhancing food security and sustainable agriculture in response to climate change.

• 2016 – LIMA, PERU

APEC leaders reaffirmed the member economies’ confidence in international trade as a mechanism for achieving positive economic and social change. This is after throwing their support behind an agenda that pursues inclusive growth as the Asia-Pacific region takes strides to achieve a free and open trade area. Specifically, they expressed support for advancing the region’s economic integration and growth agenda, developing human capital, modernising MSMEs, and enhancing the regional food system.

In line with these priorities, APEC put forward policy commitments for members to work toward sustainable economic integration in the region.

• 2015 – MANILA, THE PHILIPPINES

APEC leaders united behind the opportunity to build inclusive economies in a bid to make economic growth felt more broadly over more economic sectors. Acknowledging uneven global growth and the presence of risks and uncertainties in the global economy, the leaders agreed to set forth policy enablers for the integration of MSMEs in regional and global markets, for building sustainable and resilient communities, developing human capital, and enhancing the regional economic integration agenda. They also expressed support for the achievement of quality growth, and endorsed a network on services co-operation, recognising that the service sector represents a significant percentage of businesses in the region.

• 2014 – BEIJING, CHINA

APEC leaders committed to taking a concrete step towards greater regional economic integration by endorsing a roadmap to translate the vision of the Free Trade Area of the Asia-Pacific (FTAAP) into a reality. As a first step, APEC committed to carrying out a collective strategic study on issues related to the realisation of the FTAAP. Members implemented the first-ever APEC Connectivity Blueprint to achieve targets for better physical, institutional, and people-to-people linkages across the region by 2025. In order to capture higher value-added growth, policies to promote innovation, human resources development, and sustain-

ability became part of the new APEC Accord on Innovative Development, Economic Reform, and Growth. And, recognising the importance of promoting diversified energy supplies, APEC economies agreed to work towards doubling the share of renewables by 2030 in the region’s energy mix, including in power generation.

• 2013 – BALI, INDONESIA

APEC economies provided the push needed to conclude the “Bali Package” at the 9th World Trade Organization (WTO) Ministerial Conference to boost global trade. A package of measures to enhance regional connectivity was endorsed, including an APEC Multi-Year Plan on Infrastructure Development and Investment prioritising public-private partnership projects. A target of one million intra-APEC university students per year by 2020 was also set. The first Joint APEC Ministerial Meeting on Women and MSME Issues promoted female entrepreneurship.

• 2012 – VLADIVOSTOK, RUSSIA

APEC economies endorsed the groundbreaking APEC List of Environmental Goods that directly and positively contribute to green growth and sustainable development objectives. APEC sought to address transparency as a new next-generation trade and investment issue, and leaders endorsed the APEC Model Chapter on Transparency for Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs) to be used as a guide by APEC economies.

• 2011 – HONOLULU, UNITED STATES

APEC leaders issued the Honolulu Declaration, in which they committed to taking concrete steps towards a seamless regional economy, addressing shared green growth objectives, and advancing regulatory co-operation and convergence. To reach these goals, APEC resolved to reduce, by the end of 2015, applied tariff rates of environmental goods to 5 per cent or less, taking into account member economies’ economic circumstances, without prejudice to APEC economies’ positions in the WTO. APEC set a goal of reducing aggregate energy intensity by 45 per cent by 2035, and committed to taking specific steps by 2013 to implement good regulatory practices by ensuring internal co-ordination of regulatory work, assessing regulatory impacts, and conducting public consultation.

• 2010 – YOKOHAMA, JAPAN

APEC leaders issued the Yokohama Vision to provide a roadmap for members to realise an economically-integrated, robust, and secure APEC community. This included the formulation of a comprehensive, long-term growth strategy. APEC completed an assessment of the progress towards the Bogor Goals and found significant gains in the areas of liberalising trade in goods, services, investment, and trade facilitation. APEC formulated the APEC Strategy for Investment and endorsed the APEC New Strategy for Structural Reform. APEC held its first-ever APEC Ministerial Meeting on Food Security.

• 2009 – SINGAPORE

APEC resolved to pursue balanced, inclusive, and sustainable growth, while leaders agreed to extend their standstill commitment on protectionism until 2010. The first-ever joint meetings of the APEC senior trade and finance officials were held to address the global financial crisis. APEC launched the Supply-Chain Connectivity Framework and the Ease of Doing Business Action Plan to make doing business in the region 25 per cent cheaper, faster, and easier by 2015. Member economies also commenced work on the APEC Services Action Plan and Environmental Goods and Services Work Programme.

• 2008 – LIMA, PERU

APEC focused on the social dimensions of trade and on reducing the gap between developing and developed members, in accordance with the 2008 theme “A New Commitment to Asia-Pacific Development”. Leaders also addressed the global financial crisis in the Lima APEC Leaders’ Statement on the Global Economy. They committed to taking all necessary economic and financial measures to restore stability and growth, to reject protectionism, and to intensify efforts to advance the WTO Doha Development Agenda negotiations.

• 2007 – SYDNEY, AUSTRALIA

For the first time, APEC member economies issued a Declaration on Climate Change, Energy Security, and Clean Development, outlining future action in support of a new international climate change arrangement and announcing a forward programme of practical, co-operative actions and initiatives. Leaders
also adopted a major report on closer regional economic integration, including structural reform initiatives, and welcomed the new APEC Trade Facilitation Action Plan, which aimed at reducing trade transaction costs by a further 5 per cent by 2010.

• 2006 – HANOI, VIET NAM
APEC leaders endorsed the Hanoi Action Plan, which identifies specific actions and milestones to implement the Bogor Goals and support capacity-building measures to help APEC economies. They also issued a statement on the WTO Doha Development Agenda calling for ambitious and balanced outcomes. To prioritise its agenda, APEC took a strategic approach to reforming working groups and strengthening the Secretariat.

• 2005 – BUSAN, THE REPUBLIC OF KOREA
APEC adopted the Busan Roadmap, completed the Mid-term Stocktake – which found that APEC was well on its way to meeting the Bogor Goals – and the APEC Privacy Framework. APEC leaders issued a stand-alone statement in support of a successful conclusion to the 6th WTO Ministerial Conference in Hongkong-China, and agreed to confront pandemic health threats and continue to fight against terrorism, which has the potential to cause deep economic insecurity for the region.

• 2004 – SANTIAGO, CHILE
APEC issued a strong statement of support for progress in the WTO Doha Development Agenda and set a target date for achieving a breakthrough in negotiations: December 2005, the convening of the 6th WTO Ministerial Conference. APEC adopted Best Practices for RTAs and FTAs, the Santiago Initiative for Expanded Trade, and a Data Privacy Framework. APEC reiterated its “unmistakable resolve” in confronting the threat of terrorism, and took further action in this regard by identifying key elements of effective export control systems; establishing guidelines on the control of man-portable air defence systems (MANPADS), and continuing to implement the Secure Trade in the APEC Region (STAR) Initiative. APEC also made a political commitment to fight corruption and ensure transparency, and endorsed a specific Course of Action towards this end.

• 2003 – BANGKOK, THAILAND
APEC agreed to re-energise the WTO Doha Development Agenda negotiations and stressed the complementary aims of bilateral and regional trade agreements, the Bogor Goals, and the multilateral trading system under the WTO. APEC dedicated itself not only to promoting the prosperity of member economies, but also to improving the security of the peoples of the Asia-Pacific region. APEC pledged to take specific actions to dismantle terrorist groups, eliminate the danger of weapons of mass destruction, and confront other security threats. APEC Members signed up to the APEC Action Plan on SARS and the Health Security Initiative to further protect personal security. APEC also strengthened its efforts to build knowledge-based economies, promote sound and efficient financial systems, and accelerate regional structural reform.

• 2002 – LOS CABOS, MEXICO
APEC adopted a Trade Facilitation Action Plan, Policies on Trade, and the Digital Economy and Transparency Standards. APEC’s second Counter-Terrorism Statement was also delivered, along with the adoption of the STAR Initiative.

• 2001 – SHANGHAI, CHINA
APEC adopted the Shanghai Accord, which focuses on “Broadening the APEC Vision, Clarifying the Roadmap to Bogor, and Strengthening the Implementation Mechanism”. The e-APEC Strategy was adopted, which set out an agenda to strengthen market structures and institutions, facilitate infrastructure investment and technology for online transactions, and promote entrepreneurship and human capacity-building. APEC’s first Counter-Terrorism Statement was also issued.

• 2000 – BANDAR SERI BEGAWAN, BRUNEI DARUSSALAM
APEC established an electronic Individual Action Plan (e-IAP) system, which provides IAPs online. The affiliation also committed to the Action Plan for the New Economy, which, among other objectives, aimed to triple internet access throughout the APEC region by 2005.

• 1999 – AUCKLAND, NEW ZEALAND
APEC committed to paperless trading in developed economies by 2005 and in developing economies in 2010. The APEC Business Travel Card scheme was approved; and a Mutual Recognition Arrangement on Electrical Equipment and a Framework for the Integration of Women in APEC were endorsed.

• 1998 – KUALA LUMPUR, MALAYSIA
APEC agreed on the first nine sectors for Early Voluntary Sectoral Liberalization (EVSL) and sought an EVSL agreement with non-APEC members at the WTO.

• 1997 – VANCOUVER, CANADA
APEC endorsed a proposal for EVSL in 15 sectors and decided that IAPs should be updated annually.

• 1996 – MANILA, THE PHILIPPINES
The Manila Action Plan for APEC (MAPA) was adopted, outlining trade and investment liberalisation and facilitation measures needed to reach the Bogor Goals. The first Collective and IAPs were compiled, outlining how economies would achieve these free trade goals.

• 1995 – OSAKA, JAPAN
APEC adopted the Osaka Action Agenda (OAA), which provides a framework for meeting the Bogor Goals through trade and investment liberalisation, business facilitation, and sectoral activities, underpinned by policy dialogues and economic and technical co-operation.

• 1994 – BOGOR, INDONESIA
APEC set the Bogor Goals of “free and open trade and investment in the Asia-Pacific region by 2010 for developed economies and 2020 for developing economies”.

• 1993 – BLAKE ISLAND, UNITED STATES
APEC leaders met for the first time, on Blake Island in Washington State in the US, and outlined APEC’s vision of “stability, security, and prosperity for our peoples”.

• 1989 – CANBERRA, AUSTRALIA
APEC began as an informal, ministerial-level dialogue group with 12 founding members – Australia, Brunei Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and the United States.
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Viet Nam’s APEC milestones

Since 1998, when Viet Nam joined APEC, the country has been making important contributions and boosting its co-operation with APEC member economies to jointly build a dynamic, sustainable, and harmonious Asia-Pacific community. To achieve this end, Viet Nam has been championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical co-operation, and facilitating a favourable and sustainable business environment.

THE BIG MILESTONES OF VIET NAM’S APEC MEMBERSHIP:

- June 15, 1996: Viet Nam officially applied to join APEC.
- November 1996: The Politburo issued a resolution on expanding and enhancing the effectiveness of the country’s external economic relations for the 1996-2000 period, with an emphasis laid on “steadfastly and quickly conducting negotiations of a bilateral trade agreement with the United States, access to APEC as well as the World Trade Organization (WTO)”.
- November 14, 1998: The Foreign and Economic Ministers’ Meeting for APEC announced final admission of Viet Nam, Russia, and Peru into the forum.

Viet Nam’s participation in APEC has been a logical step, laying the bedrock for the country to effectively deploy its open foreign policy of diversification and multilateralisation of international relations, and boosting the country’s integration with regional and international economies. Along with its access to the Association of Southeast Asian Nations (ASEAN) in 1995, co-founding of the Asia-Europe Meeting (ASEM) in 1996, and triggering the negotiations of the WTO, Viet Nam’s APEC membership has vividly reflected its dynamism, openness, international integration, and positive contributions to the trend of peace, co-operation, and development of the region and the world.

- 2006: Viet Nam hosted APEC for the first time. This was one of the biggest international events that the country had ever organised. The event held more than 100 activities, with the most important being the 2006 APEC Economic Leaders’ Meeting taking place during September 12-19 in Ha Noi. The week included 17 events participated in by more than 10,000 delegates, corporate executives, and journalists. APEC 2006 was a very successful event, deeply characterised by Viet Nam’s hallmarks which were highly commended by APEC member economies and the international community.

First, with the theme “Towards a Dynamic Community for Sustainable Development and Prosperity”, the 14th APEC Economic Leaders’ Meeting in Hanoi endorsed three important documents for APEC’s development, including (i) the Declaration of the 14th APEC Economic Leaders’ Meeting; (ii) the Hanoi Action Plan to implement the Busan Roadmap towards the Bogor Goals; and (iii) the Statement on the Doha Development Agenda of the WTO.

Second, the Hanoi Action Plan to implement the Busan Roadmap proposed by Viet Nam was an important contribution, which helped concretise measures for accelerating co-operation in trade and investment, sustainable development, pandemic prevention – especially poultry influenza, human resources development, corruption eradication, and linkages among APEC member economies via tourism co-operation and development.

Third, with Viet Nam as a host, the APEC leaders, for the first time, reached a consensus and officially affirmed, “the formation of the Free Trade Area of the Asia-Pacific (FTAAP) is a long-term outlook”, suitable to the trend of deep connectivity throughout the region.

Fourth, APEC Viet Nam 2006 was considered to be the year when the forum was reformed, with leaders determining principal and long-term development orientations and strengthening APEC’s dynamism and efficiency. This was another important milestone of Viet Nam, as the issues regarding APEC reform had been advanced many years back, but progress remained poor. It was not until 2006 that, based on Viet Nam’s proposals and the help of APEC member economies within the Senior Officials’ Meeting (SOM) Chair Friend Group on reform, big orientations on APEC reform were endorsed.

Fifth, the Declaration on the Doha Negotiation Round achieved in Ha Noi demonstrated APEC’s determination to resume negotiations of the round, which was then coming to an impasse. This was an important contribution from Viet Nam, right after the country signed a protocol to become a WTO member on November 7, 2006.

Sixth, APEC Viet Nam 2006 aided in the consolidation of linkages between the region’s leading groups and Vietnamese enterprises. The APEC CEO Summit and the Forum on Promoting Trade and Investment with Viet Nam were both successful, with the participation of about 1,500 delegates, of whom 750 were for-
eign, and 125 were big economic groups from the Global 500. Many initiatives were made for APEC businesses to further join the public-private dialogues in an effort to step up trade facilitation, youth exchanges, gender equality, hunger eradication and poverty reduction, and sustainable development.

2017: Viet Nam hosts APEC for the second time. In order to highlight the theme of APEC Viet Nam 2017 – “Creating New Dynamism, Fostering a Shared Future”, and ensure continuity to the priorities of APEC Peru 2016, Viet Nam has selected four priorities:

1. Promoting sustainable, innovative and inclusive growth

Sustainable, innovative, and inclusive growth has been one of APEC’s top priorities in the context of global economic uncertainties and rising inequalities. Emphasis is placed on the dimensions of sustainability and inclusiveness of growth in order to help realise the APEC Strategy for Strengthening Quality Growth for the period until 2020 and the United Nations’ Sustainable Development Goals. In addition, structural reform and innovation are crucial in creating new dynamism for growth through improving labour productivity, enhancing human resource development, and ensuring effective resource allocation. This pattern of growth places people and businesses at its centre.

2. Deepening regional economic integration

Deepening regional economic integration and improving connectivity in recent years have been high on the APEC agenda to meet economies’ increased demand for greater economic linkages and development. This year, APEC will continue to accelerate the realisation of the Bogor Goals of free and open trade and investment by 2020, with a new sense of urgency as well as enhancements in the three dimensions of connectivity – physical, institutional, and human to human. Renewed efforts will be needed for APEC to endure as the driver of deeper regional economic integration.

3. Strengthening MSMEs’ competitiveness and innovation in the digital age

Micro-, small-, and medium-sized enterprises (MSMEs) are key drivers of growth and employment for APEC economies. It is their growth rates and greater inclusion in global value chains that will translate into the dynamic development of the greater economy. The arrival of the digital age, with all its opportunities and challenges, has made it all the more important to strengthen MSMEs’ competitiveness and innovation. This priority for APEC 2017 will help maintain the important momentum to advance the work of APEC with regard to MSMEs.

4. Enhancing food security and sustainable agriculture in response to climate change

Food security has always assumed major importance in APEC co-operation, as the Asia-Pacific region provides 55 per cent of global agricultural produce. Food security is also listed as the second goal of the United Nations’ 2030 Agenda for Sustainable Development. In recent years, APEC has increased its focus on addressing the negative impact that climate change has had on efforts to improve food security and achieve sustainable agriculture. Linking food security with sustainable agriculture in response to climate change is aimed at helping APEC respond more effectively to the ever intensifying impacts of climate change in the region.

THE OUTSTANDING CONTRIBUTIONS OF VIET NAM TO APEC CO-OPERATION

Over the past 20 years, Viet Nam has been actively participating in the impulsion of APEC co-operation, with various contributions in three co-operation pillars. Specifically:

- For the first time, Viet Nam successfully acted as the host of APEC in 2006, organising the 14th APEC Economic Leaders’ Meeting and other relevant activities. The country also undertook the role as executive director of the International APEC Secretariat for the 2005-2006 tenure. Results achieved in 2006 on regional connectivity and APEC reform were important in fostering the forum’s dynamic co-operation.

- The sixth APEC Ministerial Meeting on Human Resources Development, organised by Viet Nam in Ha Noi in September 2014, adopted the APEC Action Plan for the 2015-2018 period in order to beef up co-operation in generating high-quality employment and human connectivity via the development of quality human resources.

- Viet Nam’s ministries and sectors hosted and co-hosted more than 100 projects and activities covering a wide range of sectors in a bid to propel co-operation on new issues, such as origin self-certification (2012), aviation transport security (2012), sharing experiences in developing and implementing new growth models (2014), community-based calamity risk management (2015), facilitation in the global value chain in garment and textile (2015), and boosting infrastructure investment to ensure food security (2006).

- Viet Nam also co-ordinated activities for important task groups, such as the country’s role as co-chair and vice chair of the Health Task Group (2009-2013), and the Task Group on Emergency Preparedness and Response (2012-2013).

THE IMPORTANT PROPOSALS AND INITIATIVES OF VIET NAM IN APEC

Viet Nam is an active APEC member that has advanced many proposals and initiatives for the development of the forum.

In 2015, Viet Nam and APEC Economic Leaders’ Meeting hosts such as the Republic of Korea, Australia, Japan, and China put forward an initiative on the establishment of the SOM Steering Group, which is in charge of conducting mid-term reviews about the implementation of the Bogor Goals.

Also in 2015, Viet Nam advanced and deployed its initiative on organising the APEC Ministerial Meeting on Avian and Influenza Pandemics, and endorsed the APEC Action Plan on Avian Influenza Preparedness and Response.

Viet Nam has also actively put forward initiatives about calamity risk response as one of APEC’s co-operation priorities. The country’s ministries and sectors hosted and organised the first APEC workshop on abnormal flooding response in 2011, and a workshop on community-based calamity risk management in order to implement the United Nations’ Sendai Framework and Calamity Risk Reductions in 2015.

Additionally, Viet Nam’s idea about and organisation of a workshop for facilitating the global value chain in garment and textile in 2016 has also been highly commended by APEC member economies.

In 2016, Viet Nam advanced an initiative to boost infrastructure investment in order to ensure food security, including a public-private dialogue. The country also combined with APEC member economies to organise a forum on small- and medium-sized enterprises within APEC – promoting the online-to-offline business model with the participation of more than 100 startup enterprises.
Trade and market expansion on agenda

Viet Nam’s negotiations to join APEC took place during a convenient time in history. Could you please brief us on the context surrounding the country’s admission to APEC in November 1998?

It can be said that our country’s negotiations to join APEC faced no remarkable obstacles thanks to four reasons.

First, by the end of the 1990s, Viet Nam’s reform had been in progress for 15 years with great achievements. We succeeded in transforming the then planned economy into a market economy, with a world-leading annual average growth rate. Even when the regional crisis occurred in 1997, our economy saw just a marginal slowdown; with both export value and foreign direct investment flying high and a poverty reduction campaign recording encouraging outcomes.

Second, Viet Nam strengthened its international relations. In 1995, before Viet Nam and the US established diplomatic ties, the country had already set up multifaceted cooperative ties with most of the world’s leading economies.

Third, Viet Nam saw successes at integrating both regionally and internationally through its entrance into ASEAN, its hosting of the ASEAN Summit in 1998, its participation in the ASEAN Free Trade Area (AFTA), jointly founding the Asia-Europe Meeting (ASEM), speeding up negotiations for World Trade Organization (WTO) membership, and almost completing a bilateral trade agreement (BTA) with the US. With such achievements, Viet Nam’s position and resources were strengthened.

Fourth, Asia-Pacific was emerging as a region of dynamic growth, with the APEC forum gathering global leading economies, such as the US, Japan, China, Russia, the Republic of Korea, Canada, Australia, Mexico, and Chile. The trend of globalisation and multilateral co-operation was booming.

In short, the context for Viet Nam to join APEC was convenient in terms of timing and capacity.

The only thing that could make the context even more perfect was the signing of the BTA, expected to take place in Auckland in the same venue as the APEC Economic Leaders’ Meeting and be witnessed by the then Prime Minister Phan Van Khai and US President Bill Clinton. However, this did not happen, as details of the pact were still under negotiation. Viet Nam and the US finally completed the deal in July 2000.

What is the significance of Viet Nam’s APEC admission to the country’s economic and foreign affairs at that time and in Viet Nam’s later negotiations and participation in other organisations as well as bilateral and multilateral cooperation mechanisms?

The APEC membership had significant meaning for various reasons. In terms of economic affairs, Viet Nam took advantage of new favourable conditions to expand the market to a key region in the world, and to capitalise on investment from advanced economies, which helped us prepare for our participation in the WTO. In politics, the APEC membership consolidated Viet Nam’s position on the global stage.

APEC member economies include global powers such as the US, Japan, Republic of Korea and China. Based on the APEC working mechanism, what approaches has Viet Nam chosen to promote its role in the forum and to make the most of its membership for national development?

Viet Nam has prioritised a proactive approach to international economic integration. Its engagement with APEC has occurred under that spirit, which means it actively moved ahead, step by step.

Viet Nam actively sped up the implementation of the Bogor Goals – through trade liberalisation by gradually reducing tariff barriers – facilitated trade and promoted scientific and technological collaboration, and encouraged the development of small- and medium-sized enterprises. All these helped Viet Nam affirm its role in APEC.

In 2006, when Viet Nam first hosted APEC in Ha Noi, you were the prime minister’s Special Envoy for external relations, assisting the PM and the 2006 APEC National Committee in organising the APEC 2006 events, especially the important activities of the APEC Economic Leaders’ Week. What do you think APEC as well as other forums and regional and inter-
national cooperation frameworks mean to the Vietnamese economy?

The successful organisation of the 14th APEC Economic Leaders’ Meeting in Ha Noi in 2006 was a milestone in our country’s history of international relations. This was the first time Viet Nam successfully hosted such a big international conference with the participation of leaders from 21 economies, including most of the world’s leading economies.

International friends and Vietnamese people highly valued the historic event. APEC 2006 enhanced Viet Nam’s position not only regionally but also globally. It gave Viet Nam momentum to conclude its negotiations for WTO membership, marking the country’s full integration into the global economy.

At that time, Viet Nam and the US finished the BTA negotiations. The US later granted Viet Nam the status of permanent normal trade relations (PNTR) and became one of the country’s top trade partners.

More than 10 years after APEC 2006, APEC 2017 in Da Nang is the second time Viet Nam has hosted the APEC Economic Leaders’ Meeting. What opportunities and challenges are facing Viet Nam in fulfilling its role at APEC 2017 based on the country’s current context and economic status?

The situation now is different from in 2006, as the global economy and APEC member economies have undergone a financial-monetary crisis which broke out in 2008. They are now in the face of new opportunities offered by the Fourth Industrial Revolution (Industry 4.0).

Meanwhile, protectionism that separates economies and hampers the globalisation trend is emerging. People even worry about increasingly frequent trade conflicts.

Viet Nam is working to meet the needs of economic reform and adapt to the new context created by Industry 4.0. In my opinion, as the host of APEC 2017, Viet Nam can contribute to the progress of APEC by persistently supporting trade liberalisation, making the most of Industry 4.0, and tackling new challenges, such as the negative impacts of climate change.

What do you think is Viet Nam’s biggest hallmark since it became an official member of APEC (1998 - 2017)?

Viet Nam’s biggest hallmark since joining APEC is its active spirit in promoting trade liberalisation, expanding markets, capitalising on investment, and increasing its position on the global stage.
APEC seeks deeper regional integration

Hosting APEC Year 2017 is a focus of Viet Nam’s external relations activities this year, as well as the country’s most important contribution to fostering APEC co-operation as part of its deeper and more comprehensive international integration strategy. On the occasion of the 2017 APEC Economic Leaders’ Week, held during November 6-11 in Da Nang, APEC Secretariat executive director Dr. Alan Bollard talked with Van Ngoc about his insight into APEC 2017 and its implications for regional economic integration.

The success of this approach has been huge. It has contributed to a reduction in the number of people living in poverty in the APEC region by around a billion people over the last two decades. That is a massive achievement; of course not all this is due to APEC, but APEC and its ideal of regional economic integration has been a major driving factor in combating poverty.

In Viet Nam, APEC has contributed to growth that is aligned with the ideals of the country in terms of trade and investment, and has stimulated important regional growth drivers.

What can be done to change public attitudes about globalisation and advances in technology which can impact APEC’s trade agenda?

We have been cautious when talking about public attitudes towards globalisation and technology because they differ quite considerably between economies. Within APEC, it is probably fair to say that in some developed economies, there have been growing concerns about globalisation and its potentially negative effects on some jobs and sectors.

But in emerging markets, there is generally a much more positive view on the advantages of globalisation. The work that the Policy Support Unit has done in APEC suggests that there is a very clear relationship between trade openness and growth rates in economies.

However, the relationship between globalisation and inequality is very complex and differs between economies. The approach of APEC has been continuing to strengthen the benefits of open trade and investment while paying more attention to the fact that some people and some economies can also be hurt by the effects of trade competition.

The focus of APEC is on moving goods with a progressive trade system where we can find harmony in credible rules. To do this, we have to pay attention to the different rules of trade in different economies. This means that we will keep moving on multilateral and regional action. We expect that the current bilateral trade tensions will take place off the table, between the respective economies.

Could you share your thoughts about the prospects of APEC’s pursuit of free and open trade in the region by 2020 under Bogor Goals?

APEC has long dedicated itself to improving trade and investment. It has been doing this through a number of initiatives, the big-
APEC 2017 in progress

APEC Viet Nam 2017: Responsibility, Mobility, Sustainability, Innovation

The Bogor Goals. The goals are a set of targets used to pursue free and open trade in developed economies by 2010, most of which has been achieved. However, we have not been completely successful yet. In addition, they have a target set for 2020 for free and open trade in developing economies. We have seen some progress and are going further on this.

Viet Nam is currently organising a process to help us consider the direction of APEC beyond 2020. At that stage, we need to decide whether we will extend the Bogor Goals or push into other areas.

Can you talk about trade opportunities for small businesses and how APEC is working to support greater prospects in this area?

Small businesses in Viet Nam make up a large part of the economy, and the same thing is true for all of the economies in APEC. But when we look at participation in international trade and investment, it all involves larger firms and the global supply chain. We now see the prospects of bringing the benefits of regional economic growth drivers into these smaller firms. We encourage them to focus on the possibilities they have to link up with the regional value chain and to make use of technology that is becoming available in digital economies and through electronic commerce.

That means we are now looking at a whole range of digital possibilities for small businesses to enter their goods and services into the regional markets. And all the while, we try to move towards harmonising ways of dealing with data privacy, cyber security, global data standards, localisation requirements, and other aspects these businesses need to work with.

APEC's goals for regional connectivity have helped move Pacific Rim economies toward greater prosperity

What are your expectations for APEC Economic Leaders' Week?

In November 2017, economic leaders from APEC will get together in Da Nang to talk about the achievements of the year, put them into perspective with a wider view of global economic progress, and give direction to APEC; to decide where we would like to see things going in the year ahead.

First of all, I expect to see leaders emphasise the importance of continuing regional economic integration in terms of improving people’s living standards and driving the economy forward. Bearing this in mind, they will certainly talk about the role of social inclusion and the importance of making globalisation work for all.

At the same time, I expect they will talk in detail about specific initiatives to improve regional economic integration, to improve food security in markets, to modernise small- and medium-sized enterprises, and many other initiatives that APEC has been working on this year. And they will talk about the direction in which they want APEC to move in the future.

What is the legacy APEC will have for Viet Nam and the region as a whole, and where will things go from there?

Viet Nam takes on a role of leadership in APEC during a potentially difficult year. There have been growing concerns about globalisation and uncertainty about where some regional trade agreements will end up. Viet Nam is in a good position to deal with this because it is a potential member in the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership (TPP), a member of ASEAN, and the leading member of APEC this year.

With all our economies together, we will look at how regional economic integration will move forward and work out what to do this year to overcome the challenges that lie ahead.
In the past year, perhaps nothing has changed so drastically as the international trade policy environment. Anti-globalisation movements and a slow recovery from the global financial crisis add to the challenges that confront the global economic regime. **Peter Drysdale** tells how there is little doubt that the certainties of post-war trade are now vastly less certain.

Successful development and modernisation in Asia was once said to require one thing above all else: effective and deep integration into the global economy.

The critical role of the post-war institutions in Asia’s globalisation was not just because industrial transformation through trade lifted prosperity (through affording access to low-cost capital goods and accessible technology to capital-poor and technologically-backward economies); it was also because the East Asian economies were population-dense and could only sustain an income-raising industrial base by importing large amounts of industrial raw materials in the early stages of their economic development.

Asia’s successful industrialisation thus grew out of that post-war institutional framework. That system is now under threat. Central to trade and economic growth in the region were strong trans-Pacific ties and access to the huge US market during its period of post-war growth and strength. Trans-Pacific ties remain important to robust growth in East Asia. But, after the global financial crisis, China has sought to put in place a new model of growth, less reliant on export-oriented development and more reliant on the growth of domestic demand.

Asia itself is now and will remain the primary driver of global growth in the coming decades, and the structure of its growth will require significant re-balancing in order for it to be sustainable.

The question APEC now confronts is how the world – that has benefited so much from the certainties of economic openness that the World Trade Organization and other global institutions have provided – can protect its strategic economic and political interests in the face of the change in policy direction of what is still its largest economy. And how can it engage all APEC economies in the same endeavour?

**OPEN REGIONALISM**

APEC is a regional organisation defined by its commitment to open regionalism and the multilateral arrangements. Our studies show that being a member of APEC is associated with both higher trade volumes not only among APEC members themselves, but between APEC members and other economies. This is an important result. APEC is also more open to foreign investment than is the world on average. The so-called ‘hard’ institutional arrangements in North America (NAFTA), the EU, and Latin America do not have the same globally-positive effects.

In the decade past, APEC members’ trade was 25 per cent higher against its potential than that of EU members and 10 per cent higher than that of NAFTA members. These are large numbers in terms of the volumes of trade involved. APEC has a continuing and strategic interest in new commitments to openness despite the challenges to it. The first priority for APEC continues to be trade liberalisation and economic reform necessary to realise the region’s full economic potential.

But the overarching priority for Asia today is to give voice to leadership that can provide a foundation for underwriting the global regime on which it so utterly relies. On that foundation alone can Asia successfully engage its largest partner across the Pacific in APEC and protect its own interests in the global economic system?

In this age of policy uncertainty, how can APEC’s agenda be directed to that purpose? This will not be an easy task as the key industrial economy turns away from support for multilateral efforts, as it has from the narrowly regional enterprise of the Trans-Pacific Partnership (TPP). This will require immense diplomatic effort and leadership from Viet Nam and its partners this year and beyond.

**THREATS TO THE GLOBAL TRADE REGIME**

The Trans-Pacific Partnership (TPP) had the potential to lift US incomes mainly because of the opening of the Japanese market to US farm and services trade. Now there are threats to impose trade barriers against APEC trading partners that if enacted would actually reduce US incomes. The costs of imposing punitive tariffs on China and Mexico, or slapping tariffs on US imports or US steel imports are calculable and high. Such trade strategies would damage trade and incomes in US trading partners, of course, but they would also reduce US incomes substantially. In one scenario US incomes will be cut by 1 per cent for every year putative higher US tariffs stay in place – paring close to half a year’s growth from US incomes annually. And none of this would do anything of consequence to reduce the US trade deficit.

These are not outcomes, one imagines, that anyone wants anywhere around the world, including those who contemplate the actions that would lead to them. The objective of this high stakes game, sensibly conceived, is to get movement in Asia and the Pacific and around the globe towards a world that makes trade more free and equitable. Waiting to see what others might do is neither a viable nor an effective strategy.

But protectionism or even the threat of protectionism on this scale in major trading nations empowers protectionists globally – even uncertainties about policy direction encourage
retreat from international markets and jeopardise the huge gains that countries derive from trade and international commerce.

The best strategy is to maintain open trade in the face of the self-harm that protectionist measures inflict on the countries that undertake them and, a better strategy still, in coalition with other countries, is to protect the openness in the global trade regime by maintaining the momentum of global liberalisation and economic reform. That was APEC’s mission from the beginning. That is APEC’s mission now.

**PRIORITY OF GLOBAL OPENNESS**

No one country – even the largest or the second-biggest economy and largest trader in the world – can make the difference alone in holding the line on an open trading system. But there is a powerful interest in pushing collective leadership on trade openness from Asia.

To many in the older industrial countries, Asia seems the source of many of the world’s most pressing economic problems. Its new industrial strength and competitiveness delivers vast new supplies of cheaper goods to the world’s consumers, but it also forces the pace of huge adjustments in industrial structure around the world.

While Asia has its challenges, it is also the most dynamic part of the global economy. Hence the intense focus on Asia’s response in this slowly unfolding economic global crisis, because of its size and importance to future global growth and because of what it could deliver to the rest of the world through further opening up.

Asia’s economic dynamism depends, in turn, upon success with its own programmes of economic reform, programmes that will be made more difficult in a hostile external environment with large markets closing up. Confidence in the global trading system is important to Asia. It has underpinned the growth of Asian interdependence, economic prosperity, as well as its political security in the past; it will continue to do so in the future. In guarding these strategic global interests Asia thus has this new and critical role to play. And APEC is the forum in which action must begin.

**A GAME PLAN**

So what’s the sensible game plan going into APEC 2017? For APEC to remain relevant and credible, its leaders must confront two big, immediate questions in engaging all its members constructively.

The first is for Asian leaders to assert the priority of multilateral solutions to global trading problems and demonstrate their willingness to act in delivering them.

The second is to open straightforward dialogues among APEC leaders on how they might work to do a better job of ensuring that the demonstrable gains from trade are more equitably distributed within their national communities.

There is a third longer-term structural question that APEC needs to confront: how to restore its place as the primary platform for launching initiatives to deal with pressing regional economic issues such as the energy security in an age of revolution in energy technology and establishing a regional framework for dialogue on filling huge infrastructure gaps.

The first question might seem the bigger ask, given the urgency with which it must be addressed at the APEC meetings and the cold reality that there is no appetite on either side of the US political spectrum for the TPP in any shape or form. But it is not.

Already the East Asian members of APEC, including Australia and New Zealand as well as Asian partners outside APEC, are well advanced in negotiation on what can become the largest open regional trading and economic co-operation arrangement in the world – the ASEAN-led Regional Comprehensive Economic Partnership (RCEP). RCEP includes not only the 10 ASEAN economies (some not APEC members), but also Japan, the Republic of Korea, China, India, Australia, and New Zealand. It is a coalition of countries with considerable economic weight, able to deliver powerful outcomes and a message to the world on opening trade.

**THE GAINS FROM RCEP**

The calculations suggest that RCEP could deliver income gains of between 2 and 9 per cent across to its members and global trade and income gains to the rest of the world, including North America. ASEAN members would lift their GDP by 3.7 per cent. The same calculations also highlight the damage from increasing protectionism in the region that would cause up to a 9 per cent loss of ASEAN GDP, underlining the cost of uncertainty.

This offers balanced trans-Pacific trade engagement between East Asia and the US. While TPP minus the US (TPP 11) is still on the table, it is effectively neutered without the leverage that RCEP can provide. Pining for the lost chance with TPP only has a point if it is turned to incentivise delivery of some of its potential benefits down the track. To proceed with RCEP, with TPP on the table, is the only credible strategy in Da Nang.

RCEP was designed by ASEAN policy strategists to buttress regional trade reform and lift Asia’s growth potential in the global economy. It is now the only active, credible multilateral endeavour anywhere in the world positioned to deliver significant push-back on the retreat from globalisation.

RCEP is not simply another free trade and investment arrangement. It incorporates an important co-operation agenda, an essential element in building capacity for economic reform and mutually reinforcing regional development over time. Its co-operation agenda has an important political and security pay-off that will assist in ameliorating regional tensions and managing relations with the bigger powers like China, Japan, and India (on geo-economic issues such the “One Belt, One Road” initiative for investment in connectivity and geo-strategic territorial issues), and those outside it, like the US and Europe (in staking out Asia’s interest and claims to ownership in and support of the global public good of an open economy).

This is why the opportunity that RCEP presents to the APEC region is so important today. It is a critical line of defence against fragility in the global political economy. There is too much at stake strategically at this turning point in global economic history for Asia’s leaders to fail to step up and set out its benefits to the region and the world in APEC.

**DISTRIBUTING THE GAINS FROM TRADE AND GROWTH**

The second issue on which APEC leaders need to engage forthrightly is how to deal best with the groundswell, importantly in industrial country polities, against globalisation brought about in part at least by mal-distribution of the gains from international trade and growth.

It is clear that some countries handle the adjustments to openness better than others. Surveys of public attitudes towards trade openness across countries show quite a lot of variation in support for open trade policies. This variation seems to be related to macro-economic conditions over time, but it is also related to the combination of social protection and adjustment policies as well as education and health policies that countries have in place to ensure equitable distribution of the
benefits and cushioning against the costs from trade and technological adjustment.

Maintaining open trade and generating the income gains from trade requires putting in place policies that fix entrenched structural problems and compensate and assist the losers from the gains to the community as a whole. Trade policy alone cannot ensure that the potential benefits of liberalisation are fully realised or widely distributed. Complementary policies are needed to manage the impact of reforms (and other economic disruptions), create an environment that spreads the benefits of globalisation, and assist those who lose their jobs to find new work. This will become an increasingly important issue for countries as they develop and their economies mature.

Sharing policy ideas among APEC leaders about the most effective ways of achieving social protection and social security objectives in a way that complements the gains from efficient open economies is now an urgent priority.

DEALING WITH THE LONG-TERM ISSUES

The third and longer-term question, on which APEC needs to begin discussion in Da Nang, is about how to re-vivify the forum as a primary platform for launching initiatives to deal with pressing regional economic issues. One aspect of this question is organisational and one aspect substantial.

The organisational issue is that while APEC has done a better job year-by-year in entrenching the practice of co-operation at an operational level, through senior officials meetings, its key committees, and its myriad workshops, in recent times it has done far less well in taking strategic initiatives and defining the way forward on the big economic co-operation challenges of the day. One way to overcome this weakness is for leaders to use the high-level Ministerial Task Force approach to forging co-operation agendas on new and pressing issues. This requires commissioning task forces to prepare the groundwork for ministerial meetings on priority issues.

On substance, take the priority issue of energy security in an age of revolution in energy technology. APEC can be the launching pad for a major ministerial meeting to begin dialogues across the region on energy co-operation. Or APEC can take the lead in establishing a regional framework for ministerial dialogues on how best to deliver the investment needed to fill the huge infrastructure gaps across the region. In launching such initiatives, APEC should use its flexibility to include the East Asian Summit group in its deliberations so that there is effective, broad trans-regional co-operation.

In this way, APEC can re-capture the initiative in regional co-operation and help shape the sustainable and equitable development of the Asia-Pacific economy.

CONCLUSION

This is a testing time for APEC and Viet Nam’s leadership of the summit. The core of APEC’s founding principles and the lifeblood of its great achievements in sustaining regional prosperity and underpinning political security are under existential threat. These challenges must be met.

There is also opportunity to bring a positive agenda to the table: an agenda that 1) defines the way forward on a new wave of regional economic reform and economic co-operation that simultaneously boosts the resilience of the global trading system; 2) engages the new US administration on pushing back against the forces that drive anti-globalisation; and 3) takes initiative in shaping longer-term strategic co-operation on energy policies and the framework for infrastructure investment.

All three will help to secure APEC’s and the region’s future.

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Established in 1997, Zamil Steel Buildings Vietnam Co., Ltd is a joint venture between two international renowned corporations: Zamil Industrial Investment Company and Mitsui & Co., Ltd.

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A hallmark in regional integration

From Viet Nam’s angle, APEC is a significant multilateral forum which offers untold benefits. Among the beneficiaries, Vietnamese enterprises are poised to gain substantially from the boons of international integration and co-operation. Chair for the Vietnamese Committee for Pacific Economic Cooperation Council (VNPECC) Dr. Vo Tri Thanh shares his thoughts on the stamp Viet Nam has left on APEC as well as regional connectivity and co-operation.

VIET NAM’S HALLMARK

Viet Nam hosts APEC 2017 during a time when the world is facing challenges; but the forum is expected to be rewarding nonetheless. The privilege and responsibility of organising APEC is rotated annually among its 21 member economies, alternating each year between Pacific member economies and Asian ones.

Viet Nam first hosted APEC in 2006, and 11 years later, the country is hosting the forum for the second time this year.

Recently, the region and the world at large have experienced some complications associated with obstacles to the trend of globalisation, and difficulties surrounding the opportunities for future development. The realisation of trade and investment liberalisation under the Bogor Goals by 2020 are projected to come to fruition. But, there are many emerging obstacles hindering the process of globalisation and regional economic connectivity.

In this context, APEC aims to properly address a wide variety of social issues, including those related to poverty, unemployment, gender inequality, opportunities, and income. It also focuses on handling other matters, encompassing those regarding trade, investment, development associated with new technological trends, administration, urbanisation, population and labour shifts, the impacts of climate change, and international institutions.

It is high time for APEC member economies to outline a post-2020 APEC vision with a focus on economic connectivity, the liberalisation of
APEC Viet Nam 2017: Responsibility, Mobility, Sustainability, Innovation
APEC 2017 in Progress

The challenges and opportunities of APEC’s overarching goals inspire Viet Nam to contribute to and intensify Asia-Pacific growth and connectivity, maintaining peace, stability, and development in a seemingly stochastic world of ever-changing variables.

APEC 2017 is a great opportunity for Viet Nam to highlight its proactive approach to continuing its “Đổi mới” and global integration endeavours. This year’s APEC helps to assert the strengthened position of Viet Nam’s economy which has commonly viewed as less developed than many of APEC economies.

Viet Nam succeeded in shifting from a low-income economy in 2006 to a middle-income one today, with major positive changes occurring in economic structural reforms and the orientation and role of manufacturing and services.

Moreover, Viet Nam’s integration into the world has deepened. The country finalised procedures for joining the World Trade Organization (WTO) in 2006, and has been fostering its comprehensive integration through the establishment of comprehensive and strategic partnerships with many countries, including 13 APEC member economies.

Viet Nam has also accelerated the negotiations and signing of many high-profile free trade agreements like the now-stalled Trans-Pacific Partnership (TPP) and the EU-Viet Nam Free Trade Agreement.

Viet Nam’s position and role has been highlighted in the three aspects of strategic geopolitics, economic development, and regional and global connectivity.

In 1998, Viet Nam joined APEC with a view towards learning from developed economies and seeking to deepen its integration. Eight years later, in 2006, Viet Nam hosted APEC, representing the economy’s readiness for integration and demonstrating its accountability as a responsible member of the international community.

This year, Viet Nam once again hosts APEC to further promote its role and practical contributions to the process of the forum for the sake of regional connectivity, development, and prosperity.

Particularly, APEC 2017 put forth the need to address new issues emerging from the globalisation process, including how to make the process of trade and investment liberalisation result in overall benefits, and how to spread these benefits equally between the involved economies and their nested social classes, as well as how to keep up with new trends like the Fourth Industrial Revolution.

BUSINESS OPPORTUNITIES AND GROWTH FROM REGIONAL CONNECTIVITY

As an economic forum, APEC connects leading businesses from throughout the region. Consequently, discussions, priorities, and meetings held within APEC often lean towards enterprises.

The APEC CEO Summit enables businesses to nurture their mutual connectivity and access leaders from APEC member economies, through direct and straightforward dialogues.

Following the cordial handshakes and greetings, attendees get down to brass tacks, deliberating on and signing deals of co-operation and memoranda of understanding.

The Viet Nam Business Summit 2017 is expected to create a new outlook for APEC 2017, also acting as an important chance for Viet Nam to highlight its achievements in reform and integration as well as introduce its prominent projects for investors and enterprises.

APEC 2017 requires the continuation of efforts to implement APEC co-operation strategies by 2020, especially Bogor Goals, the APEC Services Cooperation Framework and APEC Services Competitiveness Roadmap (2016-2025), the 2015-2025 APEC Connectivity Blueprint (ACB), strategic research on developing the Free Trade Area of the Asia-Pacific (FTAAP), and the APEC Leaders’ Declaration towards the aforementioned priorities (2009-2015). Furthermore, APEC 2017 expects to lay an institutional basis to delineate a post-2020 APEC vision.

APEC is in need of renewed momentum to accelerate the growth of its member economies as the world, and regional development still faces many difficulties and obstacles. That is why deepening regional economic integration and improving connectivity were chosen as two of the priorities for APEC 2017.

The above priorities would help confirm APEC’s leading role in increasing economic connectivity, jointly co-ordinating information on regional trade agreements and free trade agreements, and advocating the multilateral trade system.

This marks vital attempts to deal with protectionism and anti-free trade movements in some places around the world and the region.

How to realise the priority in a proper and fruitful manner is by no means simple, as solutions must weigh and balance the costs and benefits that will arise within the region and inside each member economy.

Developing economies worry that they will be left out of the process of regional connectivity. However, in order to truly reap the benefits of regional stability and inclusion, every economy, regardless of their size or international prowess, must have a voice.

Therefore, Viet Nam’s urgency to partner with other APEC member economies to pursue prioritised goals is a hallmark of its efforts towards inclusion and mutual benefit.

This serves as a basis for APEC member economies to work together to build the Asia-Pacific partnership and foster the liberalisation of trade, investment, and services for the sake of sustainable, inclusive, and creative growth.
Trade targets build on the ‘friendly, time-tested relations’ with Russia

APEC 2017, organised in Viet Nam and culminating with the 2017 APEC Economic Leaders’ Meeting in Da Nang, will create a new driving force to further cement the Viet Nam-Russia relationship. Ambassador of the Russian Federation to Viet Nam Konstantin Vnukov told Thanh Dat that this relationship has played a large role in the construction and development of APEC.

What do you think about the role of Viet Nam and Russia in the construction and development of APEC?

The most important event of the year in Viet Nam – the 2017 APEC Economic Leaders’ Meeting in Da Nang – is approaching quickly. I believe it will be a great success, helping to improve international trade and economic relations within the region and acting as a catalyst for global development. The Russian Federation has been a member of the APEC forum since 1998. We attach great importance to this association and consistently take leading positions in its activities involving various fields, including trade and investment, finance, transport, energy, agriculture, fisheries, education, and healthcare. Our country also makes regular voluntary contributions to the APEC Support Fund.

Russia hosted the annual APEC meetings in 2012, holding over 100 events such as ministerial and senior officials’ meetings, sessions of special working groups, seminars, and conferences.

The conclusion of these meetings took place during the summit in Vladivostok, in which many foreign leaders took part in multilateral discussions with Viet Nam’s President at the time, Truong Tan Sang. The decisions adopted at this meeting on regional integration, food security, transport and logistics chains, and innovative development have played a large role in the tasks, activities, and agendas of the subsequent forums.

This year marks the second time that the Socialist Republic of Viet Nam has hosted APEC. I think this confirms the important role that the country plays within the forum, under the auspices of Viet Nam’s rapid socio-economic development and its growing authority in the international arena.

At the moment, three senior officials’ meetings have taken place in Nha Trang, Ha Noi and Ho Chi Minh City. Additionally, many ministerial events – including meetings of trade and finance ministers – have taken place. Final documents for the upcoming 2017 APEC Economic Leaders’ Meeting are currently being drafted.

It makes me happy to say that Russia and Viet Nam have many similarities with regards to the desired priorities of APEC. The APEC year agenda offered by Viet Nam in 2017 is based on its previous achievements, seeking for a steady implementation of the Bogor Goals to shape a free and open trade and investment regime in the region.

What are the trade and investment co-operation prospects between Russia and Viet Nam within APEC?

First of all, I would like to say that Asia-Pacific is a strategic priority for Russia’s foreign policymakers. They are committed to actively promoting peace and stability within the region, expanding their involvement in regional integration for the benefit of sustainable development, and dedicated to the collective struggle against new threats and challenges. In this context, Russia’s growing interest in APEC is quite natural, as it is a solid platform for discussing various practical issues both bilaterally and multilaterally. Our countries were both accepted to APEC in 1998, and have since amicably co-operated within the forum.

We closely interacted and exchanged experience during the Hanoi and Vladivostok summits in 2006 and 2012, respectively. Our countries are committed to the main principles declared by APEC – open and free trade and reducing protectionism, which is of particular value in the current geopolitical situation.

The priorities proposed by the Vietnamese presidency for APEC 2017 match very closely to ours, including the deepening of regional economic integration; promoting sustainable, innovative, and inclusive growth; boosting competitiveness and ensuring the innovative development of micro-, small-, and medium-sized enterprises in the digital age; and strengthening food security and sustainable agriculture in response to climate change.

What are your views on Viet Nam’s organisation of APEC activities?

In my opinion, Viet Nam is successfully realising its potential as this year’s forum host, retaining the traditions of constructive co-operation among Asia-Pacific economies. This is possible thanks in part to efforts of the Vietnamese leadership and, of course, the hospitality and kindness of the Vietnamese people.

I am confident that through joint efforts, both Viet Nam and Russia can make effective contributions to the promotion of APEC in the interest of balanced, innovative, and sustainable development of the region.

What do you think about the two countries’ trade co-operation now?

First, I would like to point out – with great satisfaction I might add – that trade and economic co-operation between our
countries is now on the rise. A year ago, the free trade agreement between the Eurasian Economic Union and Viet Nam entered into force, which mandated the reduction or cancelation of about 90 per cent of customs duties for 10,000 commodities either immediately (59 per cent) or after predetermined transitional periods (30 per cent). Mutual trade operations and investments are growing.

According to Russian statistics, from January to July this year, bilateral trade between the two countries reached $2.4 billion – an on-year rise of 18 per cent compared to last year. Connections between respective business communities are also widening. More and more tourists from Russia and Viet Nam are venturing out to experience the wonders that each country has to offer. These are all positive trends, and leaders of each nation support all possible ways to consolidate them. This was one of the main topics discussed in detail during the 20th session of the bilateral Intergovernmental Committee for Trade, Economic, Scientific and Technical Cooperation in Ho Chi Minh City in September of this year.

What challenges are impeding Viet Nam and Russia from boosting their bilateral trade and investment ties?

At present, many difficulties that deter our trade and investment ties persist and need to be overcome. In the age of modern information technologies, businessmen from Russia and Viet Nam are still largely unaware of the colossal opportunities that exist within the others’ market. To engender change, we need to convince Russian and Vietnamese entrepreneurs of the value in specialised exhibitions and fairs that bring about direct lines of communication. In that vein, I would like to take this opportunity to invite Vietnamese businessmen to the major business events slated to be held in Russia next year – the 22nd St. Petersburg International Economic Forum (in May, 2018) and the 4th Eastern Economic Forum in Vladivostok (in September, 2018). A second challenge is the high transport and logistics costs caused by the considerable geographical distance between the two countries, which constrains bilateral trade and economic relations. We can reduce these hindrances by developing new sea and rail shipping routes.

Ample opportunities exist in the Russian Far East region, where, over the past few years, the federal government has created the country’s most preferential regime for domestic and foreign business.

These are the so-called territories of advanced development, with a free port regime, special tariffs for electricity, and a simplified visa policy. I would like to stress that all of these measures have already brought positive results. In September of this year, at the third Eastern Economic Forum, Viet Nam’s TH Group agreed to invest almost $250 million to establish an agro-industrial cluster in the Primorye region. Earlier, this company launched two similar projects in the European part of Russia.

Finally and unfortunately, some administrative barriers – like strict food safety, sanitary, and epidemiological requirements – remain between our two countries. We are actively working to eliminate these barriers.

Russia and Viet Nam enjoy traditionally friendly, time-tested relations. The USSR and then Russia provided substantial assistance to Viet Nam during its struggle for independence and economic recovery. This proud historical heritage should be preserved and multiplied, and most importantly, transferred to the younger generations of Russians and Vietnamese who work in economic, scientific, educational, and cultural spheres. Against this backdrop, we can further develop our trade, economic, and investment ties with Viet Nam – Russia’s comprehensive strategic partner in Asia-Pacific.
For Japan, APEC builds on momentum

APEC facilitates free and open trade through faster customs procedures at borders, more favourable business climates behind the border, and better-aligned regulations and standards across the region. Japanese Ambassador to Viet Nam Umeda Kunio spoke with Thanh Tung about APEC 2017, the forum’s future, and how the Japan-Viet Nam partnership can move this agenda forward.

What are your expectations from APEC 2017 and for APEC’s future – especially for 2020, when the bloc aims to achieve trade liberalisation?

Under the Bogor Goals, APEC has committed to achieve free and open trade and investment by 2020. Toward 2020, various initiatives for free and open trade and investment, such as capacity-building initiatives – especially for those members with developing economies as shown in the Lima Declaration – will be intensified.

APEC shares the importance of the realisation of inclusive growth and strengthening connectivity, and various programmes for them will also be implemented toward 2020. Japan is willing to contribute to APEC through our initiatives of “A Society in Which All Citizens are Dynamically Engaged”, “Quality Infrastructure”, and “Digital Trade”.

What are your thoughts on the co-operation between Japan and Viet Nam within APEC? What will be their co-operative prospects within the bloc?

Viet Nam has led discussions in various fields, which had helped form the basis of many key issues on the current APEC agenda. For example, the concept of the Free Trade Area of the Asia-Pacific (FTAAP) germinated at the 2006 APEC Economic Leaders’ Meeting in Ha Noi.

This year as well, Viet Nam will propose several important initiatives such as e-commerce; human resource development; and economic, fiscal, and social inclusiveness. The country is also leading the discussions on the 2020 Bogor Goals of realising free and open trade and investment in the Asia-Pacific region.

As one of the founding members of APEC, Japan has consistently placed great importance on the forum. As a flag bearer of free trade, Japan will continue to contribute to expanding a free and fair market in the Asia-Pacific region, together with Viet Nam which shares the same aspirations.

With a position that free trade should be promoted through a level playing field, Japan co-operates with likeminded Viet Nam in such areas as the reform of state-owned enterprises. In addition, Viet Nam’s initiative on inclusive growth shares common aspects with the Abe Administration’s initiatives of “A Society in Which All Citizens are Dynamically Engaged” and “Human Resources Development Revolution”.

Japan and Viet Nam could co-operate in promoting these initiatives as well.

I would like to talk about some concrete efforts. Specifically, Japan, with a position to promote digital trade, welcomes the “APEC Cross-Border E-Commerce Facilitation Framework” put together by Viet Nam this year. In addition, concerning quality infrastructure investment, Japan and Viet Nam are co-operating with each other, for instance, by carrying out a peer review in this area.

Japan is now APEC’s second-largest investor in Viet Nam. Could you inform us of Japanese investment trends in Viet Nam in recent times?

Over the past three years, foreign direct investment (FDI) from Japan has continued to increase in terms of the number of projects in Viet Nam. However, FDI from Japan in terms of capital almost remains the same.

On the other hand, according to a survey by the Japan External Trade Organization (JETRO) in 2016, among inquiries from Japanese companies on foreign investments, the number of inquiries about Viet Nam ranks first in the world. This shows that Japanese companies continue to have high interests in Viet Nam.

In the areas of investment, while most Japanese companies entering Viet Nam still focus on export-oriented manufacturing benefiting from Viet Nam’s abundant, cheap but quality labour force, some Japanese companies have recently been more focused on expanding the domestic market in Viet Nam in other sectors such as retail, which comes along with the country’s strong economic growth.

Prime Minister Nguyen Xuan Phuc’s official visit to Japan in June 2017 brought about concrete and substantive results, including development in 36 investment and related projects of $21 billion in total, at the Viet Nam Investment Conference in Tokyo jointly hosted by JETRO and the Ministry of Planning and Investment of Viet Nam.

The visit has also presented the path for the bilateral co-operation toward the establishment of “Viet Nam’s new growth model”. Toward the 2017 APEC Economic Leaders’ Week in November, we are now following up various economic projects committed during Prime Minister Phuc’s visit to Japan and making efforts to show results in bilateral investments.

We hope that some concrete progress can be seen in some of the large-scale investment projects at the APEC Economic Leaders’ Meeting in November 2017.
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What are the economic impacts of the Republic of Korea (RoK)-Viet Nam strategic partnership and APEC membership?

Since the RoK and Viet Nam established diplomatic relations in 1992, bilateral co-operation has made remarkable achievements. In less than a span of 20 years, the relationship was first upgraded to a “Comprehensive Co-operative Partnership” in 2001 and then to a “Strategic Co-operative Partnership” in 2009. Today, bilateral exchanges are taking place across all sectors, from economic and political to socio-cultural and academic partnerships.

The most impressive records were set in the economic sector. Bilateral trade volume in the past quarter-century increased 90-fold, from a mere $500 million in 1992 to over $45 billion in 2016. And with the Korea-Viet Nam Free Trade Agreement in effect since December 2015, total trade volume and investment between our two countries is expected to grow even further in the next 25 years. Today, our two countries have become indispensable partners to each other, not only in terms of our respective national economic growth and development but also for regional and global prosperity.

Indeed, as Viet Nam’s top investor, and as the third- and fourth-largest trading partners to each other, the economic partnership between the RoK and Viet Nam constitutes an important and integral part of our common efforts to realise the Bogor Goals under APEC. In this regard, the 2017 APEC Economic Leaders’ Meeting in the central city of Da Nang will be a great opportunity for our two countries to build an even stronger and deeper partnership as we together work toward promoting inclusive growth in the Asia-Pacific region.

Since its inception in 1989, APEC has had a primary goal of supporting sustainable economic growth and prosperity in the Asia-Pacific region. In your opinion, what opportunities and challenges does APEC currently have?

For the past few decades, the Asia-Pacific region has served as the global growth engine. One of the main reasons behind the region’s impressive growth rates can be attributed to its vigorous pursuit of trade and investment liberalisation under APEC. Indeed, numbers show that APEC member economies’ average tariff rate was cut down one-third, from 17 per cent in 1989 to 5.6 per cent in 2015. Trade volume and per capita income also increased by 6.7 times and 76 per cent, respectively, during the same period.

However, today the region is faced with revived challenges of trade protectionism and anti-globalisation. Multilateral trade negotiations and economic integration efforts through regional trade agreements and free trade agreements are at a stalemate. What is worse, a growing number of countries are experiencing increasing inequality in income and wealth, due to uneven distribution of trade benefits.

Fortunately, to address these challenges, Viet Nam, as the host of this APEC 2017, has placed “promoting inclusive growth in the APEC region” high on the agenda of this year’s meeting. And sharing the very same concern, the RoK’s new government is also exerting every effort to achieve inclusive growth. The Moon Jae-in Administration is calling for a paradigm shift toward a “human-centred economy” so as to overcome the problems of low growth and economic polarisation.

While the domestic policy efforts of individual member economies is as important, creating a synergy effect through shared efforts of all APEC member economies is pivotal in addressing the challenges of our time. Considering that APEC’s true strength lies in the forum’s non-binding, voluntary nature and its active interaction with the private sector, I am certain that the voluntary and open joint efforts by APEC members will contribute to promoting inclusive growth and to achieving the UN Sustainable Development Goals. As such, APEC, today, continues to have significance and relevance as the “premier forum for facilitating economic growth, co-operation, trade, and investment in the Asia-Pacific region”.

How do you feel about the preparation that went into and the prospects for APEC 2017?

As a strong supporter and proponent of free and open trade and investment and regional economic integration, Viet Nam has been playing an increasingly important role within APEC since it joined the group in 1998. Viet Nam is one of the few member economies entrusted to host the APEC summit for the second time within a decade, and looking back on the achievements of the 2006 APEC Economic Leaders’ Meeting in Hanoi, there is no doubt that the 2017 APEC Economic Leaders’ Week in Da Nang will be yet another great success.

Indeed, much preparation and conversation have already taken place throughout this year in the High-Level Policy Dialogues, Senior Officials’ Meetings, and Ministerial Meetings, which will lead to substantial discussions this November. Moreover, in view of the fact that the central city of Da Nang is one of the most attractive tourism destinations in ASEAN, I believe APEC 2017 will also be a good opportunity to promote tourism and cultural exchange among APEC members.
Australia acts locally on APEC pledges

Australia and Viet Nam have benefited greatly from APEC, with trade and economic co-operation reaching new heights. And as the years go on, both countries will continue to benefit from the regional economic forum. Australia’s Ambassador to Viet Nam Craig Chittick takes a look at the progress and achievements made by both nations during their time in APEC.

Australia has been a strong supporter of APEC since its very inception almost 30 years ago. In fact it was former Australian Prime Minister Bob Hawke who first raised the idea for an Asia-Pacific community focused on promoting open and free trade.

Since that time, Australia has benefited greatly from APEC’s principles of promoting free trade and economic co-operation across the region. Since 1991, Australia has experienced a run of 26 unbroken years of economic growth. This is a result of structural reforms and efforts to open up the Australian economy, which has enabled Australian exports to grow from $70 billion in 1991 to $330 billion as of 2016; most of this increase was attained from increased trade with other APEC member economies.

Viet Nam too has benefited hugely from global integration. Viet Nam’s increasing openness to trade and investment has enabled its exports to grow from 50 per cent of GDP in 2001 to more than 94 per cent today, and has made it one of the fastest growing economies in Asia. Viet Nam is now set to benefit even further from a range of new trade agreements, including the EU-Viet Nam Free Trade Agreement, the Regional Comprehensive Economic Partnership, and the Trans-Pacific Partnership.

However, we should not take this trend for granted. In many parts of the world protectionism is on the rise, with the potential to unwind the economic gains from trade liberalisation. This makes APEC more relevant than ever.

AUSTRALIA-VIET NAM APEC CO-OPERATION

As a champion of APEC and a trusted partner for Viet Nam, we are working closely together to ensure Viet Nam’s host year is a great success. Australia has seconded an experienced Australian officer to support the Vietnamese National APEC Secretariat and funded a Vietnamese consultant to support the Vietnam Chamber of Commerce and Industry with its preparations for the APEC Business Advisory Council and the CEO Forum. Australia also provided support to the Ministry of Labour, Invalids and Social Affairs for its chairing of the 2017 Women and Economy Forum (WEF) in September. Finally, Australia is providing English language training for officials and leaders in Da Nang, delivered by RMIT University, to support Viet Nam’s hosting of APEC.

Under Viet Nam’s leadership in 2017 we are seeing good progress on major APEC work streams, including on structural reform and towards the realisation of an eventual Free Trade Area of the Asia-Pacific. We are also undertaking further capacity-building work to help developing economies implement the APEC Services Competitiveness Roadmap that leaders agreed to last year in Lima. Australia has committed AU$2 million ($1.57 million) to help with this work, with the longer-term aims of supporting a dynamic and efficient regional services market, lowering barriers to trade and investment in services, and ensuring services make up a greater share of trade overall.

AUSTRALIA-VIET NAM ECONOMIC PARTNERSHIP

However, APEC is just one way that we are working towards promoting trade and economic co-operation between Australia and Viet Nam. This is also the main objective of our bilateral economic partnership. This partnership is bringing benefits to both Australia and Viet Nam. It is assisting Viet Nam to meet its economic and social development aspirations, as set out in the “Viet Nam 2035” report and contributes to Australia’s prosperity and security. This partnership is also well aligned with Viet Nam’s APEC priorities of promoting inclusive growth and jobs, increasing regional integration, and promoting food security and human resource development.

INCLUSIVE GROWTH AND JOBS

Increasing productivity and strengthening the competitiveness of Viet Nam’s micro, small, and medium-sized enterprises (MSMEs) will be critical to meet the aspirations laid out in the “Viet Nam 2035” report. To support these goals, Australia has been closely engaged with Viet Nam on competition policy, including assisting with the development of the new draft Competition Law that will help to level the playing field between the private sector and Viet Nam’s state-owned enterprises. We have also supported an OECD Competition Peer Review, which will be finalised at the OECD’s Global Forum on Competition in December 2017. Australia has provided advice and supported consultations in the development of Viet Nam’s SME law this year through the majority Australian-funded Mekong Business Initiative (MBI) programme, and we have also begun work on our partnership with the World Bank on strengthening SME linkages into global value chains.

Ensuring women can participate fully in the economy will also be important, not just to ensure that growth is inclusive, but also that Viet Nam is making the best use of its human resources. Our new Aus4Equality programme is helping to create economic opportunities for women in agriculture and tourism in the provinces of Lao Cai and Son La. This is part of our broader support to Viet Nam on promoting women’s economic empowerment, guided by the Australia in the Viet Nam Gender Strategy.

REGIONAL INTEGRATION AND CONNECTIVITY

Australia has actively supported Viet Nam’s goals of regional integration and connectivity. In the late 1990s, Australia funded the construction of Viet Nam’s first cable-stayed bridge, the My Thuan Bridge, which has been a critical
Australia has funded several bridges helping to facilitate connectivity in the Mekong Delta region

link in connecting road infrastructure across the Mekong Delta. A new Australian-funded bridge in the Mekong Delta, the Cao Lanh Bridge, is due to be completed later this year. This bridge, along with the nearby Vam Cong Bridge, will reduce travel times by one hour between Long Xuyen and Ho Chi Minh City.

Australia’s new investment ‘Aus4Transport’ will support regional connectivity by accelerating and improving the quality of Viet Nam’s transport investments to ensure that Viet Nam is equipped to support its infrastructure needs in a rapidly integrating and growing economy.

FOOD SECURITY
Supporting food security and sustainable agriculture is an important part of our partnership with Viet Nam. In March, the Australian-funded Viet Nam Food Security Policy Review was launched, which provided a significant contribution to the food security policy debate in Viet Nam. Australia is also funding projects focusing on responding to climate change, food safety, and accessing markets. Australia is working to facilitate and improve market access for bilateral trade in agricultural products and to encourage investment in Viet Nam’s agriculture sector as outlined in its new Agriculture Strategy released in August of this year.

INNOVATION AND HUMAN RESOURCE DEVELOPMENT
Last, but certainly not least, is Australia’s support for Viet Nam’s goal of promoting innovative growth and ensuring it has the skills needed to thrive in the 21st century. No longer can economies simply rely on more capital or a growing labour force to generate growth – the growth now has to come from increases in productivity. Innovative growth is a priority for both Australia and Viet Nam, and there is potential for a strong innovative partnership between our two countries across a number of areas, especially education. The Australian Embassy in Hanoi now has an Innovation Champion to support its new programme, ‘Aus4Innovation’. This programme and the embassy’s human resource development programme ‘Aus4Skills’ will help build the human resources that Viet Nam needs to move up the value chain and take full advantage of the Fourth Industrial Revolution.

Ever since joining APEC, Viet Nam has been an important voice in support of free trade and economic co-operation, and this voice will be even more important this year as the country hosts APEC. Australia and Viet Nam have been big winners in global and regional integration and it is in all of our interests to see this progress continue. We therefore remain committed to supporting Viet Nam to achieve a successful APEC year but also to strengthening our bilateral economic partnership for many more years into the future.
High expectations from Indonesia

Viet Nam-Indonesia trade is in the midst of a renaissance. Not only are they both member economies of APEC, they are also ASEAN member states and strategic bilateral partners. Indonesia’s Ambassador to Viet Nam Ibnu Hadi spoke with Thanh Tung about the importance of APEC 2017 for the bilateral relationship, and his expectations about the two countries’ economic, trade, and investment prospects in the time to come.

What are you and Indonesian firms expecting from the 2017 APEC Economic Leaders’ Week in Da Nang?

I am looking forward to the 2017 APEC Economic Leaders’ Week, which will provide effective solutions and new policies to further facilitate the exchange of business opportunities, development, and fair competition, as well as open up more extensive co-operation opportunities among member economies.

Viet Nam is an important economy in APEC, and the Indonesian people and businesses hope to have more opportunities to approach and co-operate with Vietnamese businesses. At the same time, attracting a large number of participating economies has shown the increasing role and status of APEC, with the expectation that member economies will have more experiences and open opportunities for co-operation in the future.

The initiative to create a “playground” for businesses within the 2017 APEC Economic Leaders’ Week has made APEC 2017 a place of convergence for a diverse range of organisations and businesses, creating a vibrant atmosphere and promoting exchanges between businesses.

It is hoped that the upcoming 2017 APEC Economic Leaders’ Week will be a tremendous success, meeting the expectations of a large number of businesses, creating momentum for APEC to regain economic and trade growth, and thereby promoting co-operation in new areas, deepening regional integration, and meeting new development requirements of APEC members in general as well as Indonesia in particular.

Viet Nam and Indonesia are not only APEC member economies expecting to see liberalised trade across Asia-Pacific by 2020, but they are also ASEAN member states, and even bilateral strategic partners that have pledged to boost economic, trade, and investment ties as their key co-operative pillars. What are your expectations about the two countries’ economic, trade, and investment prospects moving forward?

The strategic partnership between Indonesia and Viet Nam forged in 2013 has opened up a new chapter in bilateral co-operation, contributing to the comprehensive development of the two countries. Both sides should continue beefing up their traditional friendship and strategic partnership through increasing the exchange of high-level delegations, effectively implementing the existing co-operation mechanisms, and boosting all-around collaboration.

Trade between Indonesia and Viet Nam has been increasing remarkably lately. The two countries have agreed to almost double bilateral trade to $10 billion in 2018, up from $5.59 billion in 2015.

The current number shows a very promising outlook in the time to come. Specifically, from January-June 2017, the total bilateral trade reached $3.4 billion, an increase of 24 per cent against the same period last year. The top exports from Indonesia to Viet Nam included motor vehicles, coal, and other base metals, while those from Viet Nam to Indonesia consisted of telephones, mobile phones, iron, steel, machines, and equipment.

Indonesia’s investment in Viet Nam is also quite promising. Viet Nam has become a good destination for Indonesian investors and companies which currently have projects in Viet Nam. They include Ciputra, Vietmindo, Japfa Comfeed, Thang Long Cement, and many others. All of them are now planning to expand their business and investment in Viet Nam.

The Embassy of the Republic of Indonesia to Viet Nam has organised many activities to boost the two countries’ economic ties, such as seminars [three seminars took place on automotive, coal, paper, and palm oil in mid-2017].

During the 7th Indonesia-Viet Nam Joint Commission on Economic, Science, and Technical Cooperation in Ha Noi in August, the two countries’ trade ministers agreed to drive co-operation in various sectors, ranging from export promotion, industrial co-operation, investment, energy (including oil and gas), agriculture, fishery, transportation, finance, banking, and telecommunications. They even set out to improve the quality of the pepper trade.

With all these efforts being made by both countries, I hope Indonesia and Viet Nam can reach the targets already set.

What is the role that Viet Nam and Indonesia have been playing in APEC, in your view? How will the two economies continue contributing to the construction and development of APEC in the future, amid a surge in global trade liberalisation?

Indonesia and Viet Nam have been the hosts of many APEC [meetings], which have made important contributions to the development and success of the forum. As one of the first economies to participate in APEC, Indonesia is consistently striving to contribute to the expansion of APEC in becoming a vibrant global community.

Viet Nam has also made significant contributions to building and strengthening the
role of the APEC forum in recent years. The progress of APEC has always been a great source of motivation for all the economies, including Indonesia and Viet Nam.

In terms of economics, Indonesia and Viet Nam have similarities between the demand for production and the demand for consumption. There was strong co-ordination and co-operation in many aspects, making the two countries quickly become partners and join hands in many ways.

Facing the rise of global trade liberalisation, the two sides are aware of the importance of maintaining peace, stability, and security between the two countries in particular and in the region in general. Therefore, Indonesia and Viet Nam agreed to co-ordinate and co-operate more closely in regional and international forums, including APEC.

Indonesia will give special privileges to Viet Nam in terms of imports-exports and commodity competition between the two countries, in order to maintain a lasting economic relationship, one already built and strengthened for a long time.

At the same time, Indonesia and Viet Nam are also actively promoting broader co-operation in related fields such as education, security, and national defense, creating a new impetus for bilateral co-operation.

Viet Nam’s Party General Secretary Nguyen Phu Trong’s August 2017 visit to Indonesia is one of the big milestones in the two countries’ relations. This was the first time a Party general secretary of Viet Nam has visited Indonesia since the two countries established diplomatic ties. The visit promises to open the future of bilateral relations in the new era.

What new drivers should APEC have to further cement co-operation among the bloc’s member economies? How will such drivers impact the prospects of Viet Nam-Indonesia trade and investment co-operation?

In my opinion, the success of APEC 2017 is a great motivation for strengthening co-operation among members. To achieve this, the businesses of all member economies are required to be highly adaptable and innovative, especially in the context of the forthcoming Fourth Industrial Revolution.

The rapid adoption of technology is also an important factor for promoting co-operation within APEC, especially for economies in the process of opening up.

The completion of the Bogor Goals on Trade and Investment Liberalisation by 2020; the creation of equal opportunities for all people and businesses to contribute to and benefit from the fruits of regional economic growth; and linkages towards sustainable growth will be major sources of incentives for member economies, thereby promoting a deep co-operation for the common good.

Indonesia is a strong country in the field of electronic technology, and always looking for opportunities to co-operate with APEC member economies, including Viet Nam, to jointly develop science and technology and catch up with the development of the global economy.

At the same time, Vietnamese enterprises are demonstrating a rapid grasp of technological applications in production, which has opened up opportunities for trade and investment co-operation between the two countries.

Moreover, creating opportunities for small and medium-sized enterprises is also a common concern between Indonesia and Viet Nam. That is why in APEC 2017, Indonesia and Viet Nam actively put forward agreements to promote co-operation in the fields of automobiles and fisheries in order to hit the goal of $10 billion in two-way trade.

The incentives for strengthening co-operation among member economies will promote deepening co-operation between APEC economies in general and between Indonesia and Viet Nam in particular.

With an overarching theme of “Creating new dynamism, fostering a shared future”, APEC 2017 covers four priorities, including promoting sustainable, innovative, and inclusive growth; deepening regional economic integration; strengthening micro-, small-, and medium-sized enterprises’ (MSMEs) competitiveness and innovation in the digital age; and enhancing food security and sustainable agriculture in response to climate change. How are these priorities important to Indonesia?

The theme of APEC 2017 aims to improve the well-being of the people in the region, boosting the economic development of all the bloc members.

Indonesia supports the overall priorities of APEC Viet Nam 2017 and has said that the priorities of this year’s forum are consistent with the goal of promoting rural development and poverty reduction towards sustainable growth in Indonesia.

In addition, Indonesia appreciates the priority of promoting regional economic integration and enhancing the competitiveness and innovation of MSMEs in the digital era.

Indonesia has actively contributed to the promotion of agendas such as the implementation of the APEC Connectivity Framework and the Boracay Program of Action on MSMEs, promoting cross-border co-operation on maritime issues and co-operation in human resource development. It is clear that the APEC 2017 theme is in line with the current trend, meeting the expectations of member economies and advancing the fulfilment of the Bogor Goals by 2020.

What is your assessment about Viet Nam’s preparations for the organisation of APEC 2017? What lessons should be made for other APEC hosts in the years to come?

I am very impressed with Viet Nam’s preparation for APEC 2017. Hosting this event is not easy, as each member has its own views and interests. I think Viet Nam has successfully chaired the forum, guiding APEC members towards a common consensus on many issues.

In addition, much of the content that Viet Nam has discussed also reflects Indonesia’s perspective, such as helping small- and medium-sized enterprises take advantage of trade and support for women’s business groups and ethnic minorities.

The proper assessment of the situation and trends of co-operation is very important for the APEC host. Viet Nam has chosen to build “APEC for the people and businesses”, attracting attention from other economies.

I am also very interested in the creativity of the sidelines activities for businesses and organisations, attracting the community in accordance with the process of APEC. The hosting of APEC events by host economies should also take into account the rational use of budget resources, especially in the context of economic difficulties.

Finally, host economies in the coming years need to place more attention on calling on businesses and organisations to be more active in exchanging their co-operation in all areas, so that the economic forum can reach its highest efficiency for the host economy and other APEC members.
Solidifying Singaporean linkages

With its accession to APEC in 1998, Viet Nam has witnessed abundant business and investment opportunities brought about by the forum. Singapore’s Ambassador to Viet Nam Catherine Wong Siow Ping writes about the trade and investment co-operation prospects between Viet Nam and Singapore within APEC.

The Asia-Pacific Economic Cooperation (APEC) is one of the leading forums for facilitating economic growth, co-operation, as well as trade and investment in the Asia-Pacific region. For Viet Nam, which is chairing APEC 2017, APEC’s importance and relevance are obvious. APEC member economies account for 78 per cent of its foreign investment, 75 per cent of its foreign trade revenues, and 79 per cent of foreign arrivals to the country.

Against the backdrop of global economic uncertainty, Viet Nam has remained a bright spot within Southeast Asia and is on track to retain its status as one of the world’s fastest-growing economies. Tourism is expected to grow by 30 per cent and total foreign direct investment (FDI) into Viet Nam is estimated to hit $28 billion this year, a 14 per cent increase from 2016.

Viet Nam remains one of the key markets of interest in Southeast Asia for Singaporean companies. Singapore is the third largest foreign investor in Viet Nam and the top investor among ASEAN members, accounting for 60 per cent of total ASEAN FDI into Viet Nam. As of June, Singapore’s cumulative investment reached $41.6 billion with more than 1,800 projects. Singapore was also Viet Nam’s sixth largest trading partner, with bilateral trade amounting to $19.8 billion ($14.53 billion) in 2016.

We are happy to see that the Vietnamese government has continued to take positive steps to improve the country’s business environment, through initiatives such as the revision of Viet Nam’s Foreign Investment Law, allowing greater participation in state-owned sectors, and the promotion of infrastructure development through the public-private partnerships format, among others.

Singapore maintains a positive long-term outlook for Viet Nam and we see a lot of potential for Singaporean companies to further contribute to Viet Nam’s growth and development in areas such as urban solutions, energy, manufacturing, consumer goods, and tech startups.

Viet Nam is one of the fastest urbanising countries in Southeast Asia, with an average urbanisation rate of 3.4 per cent per annum since 2000. Some 37 per cent of the population is expected to be living in urban areas by 2020. This provides opportunities for urban solutions – in master-planning, intelligent transport systems, and waste and water management – to enhance the quality of life for Vietnamese city dwellers. Singaporean firms with experience in these sectors can customise their solutions to meet Viet Nam’s rising needs in those areas.

The rapid pace of urbanisation in Viet Nam has also led to a surge in the demand for stable energy. With gas demand expected to outpace local production and the move to cleaner energy production, Viet Nam is looking for alternative sources of energy such as liquefied natural gas (LNG) and renewable energy. Singaporean companies have the experience and capabilities that can help Viet Nam develop its LNG and renewable energy sectors.

Manufacturing remains a very viable sector for Singaporean companies in Viet Nam. With a young, skilled labour force and abundant natural resources, Viet Nam is an attractive market for Singapore-based manufacturing players in apparel, consumer electronics, and foodstuffs to venture into to support the multi-national corporations’ (MNCs) manufacturing activities or for export to the rest of the world. Many global players such as Samsung, Intel, and LG have already committed to major investments in the country, leading to the rapid growth of the supply chain and supporting ecosystems in Viet Nam.

Viet Nam’s fast-growing middle class presents opportunities in the consumer sectors. Consumer sophistication and receptiveness towards foreign brands have attracted Singaporean investments in sectors such as food and beverage, retail, and banking. Brands such as Jumbo (specialising in seafood) and Xiaoban (which sells soybean products) are some of the newcomers to the food and beverage scene in Viet Nam.

Last but not least, the tech startup community is developing rapidly in Viet Nam. This has attracted a wave of foreign investors such as venture capital funds and co-working space providers that have bolstered and supported the burgeoning startup scene. This presents opportunities for Singapore-based startups and tech companies, and they are encouraged to join as soon as possible to leverage the early mover advantage.

Overall, Singaporean companies tend to take a long-term approach to investing in Viet Nam, and have continued to explore business opportunities that span a variety of sectors. In recent years, investors from Singapore have also diversified from their traditional focus on major cities such as Ho Chi Minh City and Hanoi into other geographical regions such as the Mekong Delta region, Da Nang in south-central Viet Nam, and Hai Phong in the north.

As a hub for trade and commerce in the region, Singapore recognises the importance of APEC as an essential platform for promoting economic relations. We have actively supported Viet Nam as an APEC host and look forward to a successful 2017 APEC Economic Leaders’ Week in Viet Nam’s Da Nang city.
Integrated Township & Industrial Park

LOCATION
HUNG NGUYEN DISTRICT (DONG NAM EZ)

AREA
750 HA
Phase 1
226 HA IP, 83 HA C&R

INCENTIVES
10%
CIT IN 15 YEARS & MORE

OFFERINGS
- INDUSTRIAL LAND
- COMMERCIAL & RESIDENTIAL LAND
- READY-BUILT FACTORY

SELF-SUFFICIENT INFRASTRUCTURE
- POWER SUPPLY: 102 MVA
- TELECOMMUNICATION: 3,000 LINES
- WATER SUPPLY: 10,000 M³/DAY (PHASE 1)
- STP: 6,000 M³/DAY (PHASE 1)
- DRAINAGE SYSTEM
- FFS: 24/7

AMENITIES
- CENTRAL PARK
- PLAZA: EATERIES, IN-DOOR PLAYGROUND, GYM, TENNIS COURTS
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Thailand and Viet Nam’s shared future

Over the past decades, APEC has aimed to accelerate regional economic integration, with Viet Nam and Thailand as guiding members. Thai Ambassador to Viet Nam Manopchai Vongphakdi highlights this fact, which is only deepening with the members’ work in fostering APEC development.

How have Thailand and Viet Nam teamed up with each other in the APEC development?

As a founding member of APEC, Thailand is pleased that Viet Nam, our fellow ASEAN member and our close neighbour, joined APEC in 1998 and has shared our aspiration in creating prosperity, inclusiveness, and sustainability in the Asia-Pacific. Together, we have witnessed APEC’s progress for 19 years, and we have joined hands to promote various fields of co-operation to ensure the benefits and well-being of our peoples.

For Thailand, we see Viet Nam as our key strategic partner, sharing much aspiration to promote peace, prosperity, and sustainability for the Asia-Pacific. The geographical proximity and cultural similarity between the two member economies are among the important factors influencing Viet Nam and Thailand to share common views on how to push regionalisation forward.

In this regard, Thailand strongly supports Viet Nam’s theme and priorities for APEC 2017, which is the continuation of our work in 2015 and 2016. The Action Agenda on Promoting Economic, Financial, and Social Inclusion initiated by Viet Nam must be carried on so as to ensure inclusiveness among all member economies while creating new dynamism in the Asia-Pacific.

In order to enhance inclusiveness, the Royal Thai Government has implemented an Inclusive governance policy, called the Pracharat 4Ps, in order to promote public-private people partnerships.

On international trade, I believe that Viet Nam and Thailand firmly support free and fair trade, and adhere to the multilateral trading system. We have put our efforts into identifying the pathways towards the achievement of the Free Trade Area of the Asia-Pacific (FTAAP), which is expected to be an APEC aspirational goal beyond 2020.

On the quality growth issues, we thank Viet Nam for being a key proponent of the Thailand and Peru-led initiative on APEC Strategy for Green, Sustainable, and Innovative Micro-, Small-, and Medium-sized Enterprises (MSMEs).

Viet Nam has in fact taken part actively in our work since the development of the title of the strategy. In 2018 and beyond, we hope to have further collaboration with Viet Nam in initiating the project and activities that support the greening of MSMEs in various aspects and sectors in order to ensure APEC’s transition towards greener economies and lower-carbon societies.

Apart from deepening regional economic integration and strengthening MSMEs’ competitiveness, Thailand is also pleased to have worked with Viet Nam on promoting human capital development in the digital age and enhancing food security and sustainable agriculture.

Last but not least, we agree with Viet Nam that it is time for APEC member economies to think about how to attain future prospects after the Bogor Goals. Thailand has taken this issue seriously by organising a stakeholders’ dialogue on the APEC Post-2020 Vision.

Key outcomes of the dialogue suggested that APEC should continue its role as a leading co-operation framework in support of a free and fair multilateral trading system, and its way forward should align with the UN Sustainable Development Goals. Views from all stakeholders are very much welcome in order to shape the future direction of APEC to be more beneficial and inclusive for all.

In order for APEC to keep its sustainable development, further cement the co-operation among the bloc’s member economies, and cope with emerging challenges, what new directions should it take?

Currently, there are many challenges facing the Asia-Pacific, such as climate change, new global governance, rapid urbanisation, ageing populations, and rising protectionist sentiment, among others. Nevertheless, the most powerful impetus is the emergence of the Fourth Industrial Revolution, the phenomenon that will make our world become more digitalised and connected. This impetus comes with new challenges and opportunities at the same time. The obvious outcome is the digital economy, which is shaping the new way of doing business.

The digital economy provides a borderless world. The free flow of data and wider channels for communication allow every single part of the world to access one another’s resources. The pattern of doing business has shifted from offline to online, and current businesses need to rely more on digital technology.

However, changes in technology are likely to render some occupations obsolete and expose more workers to vulnerable employment. It is important not to leave people behind in this rapidly changing world. Marginalisation could become a root cause of anti-globalisation.

That is why human capital development should be considered as the key factor to retain sustainable and inclusive prosperity from a digitalised world. Education and training has to play a vital role in bridging the IT gaps between economies.

This is not only about enhancing IT literacy and operation but also about incubating innovative learners and educators, both in urban and rural areas, for the next generation of industries.

Meanwhile, MSMEs, which are perceived as engines of growth, need to adjust themselves in order to survive in the new wave of digital revolution. They should learn how to utilise digital tools such as e-commerce and fintech in order to participate more effectively in global value chains, as well as gain more access to financial resources.
But how can APEC develop a higher level of digital connectivity?

To achieve a higher level of digital connectivity, APEC should work together to bridge the digital divide among its member economies. Advanced economies should share their best practices and information on how to deal with digitalisation and its disruptive effects.

Economies’ policies should place an emphasis on expanding IT capacity both in terms of infrastructure and human capital. Moreover, APEC should collaborate with its business partner, the APEC Business Advisory Council (ABAC), to initiate related capacity-building programmes to enhance digital literacy, particularly in APEC’s developing economies.

The more digital access we have, the more equality we will achieve in the region. There is no doubt that digitalisation will get us more connected, and as a result, trade barriers might be just a short fence for anyone to jump across – or could become a higher fence if any economy decides to take more protectionist action.

Therefore, a digital economy will be a great opportunity if all APEC member economies agree to inject dynamism to regional economic integration, as well as innovative and inclusive growth in the Asia-Pacific.

How will such orientations impact trade and investment co-operation prospects between Viet Nam and Thailand?

Recently, Thailand and Viet Nam have together set a target to boost our bilateral trade turnover to $20 billion by 2020. In terms of investment, many Thai companies have started to invest in Viet Nam, putting Thailand on the list of Viet Nam’s top 10 foreign investors. The aforementioned digital economy, of course, would help strengthen trade and investment ties between our economies by increasing opportunity for co-operation.

More importantly, I am of the view that our trade and investment co-operation should place an importance on inclusiveness. We must ensure that opportunities and access to trade and investment are available to all and obtainable by all.

Digital transformation will provide wider channels for a number of software connectivities and the free flow of data. It will also lead to an emergence of new international trade patterns, including e-commerce and e-payment. These new business models and other tools such as a single-window system would help promote trade facilitation and improve the access of MSMEs, young entrepreneurs, startups, and marginalised groups to international markets.

During the visit of the Vietnamese prime minister and his cabinet members to Thailand in August 2017, several agreements to promote ICT and science, technology, and innovation were signed to strengthen our co-operation in these fields.

Currently, Thailand is working on structural reform through the 20-Year National Strategic Plan and Thailand 4.0, focusing on how to create innovation in all sectors to overcome the “middle-income trap”.

We are delighted to see that our national strategies are also in line with Viet Nam’s 2011-2020 Socio-Economic Development Strategy, which focuses on structural reforms, environmental sustainability, social equity, and macroeconomic stability. As we share the same goal, Thailand and Viet Nam can join hands to push forward our policy implementation in the digital age.

For Thailand, Viet Nam is not only a friend in APEC but also our key strategic partner to create a better world for the Asia-Pacific. The prosperity of Viet Nam means the prosperity of Thailand and the region. I believe that our cordial relationship will allow us to overcome any challenges ahead and successfully accomplish our ambitions.
Malaysia sees APEC as way to prosperity

As APEC 2017 comes to its climax, Malaysian Ambassador to Viet Nam Mohd Zamruni Khalid highlights the role of Viet Nam and Malaysia in the construction and development of APEC, as well as the trade and investment co-operation prospects between the two members of the bloc.

Our leaders at the outset of APEC’s establishment almost 30 years ago could have not envisaged the extent of the organisation’s contribution to the socio-economic well-being of the people of the Asia-Pacific region. Through their vision, APEC was established in response to the growing economic interdependence among Asia-Pacific economies.

Since its formation in Canberra, Australia, APEC has integrated economies in the region with diverse political, economic, and cultural backgrounds together. Today, APEC has become a major regional grouping to be reckoned with. The group of 21 economies is home to around 2.8 billion people and contributes almost 60 per cent of the world’s GDP, almost 50 per cent of the world’s trade, and more than 50 per cent of global inflows of foreign direct investment (FDI), as of 2015.

APEC’s work has also led to soaring economic growth in the Asia-Pacific region, with real GDP expanding from $16 trillion in 1989 to $20 trillion in 2015. In addition, peoples in the region witnessed their per capita incomes rise by more than 70 per cent, lifting millions out of poverty which in turn created an expanding middle class.

For the Asia-Pacific economies, APEC provides an important platform to discuss and deliberate initiatives and ways forward to further enhance socio-economic development, to reduce development gaps among economies, and most importantly, to achieve strong economic growth. Through APEC, all economies have worked tirelessly to pursue free and open trade and investment, sharing best practices in reducing trade barriers, harmonising regulations, and simplifying business procedures.

APEC has contributed greatly to socio-economic development in the Asia-Pacific region, including for Malaysia and Viet Nam. The Bogor Goals, which were agreed upon by our leaders more than 20 years ago, have contributed to the reduction of barriers to trade and to improving structural deficiencies in the region, making economies like ours more foreign investor-friendly.

Among the key results of the Bogor Goals include the reduction of average applied most-favoured nation (MFN) tariffs across APEC economies from 16.9 per cent in 1989 to 5.8 per cent today. The decline in MFN tariffs has led to the expansion of merchandise trade among APEC economies, which grew more than eight-fold, from $1.5 trillion in 1989 to $12.2 trillion in 2013.

This figure is significant as it shows that a more liberalised trade regime can provide smaller economies an equal opportunity to market their export products at competitive prices.

The works by APEC have also served as building blocks for the grouping to participate in bilateral and regional free trade agreements (FTAs). Through December 2016, a total of 156 bilateral and regional FTAs have been implemented by APEC economies, of which 64 are intra-APEC.

Both Malaysia and Viet Nam are also active participants in many of these FTAs, such as the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership Agreement (TPP).

For Malaysia and Viet Nam, both of our countries share a common goal, namely to further improve the socio-economic well-being of our peoples. Our countries realised that this can be achieved through friendly relations and economic co-operation with our neighbours. For Malaysia, APEC economies are important contributors to our economic, trade, and investment well-being. APEC economies constitute 77 per cent of Malaysia’s total trade and almost 50 per cent of total FDI in Malaysia’s manufacturing sector. Many of the foreign multinational corporations operating in Malaysia are originally from APEC economies, especially the US, Japan, China, the Republic of Korea, and India.

Malaysia views co-operation with APEC economies as an important aspect in our multilateral economic relations and Malaysia would like to continuously work together with Viet Nam to ensure the successful implementation of APEC-wide initiatives. In this relation, Malaysia strongly supports Viet Nam’s theme for APEC 2017 – “Creating New Dynamism, Fostering a Shared Future” and its four priority areas.

Malaysia believes that there is an urgent need to address the increasing trade protectionist trends taken by certain economies in response to the sluggish recovery of regional and global trade and economic growth in the aftermath of the global financial crisis of almost 10 years ago.

APEC plays an important role and must be the leading light in arresting these trends.
As members of APEC, it is imperative that both Malaysia and Viet Nam take a leading role.

The four priorities of APEC 2017 are “Promoting Sustainable, Innovative, and Inclusive Growth”; “Deepening Regional Economic Integration”; “Strengthening MSMEs’ Competitiveness and Innovation in the Digital Age”; and “Enhancing Food Security and Sustainable Agriculture in Response to Climate Change”. Malaysia identifies with two areas – “Deepening Regional Economic Integration” and “Strengthening MSMEs’ Competitiveness and Innovation in the Digital Age”.

The deepening of regional economic integration has been at the top of Malaysia’s regional economic agenda, in line with Malaysia’s strong support for the ASEAN Economic Community (AEC) agenda, which makes regional economic integration its end-goal. The positive results of the above-mentioned Bogor Goals in expanding trade among APEC economies further strengthen Malaysia’s view that economic integration will be beneficial in terms of uplifting smaller economies and providing opportunities to access markets of more developed economies.

Malaysia also places immense importance on strengthening micro-, small-, and medium-sized enterprises (MSMEs), especially to provide opportunities for these smaller enterprises to also benefit from growing markets in the Asia-Pacific region. Together with many like-minded APEC economies, Malaysia has worked on the development of capacity-building programmes to assist MSMEs in integrating themselves into the global value chains of the region. These programmes include the SME Online-2-Offline business model, aimed at facilitating integration and internationalisation of small- and medium-sized enterprises into global value chains, and a special programme for automotive parts and components suppliers to integrate with automotive original equipment manufacturers.

In addition, Malaysia also values the importance of e-commerce and its contribution to APEC members’ economic growth. With the objective of making cross-border e-commerce trade to be barrier-less, Malaysia supports Viet Nam’s proposal for APEC to establish the Framework for Cross Border E-Commerce Facilitation. The emergence of many e-commerce companies as well as the need to create a strong e-commerce ecosystem will require strong governmental support in terms of facilitating customs and other cross-border procedures.

APEC is also now working on developing the framework for the future, and therefore it is imperative for both Malaysia and Viet Nam to also continue to support and contribute to APEC’s work in these areas. In November 2015 APEC leaders endorsed the APEC Services Competitiveness Roadmap, which aims to develop the services sector as an enabler for inclusive growth. In addition, APEC economies are also discussing possible pathways to the Free Trade Area of the Asia-Pacific (FTAAP) in advancing APEC’s regional economic integration agenda. At the same time, APEC economies also pursue next-generation issues, such as the digital economy which is driving the Fourth Industrial Revolution.

With APEC economies continuing to work together to support trade liberalisation in the Asia-Pacific region, there are still many opportunities for both Malaysia and Viet Nam to strengthen bilateral relations. Both countries have committed to achieving a $15 billion bilateral trade target by 2020, which was announced by their respective leaders in 2015.

In addition, with Viet Nam growing to become a strong manufacturing base in Southeast Asia and in need of infrastructure development, there are also opportunities for existing and potential Malaysian investors to invest in Viet Nam.

Our co-operation in APEC and other forums will hopefully provide more impetus for Vietnamese companies to also venture outside the country. Malaysia would like to see more Vietnamese companies investing in Malaysia, further strengthening our economic ties.

Lastly, Malaysia would like to wish Viet Nam a successful hosting of the 25th APEC Economic Leaders’ Meeting in the central city of Da Nang. The successful hosting of APEC 2017 in Viet Nam will also encourage Malaysia to move forward the excellent work achieved this year in our chairmanship of APEC in 2020.
Developing a bilateral base with Brunei

On the threshold of APEC 2017, Brunei Darussalam’s Ambassador to Viet Nam Pengiran Haji Sahari Bin Pengiran Haji Salleh spoke with Thanh Tung about the Brunei Darussalam-Viet Nam bilateral ties amid APEC’s trade facilitation and liberalisation efforts.

What is your view on Brunei Darussalam-Viet Nam bilateral co-operation over the past few years, especially in terms of trade and investment?

Brunei Darussalam and Viet Nam have made good progress in strengthening bilateral co-operation since the establishment of diplomatic relations on February 29, 1992. This year actually marks the 25th anniversary of our bilateral relations.

Brunei Darussalam and Viet Nam have shared good exchanges at all levels between both sides over the years, especially in trade, energy, agriculture and fisheries, labour, education, defence, culture, and youth.

Several memoranda of understanding (MoUs) have been signed between both countries in various fields, such as agriculture, fisheries, oil, and gas – as well as co-operation agreements between our respective chambers of commerce and industry.

An MoU on economic and trade co-operation was signed on August 29, 2016 during Viet Nam President Tran Dai Quang’s state visit to Brunei Darussalam. The MoU encompasses co-operation in the halal industry and energy with multilateral frameworks on trade promotion activities. Both sides also agreed to deepen economic relations by setting a trade target of $500 million by the year 2025, and facilitate greater business and investment opportunities between the two countries.

The MoU will also further the objectives of the trade agreement between the governments of Brunei Darussalam and Viet Nam signed in 2001.

Both Brunei Darussalam and Viet Nam are committed to strengthening energy co-operation between the Brunei National Petroleum Company Sdn Bhd (Petroleum Brunei) and Vietnam Oil and Gas Group (PetroViet Nam).

What are the trade and investment co-operation prospects between Viet Nam and Brunei Darussalam within APEC, especially in the context of the Bogor Goals and the expectations that they will turn APEC into a leading region in terms of trade and investment liberalisation by 2020?

The prospects for trade and investment co-operation between Brunei Darussalam and Viet Nam are very good. Today, Viet Nam remains one of Brunei Darussalam’s top trading partners. Our main exports to Viet Nam are crude oil, chemicals, mineral products, manufactured goods, machinery, transport equipment, and base materials. In terms of investment, there are currently nine Bruneian companies operating 11 investment projects in Viet Nam, with accumulated investments worth $1.4 billion.

At the same time, there are also a lot of trade and investment opportunities available for Vietnamese companies in Brunei Darussalam. In our efforts to diversify our economy, the Brunei government has identified five priority investment clusters. The focus is on industries that capitalise on the country’s strengths as a strong Islamic nation with abundant natural resources and a highly skilled and educated citizenry.

Investments are welcome within these five clusters to help create more value-added goods and services, which will contribute towards increased economic and spinoff activities. This will allow for the development of our local small- and medium-sized enterprises and create jobs.

The first cluster is the halal industry. Brunei Darussalam aims to become one of the major players in the global halal industry. It is focusing on the development of the halal industry through three sectors: food and beverage, cosmetics, and pharmaceuticals.

The second cluster is focused on business services. This comprises two main areas, including transportation and logistics and financial services. Although our logistics industry is modest in size compared to other countries, it has received considerable investment and backing by the government, such as the establishment of our national container shipping line Amann Shipping Group Sdn Bhd.

Brunei Darussalam also aims to establish itself as a competitive air logistics hub in the region. Recently, the Brunei International Airport completed a $150 million modernisation and expansion project, significantly increasing its passenger and cargo handling capabilities. There are also
In your opinion, what challenges are impeding Viet Nam and Brunei Darussalam from boosting their investment and trade? What should be done to overcome these challenges?

As a member of ASEAN and the Trans-Pacific Partnership (TPP), tariffs have been either reduced or eliminated. The main challenges mostly regard regulatory measures or non-tariff and regulatory impediments.

Brunei Darussalam has been trying to intensify its reform efforts focused on improving efficiency, reducing costs, and strengthening regulations, to encourage our private sector to play a bigger role – with the aim of diversifying our export-based products and services. Doing business in Brunei Darussalam has become much easier, faster, and more efficient.

The government continues to find ways to improve the business environment, with a strong drive towards improving the ease of doing business. These comprehensive efforts have led to Brunei Darussalam being named as the most improved economy in the world for two consecutive years in the World Bank “Ease of Doing Business Report”.

In this regard, there are more opportunities for business-to-business engagement.

In 2012, the agreement of co-operation between the National Chamber of Commerce and Industry of Brunei Darussalam and the Vietnam Chamber of Commerce and Industry was signed during the state visit of Viet Nam’s former President Truong Tan Sang. It is encouraging to see both sides utilising this agreement.

We at the Brunei Darussalam Embassy in Hanoi would be happy to provide assistance to any Vietnamese company that wishes to collaborate with our local companies through partnerships or joint ventures. We are able to lead them to the relevant agencies and people in Brunei Darussalam who can help find local Bruneian partners for possible joint business ventures.

In Brunei Darussalam, we also have Darussalam Enterprise, a statutory body that was established last year to support local enterprises from inception to expansion, with the aim of fostering the growth of local startups. They can help link FDI companies entering Brunei with our local companies to form joint ventures.

What should Viet Nam do to attract more FDI, in your view?

Viet Nam has risen to become one of the region’s greatest success stories, following its remarkable post-war economic recovery. Its vast coastline, highlands, jungles, and abundant natural resources have helped to bolster its rapid industrial development. The ongoing economic liberalisation and government initiatives to privatise or restructure a number of state-owned enterprises have had a major impact in attracting FDI.

Viet Nam’s integration into the global economy and the ongoing improvements to the investment environment look set to continue. This is important for Viet Nam to stay ahead and retain its competitive edge as an exporter and an investment destination. It is also important for Viet Nam not to backtrack and to keep strong momentum going into its forward progress.
Asian-Pacific region: Key to Viet Nam’s foreign policy in the 21st century

Boosting its relationship with the Asia-Pacific region, including co-operation mechanisms such as APEC, is a primary focus of Viet Nam’s foreign policy. Dr. Tran Viet Thai, vice head of the Institute for Foreign Policy and Strategic Studies under the Diplomatic Academy of Viet Nam, highlights APEC’s role as a driver of economic growth and connectivity within the region, creating many opportunities and shared prosperity.

Since the beginning of the 21st century, significant advances have occurred within the world’s political and economic climate. Such irreversible and rapidly developing globalisation trends have left lasting impacts on economies around the world.

The pace of scientific and technological progress, especially with regards to smart manufacturing – commonly known as the Fourth Industrial Revolution – presents seemingly limitless potential for improvements and expansion for every nation in the world.

Technological achievements such as the Internet of Things, 3D printing, robotics, artificial intelligence, and cybernetics are rapidly changing the cornerstone of the world’s economy, altering the status quo, and boosting the formation of new forces in a more flexible and diversified way.

Viet Nam is not immune to these changes, and they have a large impact on the country’s peace, stability, and development.

**NEW STATUS OF THE ASIA-PACIFIC REGION**

The Asia Pacific is emerging as a region with dynamic development and broad international economic connectivity and integration. It is exercising its latent potential like never before, placing it among the heavy hitters in the global economy.

The region currently accounts for 39 per cent of the world’s population, creates 57 per cent of global GDP, and generates 49 per cent of global trade. The Asia Pacific is home to many powerful economies, which together exert a hefty pull on global goings-on. It is also home to many important partners of Viet Nam in terms of development co-operation, trade, investment, and many other collaborative endeavors.

The first two decades of the 21st century have shown that the Asia-Pacific region has been key to Viet Nam’s foreign policy of diversifying and multilateralising its international relations, enabling it to take the initiative to actively pursue international integration, with big priorities placed on boosting co-development-based international connectivity and co-operation.

The new status of the Asia-Pacific region is featured in the following four aspects:

- First, the Asia-Pacific region is not only the world’s growth engine, but also a region with increasingly important geopolitical status. All powerful nations in the world are expanding co-operation with the region in one form or another. It can be said that the rise of China, India, and many East Asian nations has had and will continue to have decisive impacts on the future development of the world in the coming decades.

- Second, co-operation and connectivity in many sectors has been trending, in fields such as infrastructure, finance-banking, trade, culture, tourism, and human resources in the region. Many new-generation free trade agreements (FTAs) have been created with big commitments linked to political and strategic economic issues. The region’s integration trend is on the rise. Reform and innovation coupled with sustainable development and responses to global challenges are becoming indispensable trends which have deeply influenced the region’s international co-operation.

- Third, the Asia Pacific is also a cradle of many regional, sub-regional, and inter-regional co-operation mechanisms. After the Cold War, a series of co-operation mechanisms and forums in many fields have been established, in order to meet the growing demand for co-operation among economies both inside and outside the region. These mechanisms include the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers Meeting (ADMM-Plus), and of course APEC.

- Recently, old mechanisms have been consolidated, such as those led by ASEAN and the US’ alliance with many regional partners. However, there have also been new mechanisms established, such as China’s “One Belt, One Road” initiative and the Asian Infrastructure Investment Bank (AIIB). This reflects not only the importance of regional co-operation mechanisms, but also the growing demand and need for co-operation among nations and a more significant contribution from powerful economies to the region’s affairs.

- And fourth, the Asia Pacific is also home to potential risks and challenges, including both traditional and non-traditional challenges, requiring all stakeholders to increase dialogues and co-operation and gradually solve differences and disputes via peaceful solutions based on international law and standards.

**APEC – AN IMPETUS FOR REGIONAL GROWTH AND CONNECTIVITY**

After having been established in 1989 during the end of the Cold War, APEC has been a high-profile forum partaken in by nearly every key economy in the region. Over the past three decades, APEC has expanded its co-operation priorities from accelerating free trade and trade and investment facilitation, to becoming the most important regional mechanism for economic connectivity. Through its efforts, APEC has bolstered regional co-operation in anti-terrorism and maritime security and safety.

Though within APEC, there are no binding commitments or treaty obligations, and commitments are undertaken on a voluntary basis,
all co-operation results reached by member economies are enormous and of high quality.

Through its strong efforts to achieve the Bogor Goals by 2020, APEC has really become a driving force for regional economic growth and connectivity. It has contributed to the removal of many barriers for trade and investment, creating huge trade and investment flows within the region, boosting value chains, and bringing economies closer to one another.

APEC also acts as an incubator for many co-operation ideas, which have contributed to turning Asia Pacific into a region of unprecedented peace, prosperity, and development.

**APEC VIET NAM 2017 – OPPORTUNITIES THAT SHOULD NOT BE MISSED**

With its strategic location within the Asia-Pacific region, Viet Nam has been developing itself in close connection with its regional counterparts. Since its accession to APEC in 1998, Viet Nam has not only benefited heavily from the region’s co-operation and development trends, but it has also joined hands with other member economies to work towards accomplishing all Bogor Goals on investment and trade liberalisation by 2020, and to build up a vision on regional connectivity in the context of the current stage of development. This is important groundwork to lay for Viet Nam to become a member with more responsibility, one which co-operates with other member economies to foster the Asia-Pacific partnership for inclusive and sustainable development in the 21st century.

Via the co-operation mechanisms within APEC, Viet Nam can more effectively take advantage of APEC resources and support that help in its socio-economic development for the 2011-2020 period. Viet Nam has also used the forum to help restructure the economy, alter its growth model, and express its position as a socialist-oriented market economy.

Through the organisation of APEC 2017, Viet Nam can further sharpen its bilateral ties with key partners, and grab all possible opportunities to sign co-operation agreements with them. This will help to attract more resources from some of the world’s leading groups.

The successful organisation of APEC also contributes to promoting the country’s image and status in the international arena, making it more convenient for Viet Nam to undertake more important positions in multilateral organisations in the time to come, especially the position as a non-permanent member of the UN Security Council for the 2020-2021 tenure.

With a raft of different activities, APEC 2017 has been organised throughout the country. There will be more opportunities to improve the integration capacity of many localities and enterprises, contributing to promoting socio-economic development in every corner of the country, especially the central city of Da Nang – home to the 2017 APEC Economic Leaders’ Week during November 6-11 – and other central provinces.

Viet Nam expects to make more substantive contributions to APEC and the region as a whole, making APEC become more practical and efficient. All results from APEC 2017 in Viet Nam will also contribute to enhancing APEC’s prestige and position in forming and boosting regional economic links. This will help to foster peace, stability, co-operation, and development in the Asia-Pacific region and around the world, laying firm groundwork for APEC to embark upon its fourth decade of mutual development.

Aside from active actions from the central level, localities and enterprises should take the initiative to establish partnerships with partners from APEC member economies. This will help Viet Nam promote its international image, and also make APEC 2017 leave a lasting legacy.

These big opportunities should not be missed.
While making my TV show, The Airport Economist, I have visited over 60 economies in the past six years. And one that has always stood out to me was the enchanting land of Viet Nam, one of the emerging ‘second generation’ tiger economies of Asia.

Viet Nam, with its young and vibrant population, is the newest poster child for attracting foreign investment, and has been developing the much needed infrastructure that is required to get the economy moving. There is a real buzz on the streets of Ho Chi Minh City – at least from the numerous motorcycles that zoom around – as Viet Nam makes its careful preparations for APEC.

Why is Viet Nam becoming more attractive to foreign investors? Let’s first have a look at ‘the big picture’ in terms of the Viet Namese economy.

Viet Nam is considered to be a ‘transition tiger’ economy, moving from a planned economy to one that is more open and market orientated. Despite healthy average growth rates above 6 per cent per annum over the past decade, it is still a lower middle-income country – ranking low on the list of the top 50 global economies in terms of GDP. Inflation and unemployment are both low but there is still a lot of underemployment and rural poverty outside the bigger towns and cities – where three fourths of the Vietnamese population still live.

This is reflected in per capita income too, where individuals in rural areas earn half of what their Ho Chi Minh City counterparts make, and only one third of what they would make working in Ha Noi.

Viet Nam was largely isolated and poor after the end of the American war, but in 1986, the government made a historic breakthrough by initiating a series of market based reforms known as ‘Doi Moi’ or ‘Renewal’. As a result, Viet Nam enjoyed one of the fastest rates of economic growth in the world after it joined ASEAN and WTO and established diplomatic relations with all nations including the US.

It still has its difficulties in terms of infrastructure, and the small task of looking after around 93 million people – Viet Nam is the 8th most populous Asian nation and the world’s 14th – but it’s economic story in the 21st century has by and large been a good one.

And what makes Viet Nam an attractive market today?

First, it should be again stressed that Viet Nam has a young population and a thriving consumer culture. Unlike Japan, the Republic of Korea, and now even China, Viet Nam’s demographics are helping to drive a strong youth market for consumer goods and services like higher education.

Second, Vietnamese people living abroad have formed vibrant communities in Australia, Canada, the US, and elsewhere. One famous Vietnamese abroad is the Governor of South Australia, Hieu Van Le, who arrived in Australia 40 years ago and is now residing in the Government House in Adelaide today. A leading academic and successful business figure in his own right, Hieu Van Le leads many South Australian trade missions into Southeast Asia.

Third, Viet Nam is a proud trading nation and an important member of ASEAN and APEC. The dissolution of the Trans-Pacific Partnership (TPP) was a setback, but the Regional Comprehensive Economic Partnership (RCEP) could be a viable alternative, with Viet Nam at the forefront.

In conclusion, on the eve of APEC, there are bright lights ahead for Viet Nam, not just in Ho Chi Minh City, but in Ha Noi, Da Nang, and the countryside as well. Viet Nam is opening up its economy but it has a lot of work to do in terms of improving corporate governance, business regulations, and the country’s investment in human capital.

Economically, Viet Nam is likely to make special efforts at APEC to showcase itself as a modern, open, trading nation.
Food security and the storm ahead:
Using plant science to grow more with less

According to data from the UN’s Food and Agriculture Organization, world hunger is on the rise with the estimated number of undernourished people increasing from 777 million in 2015 to 815 million in 2016. The UN predicts that the world’s population will exceed nine billion by the year 2050, and Asia alone is expected to have roughly one billion more people living within its borders.

At the same time, Asia is also home to 85 per cent of the world’s 525 million smallholder farmers, and roughly 14 million of this number call Viet Nam home. Smallholder farmers in Viet Nam and other countries across ASEAN are being increasingly looked on as key parts of the solution to produce more food for a growing population. With less access to arable land and water as well as more pests and diseases to combat, the job of regional smallholder farmers is daunting to say the least.

According to data recorded by the World Bank, Viet Nam’s agricultural sector comprises almost 50 per cent of the total labour force, but the sector contributes only 17 per cent of the country’s GDP. Viet Nam is not alone; this is a phenomenon that plagues much of the region. In fact, among the top eight agro-producing countries of ASEAN, agriculture accounts for around 20 per cent of the national GDP on average, while the labour force working within the industry stands at a staggering 46 per cent.

Unfortunately, the difference between these two numbers tells a story of missed opportunity for the region’s larger agricultural sector, and poses an unnecessary threat for food security in Viet Nam and ASEAN.

TECHNOLOGY HAS A ROLE TO PLAY

Sustainable food security in ASEAN is not a preference or a hope, it’s a necessity and a shared responsibility. With the world changing around it, the demands placed on agriculture in the ASEAN region are changing as well. As we ask our farmers to feed more people, and have less impact on the environment and use fewer resources, equipping them with the latest tools and technology is essential. It should begin with enabling and empowering our smallholder farmers.

The innovations of the plant science industry are game-changing for smallholder farmers in the region and in Viet Nam. Bringing numerous innovations of plant biotechnology and crop protection to farmers is a key component of the solutions needed to address the looming food production challenges.

Viet Nam’s smallholder farmers rely on crop protection products to prevent pests, disease, and weeds from damaging their crops and limiting their harvests. In total, it is estimated that 50 per cent of the world’s food production would be lost to pests, diseases, and weeds if it were not for crop protection products. The protection advanced pesticides provide is not limited to the field either. They also help prolong the viable life of the plant and prevent post-harvest losses of crops while in storage.

Meanwhile, biotech crops are helping to slow the advance of climate change by reducing carbon emissions. For example, it is estimated that biotech crop plantings in 2015 reduced carbon emissions by 26.7 billion kilogrammes, which is equivalent to taking 11.9 million cars off the road for one year.

Additionally, 90 per cent of the roughly 18 million risk-averse farmers benefiting from biotech crops are small resource farmers. In 2015, the net farm-level economic benefit was $15.5 billion, equal to an average increase in income of $90 per hectare.

As stated during the APEC High-Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) meeting this August in the Mekong Delta city of Can Tho, agricultural biotechnologies can be used as tools to enhance agricultural productivity, raise farm income, protect the environment, strengthen food security, and mitigate the impact of climate change.

A further benefit of plant science currently being realised is the water conservation it promotes by helping reduce the need for tillage. No-till farm techniques, where the soil remains largely or completely undisturbed, aid water conservation by helping build organic matter and ultimately improving the soil’s moisture retention.

As an industry association, CropLife and our member companies are committed to promote sustainable agriculture through high-quality innovations in crop protection, plant biotechnology, and seed production. Farming is one of the greatest uses of the earth’s natural resources, which is why our industry continues to provide the tools that will help farmers grow more with less, and learn environmentally-friendly best practices.

Dr. Siang Hee Tan is executive director of CropLife Asia, the Asian arm of CropLife’s international trade association with a presence in 91 countries. At CropLife Asia, he is responsible for directing programmes on regulations, crop protection, seeds, intellectual property, and biotechnology, as well as communications and outreach programmes in 15 Asian countries. Dr. Tan holds a BSc in Plant Pathology from the University Pertanian Malaysia, an MSc in Genetic Engineering from University Putra Malaysia and a PhD in Molecular Biology (Plant Viruses) from Okayama University in Japan.
Riding the APEC wave to evolved trade

Consisting of 21 member economies making up 59 per cent of the global population, 50 per cent of the world’s area, more than 50 per cent of GDP, and 57 per cent of global trade, APEC is a huge market with tremendous potential for companies in Viet Nam. Intra-APEC trade liberalisation and facilitation trends hold multiple opportunities for the country. Raymond Mallon, senior economic advisor for the Australia-Viet Nam economic reform programme, told Thanh Tung about how Viet Nam’s economy benefits from its APEC membership, and how Viet Nam can become a bigger magnet to foreign direct investment.

How can Viet Nam’s economy benefit from its membership in APEC and from APEC’s trade liberalisation under the Bogor Goals?

APEC was established in 1989 as a regional forum to help accelerate regional economic integration by streamlining customs procedures, improving business environments, and harmonising regional regulations and standards. APEC considers such reforms as pivotal to creating employment, economic growth, and regional prosperity. APEC members meet regularly to discuss initiatives to promote free trade and economic growth, including options for cooperation to tackle shared regional challenges.

Viet Nam joined APEC in 1998. APEC members account for about 78 per cent of Viet Nam’s foreign direct investment (FDI), 75 per cent of trade, and 79 per cent of visitors. Most free trade agreements that Viet Nam has signed or is negotiating are with APEC members. In an increasingly protectionist international environment, APEC provides a valuable forum for Viet Nam to promote its economic reform and development agenda.

APEC has not always met its ambitious goals. Nevertheless, average APEC tariff rates have fallen – from 13.3 per cent in 1989 to 5.1 per cent in 2015. And Viet Nam’s average most-favoured-nations tariffs have declined from 18.5 per cent in 2007 to 9.5 per cent in 2015. Tariff reductions and trade growth among APEC member economies have exceeded the global average.

Implementing APEC-promoted institutional reforms can help Viet Nam to reduce business and trade transaction fees and risks, create a more business-friendly investment environment, and facilitate the resolution of trade and investment disputes.

Harmonisation and simplification of rules of origin make regional trade and investment more accessible to smaller firms. Other APEC reforms make it easier for business people and skilled professionals to travel for business in other APEC members. Such actions can help create new, higher income, and more interesting employment opportunities for Vietnamese people.

Viet Nam’s participation in APEC has been one step in a process of reforms contributing to Viet Nam’s increasing economic integration with the rest of the world. And Viet Nam has transformed from a closed country – with little movement of goods, capital, and people – in the mid-1980s, to an open economy with one of the higher ratios of trade and FDI to GDP in the world. Integration has had dramatic impacts, improving Viet Nam’s access to investment and export markets, and reducing the costs of imported goods and equipment.

Vietnamese now have the opportunity to access technology, markets, capital, and ideas from all over the world, and Vietnamese businesses are increasingly integrating into global production networks. This has stimulated competition, creativity, innovation, and productivity growth. The Vietnamese economy is becoming increasingly diversified with higher value-added agriculture, manufacturing, and services accounting for an increasing share of national output. Tourism and other services are now a major part of the economy. Employment and income-generating opportunities have expanded, and poverty has been reduced at an unprecedented rate.

However, there have also been costs. Trade-related industrialisation and modernisation has exacerbated environmental challenges. Urban congestion and pollution negatively impact on living standards. Not all groups have benefited equally from trade. There are continuing income disparities, especially between rural and urban people. While Vietnamese may want to “catch up” economically with neighbouring countries, many also want to minimise the social and environmental costs sometimes associated with rapid economic growth.

Given social and environmental challenges, the recent slowdown in economic growth, and uncertainty about future employment growth and inequality, Vietnamese sometimes question whether the benefits of international economic integration – including APEC – outweigh the costs. The society and investors need assurance that socio-economic development can be sustained, that social and environmental costs can be better managed, and that development will generate equitable outcomes.
How can APEC help Viet Nam address these issues? What are you expecting from the 2017 APEC Economic Leaders’ Week in early November?

APEC provides a forum for regional governments and society to discuss such questions. At the recent Multi-Stakeholder Dialogue on APEC Toward 2020, Viet Nam’s President Tran Dai Quang stressed, “The key to APEC’s success today is to place people and businesses at the centre of development.”

Among other matters, the 2017 APEC Economic Leaders’ Week in Da Nang is expected to discuss actions to help accelerate implementation of the Bogor Goals, targeting the achievement of free and open trade and investment for all member economies by 2020.

Discussions are also expected to focus on actions needed to accelerate productivity growth: a key priority for Vietnamese policymakers. Efforts will also be made to promote regional connectivity in three areas – infrastructure, institutions, and people, including realising opportunities created by the digital revolution.

Of course, the hosting of APEC 2017 also offers Viet Nam an opportunity to showcase itself as an exciting destination for tourism, trade, and business investment. Viet Nam is gaining potentially valuable international press coverage with the increasingly high-profile events surrounding APEC 2017.

What is your view on Viet Nam’s economic reforms, some of which are aimed to help the country take advantage of opportunities brought about by APEC and the country’s free trade agreements (FTAs)?

APEC is not a pre-agreed, binding trade agreement. Rather, member economies make decisions (in collaboration with other APEC members) to reform trade, business, and investment policies to achieve development objectives, rather than “just” because of a commitment under an international agreement.

The domestic reforms needed to maximise the benefits to Viet Nam from APEC and FTAs are much the same as the reform agenda needed to accelerate Viet Nam’s broader socioeconomic development. Viet Nam needs to remove remaining constraints to accelerated productivity growth. This will require further reforms to improve the business, trade, and investment environment, renewed efforts to strengthen labour force skills, and a renewed effort to develop national infrastructure and strengthen environmental management in Viet Nam.

Immediate priorities include strengthening factor markets, improving regulatory quality and enforcement, establishing a more coherent and consistent competition policy framework, linking education and vocational training to labour demand better, accelerating infrastructure development while also increasing public investment efficiency, and managing the growing environmental and urban congestion challenges better. Private-public co-operation is needed to facilitate the emergence of globally-competitive economic clusters in strategic locations.

How can Viet Nam become a bigger magnet for foreign investment?

FDI inflows to Viet Nam, as a ratio of GDP, are already among the highest in the world. Thus, the challenge is to further reform the business environment to attract the FDI that is more likely to bring maximum benefits to Viet Nam, while minimising potential social and environmental costs.

Key factors that matter to investors considering long-term sustainable investments in Viet Nam are long-term profitability and risk. Reform efforts should continue to focus on reducing administrative bottlenecks in Viet Nam, improving public infrastructure and services, and strengthening skills and the institutional foundations for productivity growth while also ensuring macro-economic and social stability.

Promoting equitable development is also important, as it will help promote stability and increased domestic demand. It is critically important that the government continues to reduce the obstacles to the emergence of a dynamic domestic private sector, as many foreign firms are looking to build relationships, for example as suppliers, with dynamic and potentially lower-cost private firms.
Viet Nam's growth engine revs up

As a result of concerted efforts by the government, Viet Nam's economy is expected to reach its growth target of 6.7 per cent this year, remaining a prime destination for investment. Nguyen Duc reports.

Though it may be not easy for the Vietnamese economy to return to its high-growth trajectory as it did in recent years, the rate will reach 6.7 per cent targeted by the government at the beginning of the year.

This reflects the great efforts undertaken to jump-start a growth rate that hit 5.15 and 6.28 per cent in the first and second quarters, respectively. The rate rose to 7.46 per cent in the third quarter, resulting in an overall number of 6.41 per cent over the year's nine months. The government has been behind a raft of concerted solutions to boost economic growth.

Addressing the recent APEC Finance Ministers' Meeting, Prime Minister Nguyen Xuan Phuc also stressed that in 2017, for the first time in many years all of the country's 13 micro-socio-economic targets will be hit or even surpassed, including many tough targets such as inflation and state budget deficit.

Even in 2017, the public debt will be kept under 65 per cent of GDP while the total export turnover will touch more than $200 billion. These are quite significant achievements.

"Achieving the growth rate of 6.7 per cent mirrors great efforts by the government and ministries, especially in the context of the country changing its growth model, with a gradual reduction in exploiting crude oil and a shift to a focus on the manufacturing, processing, and service sectors," said Minister of Planning and Investment Nguyen Chi Dung.

Though the rate of 6.7 per cent remains far from Viet Nam's perceived growth potential, it is enough to qualify Viet Nam as one of the brightest economies in the region, and even one of the world's fastest-growing economies. The Vietnamese government has also set a target of 6.5-6.7 per cent in economic growth for 2018.

This movement was reflected in PricewaterhouseCoopers' (PwC) “Doing Business in Viet Nam 2017” report: “Viet Nam is at a tipping point in its economic development, led by free trade agreements (FTAs) such as the EU-Viet Nam FTA (EVFTA) and an increasingly improved investment environment.”

Meanwhile, the World Bank said Viet Nam has good resilience thanks to its own domestic
demand and the rising manufacturing and processing sectors. The Asian Development Bank also said that despite the drop in mining and oil output, the Vietnamese economy continues to perform well, driven by its twin engines of export-oriented manufacturing and rising domestic consumption. So the Vietnamese economy is expected to see positive growth over the next 18 months, thanks to stable growth impetuses.

“The economy’s continued stable growth is firm groundwork for strengthening the confidence of investors and firms, and also for attracting more investment from them,” Minister Dung said.

WHY VIET NAM?

In terms of its investor appeal, Viet Nam’s economic stability is a baseline requirement. A more salient factor is the big effort put forth by the government to further improve the country’s business and investment climate, and boost the economic restructuring process and international economic integration.

To this end, over the past three years, the government has promulgated many policies, such as Resolution No. 35/NQ-CP and Directive No. 26/CT-TTg to remove barriers and support enterprises and investors.

As a result, according to the World Bank’s “Doing Business 2017” report, Viet Nam has improved nine ranks in terms of ease of doing business compared to 2016 (from 91st to 82nd). At the same time, Viet Nam ranks 60th out of 138 countries in the World Economic Forum’s Global Competitiveness Report 2017.

And within ASEAN, Viet Nam is considered the fifth-largest economy, with a high competitiveness rating.

According to PwC, Viet Nam’s dynamic environment, reflected in a young population, growing wealth, changing consumer attitudes, greater mobility, and urbanisation, are pushing Viet Nam through a period of great change.

PwC has been seeing a shift in investments in Asia, with Southeast Asia attracting more foreign direct investment (FDI) than China for the third consecutive year in 2016. Viet Nam leads the region, surpassing Malaysia and Thailand in the Greenfield FDI Performance Index with $24.4 billion in foreign capital investment in 2016.

Viet Nam’s strong economic outlook and comparative advantages continue to make it an attractive place for investment in Southeast Asia. The country is recognised as having high mobile commerce penetration, which is attractive to entrants wanting to establish digital businesses in Viet Nam.

A rising middle class and an open economy bring access to exciting new opportunities, including those in manufacturing. Viet Nam’s increasing network of FTAs are enhancing investment opportunities.

According to Viet Nam’s General Statistics Office, in this year’s first nine months, total registered FDI into Viet Nam grew to $25.48 billion, which is expected to climb to $28 billion for the whole year.

According to the Ministry of Planning and Investment (MPI), the FDI disbursements are also expected to rise remarkably, to about $20 billion, including $17 billion in FDI – up 7.5 per cent on 2016 and exceeding the 2017 target by 9.6 per cent.

Over the past few years, there has been an uptrend in mergers and acquisitions (M&A) in Viet Nam. It is because the Vietnamese government has implemented many policies in boosting the equitisation of state-owned enterprises (SOEs) and lifting the foreign ownership limit at businesses.

Under a recent governmental plan, in the 2016-2020 period, Viet Nam will have to complete the equitisation of 137 SOEs by late 2020. This plan can greatly benefit foreign investors.

During PM Phuc’s official visits to the US and Japan in June 2017, he met with CEOs of these nations’ big groups, saying that this is a suitable time for them to boost investment into Viet Nam and participate in the country’s economic restructuring process, especially in the financial-banking sector and SOE equitisation.

It is expected that in the time to come, more investment from the US and Japan will be seen in Viet Nam, both in direct investment and M&As.

WHY NOW?

One of Viet Nam’s biggest attractions to foreign investors is the country’s increasing international integration. Viet Nam has entered into or completed the negotiation of a number of FTAs in recent years, including both multilateral FTAs as a member of ASEAN, and bilateral FTAs (with the EU, Japan, Chile, the Eurasian Economic Union, and others).

The establishment of the ASEAN Economic Community (AEC), in which Viet Nam is a member, is ushering in a common economic region with a population of 600 million people.

The EVFTA is expected to be the next major milestone for Viet Nam from a trade perspective. Once effective in 2018, it is expected to liberalise 90 per cent of imports from both sides in a 10 to 15 year time frame.

Though the Trans-Pacific Partnership (TPP) was said to remain unclear due to the US withdrawal, this pact is now under a Japan-led renegotiation.

Warwick Cleine, chairman and CEO of KPMG in Viet Nam and Cambodia, said that even without the TPP, Viet Nam would not be remarkably affected in terms of investment attraction.

According to him, TPP potential has lured many foreign producers, especially makers of garments and textiles, into Viet Nam as they expected that they would be able to benefit from preferential taxes when exporting products to the US market. However, many other factors are also helping Viet Nam attract more FDI, such as competitive labour costs, rapid growth in the domestic market, and a wealth of FTAs.

Cleine said Viet Nam’s participation in the AEC, EVFTA, and the Korea-Viet Nam FTA is helping it become a big magnet to foreign investors, and the FTAs will also help Viet Nam improve its image in the international arena.

“So what are Viet Nam’s competitive advantages? They include a high-growth economy, abundant human resources, competitive prices, improved infrastructure, and a stable political climate. They also include strong governmental commitments in creating a more favourable business environment and a level playing field for all firms and investors,” said Professor Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises.

Moreover, Viet Nam’s efforts in economic reform and changing growth model have also been commended by the international community. Recently, the fifth plenary meeting of the 12th Communist Party of Viet Nam issued two resolutions on perfecting the socialist-oriented market-based economy and developing the private economic sector. They are considered an important propellant for Viet Nam to build a more transparent, attractive, and effective economy.

In addition, Viet Nam’s hosting of APEC 2017 offers big opportunities for the country to promote its image, and further cement its investment and trade co-operation with the 20 other APEC member economies.
Hosting APEC to bring ‘golden opportunity’

Hosting APEC 2017 will offer big opportunities to Viet Nam in promoting its trade, investment, and tourism co-operation with APEC member economies. This event will also help Viet Nam attract more high-quality investment from the bloc. Minister of Planning and Investment Nguyen Chi Dung spoke with Ha Nguyen about Viet Nam’s co-operation prospects with APEC member economies.

What is your view about the role that the APEC co-operation has played in Viet Nam’s socio-economic development?

Some statistics are always talked about. They are that APEC member economies account for about 78 per cent of Viet Nam’s foreign direct investment (FDI), 75 per cent of trade, 38 per cent of official development assistance, and 79 per cent of visitors. Nine out of 10 largest partners of Viet Nam are from APEC, and seven APEC members are included in the 10 largest export markets of Viet Nam, including the US, China, Japan, the Republic of Korea, Hongkong-China, Malaysia, and Singapore.

Also, out of Viet Nam’s 25 strategic partners and comprehensive partners, 13 are APEC members, namely Australia, Chile, China, Indonesia, Japan, Malaysia, New Zealand, Russia, the Philippines, Singapore, the Republic of Korea, Thailand, and the US. It is expected that Viet Nam’s economy can grow 6.7 per cent this year, largely driven by exports and industrial production, with important contributions from foreign-invested enterprises – the majority of which come from APEC member economies.

Also in 2017, Viet Nam is expected to reap a record export turnover of about $200 billion, which is attributed to the country’s deep and comprehensive international integration, including its co-operation with APEC members. Over the past 30 years, Viet Nam has attracted a sum of more than $310 billion in FDI, of which more than $243 billion comes from APEC members.

I think that these figures have shown the importance of Viet Nam’s economic co-operation with APEC member economies. For Viet Nam, the FDI inflows from APEC and the bloc’s huge export market are very important drivers to the country’s economic development as we can see today.

During APEC’s 28-year development, including 23 years of implementing the Bogor Goals in trade and investment liberalisation, the bloc’s member economies have harvested important achievements in three co-operation pillars: trade and investment liberalisation, business facilitation, and economic-technical co-operation. Only three years are left for these goals to be accomplished – what should be done to further this co-operation?

APEC is home to the world’s leading economies, and many dynamically developed economies continue serving as an important impetus for global economic growth. However, currently APEC is faced with numerous difficulties and challenges, in the context of low economic growth and productivity in a number of economies. We are even seeing signs of slowdown in the region’s economic growth, with a rise in the trend of protectionism and non-tariff barriers.

In fact, not all people in society can benefit from the globalisation process, and trade and investment liberalisation. Besides, the Fourth Industrial Revolution is driving all of us into challenges, though its opportunities are very big.

This requires all APEC member economies to continue jointly making concerted efforts to keep the region’s peace and stability, share experience, and boost innovative co-operation for mutual prosperity and sustainability. This will contribute to affirming that the Asia-Pacific region is the region that has the highest growth in the world.

I also would like to stress one thing that has already been affirmed by Viet Nam’s leaders. That is, the driving force of the region’s economy must be high-quality, sustainable, innovative, and inclusive growth, and intensive economic connectivity as well. Economic growth plays an important role in improving the quality of people’s livelihood. However, growth itself is not an ultimate goal.

Realities in the region have shown that we cannot pursue growth at all costs without knowing who will be benefited and how sustainable such growth is socially, economically, and financially. Therefore, growth will not become sustainable and cannot be maximised if it does not ensure its inclusiveness.

The Vietnamese government has affirmed that despite numerous difficulties and challenges, the government will, in the spirit of creating an enabling atmosphere, continue taking drastic actions to support development in favour of people and enterprises. It will also continue renovating and restructuring the economy in a more effective manner – with a focus laid on the financial sector – coupled with high quality, improved competitiveness, sustainable growth, and inclusiveness.

Only three years are left for the Bogor Goals to be accomplished. Thus in order to boost the region’s development, APEC would need to build up new goals, in which integration must be expanded in a more practical and effective manner, while negative aspects of trade liberalisation and globalisation must be narrowed down.

Deputy Prime Minister and Minister of Foreign Affairs Pham Binh Minh has proposed the construction of the post-2020 vision for APEC for “an Asia-Pacific partnership for sustainable and inclusive development for the 21st century”. This proposal is quite significant for the future of APEC co-operation, and also for APEC 2017, which has an overarching theme of “Creating new dynamism, fostering a shared future”.

I believe that APEC leaders will continue committing to take concerted actions to make APEC become a role model for growth impulses and regional economic connectivity.

Viet Nam has proposed four priorities, including strengthening micro-, small-, and medium-sized enterprises’ (MSMEs) competitiveness and innovation in the digital age. What has the Ministry of Planning and Investment (MPI) done to implement this priority, as the government advisory agency of business-related policies and mechanisms?

In fact, in the four priorities of APEC 2017, the MPI has also led the compilation of a docu-
ment on fostering inclusive, innovative, and sustainable growth. As I have said above, given that the Asia-Pacific region is seeking new intensive growth propellants based on renovation and innovation, the priority about fostering inclusive, innovative, and sustainable growth is the most important priority of APEC 2017.

Meanwhile, with regards to the priority about strengthening MSMEs, the MPI has actively participated in this priority in hosting the 24th APEC Small and Medium Enterprises Ministerial Meeting (SMEMM 24) in mid-September, which was themed “Strengthening micro-, small-, and medium-sized enterprises’ competitiveness and innovation in the digital age”.

Three sub-topics were discussed at this event: facilitating enterprises to have better access to markets and deeper participation in global value chains; facilitating the business climate for MSMEs through enabling them to have access to technologies, modern management methods, training, consultancy, and business connectivity; and boosting the APEC business spirit in the digital age by fostering startups and strengthening business ethics.

In fact, the strength of each APEC economy has also been created by SMEs, which function as the driving force for growth, renovation, and innovation in APEC member economies. Successes from the 30 years of Doi Moi in Viet Nam have also received important contributions of MSMEs, which currently account for up to 97 per cent of the country’s total number of enterprises. These enterprises have become an important impetus for generating jobs and contributing to maintaining the country’s economic growth and socio-economic stability.

However, the Fourth Industrial Revolution and complementary developments such as the Internet of Things, artificial intelligence, biotechnology, nanotechnology, and unmanned automobiles are changing the mindset and production methods of people around the world. In this trend, MSMEs, which are limited in capital, technology, and management capacity, will be the most vulnerable. However, they are also the most active and adaptable to the trend.

Thus these enterprises are in critical need of support so that they can expand themselves, renew their technology, improve their productivity and make bigger contributions to the socio-economic development of Viet Nam in particular and of the APEC member economies in general.

I think that APEC members need to further beef up their co-operation in order to take concerted actions to further enable enterprises to have better access to markets, and deeper participation in global value chains. They also need increased access to technologies and modern management methods, so as to improve their competitiveness and innovation in the digital age.

What is your view on the investment co-operation between Viet Nam and APEC member economies?

APEC is a big investment partner of Viet Nam. Two of the world’s biggest investors – the US and Japan – belong to APEC. Other economies, such as Singapore, the Republic of Korea, China, and Chinese Taipei, also have big investment potential. However, FDI inflows from APEC into Viet Nam are still far from this potential. Moreover, the attention that investors from APEC member economies pay to Viet Nam is different. Thus the point here is that Viet Nam would need to have more specific investment promotion policies suitable to its resources in order to lure more FDI from APEC member economies and more effectively serve its national industrialisation and modernisation.

As Viet Nam undertakes its role as host of APEC 2017, it is said that hosting will be a golden opportunity for Viet Nam to attract more investment. What do you think about this?

As Viet Nam has synchronously and comprehensively boosted its Doi Moi reforms, industrialisation and modernisation have followed, with many important achievements reaped. After nearly 30 years of high and stable growth, Viet Nam has grown to become an economy of more than $220 billion, with trade more than one-sixth larger than GDP.

International economic integration, headlined by a raft of new-generation free trade agreements that have and will be signed, has expanded Viet Nam’s economic co-operation and development. This will bring Viet Nam many opportunities in investment attraction, particularly in the context that the government is doing its best in improving the country’s business and investment environment. Not only has the country’s competitiveness increased, but its global business ranking has also improved.

APEC, as I have said, is a driving force for boosting the global economic growth, both in terms of growth scale and growth speed. APEC has also formed many free trade mechanisms with all of its members who are members of the World Trade Organization, such as the US, China, Japan, Singapore, Hong Kong-China, and the Republic of Korea. With 70 per cent of the world’s biggest enterprises having headquarters in its member economies, APEC also has the most member economies with overseas investment in the world.

As the host of APEC 2017, Viet Nam will have opportunities to welcome leaders and politicians from the world’s biggest economies, and also to meet with hundreds of leaders of trans-national corporations who come to the country to attend APEC. This is also a precious opportunity for Viet Nam to promote its image as a beautiful and dynamic nation with myriad investment and trade opportunities. I believe that with its many effective bilateral and multi-lateral co-operation mechanisms with APEC member economies, Viet Nam is witnessing bright prospects in attracting bigger, higher-quality, and more diversified FDI from APEC member economies.
APEC’s local investment pays dividends

About $243 billion out of $310 billion of the foreign direct investment registered in Viet Nam in the past 30 years has come from APEC member economies. The figure shows the importance of APEC investment flows to Viet Nam’s socio-economic development. Nguyen Duc reports.

HALLMARKS IN FDI FLOWS FROM APEC

Although Viet Nam officially joined APEC in 1998, the country’s foreign direct investment (FDI) scene over the past 30 years has garnered substantial participation from APEC member economies, partly because most of the 12 members who founded APEC in November 1989 – including Japan, the Republic of Korea, Malaysia, Singapore, Thailand and the United States, invested in Viet Nam right after the country opened its doors to foreign investment.

These investors contributed to the formation of the first wave of FDI in Viet Nam (1991-1995) and the second wave (which began in 2005) – after the country officially became a member of APEC in 1998 – and of course, the third and current wave as well.

Data from the Ministry of Planning and Investment’s Foreign Investment Agency (FIA) shows that, as of September 20, 2017, with the exclusion of Peru, Papua New Guinea, and Brunei – which have not yet invested in Viet Nam – the remaining 17 APEC member had registered nearly $243 billion, accounting for 78.3 per cent of the total FDI that flowed into Viet Nam over the past 30 years ($310 billion).

According to FIA statistics, nine of the top 10 foreign investors in Viet Nam are APEC members – excluding only the British Virgin Islands, which sits in the fifth position. They include the Republic of Korea ($55.8 billion), Japan ($46.1 billion), Singapore ($41.46 billion), Chinese Taipei ($30.82 billion), Hongkong-China ($17.6 billion), Malaysia ($12.1 billion), China ($11.9 billion), the US ($9.44 billion), and Thailand ($8.46 billion). All of these economies are important investors in Viet Nam, with combined investment capital of nearly $234 billion, making up over 96 per cent of APEC investment in Viet Nam and more than 75 per cent of the country’s total FDI.

The remaining FDI inflows streamed mainly from investors in Russia ($1 billion), Australia ($1.84 billion), Indonesia ($451 million), the Philippines ($319 million), and New Zealand ($101 million), with Mexico and Chile also worth a mention.

These figures show the importance of investment co-operation between Viet Nam and APEC member economies.

A DRIVING FORCE FOR LOCAL GROWTH

The FIA also said that many large-scale FDI projects invested by APEC members have contributed significantly to Viet Nam’s socio-economic development. For example, the projects of the Republic of Korea’s Samsung, the US’ Intel, Japan’s Honda, and Singapore’s Sembcorp.

When looking at Samsung Group’s facilities in Bac Ninh, Thai Nguyen, and Ho Chi Minh City, or the slew of Viet Nam-Singapore Industrial Parks (VSIP) across the country – or when visiting the factories of Honda, Microsoft, General Electric, and hundreds of other big names from APEC member economies in Viet Nam – all understand the intensive connection in trade and investment cohesion between Viet Nam and APEC member economies. Viet Nam has enjoyed great benefits since it officially became an APEC member in 1998.

“Viet Nam joined APEC in 1998 and the forum has played an increasingly important role in the Vietnamese economy. Currently, APEC members account for 78 per cent of FDI in Viet Nam, 75 per cent of its trade in goods, and 79 per cent of international tourist visits to the country. About 80 per cent of Vietnamese students are studying in APEC member economies. As many as 13 APEC members are strategic and comprehensive partners of Viet Nam,” said Prime Minister Nguyen Xuan Phuc.

Professor Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises, commented that FDI in general and FDI from APEC member economies in particular contributed significantly to the formation of many economic sectors in Viet Nam, from oil and gas, automobiles, motorbikes, and electronics to cement, steel, food, and animal feed.

“The FDI sector that has contributed to forming some modern urban areas such as Phu My Hung and South Thang Long, as well as many four- and five-star hotels, high-end resorts, and offices for rent. Other sectors like financial services, insurance, banking, wholesale, and retail have also acquired modern business methods and advanced technologies that satisfy the increasing demand of the population,” said Mai.

Le Duy Thanh, Deputy Chairman of the northern province of Vinh Phuc’s People’s Committee, revealed that the local economy has gotten a facelift from the entry of large investors such as Honda, Toyota, and Piaggio, which have all poured cash into the province.

“Over the past 20 years, thanks to FDI, Vinh Phuc has risen from a poor province with a budget revenue of only VND80 billion ($3.64 million) and an average per capita income of VND2 million ($90). In 2016, the province collected VND33 trillion ($1.5 billion) – over 80 times higher than before – and its per capita income reached VND70 million ($318) per year, higher than the national average. The FDI sector contributed to 95 per cent of Vinh Phuc’s total export turnover,” Thanh said.

In fact, not only Vinh Phuc, but other cities and provinces throughout the country have seen spectacular changes since the large-scale investment projects of APEC investors were implemented. For example, in the north, Thai Nguyen and Bac Ninh are home to projects from the Republic of Korea’s Samsung, while Dong Nai and Binh Duong in the south are now in the nation’s top FDI destinations.

Especially now, the “growth engine” role of FDI from APEC is very clear. Minister of Planning and Investment Nguyen Chi Dung stressed that one of the reasons for the country’s breakthrough GDP growth in the third quarter of 2017 (7.46 per cent) was the production of big FDI projects. In particular, Samsung has increasingly proved its great contributions to socio-economic development in Viet Nam. In the first nine months of this year, Samsung exported...
$38.1 billion worth of products, and is likely to earn $54 billion from exports this year, a figure that has never been recorded by any single foreign investor so far.

Samsung is also the largest foreign investor in Viet Nam hailing from an APEC member economy, with total registered capital of over $17.3 billion so far.

APEC 2017: A GOLDEN OPPORTUNITY FOR VIET NAM

APEC 2017 is considered a great opportunity for Viet Nam to continue attracting investment from APEC member economies. It is quite evident that during 2006 – a year in which Viet Nam also hosted a series of APEC events, with the most important being the 2006 APEC Economic Leaders’ Week – dozens of co-operation agreements and contracts worth billions of US dollars were signed between Viet Nam and APEC members.

APEC 2006 also brought golden opportunities to Viet Nam in terms of investment attraction. At the Trade and Investment Promotion Forum, eight contracts and co-operation projects between Vietnamese enterprises and foreign partners were signed, with a total value of nearly $2 billion. Between 2007 and 2008, registered FDI in Viet Nam reached record levels. In 2008, the figure reached $72 billion.

Is the opportunity coming again as this year Viet Nam once again hosts the APEC Economic Leaders’ Meeting?

Truong Dinh Tuyen, former Minister of Trade, has put a lot of expectations on APEC 2017. He expects it to be a big turning point for the world’s trade and investment activities in the future, similar to the APEC events held in Viet Nam in 2006, which created a “miracle” for world trade and investment.

Viet Nam naturally benefits from this miracle, and that will provide great opportunities for Viet Nam to continue luring investment from APEC members though the Trans-Pacific Partners Agreement (TPP), which originated at APEC 2006 and is currently undergoing changes after the US withdrew.

“APEC 2017 will be a golden opportunity for Vietnamese businesses. This is the most important diplomatic event in Viet Nam this year in terms of economic co-operation. But not only that, this is also a chance to increase other added values for Vietnamese businesses, promote investment, and enhance trade exchanges,” said Vu Tien Loc, chairman of the Vietnam Chamber of Commerce and Industry.

Loc also emphasised the increased trend towards protectionism throughout the globe. Meanwhile, Viet Nam is “a successful example of globalisation”. Thus, during the 2017 APEC Economic Leaders’ Week, APEC economies will need to discuss ways to make globalisation “more soft and humane”, so that no one is left behind.

As the globalisation process continues its strong development, Viet Nam will have more opportunities to promote trade and investment co-operation with APEC member economies.

FDI from APEC member economies has been instrumental in building several local industries

● Up to now, among the 25 strategic and/or comprehensive partners of Viet Nam, 13 are APEC members - China, Russia, Japan, the US, the Republic of Korea, Indonesia, Singapore, Malaysia, the Philippines, Thailand, Australia, New Zealand, and Chile.

● APEC members account for 75 per cent of trade, 78 per cent of FDI, and 38 per cent of official development assistance in Viet Nam, as well as 79 per cent of foreign tourist arrivals to the country.

● Seven APEC members are in the top 10 export markets of Viet Nam - the US, China, Japan, the Republic of Korea, Hongkong-China, Malaysia, and Singapore. They are also the leading investment partners of Viet Nam.
On hosting APEC at a turning point

APEC is increasingly important to Viet Nam’s economy. According to Minister of Industry and Trade Tran Tuan Anh, with its strong determination and efforts to boost reform and international integration, Viet Nam has actively contributed to APEC co-operation, especially in 2017 as the forum’s host.

The Asia-Pacific Economic Cooperation (APEC) forum is an economic locomotive and an important growth engine of Asia-Pacific and the world. What are achievements that APEC’s trade co-operation, especially trade facilitation, has brought to member economies in general and Viet Nam in particular?

Founded in 1989 with the aim of gathering economies bordering the Pacific to enhance economic and trade co-operation and development, APEC has been known as one of the world’s most dynamic regions in terms of economic growth rate, trade and investment growth, as well as poverty reduction and sharing of common wealth.

During the 28 years of development and 23 years of implementing the Bogor Goals on trade and investment liberalisation, APEC has obtained a number of important attainments in the three main co-operation pillars: trade and investment liberalisation, business facilitation, and economic and technical co-operation.

Accordingly, APEC member economies have witnessed outstanding progress in their economic-trade relations compared with other regions in the world. Trade in goods and services increased by 6.7 times, reaching about $20 trillion in 2015. The average tariff rate was cut down considerably from 17 per cent in 1989 to 5.6 per cent in 2014, thanks to consolidated trade and investment ties and the strong increase of regional trade agreements (RTAs) and bilateral free trade agreements (FTAs). For nearly three decades, RTAs and FTAs in the APEC region have developed strongly in their quantity, size, and sophistication. According to statistics released by the APEC Secretariat, as of the end of 2016, more than 150 RTAs and FTAs signed by at least one APEC member had taken effect. Nearly 60 of them had been inked and enforced between APEC members. Recently, more and more new-generation FTAs in the region have paid greater attention to new-generation trade and investment, while effectively addressing post-border and non-tariff issues. Thanks to the positive impacts of these RTAs and FTAs, intra-APEC trade has soared by 274 per cent – from $2.3 trillion in 2000 to $6.3 trillion in 2016.

In terms of GDP, APEC accounted for 48.9 per cent of the world’s GDP in 1989, but this rate rose to 53.9 per cent in 2015. Regarding foreign direct investment (FDI) attraction, APEC member economies made up half of the top 10 biggest FDI-attracting economies in the world in 2016. The US ranked first with $385 billion in FDI attracted, growing by 11 per cent. The other
four economies included China ($139 billion), Hongkong-China ($92 billion), Singapore ($50 billion), and Australia ($44 billion). Total FDI poured into the five above-mentioned APEC economies hit $710 billion, equivalent to 46.7 per cent of the world’s FDI in 2016. This is a relatively impressive figure not only for APEC members, but also for many economies around the globe. Therefore, APEC is increasingly considered an economic locomotive of the Asia-Pacific region, with multiple practical and effective co-operation programmes.

To Viet Nam, APEC is more and more important to the intensive integration and development of this economy, which has a population of more than 93 million. At present, 78 per cent of FDI capital poured into Viet Nam comes from APEC members, while 75 per cent of total trade and 79 per cent of foreign tourists to Viet Nam originate from APEC members. Furthermore, about 80 per cent of overseas Vietnamese students are studying and improving their knowledge in the schools of APEC members. Thirteen APEC members are now strategic and comprehensive partners of Viet Nam. These figures are clear illustrations of APEC’s importance to the growth and socio-economic development of Viet Nam.

At the 23rd APEC Ministers Responsible for Trade Meeting in May, you mentioned eventualities and challenges facing APEC member economies. How should APEC members enhance multilateral co-operation to overcome this situation?

APEC is an economic co-operation forum based on voluntary, non-binding, and consensual principles to share the common prosperity of the whole region. Hence, APEC’s intensification of co-operation to cope with existing and future challenges to the whole region is crucial at present. However, these co-operation programmes have to suit the situation and viewpoints of most of the members so as to reach consensus. It is a fact that rapid changes in economy, politics, and society due to impacts of Industry 4.0 and volatility in many aspects in the region have posed numerous imminent challenges to APEC’s economic, trade, and investment co-operation toward realising the Bogor Goals in 2020 and defining post-2020 targets for APEC.

In recent years, the global economy has shown signs of recovery but has remained unstable. In some economies in the world and the APEC region, there have been doubts about the interests that globalisation and trade liberalisation can generate for domestic economic growth. Nonetheless, with its nature of being a regional co-operation forum targeting trade liberalisation and facilitation, APEC has for many years attached utmost importance to regional economic integration through an array of new initiatives on economy, trade, and investment; structural reform; promoting innovative, inclusive, safe, and sustainable growth; supporting micro-, small-, and medium-sized enterprises’ (MSMEs) engagement in global supply and value chains; enhancing connectivity in all three pillars (physical connectivity, institutional connectivity, and people-to-people connectivity); and co-operating to address challenges in food security, natural disaster prevention and control, and emergency rescue, so as to bring about stability and prosperity to the entire region.

In the time ahead, APEC needs to continue these efforts based on collective actions and individual efforts by each economy. Additionally, APEC is specifying its co-operation orientations in the future, after the Bogor Goals are accomplished in 2020. It is also carrying out many policy dialogues with other regional organisations such as ASEAN, the Eurasian Economic Union, and the Pacific Alliance, to share experience to increase the quality as well as the scale of the forum’s co-operation in the coming time.

As an active member of APEC, to date, what has Viet Nam done to realise its commitments to the Bogor Goals? What initiatives has the country put forward to bolster intra-APEC multilateral trade amid increasing protectionism worldwide?

The achievement of the Bogor Goals on trade and investment liberalisation in the region by 2020 has been a top priority for APEC since 1994, when APEC leaders met in Bogor city of Indonesia, announcing the start of the process and their declaration to realise the goals. Over more than 20 years, APEC has gained significant achievements in trade and investment liberalisation and facilitation in the region to deserve the leading position in economic development in the world.

According to the “Second-Term Review of APEC’s Progress towards the Bogor Goals”, which was publicised by APEC in 2016, the most-favoured-nations (MFN) tariff in the region declined sharply from 18.5 per cent in 2007 to 9.5 per cent in 2015.

As an active member of APEC, since joining the forum, Viet Nam has engaged in APEC’s joint efforts to achieve the Bogor Goals through many collective and individual action programmes. Accordingly, Viet Nam has consistently pursued its policy of openness, proactive, and active regional and international economic integration. The country has negotiated, signed, and implemented a number of bilateral and regional FTAs and RTAs, cut down tariffs and non-tariff barriers, and created reform mechanisms and policies to facilitate trade activities and build a fair and transparent investment and business climate. These Vietnamese efforts have been lauded by countries in the region and the world.

At the same time, Viet Nam has also reduced tariffs and removed non-tariff barriers in accordance with the roadmaps stated in valid FTAs/RTAs to which the country is a member. The country’s efforts in business liberalisation and facilitation in the services sector have also been recognised, especially in construction, finance, and transportation.

Additionally, Viet Nam has actively carried out policies promoting intellectual property rights under the World Trade Organization’s regulations, improved government procurement, and stepped up the implementation of the competition policy.

As the host of APEC 2017, Viet Nam has continued to define the fulfilment of the Bogor Goals by 2020 as one of the top priorities in the APEC agenda. It has worked with other member economies to devise the working programmes from now until 2020 in the fields of tariffs, non-tariffs, investment, services, and rules of origin, among others, to tackle barriers to trade and investment in the region as stated in the Second-Term Review of APEC’s Progress towards the Bogor Goals.

It is a strong message affirming APEC’s consistent efforts towards trade and investment liberalisation, amid controversy, anti-globalisation trends, and the return of trade protectionism in some areas of the world.

In addition, in 2017 Viet Nam has also put forth some initiatives on economy and trade to be submitted to the 29th APEC Ministerial Meeting in important fields, including transnational e-commerce and supporting industries. At the same time, it worked with other members to
promote the initiative on improving activities of the supply chain, increasing the participation of small- and medium-sized enterprises (SMEs) in the global value chain, and enhancing APEC connectivity. These initiatives will contribute to actively boosting trade and investment in the region and supporting joint efforts of APEC members toward the accomplishment of the Bogor Goals by 2020.

**Which agreements have member economies reached to create new APEC co-operation frameworks toward the timely achievement of the Bogor Goals by 2020, and for APEC’s vision for the post-2020 future?**

The accomplishment of the Bogor Goals has been APEC’s top priority throughout the last over two decades, since 1994. It will be a foundation and favourable premise for APEC to shape its post-2020 co-operation future, focusing on bigger goals than trade and investment liberalisation to better deal with new challenges brought by the new context, such as challenges on sustainable, inclusive, and innovative growth, and others created by the development of the digital economy and the Fourth Industrial Revolution. APEC will start discussing the shaping of its post-2020 vision after the Bogor Goals are achieved. At present, the contents of the post-2020 vision have not been determined.

However, according to APEC experts, APEC’s post-2020 development orientation still needs to focus on removing trade and investment barriers in the region, since it is very difficult to foretell whether APEC can realise the Bogor Goals by 2020 or not.

In the current context, there are doubts on the benefits of globalisation and trade liberalisation, resulting in rising trade protectionism in many countries. APEC will have a lot to do after 2020 to ensure that its members will continue their commitments to opening markets for flows of trade and investment in the region.

Along with building working programmes to tackle barriers to trade and investment in the region, Viet Nam has worked with other APEC members to promote some initiatives related to sustainable, inclusive, and innovative growth, including the enhancement of economic, financial, and social inclusion to ensure stakeholders and different groups in the economy benefit from globalisation and trade liberalisation.

Viet Nam has also promoted initiatives related to developing high-quality human resources, improving the competitiveness and innovation of MSMEs, and boosting startups. It is also an important factor to shape APEC’s vision in the future, in which APEC continues to be one of the forums leading in implementing trade and investment liberalisation and facilitation, creating favourable conditions for business activities, and promoting sustainable, inclusive, innovative, and safe growth, thus ensuring common stability and prosperity in the region.

**Innovation, especially in the context of the Fourth Industrial Revolution, is expected to become the main driving force for economic growth. What innovations are needed in trade co-operation between APEC member economies to promote inclusive prosperity in the Asia-Pacific?**

In the context of profound changes in global and regional economies and the Fourth Industrial Revolution having strong impacts and causing many pragmatic changes, economies are moving towards economic growth through innovation. Innovation, which in this context means “improving or creating products, processes, services, models, and business organisations”, is expected to become the main driving force for economic growth by raising the core competitiveness of enterprises. Broadly speaking, this trend also enhances the advantages and competitiveness of the entire economy.

For APEC, “innovative growth” can be considered one of the five growth categories agreed upon by APEC leaders in the APEC Growth Strategy. Accordingly, in 2014, APEC leaders issued the “APEC Accord on Innovative Development, Economic Reform, and Growth”, which emphasises the importance of innovation through promoting industrial science cooperation, facilitating the transfer, dissemination, and commercialisation of technology.

The 2015 APEC Strategy for Strengthening Quality Growth reaffirmed that innovation is one of the important motivators for economic growth in the Asia-Pacific region.

Based on the direction of the leaders, APEC has promoted innovation on different channels. One of the main co-operation channels is APEC’s Policy Partnership on Science, Technology, and Innovation, set up by the APEC leaders in 2012 to explore new APEC initiatives on innovation, science, and technology on the basis of dialogues between governments, businesses, scholars, and other related APEC forums.

Besides, APEC has also focused on promoting the innovative growth of MSMEs and startups. It has established the APEC SMEs Innovation Centre to improve the innovative capacity of SMEs through organising workshops and training courses on innovation, sharing experience of the innovation models of members, and setting up an innovation network for SMEs in the region. In 2017, Viet Nam promoted the APEC Initiative on Promoting Innovative Startups and the APEC Strategy for Green, Sustainable, and Innovative SMEs, which were approved at the APEC SMEs’ Ministerial Meeting, held in Ho Chi Minh City last September.

Enhancing the role of trade and innovation is also a topic of APEC concern. The forum organised a number of conferences on this issue, including the APEC Conference on Innovation and Trade, held on the sidelines of the 23rd APEC Ministers Responsible for Trade Meeting (MRT 23) in Ha Noi in May 2017.

Hosted by the Ministry of Industry and Trade (MoIT) in co-ordination with the APEC Secretariat, the conference attracted the participation of ministers and heads of delegations from APEC members, policymakers, scholars, and businesses in the region. It shared experience in promoting trade and innovation among APEC member economies, creating opportunities for open dialogue between the MRT and representatives of the business community on the promotion of trade and innovation.

The conference also considered APEC activities that can be undertaken to boost innovative growth in the region. This was a significant contribution of Viet Nam to the MRT 23 in general and to trade and innovation promotion in particular.

**What advice do you have for the Vietnamese business community to make good use of opportunities for trade facilitation and liberalisation in APEC? Does the MoIT have any strategies and plans to support Vietnamese enterprises in joining the intra-APEC supply chain through e-commerce and digital commerce?**

Nearly 20 years after joining APEC, Viet Nam has actively participated in the co-operation process of the forum. In that time, APEC has brought numerous development opportunities to APEC members, including Viet Nam.

With 21 members that account for 39 per cent of the population, 57 per cent of GDP, and 49 per cent of trade in the world, APEC
is a huge and high-potential market for Vietnamese enterprises to access and tap into. The trend of promoting trade liberalisation and facilitation in APEC has opened up tremendous opportunities for Viet Nam’s business community, especially SMEs, to seek co-operation and boost exports to markets inside and outside the region.

Statistics over the past years have shown that the Vietnamese business community has been making good use of opportunities to access and capitalise on the Asia-Pacific market through APEC co-operation, reflected via Viet Nam’s continuously increasing export turnover to member economies.

According to the General Department of Vietnam Customs, the country’s export turnover rose from $98.37 billion in 2014 to $106.12 billion in 2015 (up 8 per cent year-on-year) and $119.69 billion in 2016.

Seven APEC member economies currently rank in the top 10 export markets of Viet Nam, including the US (first place), China (second place), Japan (third place), the Republic of Korea (fourth place), Hongkong-China (fifth place), Malaysia (ninth place), and Singapore (10th place). Some important partners, known as major intermediary exporters, have re-exported goods imported from Viet Nam to developed countries. Thanks to this, Vietnamese goods have more opportunities to access markets outside the region and reach consumers around the world.

In particular, APEC has also helped in building capacity for member economies, including Viet Nam, through projects within the framework of the economic and technical co-operation programme (Ecotech), facilitating business travel (the APEC Business Travel Card programme), medical and educational co-operation, and the establishment of the APEC scholarship fund.

Accordingly, Viet Nam can utilise important channels such as the annual dialogue between the APEC Business Advisory Council (ABAC) and the Economic Leaders, and the APEC CEO Summit on the sidelines of APEC Economic Leaders’ Week, to help businesses directly talk to APEC leaders about difficulties and challenges they face while doing business, as well as voice aspirations toward solving the difficulties.

As the host of APEC 2017, Viet Nam will organise the Doing Business with Viet Nam forum, which is chaired by the Vietnam Chamber of Commerce and Industry, to promote business and investment opportunities in Viet Nam to leading businesses from APEC members.

In recent years, Viet Nam has tried to take advantage of co-operation programmes within APEC, adjusted mechanisms and policies step-by-step to build an open and transparent investment environment, and gradually removed trade and investment barriers for businesses.

In addition, joining APEC has been creating favourable conditions for members to share their experience and practices while encouraging the individual efforts of each member through programmes to implement trade and investment facilitation and liberalisation, structural reform, and harmonisation of policies in many important sectors of the economy.

APEC has also supported member economies, particularly their SMEs, in taking part in the global supply and value chains, thereby enhancing their competitiveness and engagement in international and regional markets.

Regarding support for Vietnamese enterprises in joining the intra-APEC supply chain through e-commerce and digital trade, the MoIT is working to develop and complete the system of legal documents regulating e-commerce and digital trade, accelerate the upgrading of e-commerce infrastructure in order to effectively assist the management and support of the business community, especially SMEs, as well as raise awareness of using and taking advantage of e-commerce in production and business.

In the 2011-2015 period, the e-commerce growth rate in the Vietnamese business community increased by 30 per cent per year on average. It will continue to rise as a result of the indispensable trend of business and production activities in the era of Industry 4.0.
Viet Nam turns to new-generation FTAs

As the “WTO shirt” becomes tighter, Viet Nam and other countries are making efforts to devise new rules to the game. New-generation free trade agreements (FTAs) seem to have become the main strategy. Anh Hoa reports.

**KEY TO OPENING ECONOMY**

Of the new-generation FTAs for which Viet Nam has joined negotiations, the Trans-Pacific Partnership agreement is perhaps the most controversial.

Parties to the Trans-Pacific Partnership (TPP) are expected to meet on the sidelines of the 2017 APEC Economic Leaders’ Meeting in the central city of Da Nang to make a final decision on the trade pact. Nguyen Dinh Luong, former head of the Vietnamese delegation for the Viet Nam-US Bilateral Trade Agreement negotiation, has expressed optimism about the TPP’s future.

The TPP was signed by 12 economies in Auckland, New Zealand, on February 4, 2016 after five years of difficult negotiations, but the US subsequently withdrew from the agreement. Representatives of the remaining 11 economies recently held several negotiation rounds. Although there has not been detailed information, Luong believes that the parties will reach a consensus and issue a statement on the continued implementation of the TPP. They want to generate renewed interest in the TPP, especially on the part of stronger economies like Japan, Australia, and New Zealand.

According to Luong, the TPP and even the EU-Viet Nam Free Trade Agreement (EVFTA) include sufficient principles, norms, and strong sanctions to help Viet Nam create a better business environment, and keep up with and capitalise on globalisation.

In terms of the local economy, independent experts estimate the TPP could expand Viet Nam’s GDP by $23.5 billion by 2020 and $33.5 billion by 2030, while its exports could rise $68 billion by 2025 compared with the non-TPP scenario.

However, Deputy Minister of Industry and Trade Tran Quoc Khanh, head of Viet Nam’s TPP negotiation delegation, said those figures are based on a presumption that “other factors are favourable”. If this presumption is not true, for example if the global economy is in a downturn, the estimated figures will be much different.

Nevertheless, Khanh believes that opportunities for export growth are huge, particularly for the textile-garment and footwear industries. There will also be the business from new supply chains formed after the TPP takes effect. Since the TPP is a vast free trade region, accounting for up to 40 per cent of the world’s total GDP, major groups will have incentive to move their production chains to the TPP region. At that time, all businesses, including small- and medium-sized ones, will benefit. The auto industry is likely to be on the rise thanks to strict rules of origin in the TPP.

Khanh said that although automobile manufacturing has been encouraged for a long time, Viet Nam has yet to develop a significant automotive industry. However, when the TPP appears and requires automobiles to meet strict rules of origin to gain preferential treatment, this is possibly a chance for Viet Nam as it can switch to manufacturing car components for big carmakers such as those in Japan. The TPP will be an opportunity for Viet Nam to continue making institutional reforms and creating a more optimal business climate for enterprises.

Together with the admission to the World Trade Organization and excluding the TPP, Viet Nam has taken part in 11 bilateral and regional FTAs which have either come into force or concluded negotiations.

Additionally, Viet Nam is negotiating an FTA with the European Free Trade Association, a grouping of Switzerland, Norway, Iceland, and Liechtenstein, and the ASEAN+6 FTA, which will include ASEAN members and China, Japan, the Republic of Korea, India, Australia, and New Zealand. The Regional Comprehensive Economic Partnership (RCEP) has also resulted in negotiations on FTAs with Israel and Hongkong-China.

According to former Minister of Trade Truong Dinh Tuyen, Viet Nam is one of the countries with the largest number of FTAs, and it is an economy with great openness. Notably, by participating in new-generation FTAs at present, Viet Nam will have chances to attract investment, especially from major partners which can also become technology sources.

There will also be opportunities to boost export of not only industrial goods but also farm produce, including forestry and fishery products, and processed agricultural products. Many commodities are set to benefit from 0 per cent import tariffs immediately after the agreements take effect.

“New-generation FTAs can also raise Viet Nam’s stature in the international arena, particularly in a sensitive and important region like Southeast Asia that is witnessing strategic competition among big countries,” Tuyen said.

In APEC, after 28 years of development and 23 years of implementing the Bogor Goals on trade and investment liberalisation, the region has attained a number of significant achievements in all three of the main co-operation pillars: trade and investment liberalisation, business facilitation, and economic and technical co-operation.

Accordingly, the APEC member economies have witnessed outstanding progress in their economic-trade relations compared to other regions in the world. Trade in goods and services increased by 6.7 times, reaching about $2 trillion in 2015. The average tariff rate was cut down considerably from 17 per cent in 1989 to 5.6 per cent in 2014 thanks to consolidated trade and investment ties and the strong increase of regional trade agreements (RTAs) and bilateral FTAs. For nearly three decades, RTAs and FTAs in the APEC region have developed strongly in their quantity, size, and sophistication.

According to statistics released by the APEC Secretariat, as of the end of 2016, more than 150 RTAs and FTAs signed by at least one APEC member had taken effect. Nearly 60 of them had been inked and enforced among APEC members.

Recently, more and more new-generation FTAs in the region have paid more attention to new-generation trade and investment while effectively addressing behind-border and non-tariff issues. Thanks to the positive impacts of these RTAs and FTAs, intra-APEC trade has soared by 274 per cent, from $2.3 trillion in 2000 to $6.3 trillion in 2016.

**A NUDGE FOR INVESTMENT**

Viet Nam’s FTAs are not only valuable in terms of trade but also make the country’s investment environment livelier.

The participation in new-generation FTAs is
helping Viet Nam to access and attract an FDI inflow with greater value. Viet Nam is becoming more attractive to foreign investors than other countries in the region. Almost all key partners and investors of Viet Nam have joined in FTAs. Seventy eight per cent of FDI capital, 75 per cent of total trade in goods, and 79 per cent of foreign tourists to Viet Nam are from APEC economies.

Statistics over the past years show that Vietnamese businesses have been making relatively good use of the chance to access and capitalise on the Asia-Pacific market through APEC co-operation, as evidenced by the continuous year-on-year increase of Viet Nam’s exports to the member economies.

According to the General Department of Vietnam Customs, the country’s export turnover was estimated at $98.37 billion in 2014. It grew by about 8 per cent to $106.12 billion in 2015, and reached $119.69 billion in 2016. Seven APEC members are now among the top 10 export markets for Viet Nam: the US (first place), China (second place), Japan (third place), the Republic of Korea (fourth place), Hongkong-\ China (fifth place), Malaysia (ninth place), and Singapore (10th place).

Among them, some important partners are known as major intermediary exporters who export goods imported from Viet Nam to other countries. As a result, Vietnamese goods has had more and more opportunities to access non-APEC markets and reach consumers around the globe.

New investment opportunities have been opened for sectors that Viet Nam has export advantages in, such as textile-garment, footwear, woodwork, rice, coffee, aquaculture, pharmaceuticals, tourism, entertainment, infrastructure, and logistics. They can join the industrial cluster network led by supporting industries. There are also emerging industries such as green industry, IT and e-commerce, and innovative industries.

Notably, textile-garment holds the biggest opportunity in attracting foreign investment thanks to FTAs. With Viet Nam’s participation in an array of FTAs with the EU, the Republic of Korea, the Eurasian Economic Union, and especially the under-negotiation TPP, tariff rates will be gradually reduced to 0 per cent, generating an enormous advantage and export augmentation chance for this industry. From another point-of-view, the bright panorama of Viet Nam’s textile-garment sector also includes a strong investment wave by FDI businesses to optimise tax-related preferential treatment under FTAs.

Advantages created by FTAs have fuelled influxes of FDI and foreign indirect investment (FII) into Viet Nam. Since 2011, many investors have chosen mergers and acquisitions (M&As) to expand business activities or enter the Vietnamese market. Aside from the US, Japan, the Republic of Korea, and ASEAN countries like Thailand, Singapore, and Indonesia are becoming major M&A partners for Viet Nam.

The elimination of a large number of tariffs under various FTAs will greatly influence capital flows, especially in M&A and FDI. Another incentive for this flow recently appeared when the government eased foreign ownership limits. The Republic of Korea is a prime example of a country strongly shifting its investment flow to Viet Nam.

Although the Korea-Viet Nam FTA just came into force in 2016, many investment deals were previously conducted via FDI and FII. Thanks to the removal of another 771 tariffs, the two countries’ key export sectors like textile-garment, food materials, agricultural products and food, frozen and canned seafood, raw textile-garment materials, footwear, electronic components, and automobile and motorbike spare parts should grow even more.

Regarding the Republic of Korea’s FII inflow via M&As into Viet Nam, from 2011 to 2016, 51 per cent of the Republic of Korea’s M&As were in property while roughly 17 per cent was recorded in each of the following sectors: electricity and water, fuel, and banking.

**KEEPING CALM IN THE FACE OF OPPORTUNITIES**

New-generation FTAs are currently the main strategy for economies around the world to increase trade, including Viet Nam. Obviously opportunities from new-generation FTAs are not generated immediately, since they need time and a roadmap to be carried out. Therefore, the benefits from new-generation FTAs will appear in the mid-term future, in the next four or five years.

According to FTA negotiators, whenever negotiations finish, it is necessary to keep calm in the face of opportunities. To grasp opportunities at the national level, the government should improve infrastructure, electricity, ports, soft infrastructure, manpower quality, and its administrative apparatus. Businesses will need to reform their mindsets and compete based on their capacity and prestige instead of prices. Businesses and investors should ask themselves whether opportunities will appear – and if the answer is yes, when and which sectors and businesses will be impacted. They should return their attention to fundamental values, the governance of the money flow, payback, and profit management.

Even for APEC, its effects are not as easy to immediately see as FTAs. Only the APEC Business Travel Card, the APEC CEO Summit, and the APEC Business Advisory Council (ABAC) are directly associated with businesses. Viet Nam can make use of important channels such as the annual dialogue between the ABAC and the APEC economic leaders as well as the CEO Summit on the fringe of the 2017 APEC Economic Leaders’ Week, so that enterprises can directly talk to APEC leaders about difficulties and challenges facing them while doing business, and can voice their hopes for addressing obstacles that regional businesses have encountered.
RoK investors find soft local landing

Similarly, in recent time, we recognised that the Vietnamese government has been creating numerous favourable conditions for RoK investors, including tax reductions and exemptions, administrative reform, and other measures. Not only major cities such as Ha Noi and Ho Chi Minh City but also many other provinces and cities nationwide have offered incentives to lure investment. Among those localities are Binh Duong, Bac Ninh, Thai Nguyen, Dong Nai, Yen Bai, Da Nang, and Binh Dinh provinces. Therefore, many other RoK companies want to explore opportunities and invest in Viet Nam.

In addition, investment attraction policies in other provinces and cities have also drawn the interest of RoK enterprises. At present, a number of RoK firms are exploring investment opportunities in the provinces of Binh Duong, Thai Nguyen, Bac Ninh, Dong Nai, and Binh Dinh, and Da Nang.

This trend is expected to help distribute RoK investment to all parts of Viet Nam, contributing to balancing economic development among the country’s regions. We hope that we can contribute to the equal and sustainable development of Viet Nam.

We highly value the efforts made by the Vietnamese government over the past years, and expect to continue receiving more active support from the government so that RoK businesses can feel secure in doing business in Viet Nam.

We can see the important role of APEC in the development of member economies in particular and the global economy in general. APEC has increasingly shown its importance in expanding free trade and served as a driving force for sustainable and effective regional economic growth and linkages, thus creating fair international trade. In particular, APEC is considered one of the good tools for regional economies to reduce trade-related risks. Its members pledged to support global multilateral trade, working together and supporting each other to fight protectionism and promote development in APEC in general.

APEC 2017 is expected by businesses to be an opportunity for them to have direct talks with leaders of APEC economies. We hope that, through this event, enterprises and leaders of APEC economies can find a common voice, thus devising practical initiatives and measures to benefit businesses and create a fairly competitive business environment.

It can be seen that APEC plays an extremely important role not only for each economy, but also for relations among its members, in this case, between Viet Nam and the RoK. Members of the APEC community have policies for mutual development.

Viet Nam, once an underdeveloped country, has experienced outsized growth after joining APEC. In fact, APEC members like the RoK and Japan have contributed significantly to the socioeconomic development of Viet Nam via investment and aid. APEC members’ development and APEC prosperity will certainly benefit Viet Nam and other members alike.
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Japanese FDI shifts to consumer segment

BY BICH THUY

As Japanese investments in Viet Nam’s manufacturing sector has experienced a slowdown, Japanese firms have shifted their focus to consumer goods, services, and real estate, driven by the growing purchasing power of the Vietnamese people.

UNIQLO, Japan’s largest apparel retail chain, and retail company Muji Muji are planning to enter Viet Nam to cash in on the huge potential market, where personal consumption grows 10.5 per cent annually on average, thus contributing to a growth of 15.5 per cent a year in total retail sales and service revenues on average.

In late May, Japanese-invested Sakura Vietnam, operator of the convenience store chain of the same name, expanded its presence in Viet Nam with the opening of its ninth store in Ha Noi, after having achieved encouraging results in previous years.

“Since we opened our first store in the capital in January 2015, we have seen an increase of 40 per cent in the number of customers on-year. For example, around 500 to 1,000 customers shop every day at our store in Thai Ha street. We also have been developing franchises in other cities and provinces,” said a member of Sakura’s marketing staff.

Sakura is just one of many Japanese firms that have expanded to Viet Nam’s consumer goods and services sectors in recent years. Other big names include AEON, Family Mart, Tokyo Deli, Gyu-Kaku, Osaka Ohsho, and Daiso.

AEON entered Viet Nam in early 2014 and currently has four shopping malls, with a fifth already under construction. The company’s goal is to have 20 malls operating across Viet Nam by 2020.

“Direct investment capital from Japan in 2016 was $2.1 billion, a 17.7 per cent increase from 2015. In the last three years, Japanese investments have focused on the consumer goods, services, and real estate sectors, reflecting the growth of Vietnamese purchasing power,” said Takimoto Koji, chief representative of the Japan External Trade Organization’s (JETRO) Ho Chi Minh City Office.

Japan is the only foreign country whose businesses operate in three retail channels in Viet Nam – supermarkets, shopping centres, and convenience stores – with the number of convenience stores growing strongly and expected to reach 1,000 in 2017.

This trend is reflected in JETRO’s latest annual survey on the business activities of Japan-affiliated companies in Asia and Oceania in 2016. According to the survey, the number of Japanese-invested projects in the hotel, food, and beverage industries were double that of the previous year, while distribution and retail rose by 19.2 per cent. In terms of pledged capital, $74 million worth of Japanese investment in distribution and retail was licensed in 2016, up 10.45 per cent on-year.

CHANGES IN MANUFACTURING

According to Naoki Takeuchi, director of JETRO’s Hanoi Office, Japanese investments in Viet Nam used to focus mainly on manufacturing, but there have been changes recently.

“Japanese investments in large-scale manufacturing seem to have reached a peak, and the stability of the cheap yen has led to smaller investment scales for most projects,” he explained.

According to the JETRO survey, in recent years, the number of new Japanese-invested projects in the non-manufacturing sectors has accounted for 70-80 per cent, with the majority being small- and medium-sized enterprises (SMEs). Japanese firms tended to increase their investments in small projects worth less than $5 million, accounting for 90 per cent of the total number.

The trend has caused a decrease in Japan’s newly-registered capital, and the number of new projects in Viet Nam’s manufacturing sector in 2016 – by 28.2 and 27.5 per cent, respectively.

“Big manufacturers like Honda, Panasonic, Yamaha, and Canon are now in stable leadership positions. Currently, SMEs come to Viet Nam to supply spare parts for them,” said Hiroshi Karashima, chairman of the Japan Business Association in Vietnam (JBAV).

Meanwhile, some are still expanding in Viet Nam to cash in on the growing local demand, with Nipro and Daikin being examples.

Nipro Pharma Vietnam Co., Ltd. was established in 2012 and is fully invested by Nipro Pharma Corporation, which is the biggest pharmaceutical company in Japan. The firm is expanding to southern Viet Nam with new projects, while it is still running a factory in the northern port city of Hai Phong.

“In the future, we plan to expand our facility to churn out products with more variation,” said Ken-ichiro Kuninobu, manager of Nipro Pharma Corporation’s Business Development Division.

The air conditioner giant Daikin is constructing a $100 million project in the northern province of Hung Yen, and will put it into operation in 2018 – with a capacity of 500,000 units per year. Meanwhile, Panasonic plans to add more lines at its Malaysian and Vietnamese plants, with costs expected to amount to around ¥1 billion ($8.98 million).

POWER AND PROPERTY RETAIN APPEAL

According to JBAV’s Karashima, many Japanese companies are interested in the construction of apartments and shopping centres to bring Japanese quality to Viet Nam amid the rising demand.

One of the very first and most outstanding investors in the real estate sector coming from Japan is Tokyu, which is developing the $1.2 billion Tokyu Garden project in the southern province of Binh Duong, 30 kilometres from Ho Chi Minh City.

In another case, Mitsubishi Group joined the market in 2016, setting up a joint venture with domestic firm Bitexco to develop the Manor Central Park complex in Ha Noi. Other big names investing in real estate are Creed Group, Kajima, Daibiru Group, and Global Group.

Also seeing the potential, Karashima, who is also CEO of Sumitomo Corporation Vietnam, said that his group is also studying opportunities to invest in real estate, particularly in Ho Chi Minh City and Ha Noi. Sumitomo is also eyeing the possibilities of joining the VSIP’s integrated township and industrial park (IP) project in the central province of Quang Tri.

Power generation is another magnet for Japanese investors due to Viet Nam’s increasing demand, driven by its economic growth. Mitsubishi and Sumitomo are among the key
Japanese players in the Vietnamese power market. Many Japanese firms are also in negotiations to get licences for the three significant thermal power plants: Nghi Son II, Vung Ang II, and Van Phong I.

FUTURE BRIGHT FOR BILATERAL TIES

Japanese investors are employing the “China Plus One” strategy, which means when labour and other production costs in China are rising, investors look for additional locations to diversify their production base.

The northern region of Viet Nam is especially attractive for this strategy, since manufacturers can establish a supply chain between Guangzhou and Ha Noi.

According to the JETRO survey, with increased revenue and growth prospects, 66 per cent of Japanese firms stated their willingness to increase business operations in Viet Nam in 2016, up from 63.9 per cent in 2015. This rate was higher than that for the Philippines (54.4 per cent), Indonesia (51.6 per cent), Thailand (50.1 per cent), Malaysia (44.1 per cent), and China (40.1 per cent).

“To facilitate Japanese investments, the governments of Viet Nam and Japan are cooperating to develop two specialised IPs with many special incentives in Hai Phong and Ba Ria-Vung Tau,” said Nguyen Noi, vice head of the Ministry of Planning and Investment’s Foreign Investment Agency.

Viet Nam is encouraging Japanese investors to focus their projects in six key areas under the Viet Nam-Japan industrialisation development co-operation framework, including agro-fishery processing, electronics, automobiles and auto parts, agricultural machinery, environmental protection and energy conservation, and shipbuilding.

“We also call on Japanese investments in the form of public–private partnerships and mergers and acquisitions in state-owned enterprises, while focusing on building policies to encourage Japanese SMEs to invest in supporting industries as well as clean, high-tech agriculture,” Noi said.

Vietnamese and Japanese firms are looking for more business opportunities after Vietnamese Prime Minister Nguyen Xuan Phuc’s visit to Japan in early June, when a record number of co-operation deals were signed.

According to the Ministry of Planning and Investment, Japan is now Viet Nam’s second-largest foreign investor. In the period of January-September 20, 2017, Japan invested $5.91 billion worth of total registered capital, making up 23.17 per cent of Viet Nam’s total FDI.

As of September 20, 2017 Japan ranked second among 126 countries and territories investing in Viet Nam, with an accumulated registered capital of $46.1 billion, accounting for 14.8 per cent of Viet Nam’s total FDI.
US interest in Viet Nam rises amidst closer co-operation

Investment co-operation between the US and Viet Nam is receiving a new lease of life, which is sparking expectations of large American investments into Viet Nam. Thanh Ha reports.

A NEW LEASE OF LIFE

Big groups from the US have never before been seeking investment and business opportunities in Viet Nam as they are doing now. Previously, leading US investors made annual visits to Viet Nam together with US-ASEAN Business Council officials. On these occasions, they often explained to the Vietnamese government the bottlenecks that are hindering the implementation of their investment projects and presented proposals to remedy these hindrances.

In the year to date, Prime Minister Nguyen Xuan Phuc has welcomed top US investors to the country, including billionaire Philip Falcone, president of Harbinger Capital Partners, which is investing in the $4.2 billion The Ho Tram Strip in the southern province of Ba Ria-Vung Tau; Timothy Geithner, president of Warburg Pincus; Paul Greenwood, vice president of ExxonMobil; and most recently Kevin McAllister, president and CEO of Boeing Commercial Airplanes.

The presence of these big names could be positive knock-on effects of PM Phuc’s visit to the US in June this year. At the Viet Nam Investment Forum in New York, which was held as part of the visit, leading US investors and executives discussed investment opportunities in Viet Nam. PM Phuc and other high-ranking Vietnamese officials briefed the forum on the ongoing reforms for Viet Nam’s investment and business climate, as well as areas in which Viet Nam is calling for quality foreign investment. The PM’s message may have achieved its aim, to lure US-based investors into the Vietnamese market.

During his visit to Viet Nam, Falcone expressed his plan to continue investing in the Ho Tram Strip project. Meanwhile, Warburg Pincus signed a strategic co-operation agreement with Becamex IDC, establishing a joint venture to develop logistics warehouses and factories that adhere to international standards, with initial investment capital of $200 million. In the next four or five years, the joint venture plans to raise its investment capital to $1-2 billion.

After pouring $300 million into Vincom Retail, Warburg Pincus reached another agreement with VinaCapital to establish a joint venture specialising in investment and hotel management in Viet Nam. With $300 million committed by investors, Warburg Pincus showed its ambitions in the Vietnamese market are by no means small.

With regards to the gas giant ExxonMobil, it is preparing to inject capital into a mega-project worth at least $10 billion to exploit gas from the Blue Whale field. The project is scheduled to be completed in 2023, with a power centre to be set up in Viet Nam’s central region, with billions of more US dollars expected to be pumped into the project.

Co-operation efforts with Boeing take a slightly different form, focusing on aircraft leases and purchases for the support of Viet Nam’s aviation development. However, the firm has mentioned opportunities for Viet Nam to become an attractive destination to produce aircraft spare parts.

Falcone said that US investments in Viet Nam would grow more if the Vietnamese government continued to conduct difficult-but-necessary reforms to ensure the creation of a level-playing field for foreign companies. He explained the reason why he invested in Viet Nam, as he, with a great deal of experience as an investor, “has learnt to believe in numbers.”

Recalling the time when he began to study the Vietnamese market in the early 2000s, he said he was impressed by the potential and investment opportunities here.

“Advantages of a growing economy, political stability, and a young population have together created an attractive investment climate,” Falcone said.

Other US investors have also noticed these advantageous aspects of the Vietnamese market. Efforts made by the Vietnamese government to improve the local investment climate are myriad, with strides being made to create the best possible conditions for foreign investors.

US INVESTMENTS, NOT ONLY NUMBERS

Over the past few decades, US investments continued to flow into Viet Nam. The US ranked ninth among countries and territories investing in Viet Nam, with 846 projects worth more than $9.44 billion as of the end of September this year. In the first nine months of 2017, the investment figure stood at $400 million.

These numbers are quite moderate coming from the biggest economy among the 21 APEC members. Moreover, after the signing of the US-Viet Nam Bilateral Trade Agreement, US investors have been adamant about becoming the top investor in Viet Nam.

Minister of Planning and Investment Nguyen Chi Dung recalled more than 20 years ago, US officials often said, “Once the US enters the Vietnamese market, it will rank first.” However, Dung added, “I feel that many large US firms have yet to come to Viet Nam.”

Le Van Triet, former Minister of Trade also told a story of the past, when more than 20 years ago, the US and Viet Nam normalised their relations. Many US enterprises like Boeing, GE, PepsiCo, Coca-Cola, and John Deere showed excited interest in investing in Viet Nam, but their investment activities fell below expectations.

“Maybe our policy then was not open enough so that it drove away many businesses. We could not promptly restructure our economy and reform our policies, so we missed opportunities. As a result, companies that saw opportunities from goods trading were the first to arrive. Long-term investors and big projects came later on, as their business activities have not solidified yet,” Triet said.

Regarding lacklustre US investments in Viet Nam, Professor Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises, pointed to policies which were not transparent or visionary and limited human resources as deterrents to the inflow of quality investments from the US.

Big names like Intel, GE, Boeing, Coca-Cola, Nike, Microsoft, Citi Group, P&G, Metlife, UPS, and ExxonMobil have set up shop in Viet Nam. According to the Ministry of Planning and Investment’s Foreign Investment Agency, most of the key business sectors in Viet
Vietnam have seen the presence of big US investors, such as oil and gas with ExxonMobil and Chevron; aviation with Boeing and ADC-HAS; IT with Microsoft, Intel, and HP; electric equipment with GE, General Atlantic, and AES; and many more.

US firms are also planning to expand their operations in Vietnam. After pouring $100 million into Vietnam, Jabil Circuit, Inc. announced that it will invest an additional $500 million to expand its business in the country.

GE initially came to Vietnam to sell its products. However, seven years ago, the group built a plant in the northern port city of Hai Phong, with registered investment capital of $61 million. Three years later, it raised the investment capital in this plant to $100 million and outlined long-term plans in Vietnam in the fields of energy, aviation, and healthcare.

Similarly, Cargill has consistently invested in Vietnam, while Intel is seeking to turn the country into its leading production centre. Adidas and Nike are also moving their production lines to Vietnam.

However, according to local economists, when assessing US investments in Vietnam, it is important to investigate more than just numbers, given their contributions to the socio-economic development of Vietnam.

Intel is a perfect example. The group's investment commitment of $1 billion a decade ago helped Vietnam land investments from high-profile tech firms like Samsung, LG, and Microsoft. Intel is often analogised as a detonator, catalysing the explosion of big and quality investments into Vietnam.

**A RASH OF VIETNAM-US CO-OPERATION**

Nearly 20 contracts and co-operation agreements valued at around $10 billion between Vietnamese and US firms were signed during Prime Minister Phuc's official visit to the US in June this year. This number signals the formation of further deals set to be made between Vietnamese and US firms, with more upbeat signs for the future.

Minister Dung told the press that he has always applauded the role of US investors. Apart from their financial capacity, they have advantages in source technology, high technology, and experience in business governance.

Moreover, with its scale, US market has generated great influence on the global economy. Co-operation with the US, therefore, is expected to spur Vietnam's economic growth and bring benefits to the US economy as well.

During his stay in the US, Prime Minister Phuc talked about Vietnam's exports of Nike-branded shoes to the US – which reached 138 million pairs this year – stressing that if each pair was sold at a price of $100, Vietnamese firms would earn only $22, while those from the US would pocket $78. Therefore, US-Viet Nam co-operation is mutually beneficial.

"Trade and investment co-operation with Vietnam doesn't take away jobs from Americans or adversely affect the interests of the US. On the contrary, it promotes growth, generates jobs, and increases the bilateral trade turnover," Minister Dung said.

PM Phuc also called on US investors to participate in restructuring Vietnam's state-owned enterprises, and invited them to become strategic partners in the process.

"I think that US investors should speed up their entry so they don't lag behind investors from Japan, the Republic of Korea, and China," Minister Dung stressed.

In fact, over the past few decades, many US businesses have overcome historical barriers to enter Vietnam. Opportunities for stronger trade and investment ties between the US and Vietnam are approaching.

"Doors to success are open and opportunities are being created. Therefore, there are no reasons preventing us from co-operating and enjoying success together. The harmonisation of culture and values between the US and Vietnam has created a firm foundation to allow us to move forward to a brighter future," said Minister Dung at the US Investment Promotion Conference in Washington, D.C. in September 2016. This statement rang true then, and it remains true today.
AmCham Vietnam, representing more than 600 member companies in its Hanoi and Ho Chi Minh City chapters, continues to applaud Viet Nam’s economic growth and ability to attract foreign direct investment (FDI). From $3 billion in 2005, $4 billion in 2006, and $11.5 billion in 2008, Viet Nam’s FDI attraction grew to $15.8 billion in 2016. During the first nine months of this year, it is encouraging to see GDP growth of 6.4 per cent and registered FDI capital up more than 30 per cent when compared to the same period last year. Certainly the Vietnamese government’s continued and increasing efforts in reducing red tape and providing incentives are contributing to these results. It is also wonderful to showcase Viet Nam during this important year, when it is hosting APEC and the numerous events occurring on the sidelines.

As I have had the opportunity to meet with Viet Nam’s central and provincial leaders, I am often asked, “What will it take to increase American FDI?” Despite the fact that the US is Viet Nam’s largest export destination and second-largest trading partner behind China, Vietnamese leaders believe American FDI investment should be higher. For example, between January and August of this year, US-backed investments in Viet Nam ranked ninth, just behind Thailand. The total registered capital from the US during the same period – $370 million – is only 6 per cent of Viet Nam’s leading FDI investor, the Republic of Korea, which registered over $6 billion.

It is important to note that American investment in Viet Nam is higher than shown by its FDI ranking. For you see, there are a number of FDI projects in Viet Nam which are registered via an American company’s subsidiary based in a different territory. For example, some Singapore, Hongkong-China, and British Virgin Island investments in Viet Nam will likely have an American parent company. That said, according to the June 29 Congressional Research Service report titled “U.S. Direct Investment Abroad: Trends and Current Issues”, US FDI is decreasing in developing economies and increasing in developed economies. The report’s author James K. Jackson wrote, “Patterns in US direct investment abroad often reflect fundamental changes that occur in the US economy during the same period. As investment funds in the US economy shifted from extractive, processing, and manufacturing industries toward high technology, services, and financial industries, US investment abroad mirrored these changes.” During the first nine months of 2017, the nature of FDI to Viet Nam was predominantly in the areas of processing and manufacturing. Viet Nam is doing a great job at attracting investments in sectors that are less likely to receive American investment.

Another slight setback to American FDI is the US administration’s withdrawal from the Trans-Pacific Partnership (TPP). There will likely be some companies which will not give Viet Nam as much consideration for investment, while some might wait and see before investing due to a lack of preferential trade advantages that the TPP would have provided. Nevertheless, the US-Viet Nam trade relationship has seen remarkable growth, from around $1 billion in 2000 to more than $52 billion in 2016. The relationship is significant and will continue to grow, and investments by American companies in Viet Nam will surely be sound business decisions.

As Viet Nam’s economy continues to mature, foreign direct investment from the US is primed for an upswing, riding the wave of free trade agreements, improving infrastructure, and a more transparent and enabling business environment. Chairman of AmCham Vietnam, and general director of Medovations Vietnam, Jonathan L. Moreno shares his views on US investment in Viet Nam.

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investment?

First, the government of Viet Nam should eliminate barriers and restrictions in industries which are more likely to receive American investments. For example, operating, importing, distribution, warehousing, and transportation restrictions on foreign-invested pharmaceutical and medical device companies cause significant under-investment in Viet Nam’s healthcare system. Another example would be banking and technology regulations that limit investments in financial services sectors.

Second, as Viet Nam opens its doors to American imports, ancillary American investments will also increase. In 2016, US food and agricultural exports to Viet Nam reached a record $3.04 billion, an increase of 17 per cent from 2015. As a result Viet Nam is now the eighth-largest agricultural goods export market for the US, climbing from the 11th position in 2015. As these US agricultural imports grow, so will opportunities for US FDI to provide further processing and additional complementary aspects to the respective supply chains.

Third, as Viet Nam continues to integrate with the ASEAN Economic Community and implement reforms per the recent Bali WTO trade facilitation agreement, it will enhance its investment attractiveness. Viet Nam is also wisely engaged in multiple free trade agreements, such as the EU-Viet Nam Free Trade Agreement (EVFTA) and the Regional Comprehensive Economic Partnership (RCEP). AmCham also encourages Viet Nam to continue moving forward with the so-called TPP-11. Although the US might miss out on some of the benefits from having pulled out of the TPP, American businesses will recognise the importance of investing in Viet Nam and other economies party to these agreements so that they can stay competitive within these markets.

AmCham Viet Nam member companies are either American companies or companies substantially involved with trade and investment between Viet Nam and the US. Just recently, and related to American FDI in Viet Nam, we have had multiple member companies expanding their investments, one that restarted a paused high-tech clean energy investment, and countless prospective members contacting us for information regarding whether, how, and where to invest in Viet Nam. We are very positive about Viet Nam and are committed to supporting activities which are directed to the improvement of business conditions related to trade and investment between Viet Nam and the US. The future remains bright.
Thai trade a natural fit

Recent years have seen rising waves of Thai investment into Viet Nam. Saranya Skontanarak, chairwoman of the Thai Business Association and general director of Siam Commercial Bank Vietnam, gives insight into why this number could grow in the future.

The Kingdom of Thailand and the Socialist Republic of Viet Nam began to form diplomatic relations in 1976 – we celebrated the 40th anniversary of this friendship last year. After the Doi moi reforms, Viet Nam became committed to the transformation toward a more integrated and international society.

The two countries’ economic relationship was further cemented with the Bilateral Investment Treaty signing in 1991. Since then, Thai investors have been investing in Viet Nam, assisted by Viet Nam’s entry into the ASEAN bloc in 1995 and subsequent WTO accession in 2007. More recently, the ASEAN Economic Community (AEC) – which came into force in 2015 – has had a positive impact on Thai investment in Viet Nam.

THAI TRADE AND INVESTMENT

Thailand is surrounded by fast-growing neighbours – Cambodia, Laos, Myanmar, and Viet Nam (CLMV) – that are spurring new growth opportunities for trade and investment. Among the CLMV markets, Viet Nam is the top destination for Thai Investors. A positive economic outlook, a sizeable market, and a rising middle-income class are at the crux of Viet Nam’s investment potential. With the establishment of AEC, regional integration and co-operation activities have become increasingly proflific. Viet Nam will keep attracting more foreign direct investment (FDI) from not only Thailand, but from ASEAN as a whole and investors from other countries as confidence increases.

FDI from Thailand into Viet Nam has been growing every year. Currently, Thailand is the 10th-largest investor in Viet Nam, with over 440 projects having been commenced. Most of this Thai-backed FDI is focused on processing and manufacturing, but in recent years, more attention has been given to industrial infrastructure, retail, and consumer products.

The current state of Thai FDI in Viet Nam is underpinned by two significant trends. First, the Vietnamese economy continues to develop, and it has become an important hub for manufacturing; therefore, there is a growing need for infrastructure to support industrial facilities. Second, Viet Nam’s rising middle class has pushed the demand for lifestyle products, which open doors for more business opportunities in consumer products for international investors.

The cross-border trade between Thailand and Viet Nam is yet quite small when compared to trade with Cambodia, Laos, Myanmar, and Malaysia, however trade volumes keep rising, especially exports from Thailand to Viet Nam. Thailand-Viet Nam trade has shifted, and we now see more exports of consumer products and imports of manufacturing products from Viet Nam.

The top Thai exports to Viet Nam are refined petroleum, vehicles and spare parts, processed food, and fruits; the top Vietnamese exports to Thailand are phones and their spare parts, computers and their spare parts, motors, and vegetables. Thai products are well received in Viet Nam due to their high quality and affordable prices. This has caused Thai entrepreneurs to extend their reach into the Vietnamese market.

Thailand is several years ahead of Viet Nam in terms of economic development, so Viet Nam is always on the radar of Thai firms as they look to grow and expand. It is believed by many that Viet Nam could surpass Thailand in the next 15 years. On another hand, Thailand would like to enhance its role in the region by sharing knowledge and best practices in economic and social development. There are many experiences that Thailand can share with Viet Nam, especially regarding the costly lessons of the 1997 economic crisis.

Thailand applies His Majesty King Bhumipol Adulyadej’s Sufficiency Economy philosophy to promote sustainable development. Thai companies have been using the Sufficiency Economy doctrine to create a sustainable and profitable future for Thai-backed companies both domestically and abroad.

Sufficiency Economy is a method of development based on moderation, prudence, and social immunity, one that uses knowledge and virtue as guidelines in living.

His Majesty King said, “Economic development must be done step by step. It should begin with the strengthening of our economic foundation, by assuring that the majority of our population has enough to live on. Once reasonable progress has been achieved, we should then embark on the next steps, by pursuing more advanced levels of economic development.”

Sufficiency Economy is supported by three pillars: moderation, reasonableness, and risk management. Any decision or activity must be carried out using prudent knowledge and integrity. This is where sustainable development will truly be achieved.

Many of the ideas first outlined by the king have now been adopted by companies, both large and small, including those operating in Viet Nam. For example, in corporate social responsibility, many companies now practice community outreach, and sustainability has become a common approach to business planning. Thai companies have conducted business using these principles, emphasising moderation in performance, acting reasonably, and protecting the values of their firms and societies.

There are many bilateral initiatives and collaborations between the governments of Thailand and Viet Nam. However, the private sector’s collaborations are crucial, as the private sector plays a key role in boosting trade and investment.

The Thai business community is ready to support Viet Nam in its development and sends sincere wishes for the success of the 2017 APEC summit.

* Thai Business (Vietnam) Association was established in February 1999. Currently it has more than 200 members who work in more than 150 companies in Viet Nam.
Industrial Property

- **Area**: 1,226 ha
- **Incentive**: 10% CIT in 15 years & more
- **Labor cost**: 3rd region
- **Facilities**
  - Water supply: 5,000 m³/day (Phase 1)
  - STP: 6,000 m³/day (Phase 1) FFS: 24/7

Residential Property

- **Area**: 254 ha
  - Phase 1: 99 ha
- **Amenities**
  - Central Park: 21,000 m²
  - Plaza: Eateries, In-door Playground, Gym, Tennis Courts

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SBAV connects economies

Trade and investment co-operation between Viet Nam and Singapore has grown significantly since the signing of the Viet Nam-Singapore Economic Connectivity Agreement in 2005. Jazreel Lim, president of the Singapore Business Association of Vietnam, writes on how more Singaporean firms are tapping into the local market’s potential as the region grows closer.

Trade and business links between Singapore and Viet Nam have been robust ever since the bilateral diplomatic relation was established back in 1973, or 44 years ago. Key Singaporean firms have been investing in Viet Nam for at least 10-20 years. Singapore has been among the top five foreign investors in Viet Nam by value – third in 2016 and fourth during the first half of 2017. Broadly speaking, real estate and construction are the two most active sectors for Singaporean firms in Viet Nam.

APEC’s role in facilitating regional integration has proven indispensable in promoting economic and trade growth in the Asia-Pacific region. Free trade agreements (FTAs) are the cornerstone for reducing trade barriers between members, which assist in the harmonisation of standards and regulations. Streamlined customs procedures have enabled goods to move more easily across borders. Once the challenges of documentation requirements of rules of origin have been overcome, with infrastructure continuously improving and doing business becoming more transparent, Viet Nam’s geographical advantage and young demographics will position it to reap the benefits of FTAs.

The APEC Business Travel Card is a simple but powerful APEC initiative that facilitates the movement of business travellers across APEC member economies, including in and out of Viet Nam. Singapore Airlines recently celebrated 25 years of operation in Viet Nam, and showed the growth of the business from six flights per week between Singapore and Viet Nam in 1992 to the current 65 flights per week. The close working relationship between Singapore Airlines and the Civil Aviation Authority of Vietnam (CAAV) was exemplified at the anniversary dinner held in October 2017, which was graced by Vo Huy Cuong, deputy director of CAAV and Catherine Wong, Singapore Ambassador to Viet Nam. There was a sense of significant mutual trust and respect between the two countries.

Hosting APEC 2017 presents both challenges and opportunities for Viet Nam. Da Nang and central Viet Nam are receiving particular exposure, and are rising quickly as prime investment locations. Hosting APEC 2017 has also allowed for pre-events, which build anticipation and help participants prepare for the main show. Post-events will also be held, which will help to put into action the thoughts and ideas generated during the co-operation conference. For example, Shanmugam Retnam, founder of Asia Institute of City Management (AiCM), a social enterprise founded in Singapore, will host the Vietnam City Branding Summit 2018 in Quang Nam province in partnership with EuroCham, UNESCO, AMC, and Masso Group to facilitate greater interaction between both countries.

Retnam said, “The focus of this thought leadership platform is on economic city branding, presenting a neutral platform for greater private and public sector engagement to generate business. The Vietnam City Branding Summit 2018 will attract businesses from Singapore and ASEAN from the urban, creative cultural, technology, green growth, and infrastructure financing sectors. It is these platforms and other industry-led events organised by the Singapore Business Association of Vietnam (SBAV) and other agencies that will continue to bring both countries closer.”

Despite the monumental advances in recent years, APEC economies still have huge growth opportunities. For instance, infrastructure gaps in some parts of the region and its member economies are in the order of trillions of US dollars. Funding these projects requires commitment and co-operation between governments, development banks, and the private sector.

We see a clear focus by Viet Nam on renewable energy in order to meet the gap between the power supply and demand. Circular No. 16/2017/TT-BCT which regulates solar power projects and provides standard power purchase agreements for solar power projects was issued in September 2017. This followed the prime ministerial Decision No.11/2017/QD-TTg in April 2017, which announced incentives and a new feed-in-tariff (FiT) for solar power projects in Viet Nam. These are active steps taken by Viet Nam towards its plan to generate 21 per cent of its energy via renewable sources by 2030, which is regarded positively by investors as it highlights the commitment of Vietnamese policymakers to foster renewable energy and green growth.

Solar power project development would typically take more than three years, from the identification of a viable site until commercial operation. The current circular stipulates that the FiT incentive is only applicable to projects that will commence commercial operation before June 30, 2019. This becomes a key concern for developers to consider before committing to projects.

SINGAPORE’S MOST INVESTED SECTORS IN VIET NAM
(CUMULATIVE UP TO FEBRUARY 2016)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Registered capital (billion USD)</th>
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<tbody>
<tr>
<td>Real estate</td>
<td>10</td>
</tr>
<tr>
<td>Industrial manufacturing</td>
<td>13.37</td>
</tr>
<tr>
<td>Services (food &amp; accommodation)</td>
<td>1.88</td>
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In 2016, Singapore was Viet Nam’s third-largest FDI source

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<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>1H2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered capital (billion USD)</td>
<td>24</td>
<td>25</td>
<td>29</td>
<td>33</td>
<td>36</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>Number of projects</td>
<td>990</td>
<td>1,079</td>
<td>1,219</td>
<td>1,353</td>
<td>1,569</td>
<td>1,807</td>
<td>1,932</td>
</tr>
</tbody>
</table>

(Source: The Ministry of Planning and Investment)
for interested project developers as they would have to weigh various factors such as the availability of the grid, project delays, and financing costs. But most critically: will the project be entitled to the new FIT. The ongoing holistic development of the regulatory framework is a key factor influencing investors’ business decision in Viet Nam.

The Viet Nam-Singapore Economic Connectivity Agreement signed in 2005 focuses on six main areas of finance, education and training, transportation, information technology (IT) and communication, investment, and trade and services, the level of collaboration and mutual business opportunities – especially in the sectors of transportation, investment, and trade and services – is clearly evident. Singapore has been Viet Nam’s sixth largest trading partner, with the most common traded commodities between Singapore and Viet Nam being fuels, machinery, technology, and chemicals.

Retnam from AiCM is of the view that “the relationship between Singapore and Viet Nam is beyond politics and business with the exchanges of knowledge and partnerships on many fronts. Viet Nam is the largest international alumni in the Civil Service College of Singapore, a government training institution where numerous government officials have attended programmes at CSCs Buona Vista campus, Anglo Chinese School International (ACSI). Numerous other primary and secondary schools continue to educate Vietnamese students. Bonding between our people at a deeper level is valuable to both countries, which for the same reason led more Singapore companies to investigate and incubate their business ideas in Viet Nam.”

The most common traded commodities between Singapore and Viet Nam are fuel, machinery, technology, and chemicals.

The signing of a memorandum of understanding between the Da Nang People’s Committee and Sembcorp Development on the construction of a Da Nang-based software hub is an example of the increased interest in the IT sector.

With investors that are actively exploring businesses which focus on innovation and technology, it is essential for Viet Nam to strengthen the protection of intellectual property rights.

As private businesses in Viet Nam continue to grow, we may also start to see an increase of outbound investment from Viet Nam to Singapore, forging a deeper link between both countries.

Continued mutual trust, transparency and ease of doing business in Viet Nam, and continuous development of the regulatory frameworks are factors that will continue to boost the trade and investment ties between Viet Nam and Singapore.

| FROM 2005 TO 2016, SINGAPORE WAS VIET NAM’S SIXTH-LARGEST TRADING PARTNER |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Trade (million USD)           | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      |
| Imports                       | 4,482     | 6,274     | 7,614     | 9,378     | 4,248     | 4,101     |
| Exports                       | 1,917     | 1,659     | 2,234     | 2,714     | 2,076     | 2,121     |

| (Source: The import-export annual report – the Ministry of Industry and Trade) |
Australia remains sleeping giant for FDI

Australia, a founding member of APEC, has had a diplomatic and business relationship with Viet Nam for a long time. Matthew Lourey, Australian Chamber of Commerce (AusCham) director in Viet Nam, analysed Australian investment in Viet Nam, opportunity, and perspective.

Please give us a brief on AusCham’s operations in Viet Nam?

AusCham Viet Nam is a membership-based organisation that is not-for-profit and non-governmental. It does not receive any funding from the Australian government or its agencies and is therefore 100 per cent independent.

AusCham represents and promotes the interests of our member businesses, which are typically linked to Australia via ownership, customers, suppliers, or staff. Our chamber has two chapters, one in Ha Noi and another in Ho Chi Minh City. We have so far 589 members from a mixture of corporate, non-profit, individuals, non-governmental organisations, and alumni members.

The National Board comprises 12 voting members (eight from Ho Chi Minh City and four from Ha Noi) in different sectors: bankers, lawyers, accountants, insurers, educators, and many others. We also have three non-voting ex officio members from the embassy, consulate, and Austrade.

Australia is not the nation with the largest investment in Viet Nam by a long way, but we do have investments in a different way in that talent and education is a very important part of what we bring to Viet Nam, and what helps Australia economically and Viet Nam economically.

Apart from Ha Noi and Ho Chi Minh City we have official AusCham representatives in Da Nang and Nghe An.

How is the investment flow from Australia to Viet Nam now?

According to figures from the Ministry of Planning and Investment, as of August 20, Australian foreign direct investment (FDI) into Viet Nam reached $1.84 billion in registered capital across 411 projects at an average of $4.48 million per project. Australia is the 19th-largest investor to the Vietnamese market.

I might say that the above figure is not equal to the potential at which Australian companies value Viet Nam’s market. However, I also want to have further analysis on this figure. Even though FDI from Australia is not as high as other countries like the Republic of Korea, Japan, or Singapore, we are a little bit different.

While other companies are pouring most of their investment into manufacturing and other direct investment, Australia is a global partner; it is quite common when we invest outside it is quite difficult to measure, as much investment goes through regional holding structures. Moreover, Australia is now moving forward to trade and services and we are doing very good trade between Australia and Viet Nam.

Australia is moving toward services and consultancy and trade, rather than an intensive manufacturing sector. That means, even though Australia is not at the top of the largest investors to Viet Nam, we are mainly doing services. Viet Nam is a country with a large export volume during the last years, so services for supported sectors are very important.

We see Viet Nam as a close neighbour with direct flights, cheaper labour, and a much easier business climate than many other Western countries. We are bringing to Viet Nam many experts and consultants in banking and accounting, lawyers, technicians, designers, architects, and many others.

In trade, we have great products; in food and agriculture products we are better than anywhere in the world. These clean products are dominated by Australia in the market.

Australian companies have been working with Vietnamese companies to provide great products to the Vietnamese market. It does not come up in FDI figures, but in two-way trade and how we help the industry develop. We also have a long-time co-operation in training and educating farmers how to have clean products in the best and most sustainable way.

Which sectors in Viet Nam are catching Australian companies’ attention?

If you look at the planning of infrastructure here, the engineering and designing companies that you deal with, Australia is present in a lot of projects. Many experts and designers are present in Viet Nam. We have not yet become involved directly in the improvement of Viet Nam’s infrastructure system because we do not have something like state pension funds which can invest in those projects. But we are offering a range of services and consultancy in this field.

I think Viet Nam should find investment flow from private funds of Australia. We have a 40-year private pension fund, however it is quite passive and I think it should be told about the opportunity to invest into Viet Nam. This fund so far has not flowed much to Southeast Asia.

As Viet Nam keeps maturing its profile I am thinking that in the near future it will be more attractive for longer-term assets.

The opportunity for Australian companies, I think, should be in education, startup business, setting up a tech hub, and medical and healthcare treatment.

Viet Nam is a certain way in the mindset of Australian investors as to where the country is now. But this mindset is changing. It is a little bit “Asia”, a little bit distant, but it is comfortable and somewhere people are happy to travel individually, spend time. This is a good base for developing a medical tourism business, which would bring knowledge and benefits to the country.

The government of Viet Nam is accelerating its efforts to improve the country’s business environment. What is your assessment of those efforts and what are Australian companies’ sentiments about Viet Nam?

I think that the biggest issue at the moment to encourage FDI and tourism from Australia into Viet Nam is the visa. The Vietnamese government is doing quite well in this mission with...
the granting of e-visas for 40 countries, visa exemptions for some Western countries, and for some other Western countries offering free visas for 15-day stays in Viet Nam. This sometimes has not been paid much attention, however it plays a really important factor in investment and tourism attraction to Viet Nam. Of course many other factors are also making an impact on Australians’ decisions, such as potential, investment incentives, and policies as well.

How has trade between Australia and Viet Nam been recently?

According to the Australian Department of Foreign Affairs and Trade, in the 10 years through 2016, Viet Nam was Australia’s fastest-growing export market in the ASEAN region, averaging 12.5 per cent annual growth.

This is as a result of the investments being pursued on both the Vietnamese and Australian sides, and shows the growing importance of Viet Nam to Australian business. Viet Nam is now Australia’s 15th-largest trading partner.

We are seeing many more two-way trade missions both from and to Australia with Viet Nam. We also welcome more Vietnamese authorities to visit Australia. There have been many government meetings and government delegations we host in both Australia and in Nghe An province to pave the way for this. These might have long-term payoffs, but it is very important to create a relationship and it shows that the government of Viet Nam is serious about it and sees this potential.

That is exciting. We have encouraged our members to really get involved with the Vietnamese government because it is important from government to government, and the government is spending money in taking people to learn and encourage investment in general.

The good thing we have seen is that many trade delegations and trade representatives have joined our meetings to explore the markets of the two countries. The government does not simply say, “You must invest your money” – they are focusing on how to create a long-term relationship, what are the skills that Australia can offer, where is the opportunity. All of these are things we can do together.

The government approach now is to upgrade and expand this relationship. Using the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) for trade agreements is a benchmark and opportunity in which we have to take advantage. The government is showing that trade is much simpler, tariffs have been reduced and Viet Nam is an attractive place for investors. I think we will see much return over the next five years, but the more important return is the government’s effort to continue this very positive approach.

This is particularly true for inbound investment of money and knowledge and encouraging continued investment into Viet Nam.

APEC Viet Nam 2017: Responsibility, Mobility, Sustainability, Innovation

How do you see the impact of trade pacts such as the AANZFTA on Viet Nam so far?

The AANZFTA is a benchmark agreement for improving trade between Viet Nam and Australia. This FTA really brings a lot to Viet Nam. Both countries are happy to do this FTA, they are happy to create and encourage trade, so I see this as really a win-win.

This agreement, along with tariff reductions, will encourage trade and knowledge among the three parties for sure. The good impact was also brought to Australian companies who are bringing Vietnamese goods to Australia, like Viet Uc in the Mekong Delta. Some of the companies are taking those advantages and leading the way.

What is your expectation of investment from Australia to Viet Nam in the coming time?

I don’t think we are going see great changes in the next two or three years, but the changes that we are going to see will be as Viet Nam starts to move away from manufacturing as it matures. We say Viet Nam traditionally is low valued-added and is moving to higher value-added reprocessing. It will be a lot higher value-added with the coming revolution of the Vietnamese economy, it will become more technology- and services-focused. That is where I think direct investment will flow, so investment will change in the future with free trade and Australian investments will happen with other encouragements like the ease on visas and ownership for foreigners in Viet Nam.

In conclusion, the short term will not be much changed, but in the medium to long term there will be good opportunity.

How will AusCham help to drive investment from Australia to Viet Nam?

AusCham will broaden its activities in Viet Nam in making wider relationships, helping foster trade, and helping Australian companies in Viet Nam and companies from Viet Nam succeed. We are really a connecting point. We don’t measure our success by the number of members or by dollar value, we measure by the number of relationships that we have connected. These could be organising meetings, business matching, and discussion among parties and sides, events, and seminars, to find out opportunities to do business in both countries.

We are very proud of the connections that we have had so far, which will foster our activities in the time to come.
New Zealand: An APEC champion from the get-go

As a member of APEC since its inception, New Zealand has grown more and more attached to the forum. Given the experience from its last hosting of APEC in 1999, New Zealand has collaborated closely with Viet Nam in finding solutions to promote inclusive growth, in a bid to spread the benefits of free and open trade – a priority for Viet Nam’s 2017 host year of APEC. New Zealand’s APEC senior official Alison Mann writes.

New Zealand has been a member of APEC from the beginning in 1989, when 12 economies came together in Canberra, Australia, for an informal ministerial-level dialogue. Since then APEC has grown to become the primary economic forum in the Asia-Pacific region, and New Zealand has been there every step of the way.

Our APEC region is diverse, dynamic, and a driver of global economic growth. Key to that success has been the commitment of all member economies, including New Zealand, to deepen the regional economic integration that sits at the heart of APEC. Through collective and unilateral action, underpinned by APEC’s voluntary and consensus-based approach, we are continuing to transform our region to bring prosperity, stability, and security for our peoples.

New Zealand has been a strong advocate of APEC’s trade and investment liberalisation agenda. For more than 30 years, New Zealand has been removing barriers to imports, ending subsidies, and making it easier to do business in our economy. This has boosted New Zealand’s economic growth, lifted living standards, and benefited our people. Our experience has shown that open markets and the free flow of trade are ultimately in everyone’s best interests.

Our own experience has been replicated across APEC. As a result of policies championed by APEC, real GDP in the region increased from $16 trillion in 1989 to $20 trillion in 2015. People saw their per capita income rise by 74 per cent, lifting millions out of poverty. Consumers have also benefitted from improved competition policy and increased innovation, which has driven down costs and made goods and services more affordable and accessible. Whether it’s building capacity and learning best practice from the experience of others, or work programmes and specific initiatives such as the APEC Services Competitiveness Roadmap, APEC’s work will continue to benefit the people of our region both directly and indirectly.

Part of the reason that APEC has been so successful is that, as a voluntary, non-binding forum, it acts as an incubator where we can explore new concepts and ideas. New Zealand greatly values APEC’s ability to be courageous and lead fresh thinking. The APEC Environmental Goods List, which committed members to reducing tariffs on 54 environmental goods, is a great example of APEC being bold and creative. New Zealand played a key role in achieving consensus on the APEC Environmental Goods List, and we would encourage APEC to continue to be a forum for other innovative ideas.

New Zealand leads in areas of APEC’s work where we have particular expertise to offer. As one of the most business-friendly countries in the world, as ranked by the World Bank, we champion APEC’s “Ease of Doing Business” work. Our active contribution to APEC’s efforts to prevent and combat corruption is enabled by New Zealand’s experience as first in the world for the least corrupt public sector, according to Transparency International (2016). In addition, we have contributed to APEC through talented New Zealanders. We acknowledge the contribution of renowned New Zealander Dr. Alan Bollard as APEC’s executive director for the past five years. Our leadership of the Economic Committee, through the chairmanship of Professor Bob Buckle during 2007-2008 and Rory McLeod during 2013-2017, demonstrates the importance New Zealand attaches to APEC’s structural reform work. Addressing behind-the-border barriers, encouraging good regulatory practice and good governance, and improving competition policies – being the core areas of APEC’s structural reform work – are even more important today as they were a decade ago for driving productivity and increasing economic growth.

Our contributions also come in the form of supporting APEC as an organisation to address the challenges that lay ahead for our region. Viet Nam is continuing the conversation started by Peru last year on the future vision for APEC. New Zealand is engaged in these discussions both from the standpoint of a member economy and as a future APEC host in 2021. Work is already underway in New Zealand to ensure that our APEC host year is successful and productive, and we are working closely with future host economies to maintain momentum and continuity in APEC’s work. The last time New Zealand hosted APEC was in 1999. APEC had some significant achievements that year, including approval of the APEC Business Travel Card scheme, which becomes even more popular every year. Other achievements included the endorsement of a Mutual Recognition Arrangement on Electrical Equipment and a Framework for the Integration of Women in APEC. These were practical and topical initiatives for that time.

However, APEC was quite different in 1999. As an organisation it has grown both in size and complexity over the past 28 years to evolve with the emerging challenges in the Asia-Pacific region. APEC is grappling with some increasingly complex issues, such as how to promote inclusive growth to spread the benefits of free and open trade more widely. This is one of Viet Nam’s priorities for its 2017 host year and on which New Zealand has collaborated closely with Viet Nam and other APEC economies. APEC’s work to promote inclusive growth will complement and reinforce APEC’s trade liberalisation agenda, as well as empower disadvantaged groups to better participate in our economies. New Zealand will continue to approach these challenging discussions in APEC the same way we do with all our partners; with integrity, openness, honesty, and in the spirit of co-operation.
Regent Phu Quoc is a spectacular waterfront property comprises luxurious hotel rooms and private residences including lake villas, beach villas and sky villas – each with an extensive private pool and magnificent sea views. Its structure merges traditional Vietnamese design with clean, contemporary lines, affording vistas of the sea and the resort’s lake. Rooted in the harmonious and complementary balance of yin and yang, Regent Phu Quoc embodies timeless elegance alongside state-of-the-art technology. The result is understated luxury and bespoke hospitality that is simply world-class, infused with the unique essence of its distinct locale.
Viet Nam has pursued various initiatives to facilitate trade liberalisation, enabling it to diversify its production base to higher value-added areas, source inputs from a wider range of overseas markets at more competitive prices, enhance the transfer of technology, and boost the competitiveness of its exports.

Since 1990, when Viet Nam started to transition to a market-oriented economy, the economy has expanded at a spectacular pace, propelling the country to middle-income status. It has kept growing at a rate of more than 6 per cent for the last three years. This transition was underpinned by a set of reforms adopted in 1986, which paved the way for Viet Nam to join the Association of Southeast Asian Nations (ASEAN) in 1995 and sign numerous bilateral free trade agreements (FTAs).

An important milestone in solidifying Viet Nam’s commitment to free and open trade was the adoption of the Bogor Goals, agreed upon by APEC member economies in 1994. The Bogor Goals provide a framework aimed at reducing barriers to trade and investment. Following the completion in 2010 of the first phase targeting trade with developed economies, Viet Nam is pushing efforts to meet the second phase for developing countries by the 2020 target as it hosts APEC 2017, a year of APEC meetings held in Viet Nam, which will culminate with the 2017 APEC Economic Leaders’ Meeting in the central city of Da Nang from November 6-11.

Notably, it was Viet Nam’s entry into the World Trade Organization (WTO) in 2007 which encouraged a massive inflow of foreign direct investment (FDI). FDI jumped from $2.4 billion in 2006 to $7 billion in 2007. A hub for low value-added manufacturing, together with its low wages, the country brought in billions of US dollars in FDI. From January 2016 to September 2017, Viet Nam recorded $28.3 billion in disbursed FDI as the economy moved up the value chain in a shift to high value-added production. The state has also played a pivotal role in steering foreign investment into priority areas to optimise the capacity of capital inflows as engines of growth.

**VIET NAM’S ADVANTAGES FOR APEC INVESTORS AND ENTERPRISES**

Attractive opportunities for investment, socio-political stability, membership in the WTO, participation in multiple global economic integration frameworks, and favourable corporate tax rates in special economic zones have made Viet Nam one of the most attractive investment destinations globally.

APEC partners are among the top investors in Viet Nam, thanks to lucrative investment opportunities and targeted initiatives by the Vietnam Chamber of Commerce and Industry to connect businesses directly and build partnerships at the executive level across all economies, such as the APEC CEO Summit.

Viet Nam’s membership in APEC has also enabled it to enhance its infrastructure development, increase the transfer of technology and management skills, and improve market development through technical and economic co-operation exchange programmes.

Moreover, Viet Nam remains focused on improving its business climate. A new draft Law on Special-Administrative Economic Zones is expected to be discussed by the National Assembly later this month or next. The draft law focuses on building a more favourable business environment in three special economic zones in Quang Ninh, Khanh Hoa, and Kien Giang provinces. It aims to simplify investment at a regional level, especially for public-private partnerships and offshore investment projects.

FDI in Viet Nam is climbing as the economy moves up the value chain to higher value-added production.
Trade liberalisation and the technology transfer it can bring would help Viet Nam to achieve its mission of diversifying production and participating in higher value-added areas.

The law would also provide improved access to land for domestic and foreign investors. Investment projects in the priority areas of research-and-development, healthcare, education, and projects advancing strategic interests would be granted 99-year land leases. Furthermore, it would provide tax incentives, especially for startups and enterprises operating in the aforementioned industries.

OTHER KEY INITIATIVES TO LIBERALISE TRADE AND THEIR EXPECTED BENEFITS

The Regional Comprehensive Economic Partnership (RCEP), which was launched in 2012 and is currently under negotiation, is an initiative that would help Viet Nam achieve the Bogor Goals by the target year of 2020, by reducing barriers to trade and investment and strengthening co-operation between developing economies.

The initiative aims to connect the 10 ASEAN economies, including Viet Nam, with six existing FTA partners (China, India, Japan, the Republic of Korea, Australia, and New Zealand) under one overarching FTA, thereby establishing one of the world’s largest free-trade zones. The partnership, which would represent around 30 per cent of global GDP, seeks to deepen ties between the participating economies, including strengthening connections between leading regional manufacturing hubs.

The EU-Viet Nam Free Trade Agreement (EVFTA), also launched five years ago and expected to be ratified in 2018, has a similar premise: to widen economic prospects through further trade liberalisation. The EVFTA is seen as one of the furthest-reaching and most ambitious trade and investment bilateral agreements ever between the EU and a developing country. Under the agreement, over 99 per cent of existing tariffs would be dismantled over the next decade, with different tariff elimination timelines for different export goods.

Both agreements promise to improve access to Europe and Asia-Pacific, respectively, for Viet Nam’s exports by reducing tariffs and non-tariff barriers in Viet Nam’s areas of interest, including textiles and apparel and agricultural products. Viet Nam would also be able to obtain inputs at more favourable prices through access to a greater number of markets.

Furthermore, improved technology transfer would help it achieve its mission of diversifying production and participating in higher value-added areas, which would not only strengthen trade and investment and accelerate economic development, but also help build the economy’s resilience to external shocks.

RISKS AROUND TRADE LIBERALISATION

FTAs are not in themselves a panacea for growth, however, and their limitations must be addressed. One drawback of having multiple FTAs is the widely-criticised investor-state dispute settlement (ISDS) mechanism. The ISDS gives exclusive rights to corporations to sue host governments at international tribunals for treatment that is deemed unfair and discriminatory, circumventing domestic regulations and legal procedures.

The laws an ISDS can challenge include ones upholding environmental protection and labour rights, which are critical to ensuring sustainable and inclusive long-term development. While the European Commission is taking steps to find an alternative by proposing a multilateral investment court system for the EVFTA, the RCEP includes the controversial ISDS clause.

STEPS TO ATTRACT MORE FDI

As the economy shifts to high value-added manufacturing, these risks must be factored in, and there is a need to improve the efficiency of technology transfer from foreign-invested enterprises – which has been found to be surprisingly low in the garment and textile and footwear industries by the World Economic Forum.

Upgrading the quality of physical infrastructure and the connectivity of technology and communication are also important steps. In addition, it is imperative that Viet Nam structures state-owned enterprises and expands highly-skilled labour through increased investment in education along with other public services to become an even greater magnet for foreign investment.

Completion of the current wave of trade liberalisation should help Viet Nam meet the Bogor Goals by reducing trade and investment barriers, boosting export capacity, and enabling the development of high value-added industries. The country aims to climb to high middle-income status and eventually break out of the “middle-income trap” that has gripped countries like China, Brazil, and Malaysia.

At the core of making this successful is improving the efficiency of technology transfer and enhancing both physical and digital infrastructure, aided by initiatives such as the RCEP and the EVFTA. Moreover, by sustaining a strong business environment, reducing the impact of risks from FTAs by making the processes more transparent and efficient, and building buffers to geo-political risks, the country can become even more attractive to overseas investors while also ensuring sustainable economic growth.
A land of milk, honey and concrete

Viet Nam’s infrastructure has come a long way in the past few decades, but navigating the path forward is by no means a cakewalk. With all the bumps and potholes to look out for, Freshfields Bruckhaus Deringer’s Tony Foster guides us through his views on Vietnamese infrastructure.

Much of Viet Nam’s infrastructure and many of its institutions are in one way or another strained. Investment is needed everywhere. The people’s mode of thought and the whole outlook on infrastructure are encountering tremendous change. Advances in battery technology, the Paris climate agreement, the decline of coal and the rise of renewables – all have massive implications for infrastructure.

At the same time, Viet Nam is becoming more reliant on private sector financing. Government debt is stated to amount to just under 65 per cent of GDP, at which the country has set the cap for 2016-2018. Yet the Ministry of Planning and Investment estimates that Viet Nam needs around $170 billion to develop its infrastructure between now and 2020, including transportation, bridges, power plants, water supply networks, waste treatment plants, and ports. Public sources of capital, including the state budget, government bonds, and official development assistance can only be counted on for about half of this sum. As such, the potential need for private investment in new infrastructure alone over the next few years could approach $100 billion.

APEC companies are ideally placed to take advantage of the opportunities that will arise in myriad ways, such as:

- More opportunities to develop new or renewed infrastructure assets.
- A need for the equipment and materials that are used for such infrastructure.
- The government’s sale of existing state infrastructure assets, usually through the equity in state-owned enterprises.
- And the numerous services that are needed to support each of the above.

ENERGY - CONVENTIONAL

The power sector has long been the beneficiary of foreign investment. In the early 2000s it was primarily gas-based (like the Phu My 2-2 and Phu My 3 power plants). Subsequent projects were coal-fired, and largely funded by APEC members. Investors in Mong Duong 2 were from the US, the Republic of Korea (RoK), and China; those in the more recent Nghi Son 2 project were based in Japan and the RoK; Vung Ang 2 is primarily Japanese; Nam Dinh was a RoK project that added Middle Eastern investors.

The future is equally accessible to APEC investors. In light of the damage to the environment that has been caused by some projects, and the unwillingness of many institutions to lend for coal projects as a result of the Paris climate undertakings, the attention is moving towards gas and renewables. The big gas-to-power projects are the Block B/52-O Mon project, which started life as a US project and now features Japanese and Thai investors, and the Blue Whale project, which is led upstream by Exxon, with various Asian power companies looking at the downstream power end.

The downstream gas distribution infrastructure is receiving attention from Japan. PetroVietnam Gas has reportedly sold 24.9 per cent of a natural gas distribution subsidiary to Tokyo Gas. In 2016, a joint venture comprised of Tokyo Gas, PetroVietnam Gas, and Bitexco established LNG Vietnam Joint Stock Company, a liquefied natural gas (LNG) importer and distributor.

This is an area that is inevitably going to expand, with numerous opportunities at all points along the chain, from sales and transportation of LNG to the importation of LNG, regasification, on-shore distribution, and end-use – such as power plants and other industries. APEC-area companies are well-placed to benefit.

The Vietnamese government is selling other parts of its energy businesses. A strategic interest in PetroVietnam Power will soon be up for sale. This was initially expected to be 49 per cent, but has recently been reduced to 29 per cent, possibly as a result of the current froth in the initial public offering market. PetroVietnam Power currently manages and operates four gas-fired power plants, three hydropower plants, and one coal-fired thermal power plant, with a capacity of 4,208 megawatts (MW). It will also invest in the Nhơn Trạch 3 and 4 thermal power plants and take over projects from its parent company, PetroVietnam. A number of Japanese and Singaporean companies, among others, have been expressing interest, though it is a long road from such interest to completion, and no one should underestimate the challenges of such a transaction.

Similarly, the government is attempting to determine how to sell strategic stakes in the electricity generating companies owned by Electricity of Vietnam (EVN). There are several Gencos. The first to be equitised was supposed to be Genco3, but this has proved difficult, partly because Genco3 owned coal-fired plants as well as hydro plants, which killed its appeal, and partly because of the poor qual-
ity of the power purchase agreements which underlie its revenue stream.

Another avenue for businesses interested in the construction of the infrastructure sector is to invest in the large Vietnamese construction companies that are in the process of equitisation. Song Da Corporation, one of the largest, is due to equitise in 2019 and set to sell 30 per cent to a strategic investor.

ENERGY - RENEWABLES

Viet Nam's overworked planners believe that solar power generation capacity will increase from around an imperceptible 7 MW at mid-2016 to a massive 12,000 gigawatts (GW) by 2030. This has spawned a storm of activity in the wind and solar business. In September, Circular 16 confirmed a relatively generous feed-in tariff (FIT) for solar power of 9.35 US cents per kilowatt-hour (kWh) for grid-connected solar. This FIT applies for 20 years to projects that reach commercial operation before June 30, 2019. Interested APEC investors with identified projects may now be justified in hurrying them forward. Similarly, any residual electricity generated by rooftop solar projects will be purchased by EVN at the same FIT for a 20-year term, provided that the project reaches commercial operation before June 30, 2019. A slight catch is that there is no provision for indexation of the FIT by way of escalation to address inflation risks, so an FIT that looks good today may not look the same tomorrow.

Wind projects have continued to stall because the FIT on offer of 7.8 US cents per kWh has generally been regarded as uneconomic. The Ministry of Industry and Trade recently issued a draft circular proposing an increase of the FIT for onshore wind projects to 8.77 US cents per kWh and for offshore to 9.97 US cents per kWh. The opportunities for APEC investors lie not only in the projects themselves, equipment suppliers can also benefit. GE makes wind turbine generators and control systems at a plant in Viet Nam. First Solar has resumed its solar panel manufacturing project in the country and numerous others are positioned to enter the market.

Transport

Transport used to be creaky, but has now become more or less stationary – at least during the chaos of rush hour. So roads, ports, airports, metro lines, and possibly parts of the railway infrastructure itself (a longstanding no-go area for investors) would welcome APEC interest with alacrity and, one would hope, sincerity.

Ports

The ports sector has been volatile. Some of the private sector port projects in the south have not operated as successfully as originally expected, casting a pall over lenders' perceptions of viability. But the north has fared better. The Lach Huyen deep sea port near Hai Phong has been a classic Japanese public-private partnership (PPP). It is spawning derivative infrastructure such as the Deep C port being considered by the continually-dynamic developers of the nearby Dinh Vu Industrial Zone.

As with the power sector, the equitisation of one of the leading Vietnamese port operators, Vinalines, is pending, with investors able to buy a strategic stake. The meaning of the word strategic in this context needs to be explored with appreciable diligence.

Airports

Historically, private investment in the airport sector was evanescent, partly the result of dual civilian and military use of many airports. The position is now changing rapidly. Private investors built the international terminal in Da Nang and are doing the same in Cam Ranh. The big prizes remain undeclared, such as new terminals in Ho Chi Minh City and Ha Noi as well as a brand new VND300 trillion (about $15 billion) airport at Long Thanh. All still await an official government decision – and, in the case of the new Long Thanh airport, a decision by the National Assembly. This is a somewhat high-risk area for investors, as government policy on airport development remains to be determined. The logic of having one airport operator in the country – the historical model when Airports Corporation of Vietnam ran all the airports – is fighting not only a “one airport – one operator” model, which would allow different operators for different airports, but also a free-for-all, where any number of operators could operate different terminals at the same airport.

Roads/Railways

The road and rail sectors are fraught with land-related issues and toll collection/franchise difficulties. There have been few successful projects to date by foreigners, but the railways are now under modern and capable leadership and commercial thinking is changing swiftly. PPP-based support, if it becomes practical, may still take appreciable time. If the model becomes bankable, however, it has the potential to create many opportunities, especially for contractor-investors.

PPP

Underlying the opportunities for APEC in Vietnamese infrastructure is the progress being made with the PPP framework. The government has worked tirelessly for years to pass and implement PPP regulations, and the results are beginning to blossom.

The government is focusing resources to deliver a few bankable flagship projects to prove the feasibility of this scheme. When there are records of success, the authorised state bodies and investors will be motivated to follow the PPP path. In this context, several things will of course be important to APEC investors:

- A robust and consistent risk allocation framework applying across industries which provides a level of certainty on key risks that should be retained by the government so that infrastructure PPP projects can be successfully delivered with minimum transaction costs incurred by investors.
- Resolution of outstanding implementation issues, such as the statutory restriction on mortgaging land use rights to foreign lenders; complex regulatory approvals and processes for land acquisition and compensation; uncertainty in the applicability of foreign laws in contracts where all parties are Vietnamese nationals; and the payment ability and creditworthiness of an SOE offtaker.
- Different sectors will require different viability gap funding regimes. The government will, in due course, issue guidance on the support and a viability gap funding regime in each infrastructure sector. This will make it easier for the authorised state bodies and the investors to align on the agenda, objectives, and timing for the development and financing of projects.
The tax reforms needed to boost APEC’s connectivity

Freer trade in the Asia-Pacific region has given rise to increased opportunities for tax avoidance and evasion. Warrick Cleine covers the tax reforms needed for Viet Nam to take best advantage of APEC market integration.

Viet Nam offers extreme opportunities and challenges. On one hand, it is the one of the fastest growing economies in ASEAN, with rising urbanisation, an emerging middle class, and a young, dynamic, English-speaking labour force. On the other hand, Viet Nam still ranks low for ease of doing business because of its regulatory environment.

Recent participation in over 40 bilateral and multilateral trade agreements has attracted a large amount of foreign direct investment (FDI) into Viet Nam each year, and is one of the main drivers of the economy. Besides the existing framework of tax incentives and an improving record on transparency, external commitments with international trading partners have been a powerful influencer in keeping Viet Nam’s domestic reform programmes on track.

APEC’s role in facilitating regional integration has proven indispensable into promoting economic and trade growth in the Asia-Pacific region, including Viet Nam. Free trade agreements are the cornerstone for reducing trade barriers between economies, which assist in harmonising standards and regulations. Reducing trade barriers between members, harmonising standards and regulations, and streamlining customs procedures have enabled goods to move more easily across borders.

Intra-regional trade of APEC increased over competitiveness of economies at the level of inter-regional and international investment is significantly influenced by taxation policies.

Adopting internationally-agreed tax transparency standards and signing relevant instruments is key to help address cross-border tax issues more effectively. One example is the adoption and implementation of the Base Erosion Profit Shifting (BEPS) in APEC economies. All APEC members are aware of the significance of BEPS and its implications to fairness and effectiveness of the international tax systems and governments around the globe.

Marking the active leadership in its role of host and chair of the APEC Finance Ministers’ Process in 2017, Viet Nam was the 100th jurisdiction to join the Inclusive Framework on BEPS (IF) held at the third plenary meeting of the IF on June 21-22, 2017 in Noordwijk, the Netherlands. Viet Nam’s participation has been widely recognised in the support of the BEPS Project and its consistent implementation throughout APEC economies and represents another important step forward in the international tax arena as well as in the Asia-Pacific region.

Moving forward, Vietnamese tax reform must enforce the implementation of internationally-agreed standards of transparency and exchange of information in the tax area, as committed when Viet Nam joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the Global Forum on Transparency and Exchange of Information for Tax Purposes. Being part of these international forums will provide Viet Nam with further support in facilitating the implementation of agreed minimum standards, as well as the peer review processes.

CRITICAL TASKS AT HAND

One of the critical elements of the APEC agenda in promoting regional economic integration is by improving workforces’ capabilities, strengthening social protection, and addressing inequality among APEC member economies.

These activities, which require appropriate support from relevant stakeholders including governments and the industries, enable business and government leaders to improve their competitiveness through upskilling and knowledge to better support trade and invest-
ment. Similar to other developing economies, Viet Nam is also facing a shortage of skilled labour and the ongoing demographic change may exacerbate this problem.

There is no shortcut but to focus on strengthening human resources development and broadening access to education. Through the exchange of information on labour market measures, good practices and policy tools, Viet Nam can help address these challenges more effectively so all citizens and vulnerable groups could have equal opportunities to share the benefits of economic growth.

**APEC AT THE HEART OF LOCAL EFFORTS**

APEC members account for 78 per cent of FDI, 75 per cent of trade in goods, and 38 per cent of official development assistance in Viet Nam, making it one of the most important multilateral forums for the country.

The support and active participation of APEC member economies and regional and international organisations for APEC 2017 efforts will be a lever for Viet Nam to build trust and appreciation among international partners.

Yet APEC still has immense growth opportunities, along with many challenges. For instance, infrastructure gaps in some parts of the region and some member economies are on the order of trillions of dollars. Funding these projects requires commitment and cooperation between governments, development banks, and the private sector. In addition, reviewing existing domestic policies on the protection of ‘sensitive’ products will also help boost the trade liberalisation process.

Through integrating the long-term APEC goals into its development roadmap, the Vietnamese government is committed, for genuine reasons, to pushing on with market liberalisation and other reforms such as reforms to the state-owned enterprise sector, government procurement, labour representation, intellectual property rights, e-commerce, and the digital economy.

Apart from anything else, Viet Nam recognises that reform is essential to maintaining its economic competitiveness in the region as an attractive investment destination.

Warrick Cleine is chairman and CEO of KPMG in Viet Nam and Cambodia, and is recognised as one of Viet Nam’s leading corporate advisors. He has been living in Viet Nam since 1998, playing a pivotal role in driving KPMG’s success as the leading professional services organisation in the country, with 30 partners and 1,200 employees, providing audit, tax, legal, and advisory services.
Towards market integration

In its three decades, APEC has helped enrich its member economies through increased trade. Now, says DR. CHRISTIAN KAMM, the time is right for the grouping to move to greater economic integration, through developing a common bond market.

In early November, the APEC Economic Leaders’ Week will take place in Da Nang. With as many as 10,000 delegates attending, this forum will present the economic and social viability of Viet Nam and accentuate the willingness of Viet Nam to co-operate with the other 20 member economies through greater economic integration. Economic integration between the members will not only require greater consideration of general trade and economic policies, but will further require greater consideration of capital formation and flow to, from, and between members. As many policies of integration and co-operation will be investigated and considered, those related to the development of the financial markets in the region will take a vital role in the APEC Economic Leaders’ Week.

Many of the APEC members face economic challenges. One of the most important but greatest challenges facing developing economies is developing vibrant and sustainable stock and bond markets. Certainly, members have, for the most part, developed their own stock markets or developed complex plans for stock markets. The development of stock markets is vital to the development of all economies. APEC members have largely succeeded in raising capital through the development of stock markets. Although this can be beneficial, it is also restrictive, as the size of stock markets are typically dwarfed by the size of correlating bond markets, which provide much greater capital for growth and development.

Certainly, Viet Nam has succeeded in the development of a vibrant stock market, where market capitalisation was 32 per cent greater than GDP in 2016, with the Viet Nam Index reaching a 10-year high in 2017 with a year-to-date return of over 23 per cent. The number of listings in the Vietnamese stock markets has been vibrant and will continue to increase. Increasingly, the Vietnamese stock markets have garnered international attention through their exemplary performance.

In addition, the structure and framework for derivatives trading has been thoroughly investigated and implemented. It is fairly common for local and international investors in Viet Nam to speak of the opportunities in the Vietnamese stock markets but rarely of any opportunities in investing in Vietnamese bonds. This is because to most investors, there are no bond opportunities, other than government bonds, that originate from Viet Nam. Some international and local investors have expressed interest in a more vibrant bond market in Viet Nam.

The development of active, vibrant bond markets also plays a vital role in economic development. Most developing economies involved with APEC struggle with the development of a vibrant bond market. A bond market requires a strong legal framework, strong accounting standards, and efficient clearing procedures. Yet a developed bond market is very important to ensure economic development in developing economies.

Without a developed bond market, the majority of corporate borrowing will be in the form of bank loans. Many analysts believe that the Asian Crisis of 1997 was partially a result of the large amount of borrowing by banks in Thailand to businesses, absent a bond market. Therefore, the banking sector in each APEC economy would be less strained and less leveraged with a bond market in place, and therefore less prone to crisis. Also, a developed bond market provides a market-driven and market-determined interest rate for which firms can determine a realistic cost of capital to make determinations for investment and expansion. Lastly, a vibrant bond market correlates to a vibrant stock market for international investors.

Typically, international investors favour economies which provide the opportunity to invest in both, providing risk-pooling and risk-sharing opportunities. As bond markets prove vital to economic development, firms can experience expansion and growth in a predictable and stable fashion versus a less stable and more uncertain fashion, which occurs with the need to finance growth through variable bank loans and capital raising in the stock market. The growth of firms will quickly and effectively
translate into the growth of the economy and therefore a higher standard of living and better economic stability. As economic growth and stability are generally long-term goals for most economies, the APEC members would probably benefit in the short, medium, and long term from said integration.

Even so, many APEC members lack the minimum economies of scale to fully develop a viable bond market. In fact, some members may not have a legal framework that supports bond market development. Furthermore, some members may not be at the appropriate economic stage where a bond market seems vital to its growth. A lack of resources to make a commitment to grow a sustainable bond market might cause many economies not to consider the possibility of creating a viable bond market.

But a tremendous opportunity exists between the APEC members. This opportunity is to move towards the development of a jointly-developed and -maintained bond market, which would allow for the participation of all member economies. Obviously, there are currently different stages of development for the economies in APEC. Some such as Singapore currently have a developed bond market and stock market, while others have neither. Of course, there are many economic differences between developed and developing APEC members. These differences might prove a disadvantage to the full development of a sustainable joint bond market but would provide a framework for all APEC participants to build from.

There are many advantages to seizing this opportunity. As most APEC members rely on international investment to promote their economic growth, attracting and maintaining foreign direct and indirect investment is vital to the growth of these economies. It is possible international investors will be more interested in investing in the region, and specifically members seeking economic development, if a clearer path is created. The creation of regional bond funds might become commonplace and therefore provide a ready market for firms issuing bonds for vital capital needs and growth. Creation of uniform listing requirements among APEC members would provide a common framework for implementation and investment. Even the creation of a regional credit agency responsible for rating the bonds could lead to a more vibrant bond market and international interest. A bond market can assist an economy to grow faster and more predictably over the long term and therefore is advantageous.

Co-operation and integration requires sacrifice and a commitment to progress. Creating integrated financial markets is a considerable step in the direction of progress. As international investors can then view the region as an investment alternative as well as individual economies, supply of capital for growth will likely increase over time. APEC members will share further economic interests and formulate strategies to move forward together, sharing resources and experiences which would further progress for all involved.

With the development of a vibrant bond market comes a more stable and vibrant stock market. The reality is that a vibrant bond market cannot exist in the long term without a vibrant stock market, and vice versa. Both are good avenues for firms wishing to raise capital for investment and growth, which is vital to developing economies. As Viet Nam hosts this all-important event, the utilisation of such membership and forums as the APEC Economic Leaders’ Meeting to explore and develop policies and frameworks to further the development of a regional bond market would be truly fruitful and positive for all APEC members.

Dr. Christian Kamm is president of Kamm Investment Inc., a US-backed investment firm in Ho Chi Minh City.
Vietnam's Open Horizons

APEC Vietnam 2017: Responsibility, Mobility, Sustainability, Innovation

Ministry of Planning and Investment statistics show Vietnam's newly-registered foreign direct investment (FDI) reached approximately $25.5 billion in the first nine months of 2017, an increase of 34.3 per cent year-on-year, while FDI disbursement grew 13.4 per cent on-year, totalling $12.5 billion.

By country and territory, the Republic of Korea has led the pack, with close to $6.3 billion invested, followed by Japan and Singapore with $5.9 billion and $4.1 billion respectively.

By sector, real estate has always been among the top sectors for FDI in Vietnam. This confirms the interest that foreign investors have in investment and business opportunities in the Vietnamese real estate market.

With increasing government incentives, a better legal framework, and stronger competitive advantages, the Vietnamese real estate market has attracted a significant influx of capital from both local and foreign investors in recent years.

The Republic of Korea, Japan, Singapore, Chinese Taipei, and Hongkong-China are some of the leading players in foreign investment in the Vietnamese real estate. They are also all APEC member economies, proving the importance of this forum to Vietnam.

These economies have brought to Vietnam not only capital, but also their expertise, knowledge, and global experience. Their investment and business expansion has played a key role in helping Vietnam reform into one of the fastest growing economies in the region.

Singaporean investors were among the

Vivifying the domestic property market

In light of various integration opportunities, economic reforms, and booming economic growth in the past few years, Vietnam has received consistently increasing flows of foreign investment, which, in turn, has helped secure the country's sustainable growth.

Neil MacGregor
Managing director, Savills Vietnam
first to recognise Viet Nam’s market potential. CapitaLand, which has been operating in the Vietnamese real estate market for over 20 years, has set up a $500 million fund targeting commercial assets in the country. It has recently made disbursements to close one of the most significant property deals this year: the acquisition of a 0.6-hectare commercial site in a prime location within Ho Chi Minh City’s central business districts to build its first Grade A mixed-use project in Viet Nam.

Keppel Land, another Singapore-based developer, has launched many successful projects over the past few years.

Japanese investors, with a long-standing presence in Viet Nam, have also been active recently. Last year, Creed Group entered into a $500 million deal to form a partnership with Phat Dat Real Estate Development and An Gia Investment to develop The River City, a large-scale residential project in Ho Chi Minh City’s District 7. Together with An Gia Investment, they have acquired five apartment blocks of the La Casa project, also in District 7, from Van Phat Hung for approximately $40 million.

Nishi Nippon Railroad and Hankyu Realty have joined hands with the well-known local developer Nam Long to construct the 26ha Mizuki Park, a residential project in Ho Chi Minh City worth an estimated $351 million.

AEON, the renowned Japanese retail group, opened their fifth store in Viet Nam last year and have entered into a joint venture with the local BIM Group to develop its second mall in Ha Noi on a 16.7ha site.

On the coast line of Hoi An – a prominent tourist location in Central Viet Nam – Chow Tai Fook of Hongkong-China and Suncity Group have been progressing with the construction of a $4 billion project called Hoiana, aiming to complete the first phase by early 2019. Once completed, Hoiana will be Viet Nam’s largest integrated resort, with the first phase of the project featuring the 685-room New World Hotel, the 100-room Rosewood Residences and Resort, and a signature championship golf course designed by Robert Trent Jones II – as well as the largest casino in Viet Nam.

2017 has not yet ended, but the market has seen a significant number of transactions made by foreign investors, adding to an already impressive amount of investments made over the years since Viet Nam opened its doors for global integration.

As the Vietnamese economy thrives, the market will continue to gain further interest from players across all real estate segments with a focus on office and hospitality. This focus is driven by increasing FDI and the booming tourism segment, and more recently, property for use in industrial and logistics developments.

Hosting the year-long APEC 2017 meetings, Viet Nam has a great opportunity to showcase its investment potential. An increasing number of new and improved infrastructure projects have already been completed, especially in Da Nang – the host city of the main event, the 2017 APEC Economic Leaders’ Week.

In turn, these infrastructure developments have promoted investment into the real estate market. More than ever, opportunities are popping up, waiting for the right individuals and firms to maximise their potential.

Viet Nam should fully take advantage of all the international attention it will gain upon the occurrence of APEC Viet Nam 2017, and turn the potential into reality, with better figures in tourism, economic, and social development metrics. This will help bring in even more investment from not only APEC members, but also investors from other economies around the globe.

As investors join the market, government officials should lend support by creating a healthy business environment with clear investment policies to ensure sustainable growth within the economy for years to come.
APEC investors talk Viet Nam’s appeal

Viet Nam’s real estate has been attracting impressive amounts of foreign investment in recent years. On the occasion of the 2017 APEC Economic Leaders’ Week, Bich Ngoc talked with foreign investors from different APEC member economies on the potential and prosperity of the real estate market in Viet Nam.

Keppel Land has been privileged to grow with Viet Nam for more than two decades. We are confident of the long-term potential of Viet Nam, which is one of our key growth markets. The country’s favourable market conditions, coupled with significant infrastructure improvements, will have a positive impact on all sectors of the property market – from integrated township projects to high-quality homes and offices to retail developments. The Vietnamese government has also taken active steps to strengthen the country’s economy and support enterprise growth with its pro-business and pro-investment policies.

Viet Nam’s housing market is expected to continue its upward momentum, given its young population and growing middle class with strong aspirations for home ownership. Well-located properties with strong value offerings will continue to see demand from homebuyers and investors.

As a leading sustainable developer and one of the pioneer foreign developers in the country, Keppel Land is committed to designing, building, and managing real estate projects that harmonise with the environment and enhance the quality of life in the community. We will continue to build on our track record as an innovative choice developer, delivering solutions for sustainable urbanisation in Viet Nam.

I have been in Viet Nam for 20 years now, and what’s happening in the property market at the moment is quite amazing. People like me who have lived here for so long have the advantage of being able to take a long-term view and gain a deeper understanding of Viet Nam’s real estate market and development. There have indeed been ups and downs over the years, some caused by macro-economic factors, and some by homemade problems.

Real estate and property development came almost to a standstill in Viet Nam during the post-crisis years in the 2010-2013 period. There was very little liquidity in the market, and if there was any movement at all, it was mostly through mergers and acquisitions or outright sales of projects in distress.

This has completely changed. Since 2014, the property market in Viet Nam is ‘red hot’ again. Whilst global markets were recovering, Viet Nam bounced back with a swing. Local developers with cash and huge appetites have emerged again, but also foreign investors, mainly from the Republic of Korea, Singapore, Japan, other regional countries, and the US and Canada, showing strong interest in acquisitions and partnerships. The reasons are mainly to be seen in the stable political system and positive economic outlook, a young and emerging middle class, and infrastructure development, to name just a few factors. The Vietnamese government has responded with favourable investment and trade policies. My core business, the planning and development of hospitality projects, has benefited from improved access and relaxed visa policies, which led to a dramatic increase in international arrivals and a hotel and resort construction boom since 2016. Whilst we try to tackle some issues of sustainability, environmental protection, preservation of natural assets, and cultural authenticity, at HTM we are overall bullish about the prospects of the real estate market in Viet Nam.

WITH CONTINUED STRONG GDP GROWTH, FURTHER INFRASTRUCTURE DEVELOPMENT, IMPROVED CONNECTIVITY AND ACCESSIBILITY, AND FOREIGN DIRECT INVESTMENT FIGURES REACHING 70 PER CENT YEAR-ON-YEAR, WE SEE A STRONG FUTURE FOR VIET NAM’S REAL ESTATE INDUSTRY
This is the second time Viet Nam has been assigned to host APEC. We are so proud of it and believe that it reflects the international community’s trust in Viet Nam. It gives a great opportunity for Viet Nam to strengthen relations with regional partners, enhance its position in the international arena and economic growth. And real estate is one of the most important factors in boosting the development of the Vietnamese economy.

An expert meeting of the APEC Committee on Trade and Investment on Quality Infrastructure Investment was held in Ho Chi Minh City on August 19, and attendees shared good practices and lessons learned in infrastructure projects. It has brought us more optimism, and we, Kusto Home, believe the real estate market in Viet Nam will be very exciting in the future, especially in the next five to 10 years for residential properties.

New launches of many mid-range segment projects in both Ho Chi Minh City and Ha Noi in the third quarter of 2017 have shown potential strong demand in the future for high-end and luxury property due to growing consumption, including population growth, high urbanisation rate, and the developing economy.

There are many foreign investors looking towards Viet Nam, which is Southeast Asia’s third-most populous economy and one of the fastest-growing ones in the region. Viet Nam is going in the right direction for investing in property. Many investors choose properties in Ho Chi Minh City or Ha Noi, while most of the rest choose beachfront cities and resorts such as Nha Trang or Da Nang.

Strong experience in real estate has positioned Kusto Home as one of the leading foreign investors in the property market in Viet Nam, able to impact the market by building reputable projects, delivering international standards, and giving higher potential profits to all our customers.

I have more than 25 years of experience in different markets such as Myanmar, India, Thailand, Cambodia, and Viet Nam. I see the Vietnamese real estate market [following the arcs of] Japan and Thailand. Japan started the trend of apartment units after the Olympics were held in Tokyo for the first time. Thailand’s real estate market also took a long time to become familiar with apartment units. However, when the infrastructure system is upgraded to a higher level, consumers will start requiring higher-quality goods. The Vietnamese real estate market will also be the same, to be in need of many qualified apartment units.

Japanese customers have favoured high-end apartment units since the 1960s. When the infrastructure system in Viet Nam improves, I do believe that apartment units will also become more popular in Viet Nam.

The participation of Maeda in particular and other Japanese real estate developers in the Vietnamese real estate market has highlighted the sector’s potential.

Maeda is now developing Waterina Suites, a project which is considered a milestone of Japanese technology and style, reaching the high-end segment of the Vietnamese property market.

In contrast with other Japanese developers who are mostly involved in investment sharing or management projects in Viet Nam, Maeda will be directly involved in all steps of this project, from investment contribution, design, construction, project appraisal, and even project management after the construction is finished.

Maeda has been operating in Viet Nam for many years, with outstanding projects such as the construction of Da Min Power Plant in 1997, Tan Son Nhat International Airport Terminal in 2004, and currently Metro Line 1 in Ho Chi Minh City.
VIET NAM’S OPEN HORIZONS

TERRY BLACKBURN
Founder and managing director, PropertyGuru Asia Property Awards and Property Report

Viet Nam’s real estate sector has certainly gone through drastic changes in recent years. There was a property crash that grounded the sector to a halt. That changed when the government reformed its foreign ownership regulations, as well as enforced the relaxation of tourist visa rules for select nationalities that contributed to the domestic property market’s recovery by way of increasing accessibility and visibility. These major changes all happened in 2015, when we introduced the Vietnam Property Awards to celebrate the successes and innovation of local developers.

Ha Noi and Ho Chi Minh City remain the sector’s biggest draws, with their offerings of developments for different price points, from affordable housing to luxury condominiums. Such locations as Da Nang, Ha Long Bay, and Nha Trang taking their place alongside the premier resort destinations of Southeast Asia.

We’ve heard concerns of potential oversupply or overdevelopment, but there’s no doubt that high occupancy in hotels, resorts, and serviced apartments are positive indicators of a revitalised industry. We’ve also seen Viet Nam improve in the field of green building, sustainable development, and progressive design as companies acknowledge the value these provide to consumers.

With continued strong GDP growth, further infrastructure development, improved connectivity and accessibility, and foreign direct investment figures reaching 70 per cent year-on-year, we see a strong future for Viet Nam’s real estate, and categories for the PropertyGuru Vietnam Property Awards reflects the growth and performance of the sector.

WENDY KOH
Regional CEO, Southeast Asia, Mapletree Investments

Viet Nam presents an exciting investment opportunity for Mapletree because of its good economic fundamentals: a young and industrious population, a burgeoning middle-income group as well as a stable environment for foreign direct investment. We are encouraged that the Vietnamese government continues to welcome foreign businesses to come to Viet Nam and to lower trade barriers.

Mapletree entered Viet Nam more than 12 years ago and has grown from one logistics park into one of the largest Singaporean real estate companies in Viet Nam by capital investment. Today, Mapletree owns and manages more than S$1.2 billion ($881 million) worth of mixed-use, office, retail, industrial, logistics, residential, and serviced apartment assets in Ha Noi, Ho Chi Minh City, Binh Duong, and Bac Ninh.

With a strong demand for quality real estate space, we see steady occupancy across our properties. For example, mPlaza Saigon [formerly Kumho Asiana Plaza, rebranded after Mapletree’s acquisition in April 2016] enjoys high occupancy rates of over 90 per cent across its office, serviced apartment, and retail components. In addition, SC VivoCity, which is part of the 4.4-hectare Saigon South Place development in District 7, master-planned by Mapletree, has seen good growth in footfall traffic since opening in April 2015; it also has the first 4DX cinema in Ho Chi Minh City. And our office tower, Mapletree Business Centre, has seen strong demand in its occupancy.

LIM MING YAN
President and CEO, CapitaLand Limited

Scaling up in the real estate sector requires strong financial capacity and flexibility. By proactively working with reputable capital partners to build scale, we can be nimble and react fast to seize growth opportunities. We see increasing investor interest in Southeast Asia, in particular Viet Nam. They want to invest in the country through CapitaLand given our deep local platform and execution capabilities.

CapitaLand is positive about the growth trajectory of Viet Nam and foresees that this trend will continue for at least the next 10 years. Besides the growing demand for residential properties with urbanisation, we also see strong potential upside in the commercial real estate sector given the mismatch between demand and supply of quality office space. Having firmly established CapitaLand in key gateway cities like Ho Chi Minh City and Ha Noi, we are able to leverage our developer-operator capabilities, strong fund management expertise, and harness synergies across asset classes to deliver better risk-adjusted returns for investors.

Viet Nam is the third-largest market for CapitaLand in Southeast Asia, after Singapore and Malaysia. CapitaLand has nine residential developments, 22 serviced residences with over 4,700 units, and one international Grade A office development across six cities in Viet Nam. CapitaLand Limited has successfully set up its first commercial fund in Viet Nam, CapitaLand Vietnam Commercial Fund I (CVCFI). This brings the company a step closer to our goal of raising funds with total assets under management of up to S$10 billion ($7.4 billion) by 2020.
Thai Binh Seed
Joint Stock Corporation

1. Company name:
Thai Binh Seed Corporation
2. Brand name:
Thai Binh Seed
3. Date of establishment:
January 10, 1972
4. Address:
No. 36, Quang Trung street, Tran Hung Dao ward, Thai Binh city, Thai Binh province

5. Contact numbers:
Telephone: (+84) 2273.830.613 – Fax: (+84) 2273.837.639
Email: info@thaibinhseed.vn
Website: thaibinhseed.com.vn

6. Business lines: Specialising in research, selection, production, trading, and import-export of seeds, agricultural produce, and food.

7. Material base: Operating a high-quality seed processing plant that employs state-of-the-art European technology, a national standard VILAS 110 laboratory, TTNC for development of new products over 170ha scale.

8. Co-operative relations: Acting as a member of the Asia-Pacific Seed Association, the Viet Nam Seed Association, and the Viet Nam Chamber of Commerce and Industry.

We are honoured to develop co-operative ties in the supply of seed products to businesses at home and abroad for production and business expansion.

The pride of Vietnamese farmers

OP RICE VARIETY
TBR225
Short growing cycle
High yield
Cooked rice is soft and good

OP RICE VARIETY
BC15
High yield
Good productive tiller, number of grain/panicle is high

Delicious cooked rice comes from good grains.
Good grains come from good souls.
Special economic zones a ticket to new growth

Viet Nam has high hopes for successfully developing three special administrative-economic zones by luring prominent investors and making the special zones a new momentum of the country’s economic growth. This is expected to offer gigantic opportunities for foreign investors, especially those from the APEC member economies. Nguyen Duc reports.

The phenomenal growth of special economic zones in China, Singapore, the United Arab Emirates, and the British Virgin Islands – and the question of how to propel Viet Nam’s economic growth into the future – have urged the country to build up three special administrative-economic zones (SAEZs).

These zones are Van Don in the northern province of Quang Ninh, North Van Phong in the central province of Khanh Hoa, and Phu Quoc Island in the southern province of Kien Giang.

SAEZs are hoped to be growth pillars and create an institutional breakthrough for the regional development of Viet Nam. Under the plan, Van Don is projected to annually harvest $1.9 billion in taxes and fees, and $2.1 billion in land-sourced income. It is estimated that Van Don will add 5.2 per cent to Quang Ninh’s gross regional domestic product (GRDP) by 2020. The ratio could soar to 7.7 per cent by 2030, when investors should create added value worth up to $9.7 billion in the 2021-2030 period. Van Don’s per capita income could touch $5,000 by 2020 and $12,500 by 2030.

Meanwhile, North Van Phong is projected to rake in $1.2 billion from taxes, fees and $1 billion from land-sourced income. The added value created by enterprises would jump to $10 billion in the 2017-2030 period. North Van Phong’s per capita income is forecast to reach $5,300 by 2020 and $13,000 by 2030.

Phu Quoc plans to earn $3.3 billion in taxes, fees, and land-sourced income. Investors are believed to have brought about $19 billion in added value during the 2013-2017 period. The local per capita income is projected to rise to $5,300 by 2020 and $13,000 by 2030.

To shape the SAEZs and reach such expectations, the provinces home to the SAEZs have concretised plans for their building. A draft Law on Special Administrative-Economic Zones, including distinct institutions and policies, was finalised and submitted to the National Assembly for discussion and approval.

INSTITUTIONAL BREAKTHROUGHS

Creating distinct institutions has been mentioned for years as an integral part of the establishment of the SAEZs.

Dr. Tran Dinh Thien, director of the Viet Nam Institute of Economics, said, “SAEZs are like nests for phoenixes to lay eggs. If we build a nest for chickens, no phoenixes will enter.”

Economic expert Vo Dai Luoc furthered the metaphor in saying, “If we build a nest for sparrows, it is impossible to lure phoenixes.”

Other experts also called for institutional breakthroughs instead of building makeshift institutions.

Under the first option, SAEZs are run by the heads of the zones instead of the local people’s councils and people’s committees. This option includes an assisting apparatus, specialised organs, and the head of administrative zones – the administrative representative for the heads of special administrative-economic units under SAEZs. The head of the SAEZs would be very powerful, similar to in some cases, the chairman of the local people’s committees.

The heads of SAEZs would have 116 jurisdictions in total. They would have the right to grant investment certificates to ‘Category A’ projects, all except key national ones. And they would be entitled within their competency to enact legal documents and prescribe administrative procedures and the sequence of dealing with them.

According to Tran Duy Dong, director of the Ministry of Planning and Investment’s Department for Economic Zones Management, which compiled the draft law, although the draft law shows that SAEZs are under the local administration, chairpersons of the localepeople’s committees are unable to intervene in internal affairs of SAEZs. The heads of SAEZs are appointed by the prime minister.

“This is an institutional breakthrough in conformity with special requirements for the socio-economic development of SAEZs,” Dong said.

The second option, which was added to the draft law after the document had been announced to gather public opinions, prescribes that SAEZ administrations still include the local people’s councils and people’s committees. Accordingly, SAEZs are divided into separate administrative zones without subordinate administrative units. The administrative zones do not establish local people’s councils and people’s committees, but open an administrative zone office that operates as an administrative representative for the local people’s committees.
Among the two options, the first one appears to be favoured.

Dinh Duy Hoa, former director of the Department for Administrative Reform under the Ministry of Home Affairs, said, “I vote for the first option because SAEZs need a new management mechanism. We should create a special administration structure to utilise all the advantages set for SAEZs. The existence of the local people’s councils and people’s committees could postpone the swift, flexible, and dynamic development of SAEZs.”

Hoa called for the need to decentralise additional power and management to the heads of SAEZs, stressing, “Don’t worry about the power of the heads of SAEZs going out of control without the local people’s councils.”

Dr. Thien criticised the obstacles caused by the current administration model that works on the collective liability. To create breakthroughs, Thien said a special administration model for SAEZs is needed.

“SAEZs should gather distinct things. We should build special institutions and policies within our legal framework to attract the world’s top-ranking resources, investors, and citizens,” Thien said.

PREEMINENT POLICIES

Along with breakthrough institutions, preeminent socio-economic policies were outlined to attract investment inflows into SAEZs.

“Incentives are not the best, and stand fourth or fifth amongst the key drivers. Besides distinct institutions, we also need socio-economic policies to make sure that Viet Nam’s SAEZs are likely to compete with others around the world,” Dong said.

Building preeminent socio-economic policies looks likely to create favourable investment and business climates in SAEZs. In particular, conditional business lines will be minimised, but some will be maintained for the purposes of defence and security.

The Law on Investment prescribes 243 conditional business lines. However, under the draft Law on Special Administrative-Economic Zones, the number of conditional business lines plunges to 108 – red tape, discrimination in treatment between domestic and foreign investors, and other limiting factors will be removed to encourage foreign investors to invest in the conditional business lines that SAEZs prioritise for their development.

The draft law eliminates procedures related to approving investor proposals on making investments in projects within the competency of the prime minister and chairperson of the local people’s committees. Also, investors are permit-exempted for their public-private partnership projects and investment outflows.

In addition to numerous investment incentives, investors can access the right of land use for some strategic business lines in SAEZs for a maximum 99 years. They are also entitled to suggest their own forms of investment for infrastructure projects in conformity with international practices.

Foreign firms are allowed to mortgage their land-related assets at foreign credit organisations that have their own commercial presences in Viet Nam, in order to obtain loans for investment. Last but not least, they are provided with tax and fee incentives, especially
SAEZs have the potential to open Viet Nam’s more remote locations to tourism

when making investment in prioritised sectors of SAEZs.

“Under the draft law, all investment and business procedures are enacted by the heads of special administrative-economic units. These procedures can be conducted at the electronic one-door public administrative centre,” Dong said, adding that foreign investors – in case of disputes – are able to require the disputes be solved by competent courts that are either Vietnamese or foreign, which is an unprecedented development.

Another favourable condition is that the draft law allows foreigners coming into SAEZs to be exempted from visa requirements if their term of residence does not exceed 60 days, allowing international airlines to carry out many air routes in which SAEZs are a destination.

The aforementioned institutions and policies show Viet Nam’s commitment to opening the economy and creating the most favourable conditions for investors, including strategic ones. This is expected to give Viet Nam unprecedented opportunities to develop SAEZs.

SEEK PHOENIXES

The building of three SAEZs is underway. Besides institutional and policy breakthroughs, another important task is to seek strategic investors, and make their projects driving forces for SAEZ development.

Given this, the draft law defines a series of powers and obligations for strategic investors, allowing investors to select projects involving more than two investors. They are entitled to participate in the investment, business, development, management, and operation of technical and social infrastructure investment projects and specialised facilities in SAEZs. Besides, strategic investors will be aided in handling investment and business procedures, site clearance, and compensation procedures.

Additionally, strategic investors can get involved in outlining and adjusting the planning and policies for SAEZs, while organising and participating in trade, investment, and tourism promotion in SAEZs.

“Allowing strategic investors to take part in outlining the planning, making investment promotion, and selecting projects shows Viet Nam’s goodwill and long-term commitment to call for investments and create favourable conditions for big investors,” Dong said.

If strategic investors pour money into resort complex projects, including casinos in SAEZs, their total investment capital in other projects in SAEZs and infrastructure projects connecting to SAEZs will serve as a base to determine their capital size and disbursement capacity in accordance with casino-related legal regulations.

Under existing legal regulations, only resort complex projects which meet a capital size of at least $2 billion are allowed to run casinos. But under the draft law, strategic investors don’t need to pour $2 billion into resort complex projects to gain allowances for running casinos. This is a big advantage for investors.

Tax incentives for casinos are another advantage. The special consumption tax rate levied on casino activities is set at 10 per cent for the 10 years after these operations generate revenue. This could greatly benefit strategic investors.

In turn, those qualified as strategic investors must complete several obligations. First of all, they must assure the process of implementing projects as committed.

As strategic investors, they have to make investments in casino-related resort complexes of at least VND44 trillion ($2 billion) in capital, or infrastructure projects connecting to SAEZs with at least VND12 trillion ($545.45 million) in capital.

Also, strategic investors have to meet one of the following conditions: they invest in projects prioritised by SAEZs with an investment capital sum of at least VND6 trillion ($272.72 million), or have been named to the list of the world’s 500 leading enterprises recognised by Forbes and make an investment in a project valued at VND6 trillion ($272.72 million).

Pursuant to the criteria, Viet Nam has two eligible investors, both real estate developers: Vingroup and Sun Group. Sun Group has emerged as a strategic investor in Quang Ninh, with two large-scale projects underway for Van Don SAEZ – Van Don International Airport and a casino resort complex on Cai Bau Island.

Meanwhile, Vingroup wishes to become a strategic investor in North Van Phong, which does not have many investment projects yet.

Vingroup has made large investments in Phu Quoc, but the zone is predicted to encounter difficulties in seeking strategic investors because the land area eligible to investment projects is narrowing, despite owning a geographical advantage and possessing stunning and unique landscapes.

Speaking on investment opportunities in SAEZs, economist Vo Dai Luoc put his expectations on North Van Phong. Endowed with beautiful golden beaches and a deepwater seaport, North Van Phong also has the advantage of a very large area of unexploited and cheap land. Van Don is also becoming a magnet for investors.

In short, there are looming opportunities for worldwide investors, including those from APEC, to make huge investments in SAEZs – a new driving force in the Vietnamese economy.
Hai Phong builds on its ‘hub credentials’

Thanks to outstanding advantages in transport – with sea and air routes, roads, railways, and waterways – as well as services and trade, Hai Phong continues to attract both domestic and foreign investors, with planned projects valued in the billions of US dollars. Thanh Son reports.

With increased connectivity, Hai Phong’s port advantages are set to provide a steep rise in investment leverage

INFRASTRUCTURE DEVELOPMENT

With various forms of transport, from roads and inland waterways to sea and air routes, Hai Phong’s transport infrastructure has been developing at speed.

Over the past three years, Hai Phong has been dubbed a “big construction site”, with an array of large-scale infrastructure projects such as the Cat Bi International Airport, Hai Phong International Gateway Port in Lach Huyen district, Ha Noi-Hai Phong and Hai Phong-Quang Ninh expressways, and Tan Vu-Lach Huyen and Bach Dang bridges. Lach Huyen Port is scheduled to become operational next year, accommodating ships with a waterline of up to 14 metres and a capacity of 100,000 deadweight tonnes (DWT), thus reducing transit times at ports in places like Singapore and Hongkong-China. Such comparative advantages have directly benefited investors as they can shorten the time it takes to bring products to market.

Tan Vu-Lach Huyen Bridge and the road leading to the port is now carrying traffic, while construction of the coastal expressway and the expressway that runs over Bach Dang Bridge to the northern province of Quang Ninh are underway. Travelling between Hai Phong and Quang Ninh, therefore, will be much easier. All these factors have created outstanding advantages for Hai Phong.

“Hai Phong has all the factors needed to attract investors. Ha Noi-Hai Phong Expressway has helped to shorten the travel time between the two cities by more than one hour. It also takes a short time to go from Hai Duong or Thai Binh to Hai Phong. Meanwhile, thanks to Bach Dang Bridge, it takes only about 25 minutes to travel from Hai Phong to Quang Ninh. With new inbound and outbound flights, the modern Cat Bi International Airport has also helped increase Hai Phong’s potential,” said Nguyen Van Tung, Chairman of the Hai Phong People’s Committee.

Another advantage of Hai Phong is its large land fund, which has enabled the 22,540-hectare Dinh Vu-Cat Hai Economic Zone (EZ) to expand by 600ha. There are 19 industrial zones (IZs) covering 9,112ha and 33 industrial clusters that occupy 2,284ha.

Dinh Vu Industrial Zone JSC has recently started constructing the Deep C III next to Lach Huyen Port. The $260 million Deep C II is connected to Hai Phong International Gateway Port, Tan Vu-Lach Huyen Bridge, and Ha Noi-Hai Phong and Hai Phong-Ha Long-China expressways. It is expected to become an increasingly attractive destination for investors specialised in supporting, light, and synthetic industries and logistics services, since it holds a strategic location for business activities in the ASEAN region.

BUSY WITH BILLION-DOLLAR PROJECTS

Foreign direct investment (FDI) in Hai Phong has increased sharply over recent years. The Ministry of Planning and Investment’s Foreign Investment Agency statistics show that with FDI expanding from nearly $1 billion in 2015 to $2.9 billion in 2016 – surpassing the set target by nearly 53 per cent – Hai Phong led the nation in FDI growth.

By the third quarter of 2017, the city was home to 511 valid FDI projects with total registered capital of $14.52 billion, placing it sixth among the 63 cities and provinces nationwide in foreign investment attraction. On average, each FDI project in Hai Phong is valued at $25.7 million, nearly doubling the country’s average of about $13 million. These projects focus on high technology, real estate and construction, mechanics, and manufacturing and processing of electronics products and spare parts.

The Republic of Korea tops the list of 36 foreign investors that have been doing business in Hai Phong, with 100 projects capitalised at $5.38 billion. Among these are Viet Nam Hai Phong LG Electronics and Hai Phong LG Display, each worth $1.5 billion. Japan ranks second, having poured $3.78 billion into 132 projects, including the $1.22 billion tyre factory by Bridgestone Viet Nam LLC, which aims to export all of its rubber tyres and products for tyre manufacturing.

Hai Phong has also lured many foreign investors in supporting industries, such as SL Electronics Co., Ltd. of the Republic of Korea, which has a $42.25 million project to produce spare parts for washing machines, fridges, and motorised vehicles; and Jika Jika Co., Ltd. of Japan’s Rorze Group, with a $22 million project to produce rare earth alloys and magnets, and design and fabricate shaft motors using said magnets.

In terms of domestic investment, Vingroup recently started work on the $3.5 billion Vinfast automobile manufacturing complex at Dinh Vu-Cat Hai EZ in the port city. Sungroup has also invested in a project which, in its first phase, will build container ports, tourism harbours, cable car stations, factories providing products for tourism, and tourism logistics service areas.
Van Don’s immense potential to be unlocked by SAEZ regulations

If the Law on Special Administrative-Economic Zones and the scheme to establish Van Don Special Administrative-Economic Zone – both compiled by the Ministry of Planning and Investment – are adopted, Van Don will have firm legal groundwork to develop into a premier growth engine for the northeastern province of Quang Ninh and Viet Nam. Thu Le reports.

CONVENIENT INVESTMENT DESTINATION

In global examples of special administrative-economic zones – such as Shenzhen, Shantou, Xiamen, Zhuhai, and Kashgar – the most important factor lies in the right location.

The location must have favourable natural conditions, and be able to connect with other regions and international transactions by sea, air, road, or railway. The location is also required to be listed in the national and international development master plans.

Though this type of location has big potential for rapid development, it often lacks breakthrough policies and mechanisms, and human resources. It is often relatively isolated but has sufficient conditions for strategic development of infrastructure and external economic flourishing. In addition, the location can be next to a big economy or a big market, and from there can take advantage of internal and external conditions for its own development, contributing to narrowing the development gap and boosting inter-regional co-operation more effectively.

According to the draft scheme on establishing Van Don Special Administrative-Economic Zone (SAEZ), this area can fully meet all of these requirements. It is because Van Don is an offshore archipelago covering many island communes with intact natural conditions. Van Don is surrounded by Bai Tu Long Gulf which links to the UNESCO World Heritage Site Ha Long Bay and the Cat Ba Biosphere Reserve Area in the nearby city of Hai Phong.

Despite its isolation, Van Don can easily connect itself with the region and the world by road, sea, and air.

It is expected that Quang Ninh International Airport in Van Don will be put into operation in the first quarter of 2018. It will help Van Don get closer to regional economic, financial, and tourism hubs; currently the island is 200 nautical miles from China’s Hainan Island, 580 nautical miles from Hongkong-China, and 1,300 nautical miles from Singapore.

In terms of roads, in 2018’s first quarter, when Ha Long-Hai Phong and Ha Long-Van Don expressways are completed, they will create a connected expressway running directly to Ha Noi. Besides, Van Don-Mong Cai Expressway is also expected to begin construction next year. The expressways will help save costs, and shorten the travel times between Van Don and other localities in Quang Ninh and provinces in the north as well. The 21-metre-deep Non Net Sea-port in Van Don can receive ships of 150,000 deadweight tonnes.

Van Don is strategically and economically important to the whole country. It is because Van Don is situated in a strategic transportation route from the East Asian region to the Southeast Asian region, and in an important location connecting ASEAN with China.

In addition, Van Don is also situated in the Viet Nam-China co-operation area of “Two Corridors, One Belt”, the Nanning-Singapore economic corridor, and the extended Tonkin Gulf inter-regional co-operation area.

Van Don also has a place in the country’s plan to develop the Tonkin Gulf coastal economic belt, is in the Ha Noi-Hai Phong-Quang Ninh development triangle, and is also part of the important chain on urban development of the Red River Delta. Thus, Van Don can quickly develop and expand its relations with big political and economic hubs of the country and region.

FRAUGHT WITH GREAT POTENTIAL

In order for Van Don to take off in the future, Quang Ninh authorities have asked the government to allow it to apply 75 special policies included in 12 groups concerning many sectors, such as tax incentives, land and property, finance, budget, currency, banking, business and investment, human resources management and development, immigration and residential management, export-import, high technology, and tourism development.

According to a report on Van Don SAEZ announced in February 2017, this zone could help the government collect about $3 billion from taxes and fees, and other types of land-related revenue in the 2021-2030 period. Van Don is expected to allure a great deal of investment.
In 1981, Huong Sen Group was one of the first non-state firms allowed to be established in Viet Nam. At present, Huong Sen Group has experienced nearly 40 years of construction and development, with many factories and subsidiaries. These include:
- Dai Viet Co., Ltd.
- Long Hung Trading and Service Co., Ltd.
- Huong Sen Packaging Co., Ltd.
- Dong A Co., Ltd.
- Huong Sen Beer Factory
- Huong Sen Wine Factory

Huong Sen Group operates in many sectors, such as beer, wine, beverage, restaurants, garment and textile, fibre, packaging, offices for lease, and real estate.

The group’s most popular products include Dai Viet Pilsner beer, Dai Viet Black beer, Dai Viet Red beer, Bibabibo rice milk, Pushmax fruit juice, and textile and fibre products.

Almost all Huong Sen products are also sold in Japan, the US, Chinese Taipei, Thailand, and Singapore.

The group’s factory system is equipped with the most modern machines and equipment in the region. Huong Sen Group is now a reliable partner for many businesses in Viet Nam and abroad.

In 2015, Huong Sen Group was honourably selected as representative of Viet Nam’s beer industry to produce Dai Viet Pilsner, a special type of beer used to celebrate the 40th anniversary of Viet Nam-Germany diplomatic relations. As seen in this act of trust, Dai Viet Pilsner meets all of the strictest quality standards.

In 2017, Dai Viet Beer is listed among Viet Nam’s 10 most-recognised foodstuff brand names by the Ministry of Industry and Trade, the Viet Nam Association of Food Science and Technology, and the Ministry of Science and Technology’s National Office of Intellectual Property of Viet Nam.

As a multi-sector provider of premier products in Viet Nam and the region, Huong Sen Group always places its responsibility for people, society, and nature at the top of its business strategy.

“The Dai Viet brand stems from our big heart for the country’s history and culture. It is not by chance that I use the Dai Viet name as our brand name. I would like to send the Vietnamese pride to our brand name”

- Tran Van Sen
Owner of Dai Viet Beer (Huong Sen Group)
Thai Binh’s plan to seize on its comparative advantages

With the advantages of its coastal position, abundant resources, a trustworthy investment environment, and a strong plan to develop its marine economy and agriculture, Chairman of the Thai Binh People’s Committee Nguyen Hong Dien talks about how the province is seeking to co-operate with domestic and foreign investors, under the motto: ‘Businesses move forward, Thai Binh develops’.

OUTSTANDING POTENTIAL

Thai Binh is a coastal delta province in northern Viet Nam with a total area of 1,545 square kilometres and a population of nearly 1.9 million. The province encompasses seven districts, a city, and 286 communal-level units. Its gross regional domestic product (GRDP) in 2016 came to approximately $3 billion, growing by 10 per cent annually, and export revenue reached almost $1.5 billion.

The province’s per capita income stands at about $1,500 per year. Thai Binh, to date, has attracted 972 investment projects with total registered capital of more than $5.5 billion, including 72 foreign direct investment (FDI) projects worth nearly $500 million. Local political security and social order and safety have also been ensured.

Thai Binh is not far from Ha Noi and other big cities and economic hubs in the northern region. Once operational, Thai Binh-Ha Nam Road and national highways 37 and 39 will reduce distance from Ha Noi and Thai Binh to less than 100 kilometres, and halve travel time between the two localities. It will only be 30km from Thai Binh to Viet Nam’s largest container port, Dinh Vu-Lach Huyen, and Cat Bi International Airport in Hai Phong, after the coastal road linking Hai Phong and Quang Ninh is completed. Surrounded on all sides by sea and rivers, Thai Binh boasts favourable waterways and sea routes.

Thai Binh has a natural gas reserve of more than 10 billion square metres under exploitation, providing 200 million sq.m per year in the service of producing construction materials, sanitary ware, and high-end glass at industrial zones (IZs) and clusters inside and outside the province. Investors are building onshore and offshore liquefied natural gas (LNG) warehouses to store and recycle gas, aiming to turn Thai Binh into a gas supply centre.

Thai Binh also has deep coal reserves holding about 210 billion tonnes, equivalent to 90 per cent of the total coal reserve of the Red River Delta, now under trial exploitation by Viet Nam’s mining giant Vinacomin. Suitable technologies will be selected for the official mining.

Thai Binh has two thermal power plants with a total capacity of 1,800 megawatts with Japan’s Marubeni Corporation as its main contractor. The plants churn out about 10.8 billion kilowatt-hours per year, helping to ensure the local electricity demand.

With a flat topography, fertile land, 54km coastline and 250 sq.km of beach, over 900,000 hectares of farming land, and annual food output of over one million tonnes, Thai Binh has favourable conditions to develop industries for high-tech agriculture, animal husbandry, aquaculture, fishing, processing, and eco-leisure tourism.

Thai Binh boasts abundant and high-quality labour resources, with about more than one million labourers of working age, more than half of them trained in vocational skills. The province also has two major universities (Thai Binh University of Medicine and Pharmacy and Thai Binh University), four colleges, and 43 vocational training establishments which offer training to 23,000 people each year, thus facilitating personnel supply.

The province has conducted planning on nine industrial parks and 51 industrial clusters, covering a total area of nearly 3,600ha. The locality established six IZs and 35 industrial clusters with a combined area of more than 2,200ha available for investors to lay their premises.

Besides, Thai Binh has proposed the government develop four new IZs with a total area of 1,300ha in the coastal area and major transport routes in order to make room for new investors.

Significantly, Thai Binh Economic Zone (EZ) was established under prime ministerial Decision No. 36/2017/QD-TTg, dated July 29, 2017. Sitting on a site of 31,000ha, the zone stretches along the province’s coastal area, includes a power centre, IZs and clusters, a port and port services area, urban and service areas, and a resort and entertainment area.

TWO PRIORITY AREAS

Thai Binh EZ has prioritised attracting investment to shipbuilding and sectors using natural gas to produce electricity, fertilisers, high-end construction materials, and materials for mining. Supporting industries are also an area of priority, mainly in assembling electronics and auto spare parts, and producing materials for the garment sector.
Other areas of interest include agricultural product processing, mechanical repair, port economy, tourism, trade, services, urban development, and other economic sectors able to join the global value chain in connection with the economic corridor of the Gulf of Tonkin.

Thai Binh EZ operates under a legal framework prescribed in governmental Decree No.29/2008/ND-CP, dated March 14, 2008, on industrial, export processing, and economic zones, and concretised into operational rules in line with development situation of a coastal EZ in the Red River Delta. The zone has offered incentives and support to investors in accordance with the laws on Enterprise and Investment, and regulations guiding the implementation of a number of articles of the Investment and Enterprise laws; other current laws; and other special incentives in line with the EZ model in the region. With such incentives, the newly-established EZ generates a unique opportunity for both domestic and foreign investors.

At the same time, Thai Binh is actively calling for investment into building IZs and clusters in the service of agriculture and the development of the model of modernising agriculture and operating under a closed chain from production to harvest, processing, transportation and distribution.

The province has lured investment to develop mechanical production, spare parts manufacturing and assembling, production of vehicles, agricultural machines, equipment and tools, logistics services, agricultural product preservation and processing, and the production of fertilisers, chemicals, and animal feed.

Thai Binh is also inviting investors to pour cash into adventure, ecological, historical, cultural, and spiritual tourism in local rural areas – high-potential focuses that suit current tourism trends.

**STRONG COMMITMENT**

Being deeply aware that businesses are the locomotive of the economy, and that sincere investors and enterprises are its benefactors, Thai Binh has affirmed its willingness to co-operate and create the best possible conditions for investors and businesses, and listen to, understand, and accompany them in order to promptly and practically remove difficulties hindering their operation. It has also vowed to continue intensifying administrative reform towards simplifying dossier contents and minimising time for handling administrative procedures compared to current regulations.

Thai Binh has promised to swiftly and fully implement governmental policies towards domestic and foreign investors with the highest incentives in line with current regulations. At the same time, Thai Binh has rolled out many preferential mechanisms and policies in different socio-economic sectors.

The province has offered the lowest land lease price within the price frame set by the state and provided extra support apart from the governmental policies, with higher incentives such as assistance in land clearance, vocational training, and scientific-technological innovation and application.

For projects worth more than $10 million each, using cutting-edge and environmentally-friendly technologies and bringing in high economic efficiency, Thai Binh has committed to offering them special incentives in line with current regulations.
From a small garment enterprise founded in 1989, Bitexo Nam Long JSC has grown today into a multi-field business with annual revenue surpassing VND800 billion ($36.3 million), and is committed to joining the club of businesses with VND1 trillion ($45.4 million) in revenue per year in the near future. The firm operates in various areas: spinning, making cotton towels for export, doors and wooden furniture for export, residential water supply, real estate development and management, and import of machinery and commodities. Bitexo Nam Long's cotton yarns, cotton towels, and wooden furniture have mainly been exported to Japan, China, Brazil, the US, and the EU, with export value exceeding $20 million per year. The company's products have been rated highly by partners in developed countries, and its achievements were recognised by the Party and the state through the awarding of the third-grade Labour Order (2015) and the Viet Nam Gold Star Award (2015). The firm aims for sustainable development, and is named among the most trustworthy suppliers in the global value chain for the segments in which it engages.

**COTTON YARN**
15,000 spindles + 2,500 rotos
400 tonnes of OE, CD yarn/month

**COTTON TOWELS**
60 Jacquard/Dobby machines
300 tonnes of towels per month

**DOORS & WOODEN FURNITURE**
60-100 containers of doors and wooden furniture per year

**RESIDENTIAL WATER SUPPLY**
90,000 cubic metres per day
100,000 customers

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**BITEXCO NAM LONG JOINT STOCK COMPANY**
Address: Lot A2, Nguyen Duc Canh Industrial Park, Tran Hung Dao ward, Thai Binh city, Thai Binh province | Tel: (+84) 227.847.848 | Fax: (+84) 227.847.849 | Email: namlong@bitexconamlong.com | Website: www.bitexconamlong.com | Skype: bitexconamlong
MINH LONG INTERNATIONAL COMMERCIAL INVESTMENT JOINT STOCK COMPANY (MITEXCO JSC) was founded in 2011 by devoted and knowledgable businessmen and experts to deliver a mission to produce and supply cotton yarn and towels, meeting strict requirements on quality, at reasonable prices for all local and foreign customers, visioning MITEXCO become one of the most reliable suppliers of textiles and garments in the region and the world.

MITEXCO includes more than 450 employees, of whom over 40 per cent are women. We work under the motto of “Bring comfort to life”, with that we commit to produce the best products which can bring the comfort and beauty for users, also meaning generating prosperity for families, developing reliable relationship with partners/suppliers, and pursuing a balanced and sustainable development with regard to environment and community.

MITEXCO is equipped with state-of-the-art machines and equipments manufactured by the world’s leading industrial groups such as Germany’s Trutzschler, Switzerland’s Rieter and Saurer, and Japan’s Muratec – which can produce stable, high-quality, and environmentally-friendly products.

Madam Vu Thi Suot
Vice Chairwoman

Minh Long builds value by leveraging labour productivity and most cost-effective measures.

The Minh Long Yarn brand as well as quality fibre products are always appreciated by foreign customers and partners for their superior quality over similar products made by regional peers.

Minh Long’s textile products vary in colour, size, and weight, suited to the taste of international customers. Its scarves and shawls are not irritating the skin, featuring subtle colour and exquisite design, ensuring customers’ satisfaction.

Minh Long products make life more beautiful.
Quang Binh: The crossroads of Southeast Asia

Quang Binh province is known for many things, but its greatest advantage may be its accessibility. Dr. Tran Du Lich, team leader of the Coastal Development Cooperation in Central Viet Nam, describes what opportunities await for intrepid investors to the central province.

Quang Binh’s investment appeal is intimately tied to its geography – one that is getting more promising as the region around it develops.

Quang Binh is considered the crossroads of the country. It is strategically located on the East-West Economic Corridor, and it is the eastern gateway to the waterways of central Laos, northeastern Thailand, and Myanmar. In addition, transportation is a convenient and comprehensive, served by roads and the railway, Dong Hoi International Airport, Hon La Port, and Cha Lo International Bordergate. This is advantageous to both development, economic co-operation, and trade and investment services in the region, especially with countries in the ASEAN bloc.

Previously, Quang Binh was known as a poor and arid land with many challenges in its past. However, after 30 years, the province has emerged as a strong socio-economic development hub that is famous for being “the cave kingdom of the world”. Phong Nha-Ke Bang National Park, the province’s most popular attraction, has an area of over 120,000 hectares and nearly 300 spectacular caves of different sizes, including Son Doong, Phong Nha, Tien Son, Thien Duong, Va, En, Tu Lan, Chay, and Dark.

In 2014, Quang Binh was ranked eighth in the New York Times’ list of the top 52 places to go in the world – the highest-ranked Asian location. It has carved out a place on the world tourism map, in part by being featured in Hollywood blockbuster “Kong: Skull Island” and Miss World International (Miss Grand International) competition.

Economists say that tourism potential in Quang Binh is large and has developed rapidly in recent times. It is expected that in the near future, Quang Binh will become a major tourist hotspot for Viet Nam and Asia.

Quang Binh has two economic zones (EZs): Cha Lo International Bordergate EZ, which is a hub for import and export of goods and services in central Laos, northeast Thailand, and the Greater Mekong Subregion, and Hon La EZ, which is in the key economic centre of the crossover area of southern Ha Tinh province and northern Quang Binh. Projects implemented to date include Quang Trach Thermal Power Plant, Phase I, invested by Electricity of Viet Nam with a capacity of 1,200 megawatts, and Quang Trach Thermal Power Plant Project II, surveyed by Inter RAO Group (Russia) at a scale of 1,200-1,360MW. Another project is a bonded warehouse and oil pipeline from Hon La Port in Quang Binh to Khammouane province in Laos, invested by Lao Petro JSC. There are also six other industrial zones with an area of over 2,000 hectares. There is a deepwater seaport called Hon La, which can accommodate 30,000-50,000 deadweight tonnage ships.

“SOFT” INFRASTRUCTURE

If “hard” infrastructure is considered the basic foundation for economic development, “soft” infrastructure (mechanisms, policies, and a favourable investment environment) is a lever and a catalyst to attract investors to the province. To attract investors, Quang Binh is not only creating a distinct advantage thanks to the “hard” infrastructure and its position on the international tourism map, but also in “soft” infrastructure.

Economists think that identifying strengths and a favourable investment climate are important factors in attracting investors to the local economy. In particular, the reform of administrative procedures and the development of supporting policies and mechanisms are the key elements of building a favourable investment environment.

With the above objectives, on July 18, 2017, the Quang Binh People’s Council issued Resolution No.19/2017/NQ-HDND to promulgate the regulation on a number of supporting policies and investments in the area. The focus is on investment areas that are considered the most important for Quang Binh, such as tourism, transport (aviation in particular), and creative startups.

According to this new regulation, regarding land clearance work, investors of projects capitalised at more than VND10 billion ($454,500) will be supported by the province at a rate of 2 per cent of their total investment capital (not including compensation costs and ground clearance costs). In addition, investors will also be supported with up to 50 per cent of the pre-tax construction value to build infrastructure outside the project, for projects with total investment capital of VND10 billion and up to VND500 million ($22,700) in workforce training costs.

With tourism, businesses investing in hotel accommodation in Dong Hoi will be supported at up to VND500 million ($22,727) per three-star hotel, and VND1.5 billion ($68,200) per hotel meeting four- to five-star standards. Other districts will also be supported with VND300 million ($13,600) per hotel meeting the two-star standard, VND1 billion ($45,500) per hotel meeting the three-star standard, and VND2 billion ($90,900) per hotel meeting four- to five-star standards.

Along with supporting policies, Quang Binh clearly defines the important role of investors in the socioeconomic development of the province, and considers co-operation with investors to be a central task of Quang Binh authorities.
Quang Binh province: With big plans comes need for mass infrastructure

Welcoming the new investment wave, Quang Binh province has been proactively making use of existing advantages to develop infrastructure, setting the foundations for its economic growth as well as investment promotion. Ngoc Tan reports.

INFRASTRUCTURE AS THE FIRST BASE

Before, Quang Binh was considered an underdeveloped province, with only two things coming to mind when thinking of it: dry westerly wind from Laos and white sand dunes. These two images took firm root in locals’ mind, casting a shadow of long-lasting poverty.

In the early 21st century, the section of Ho Chi Minh Highway passing through western Quang Binh was finished, reducing travel time from Dong Hoi to Phong Nha-Ke Bang. In 2009, Son Doong Cave was discovered by explorers of the British Royal Cave Exploration Association, marking a huge milestone in the province’s tourism development. Son Doong was then recognised as the largest natural cave in the world and listed among the most magnificent caves across the globe.

The fame of Son Doong has helped provincial tourism to thrive and, more importantly, it has garnered the attention of potential investors in other sectors, including resort property, the food processing industry, transportation, and logistics. Tapping into this precious opportunity, Quang Binh has been trying its utmost to complete key traffic infrastructure to welcome a new wave of investment.

Bearing in mind that transportation facilities and infrastructure are the base and driving force for economic growth, Quang Binh has mobilised most of its resources from the state budget, local budget, government bonds, official development assistance (ODA), and even other funds to strongly invest in infrastructure development, predominantly focusing on traffic constructions which can strengthen regional linkages, contributing to the province’s economic growth and investment promotion.

The province is mobilising all resources to repair and upgrade traffic networks, including roads, railways, inland waterways, maritime ports, and airports, as well as invest in key transportation routes meeting the requisite levels and standards. Some prioritised strategic constructions include the expansion of Dong Hoi Airport, Hon La Port, and National Highway section, Nhat Le 2 Bridge, the road connecting Hon La Economicic Zone to Tien-Chau-Van Hoa Cement Zone, and the tourism route in Bao Ninh Peninsula.

According to the Quang Binh Department of Transport, the province has so far accomplished a number of key traffic construction projects, including the expansion of National Highway 1A running through the province, Nhat Le 2 Bridge, a flood detour route alongside National Highway 1A, and the upgrading of Minh Cam-Dong Le section and Khe Ve-Cha Lo section on National Highway 12A.

Additionally, the project of Hon La Port has arrived in its second phase of implementing investment procedures. The port is expected to become a general deepwater seaport, with a capacity to receive 30,000-50,000 deadweight tonnage vessels. These two projects will contribute to favourable trade between Quang Binh and other localities in Thailand and Laos. Accordingly, Lao Petro JSC has decided to invest in a $650 million oil pipeline designed to connect Hon La Port to Khammouane province in Laos.

ACTIVELY CALLING FOR INVESTMENT

Currently, in addition to calling for investment in tourism development in Phong Nha-Ke Bang, Quang Binh is focusing on luring investment into sea tourism, an area that holds great potential. Thus, the province has built Nhat Le 2 Bridge to connect the centre of Dong Hoi city to Bao Ninh Peninsula.

Nguyen Huu Hoai, Chairman of the Quang Binh People’s Committee, emphasised, “Nhat Le 2 Bridge has brought the opportunity for Bao Ninh Peninsula to become a ‘golden land’ of tourism development, as well as connect the coastal areas of Quang Binh to National Highway 1A.”

Aside from attracting investment for tourism in Bao Ninh, which is famous for the beautiful Nhat Le Beach, Quang Binh is eyeing the area between Dong Hoi, and Quang Ninh and Le Thuy districts. Accordingly, the province has started investing in flood-avoiding routes from the build-operate-transfer tollbooth of Quan Hau Bridge running through the white sands between Quang Ninh and Le Thuy districts and ending at Hung Thuy commune in Le Thuy district. Another tourism route connecting the 60 metre-wide route in Bao Ninh and FLC Quang Binh Resort in Hai Ninh commune has been constructed.

When the route is completed, the white sand dunes representing the poverty of the past will be turned into a magnet to investors in resort property. As soon as they recognised the potential of this area, FLC Group started building the huge FLC Quang Binh Beach and Golf Resort with total investment of VND7 trillion (nearly $308 million), covering a total 2,000 hectares of land. Besides FLC Group, other big investors such as Vingroup, Bavico, and An Viet are eyeing the region, preparing for ambitious future investment projects.

Dinh Huu Thanh, director of the Quang Binh Department of Planning and Investment, said that Quang Binh has set forth to call for investment from the private sector, considering it an essential channel in developing provincial traffic infrastructure for investment promotion in other areas.

“The province will establish favourable policies and incentives to lure in more and more strategic investors,” Thanh said.
Quang Binh province: ‘The king of caves’

Known as “the king of caves”, the central province of Quang Binh stands out among the world’s must-see tourist destinations, with a system of over 300 magnificent limestone caves and grottoes. Ngoc Tan reports.

DISTINCT VALUE

Quang Binh province is home to the UNESCO-recognised World Heritage Site of Phong Nha-Ke Bang National Park, with more than 123,000 hectares of primeval forest and 300 unique caves dating back 400 million years. Among the most splendid caves and grottoes are Phong Nha (home to the world’s longest underground river), Son Doong (the world’s largest cave), Tien Son, Thien Duong, Va, En, Tu Lan, Chay, and Toi. These sites have given rise to the province’s nickname: “the king of caves”, a must-see destination in Asia and in the world.

Son Doong cave and others in Phong Nha-Ke Bang National Park recently emerged as a magnet for international tourists, thanks to the grandiose range of mountains and beautiful and mysterious cave systems screened in the blockbuster film “Kong: Skull Island”. Word of their beauty has now reached far and wide.

Nguyen Chau A, general director of Oxalis Adventure Tours company, provider of high-quality cave and jungle adventure tours to the Phong Nha-Ke Bang National Park and surrounding cave systems, said that although the tours to Son Doong cave are priced at $3,000, all the tours offered for 2017 have been booked.

After the release of “Kong: Skull Island”, film director Jordan Vogt-Roberts came back to Quang Binh to explore Son Doong cave without the pressure of a film crew. Everything was completely different wherever he walked in the cave, Roberts said, calling it the world’s most beautiful cave.

Thanks to the system of over 300 natural limestone caves and grottoes, Quang Binh is regarded as the province with the biggest advantage in globally-appealing tourism resources. This province annually welcomes more than three million tourist arrivals. The New York Times ranked Son Doong on its list of places to visit in 2014.

DIVERSIFIED TOURISM PRODUCTS

Besides cave tours in Phong Nha-Ke Bang National Park, Quang Binh has been diversifying tourism products, looking to build entertainment, spiritual, and historical tours to many sites. The sites with the biggest potential include Hoang Phuc Pagoda and General Vo Nguyen Giap Memorial House in Le Thuy district, and General Giap’s burial site in Quang Trach district. On the other end of the spectrum, Quang Binh is also endowed with a long stretch of stunning golden beach.

Once completed and put into service, the luxurious FLC Resort and Golf complex will add to Quang Binh’s list of international-standard resort sites. The central province is sparing no efforts to lure foreign investment inflows in resort projects along its beaches.

According to Ho An Phong, director of the Quang Binh Department of Culture, Quang Binh – and Cat Bi International Airport in the northern city of Haiphong, and additional flights between Dong Hoi and both Ha Noi and Ho Chi Minh City. There is even a new direct flight between Dong Hoi and Chiang Mai in the north of Thailand. In addition, road sections and railway routes have been upgraded. Quang Binh is partnering with other domestic and foreign localities to enhance tourism promotion activities, including online channels.

The Quang Binh Department of Planning and Investment, Quang Binh has 31 tourism and service-related projects in need of investment under the list of investment projects approved by the province for the 2016-2020 period. They include an international resort complex in Bao Ninh commune in Dong Hoi, capitalised at VND2.5 trillion ($113.64 million); a sea tourist park in Bao Ninh commune invested at VND5 trillion ($227.27 million); Da Nhay-Ba Trai resort complex in Thanh Trach and Ha Trach communes, Bo Trach district at VND5 trillion ($227.27 million); the Chay River Resort complex in Bo Trach district at VND1.5 trillion ($68.18 million); and a “world heritage valley” in Phong Nha-Ke Bang National Park at VND1 trillion ($45.45 million).

According to Ho An Phong, director of the Quang Binh Department of Culture, Sports and Tourism, the province always attaches importance to boosting tourism development and promotion, and improving the quality of its service. In fact, even now it is devising new policies to lure investments into its tourism sector.

The connection between Quang Binh and domestic and foreign destinations has been intensified with the launch of new air routes between Dong Hoi – the largest city in Quang Binh – and Cat Bi International Airport in the northern city of Haiphong, and additional flights between Dong Hoi and both Ha Noi and Ho Chi Minh City. There is even a new direct flight between Dong Hoi and Chiang Mai in the north of Thailand. In addition, road sections and railway routes have been upgraded. Quang Binh is partnering with other domestic and foreign localities to enhance tourism promotion activities, including online channels.

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THANG LONG INVESTMENT EXPORT IMPORT
JOINT STOCK COMPANY

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Founded in 1989 in the northern province of Thai Binh, Thang Long Investment Export Import JSC (THALOGATE) has grown into one of the leading local businesses in garment production. In its more than 25 years, the company has established co-operative relations with many reputable brands in its field. The firm's mission is to provide a comprehensive suite of direct garment production and associated textile-garment products based on custom orders. The company currently operates three major factories, employing 3,000 workers, technicians, and managers, and cutting-edge production lines. In the past two years, the company's employees have been trained to improve their professional qualifications, and together with support from innovative quality management systems are now ready to meet the requirements of customers around the world. THALOGATE products have made forays into international markets such as the US, the Republic of Korea, and Japan. Under the slogan “Quality makes the brand value”, the firm is searching for partners for market expansion, and aiming to penetrate developed markets like the UK, EU, and Russia. In addition, the firm is also seeking co-operative partners in the production and trading of fibres, textiles, and garment accessories.

Additionally, the company has succeeded in doing business in other fields such as real estate, petroleum trading, and mining services.

“Our mission is to better the standards of living and quality of life for the community, through supplying quality products and services to satisfy all of our customers’ requirements. We always strive to walk in step with society’s growth.”

Trousers
600,000 products per year

Jackets
400,000 products per year
Binh Dinh stands ready for APEC investment

The 2017 APEC Economic Leaders’ Week is scheduled to take place in the central city of Da Nang during November 6-11, 2017, including the APEC CEO Summit, which is expected to see the participation of thousands of CEOs from across APEC member economies. This will offer great opportunities to cities and provinces in Viet Nam, including the central province of Binh Dinh, to promote themselves.

Chairman of the Binh Dinh People’s Committee Ho Quoc Dung hoped that the province will receive significant attention from APEC businesses.

What will Binh Dinh introduce to APEC businesses?
APEC is a big forum which many localities and businesses would like to take advantages to promote themselves. Viet Nam in general and Binh Dinh in particular are quite attractive to APEC businesses and investors. We want to promote Binh Dinh as a land of traditional martial arts, with all favourable conditions for investors. Not only being a gateway to the Central Highlands, Binh Dinh boasts sufficient full potential. We still do not have any operational big tourism projects and big entertainment facilities to really kick-start tourism.

We consider tourism as a key economic sector. To develop this segment, we have been improving the province’s infrastructure and called for investors to several projects, while upgrading the existing special tourism spots to lure in more visitors.

Binh Dinh has already attracted a number of projects remains slow due to economic difficulties and we well understand this situation. However, the province is also facing some difficulties in site clearance, while the tourism infrastructure system has yet to be improved, especially coastal roads need to be upgraded.

However, we vow to make greater efforts to further develop the local tourism infrastructure.

What does Binh Dinh currently need the most?
We need many things, such as investment capital for infrastructure development and upgrading tourism destinations including Quang Trung King Museum and Tay Son Emperor Citadel. We also need more private investment in the tourism sector, with new entertainment areas for tourists. However, what the province needs the most at the moment is a key tourism project which will serve as a propellant for developing and creating a brand name for the province. This will help Binh Dinh grow further and become more well-known to tourists.

Does the province has any big tourism project as it wants?
Airports Corporation of Vietnam is now constructing and expanding the civil aviation area at Phu Cat Airport with total investment capital of about VND500 billion ($22.73 million). The works will transform the facility into an international airport with a bigger parking area, a new international-standard terminal, and better runways. This project will be connected with the development of the province’s big industrial, commercial, services, and tourism projects in the time to come. Binh Dinh will also complete the legal
Binh Dinh province
A logistics hub for the FTA era

With the deepwater seaport of Quy Nhon, the newly-upgraded Phu Cat Airport, National Road 1A, and convenient trading access to the Central Highlands—as well as to Laos, Cambodia, and Thailand—Binh Dinh is hoping to develop into a logistics hub for Viet Nam, Ha Minh reports.

SETTING THE GROUNDWORK

Deputy Chairman of the Binh Dinh People’s Committee Phan Cao Thang said that the development of logistics services in the province has produced results in terms of the increased number of enterprises, their types, quality standards, and competitiveness, contributing to the province’s economic growth. This has also positively contributed to Binh Dinh’s investment promotion in the past few years and for the years to come.

There are now around 500 enterprises providing logistics services such as freight forwarding, loading and unloading, warehousing, and transportation. With the initial assessment on the competitiveness of these logistics services providers, the provincial people’s committee has set the development goals and orientation for this sector for the period of 2016-2020, with a vision to 2030.

Accordingly, the logistics services sector is expected to increase at a high rate, getting into the group of services with the highest contribution to Viet Nam’s GDP by 2030. The expected targets for 2020 and 2030 are 10-15 per cent, and over 20 per cent per year, respectively.

To successfully achieve these goals, four groups of solutions need implementing at the same time: strengthening administrative capacity in the logistics industry, investing in logistics infrastructure development, diversifying a wide range of services, and expanding the number of logistics service providers.

In terms of investing in logistics infrastructure development, transportation infrastructure is the most critical. Quy Nhon Port is a national focal port in Central Viet Nam. In the period from 2020-2030, the total land area for the expansion of this port will be up to 95 hectares. With the expansion of the port to receive huge cargo ships, it is expected to receive 15-18 million tonnes of goods per year after 2020 and up to 25-30 million tonnes of goods per year after 2030.

“Expanding and developing the port will turn the port into an up-to-date seaport, meeting the requirements of socioeconomic development of the province as well as the regions of Central Viet Nam, the Central Highlands, southern Laos, and northeast Cambodia,” said Thang.

At the same time, Thang also stated that Binh Dinh is expanding National Highway 19, as well as reviewing and assessing planned sites for logistics development in Phuoc Loc commune, Tuy Phuoc district, and along National Highway 19 in correspondence with rising goods transported via Quy Nhon Port, in order to accelerate the development of the logistics sector.

QUY NHON PORT

Dr. Tran Dinh Thien, director of the Viet Nam Institute of Economics, said that once a strong logistics industry is developed, transportation costs between regions will be reduced. To develop logistics services, it is necessary to evaluate potentials including the amount of transported goods, as well as identify the mechanism for logistics development and creating a regional logistics centre.

With a rising amount of transported goods over the years—and as the main port for delivering and receiving goods for Binh Dinh, the Central Highlands, southern Laos, and northeast Cambodia—Quy Nhon Port is a potential candidate for logistics service development.

Le Duy Hiep, chairman of the Viet Nam Logistics Business Association, said that Binh Dinh is in the Central Viet Nam Key Economic Region, and has a number of advantages to develop logistics services, including development policies and conditions.

According to Hiep, Binh Dinh was approved to be included in the country’s logistics centres development strategy until 2020, with an orientation to 2030. To implement the strategy, the Ministry of Transport has also approved the planning for temporary connected ports, as well as four east-west transportation corridors: Da Nang-National Highway 1A-National Highway 19-Laos’ borders; Da Nang-National Highway 148-14D-Ho Chi Minh Highway-Central Highlands; Dung Quat-Central Highlands; and Quy Nhon-National Highway 19-Central Highlands.

Quy Nhon Port is a lever for Binh Dinh to develop a strong logistics industry

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<th>LIST OF PROJECTS CALLING FOR INVESTMENT IN BINH DINH</th>
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<td>1. General port of Nhon Hoai (Hoai Economic Zone), with a total area of 110 hectares and investment capital of $300-400 million</td>
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<tr>
<td>2. Provincial coastal route, with total length of 123.85 kilometres and investment capital of $465 million</td>
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<tr>
<td>3. Thai Nai Lagoon Green Tourism Site (Quy Nhon), with a total area of 715 hectares and investment capital of $400 million</td>
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<td>4. Vung Chua Eco-Tourism Site (Quy Nhon), with a total area of 500 hectares and investment capital of $250 million</td>
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<td>5. Tan Thanh Eco-Tourism Site (Phu Cat district), with a total area of 250 hectares and investment capital of $125 million</td>
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<tr>
<td>6. Mui Raong and Tan Phung seaports (Phu My district), with a total area of 165 hectares and investment capital of $100 million</td>
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<td>7. De Gi Eco-Tourism Site (Phu Cat district), with investment capital of $50 million</td>
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Binh Dinh province
An emerging hotspot for relaxation

A series of luxury resort projects have been implemented along the scenic coastline of the central province of Binh Dinh, making a strong impression on visitors. Binh Dinh’s tourism sector is thriving, aiming to turn the province into a new, ideal holiday retreat in Viet Nam. Ha Minh reports.

AN EMERGING SOUTHEAST ASIAN DESTINATION

It came as no surprise when UK travel magazine Rough Guides ranked Quy Nhon the third among the nine places to get off the tourist trail in Southeast Asia.

To win this precious title, Quy Nhon has met a series of criteria, such as abundant and fresh seafood as well as peaceful and romantic beaches. This coastal city deserved the honour thanks to its pristine but magnificent crescent moon-shaped beach, attracting an ever-growing number of tourists.

Meanwhile, the ancient Cham towers of Binh Dinh offer visitors a totally different experience. Last year, Banh It towers (Tuy Phuoc district) were included in the book “1,001 buildings you must see before you die” written by a group of British writers.

Other local attractions receiving much interest from visitors lately include Trung Luong camping site, Hon Kho-Ky Co Island, and Cu Lao Xanh Island.

Ky Co Beach with its pristine beauty of emerald waters and long white beaches is considered the “Maldives of Viet Nam,” while Trung Luong, or the “Jeju Island of Viet Nam,” brings to life the power of raw natural beauty with its lines of green trees, spectacular rugged mountainsides, and white soft sand.

The province also offers tourists Eo Gio, a romantic spot to watch the sunset, as well as Hon Kho with its crystal waters.

Recognised as the “paradise of Quy Nhon,” Ky Co features pristine beauty without the bustle of crowded stores. The most notable characteristic of this area is the unique water with two distinct shades of blue. The colour of the water near the shore is a crystal-clear blue so people can see down to the bottom, while the water further in bears the colour of dark turquoise, mysteriously hiding the secrets of the ocean.

Trung Luong camping site, lying 30 kilometres from Quy Nhon, is the perfect spot for tourists to recreate and enjoy the fresh air. This is also a suitable site for younger visitors to take selfies under the green and red-roofed tents as well as the colourful chairs facing the sea.

SPECTACULAR RECREATION

Binh Dinh’s tourism sector has been firmly developing in recent years, the fruit of years of efficient investment. Before, tourists on their journey across Viet Nam used to spend a night in Quy Nhon and leave right away in the morning. However, now people coming to Binh Dinh often stay for more than four days to visit local attractions.

Accommodation and recreation premises, tourist attractions, great traffic network, travel services, and other high-quality services in Binh Dinh have received considerable investment and been upgraded, showing that tourism in Binh Dinh is developing a more professional edge.

In terms of transportation, the Binh Dinh section of National Highway 1A has been upgraded and expanded. Other expansion and upgrade projects, including National Highway 1D, National Highway 19, National Highway 19B, Dieu Tri Station, and Phu Cat Airport, are also under construction. At the same time, the province has asked for the government’s permission to upgrade Phu Cat into an international airport, supporting more foreign flights.

Accommodation infrastructure in Binh Dinh has recently reached new levels. Beside three and four-star hotels like Hai Au Hotel, Saigon-Quy Nhon Hotel, Hoang Yen Hotel, Hoang Gia Resort, and Avani Resort, other international-standard luxury resorts by FLC Group, Vingroup, and Ton Hoa Sen Group have joined the market. Notably, FLC Quy Nhon Beach and Golf Resort started operating in 2016, becoming a highlight for Binh Dinh’s tourism scene.

“In the past, the province mainly focused on calling for investment to industrial projects, paying less attention to its tourism development potential, with special tourism products which have been recognised by many prestigious organisations and communities worldwide,” said Ho Quoc Dung, Chairman of the Binh Dinh People’s Committee.

Thus, he said, Binh Dinh recently announced the province’s revised tourism development planning strategy until 2020 with a vision to 2030, with 45 key projects. The total required investment capital is expected to reach VND36.5 trillion ($1.6 billion).

In 2016, Binh Dinh welcomed more than 3.2 million visitors (a 23-per-cent increase compared to 2015), 265,000 of whom were foreigners (up 24 per cent year-on-year). Total tourism revenue reached VND1.45 trillion ($61.6 million), increasing by over 26 per cent. Since the beginning of the year until September 2017, the total number of visitors to Binh Dinh reached 3.1 million, nearly equal to the figure for entire 2016, a 17 per cent year-on-year increase (220,000 visitors were foreigners, increasing by 5 per cent, while there were 2.9 million domestic visitors, increasing by 18 per cent compared to 2016). Binh Dinh earned a total tourism revenue of VND1.705 trillion ($75.04 million) in the first nine months of 2017, increasing by 41 per cent year-on-year.
DONG LAM CERAMICS COMPANY LIMITED (DOLACERA), founded in 1995, now has three Italian-standard technology factories. Dolacera products are the crystallisation of an experienced workforce, natural gas resources, and state-of-the-art machines, including shuttle kilns and enamelling robots imported from Germany, Italy, the Republic of Korea, and Japan. Dong Lam products are made in accordance with the ISO 9001:2015 quality management system and the National Technical Regulation on Products, Goods, and Building Materials QCVN 16:2015/BXD, issued by Viet Nam’s Ministry of Construction. Dong Lam porcelain products are of international quality, with an eye-catching appearance, environmentally-friendly features, and reasonable prices.

DOLACERA products were honoured with the Viet Nam Quality Gold Cup, the Golden Cup for Trademark of Viet Nam’s Construction Industry, the Golden Cup of Talented and Responsible Entrepreneurs, the Viet Trademark Golden Cup, and the Viet Nam Gold Star Award. For many years, DOLACERA porcelain products have been voted by consumers as high-quality local goods.

TRAN VAN DUNG
General Director

"Dong Lam Ceramics Co., Ltd. (Dolacera) reaches the annual output of one million sanitary ware products and over five million civil and high-quality fine art porcelain products. The company now has 50 large distributors across Viet Nam. Many Dong Lam products have conquered overseas markets, including the Republic of Korea, Laos, Australia, Cambodia, Myanmar, and Indonesia.

"The company always appreciates the interests of partners and consumers. All the contracts and co-operation agreements Dong Lam has signed with its partners have attached importance to the benefits of each, forming sustainable partnerships.

"Dong Lam is striving to research and apply Industry 4.0 technologies into its production, enabling its products to penetrate deeper into regional and global markets."
Phu Yen builds a foundation for tourism

Given the potential and advantages of its tourism industry, in conjunction with the infrastructure system that has come into shape – such as Ca Pass Tunnel, Cu Mong Pass, Tuy Hoa Airport, and Vung Ro Seaport, as well as South Phu Yen Economic Zone – Phu Yen province is well prepared to welcome local and foreign investors alike. Chairman of the Phu Yen People’s Committee Hoang Van Tra spoke with Hoang Thuy about the tale behind the central province’s investment profile.

What do you think makes Phu Yen an emerging blip on investors’ radars?

First of all, we have made some strategic decisions for the province’s economic development, placing a clear emphasis on the role of public funds. Based on this clear vision, we have come up with policies aimed at attracting investors and planning projects in line with the potential and strengths of Phu Yen. We have also created a foundation for suitable investment projects to arrive, on the basis of the local development orientation, and step by step, we are taking Phu Yen to the next level, becoming one of the most coveted destinations for investors.

Phu Yen, in fact, has great strengths in terms of tourism, with over 20 tourist attractions at the national level, together with many cultural festivals carrying the unique flavour of Vietnamese culture. These unique features of Phu Yen led us to choose tourism as one of the key economic spearheads, and as a result, we have been focusing on preferential programmes and directions designed to attract mass investment into this sector.

Besides, we have always been determined to give Phu Yen an economic push through projects that are motivating and valuable. These projects will later become magnets for other tourism projects. We have the Republic of Korea-based investors who are at the moment developing Sunrise Resort at Bai Xep Beach, with total investment capital of almost $1 billion, along with numerous other tourism projects.

Phu Yen is also speeding up the completion of its infrastructure system, particularly the major transportation routes that link central Phu Yen with other provinces. In addition, it is opening up the corridors for economic development through the Ca Pass Tunnel and Cu Mong Pass projects (connecting it to the southern provinces), National Highway 25 that stretches across the Central Highlands region, and seaports such as Vung Ro and Bai Goc that will smooth out the connection between Vietnam and ASEAN members as well as northeast Asian economies.

What do you think is the most important task ahead to draw more investors?

As I have already mentioned, Phu Yen has opened its doors wide open for the purpose of connection. So far we have a lot of potential projects to help attract investors, and we have managed to build up some favourable mechanisms and incentives. The question here is how we can utilise our existing advantages and turn them into competitive advantages to attract investors.

Apart from this, I also want to emphasise that in order to grab the attention of investors, we ought to change our perspective on approaching new opportunities that fit our current economic and environmental development goals. We must approach potential investors in a direct manner, targeting those that fit the province’s investment and development orientation. By doing this, we will be able to improve the investment status of Phu Yen, both in terms of quality and quantity.

What investment opportunities will Phu Yen offer in the years to come?

Phu Yen itself has recognised its very own opportunities for further development, and at the same time, we have identified obstacles and found solutions to affect a breakthrough in sustainable development. In fact, these solutions have been translated into action programmes and practical resolutions which best fit the province.

We pay attention to supporting enterprises and improving the investment and business environment as part of our attempt to enhance the number and quality of the enterprises in the province. We also review and reassess exemplary projects, making them a motivation to call for more capital into the province. We have managed to manoeuvre through great difficulties under the direction of the provincial party committee, and given the total agreement and determination of the political system which serves as a solid backup for Phu Yen, any barrier to investment inflows will be removed. We all believe that in the years to come, Phu Yen will strive to pull in substantial capital investment.

### List of Projects Calling for Investment in Phu Yen Province

<table>
<thead>
<tr>
<th>Name of projects</th>
<th>Investment capital</th>
<th>Investment format</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Tuy Hoa Urban Project</td>
<td>VND1.4 trillion ($61.6 million)</td>
<td>PPP</td>
</tr>
<tr>
<td>Construction of road and North and South embankments of Ba River section from the old Da Rang Bridge to Ganh Ba (in Hoa Phong commune, Tay Hoa district – Dinh Ong in Phu Hoa town)</td>
<td>VND2.4 trillion ($105.6 million)</td>
<td>PPP</td>
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<tr>
<td>Road connecting National Highway 1A (avoiding Phu Lam) to coastal routes (Da Nong bridge)</td>
<td>VND1.3 trillion ($57.2 million)</td>
<td>PPP</td>
</tr>
<tr>
<td>Song Chua bridge and Nguyen Trai road to Binh Ngoc commune</td>
<td>VND800 billion ($35.2 million)</td>
<td>PPP</td>
</tr>
<tr>
<td>Routes along Xuan Dai Bay (the section from National Highway 1A to Trung Trinh Yung La)</td>
<td>VND150 billion ($6.6 million)</td>
<td>PPP</td>
</tr>
<tr>
<td>Investment in technical infrastructure for resettlement and anti-drought reservoir of Phu Yen agriculture zone with high-tech applications</td>
<td>VND120 billion ($5.2 million)</td>
<td>PPP</td>
</tr>
<tr>
<td>Technical Infrastructure for free-taxed area (South Phu Yen EZ)</td>
<td>VND14.5 billion ($638,202)</td>
<td>PPP</td>
</tr>
</tbody>
</table>
Located in the proximity of Van Phong Economic Zone in the south-central province of Khanh Hoa and home to South Phu Yen Economic Zone, with favourable conditions of land and climate, Phu Yen is considered a promising land for investors in manufacturing and hi-tech agriculture. Minh Khue writes.

**A NEW MANUFACTURING BASE**

Like other economic zones (EZs) along Vietnam’s central coastline, such as Chu Lai in Quang Nam province, Dung Quat in Quang Ngai, and Nhon Hoi in Binh Dinh, the biggest advantage of South Phu Yen EZ is Bai Goc Port.

Covering an area of 20,730 hectares, South Phu Yen EZ looks out to the East Sea, the North-South Expressway on the west, and Khanh Hoa on the south. This location makes the zone conveniently connected with other dynamic EZs in the country as well as the international market. Abundant workforce is also an advantage for developing manufacturing factories in the zone.

Apart from the advantages of location and workforce, South Phu Yen EZ offers investors preferential incentives of land rental fees, surface-water rental fees, and preferential tax rates in accordance with the Law on Investment issued in 2014. In 2015, the government also selected South Phu Yen as one of the eight important coastal EZ, giving it special investment from the state budget. As a result, the infrastructure system connecting to this EZ has significantly improved, such as Bai Goc Port, Tuy Hoa Airport, and Hung Vuong Boulevard between Tuy Hoa and Vung Ro Bay.

The Management Authority of South Phu Yen EZ acknowledges that the success of investors is also that of the zone. Therefore, it commits to providing the best conditions and supporting investors to complete all essential administrative procedures for their investment projects. So far, the EZ is home to tens of investment projects in the fields of hi-technology, manufacturing, and oil refining.

**HI-TECH AGRICULTURE**

Not only a favourable destination in the manufacturing industry, Phu Yen is also well-known for agricultural production, with 90 per cent of its land currently used for agriculture, providing high-quality rice for the central region.

In 2013, the Vietnamese government allowed the establishment of a hi-tech agriculture zone in the province to attract agricultural investment projects from domestic and foreign companies. The zone is planned to house projects applying high-technology for the cultivation of rice, flowers, vegetable, and cotton. A site is also reserved for breeding farms.

Phu Yen authorities believe that this hi-tech agricultural zone will open more opportunities for the development of the central region, attracting more domestic and foreign investors as well as creating more jobs for locals. At present, the transport infrastructure and water supply to the zone have been upgraded.

To protect the environment and enhance the productivity of agricultural products, only investment projects which apply advanced technologies will be licensed in the zone. This is the best way to ensure sustainable development of the zone.

**WISHLIST OF INFRASTRUCTURE PROJECTS CALLING FOR INVESTMENT IN PHU YEN PROVINCE**

- Site clearance and compensation project for Vung Ro Oil Refinery, capitalised at VND483 billion ($21.3 million);
- Phase 1 of the road connecting Hoa Hiep Industrial Zone and National High Way 1A, capitalised at VND375 billion ($16.5 million);
- Phuoc Tan-Bai Nga Road, capitalised at VND489 billion ($21.5 million);
- Infrastructure for the resettlement site in Hoa Tam commune;
- Road connecting National High Way 1A to Toxic Waste and Water Treatment Area in South Phu Yen EZ, capitalised at VND360 billion ($15.9 million).
Phu Yen province
Miracle of Mother Nature

Beyond the magnificent landscapes found in local and international films, Phu Yen is endowed with cultural and historical treasures that promise the perfect chance for business development. Duc Hanh reports.

Phu Yen is luckily endowed with various breathtaking natural features, including the untouched beauty of Ghenh Da Dia, an example of a type of reef found in Ireland and the Republic of Korea’s Jeju Island.

Phu Yen has put its efforts into a tourism campaign on the province’s beauty, with the natural prowess to back it up. Thanks to this, Phu Yen has gained unexpected results for tourism development.

Blessed not only with the pristine beauty of Ghenh Da Dia, there are unspoiled highlights such as O Loan Lagoon, Da Bia Mountain, Xuan Dai Bay, Bai Mon Beach, Mui Dien Cape, Mang Lang Church, and more.

The province has also played host to other kinds of beauty – most recently, the Miss ASEAN Friendship 2017 Beauty Contest. This event attracted a large number of models, who showcased their beauty and talents against the backdrop of Phu Yen’s brilliant stage.

And, as one of the three shooting locations chosen by the makers of “Kong: Skull Island”, Tuy Hoa city has caught the attention of many film directors. Known for one of the most beautiful landscapes in Viet Nam, Tuy Hoa claims pristine beaches and stunning natural resources.

The city lies just 120 kilometres north of Nha Trang, and has its own airport with direct flights to Ho Chi Minh City and Ha Noi, as well as good rail and bus connections.

The geography of Phu Yen is varied and diverse, with the Truong Son Mountains overlooking a narrow strip of plain tucked between the ocean and the foothills.

Phu Yen is known as one of the rice baskets of Central Viet Nam thanks to the reservoirs built by the French, which are still used today.

The province has many spots popular with tourists, including temples, churches, lagoons, beaches, and bays. However, what sets it apart is Ghenh Da Dia, or ‘Rocky Plate Reef’.

This spot featured in the film “Toi thay hoa vang tren co xanh” (“Dear Brother” in English), which proved a success upon its release in 2015.

The 40-kilometre Rocky Plate Reef stretches along the south-central coast of Viet Nam from Tuy Hoa, emerging from the ocean like a gigantic honeycomb of stones.

Widey acknowledged as one of the natural wonders of Central Viet Nam, the giant ‘beeswax’ plate reef is made up of thousands of basalt columns, 50 metres wide and 200 metres high.

Tourists can visit Phu Yen at any time of the year, as its climate is one of the best and most stable in the country, with minimal rainfall and a balmy average temperature of 28 degrees Celsius all year round.

However, the best time for families and individual travellers is between June and September, when they can expect dry weather and blue skies.

Nature has given the province many more ‘bucket list’ spots, such as Xuan Dai Bay, home to beautiful sea-forest ecology, and Vung Ro Bay. Phu Yen also has pristine islands such as Yen, Chua, and Nua islands, and picturesque beaches such as Bang, Bau, and Xep beaches. The easternmost part of Viet Nam is located on Phu Yen-Dien Cape – which is the place where you can see the sun rise first in Viet Nam.

In recent years the province has improved its transport infrastructure, so tourists can access it easier and enjoy the cultures of the many ethnic groups of the province, such as Viet, Ede, Bana, Cham, and Hoa.

Another big draw is found in province’s big annual festivals, such as the Da Rang boat race, the O Loan swamp festival, and the Tam Giang river festival.

Visitors can also check out the abundant local craft villages, such as Dong Tac Village, which makes boats; Hoa Da Village, which makes rice wraps; La Hai Village, which makes sugar; Tuyet Diem Village, which makes salt; and Ngan Son Village, which makes silk.

They can also enjoy the local seafood, including clams, oysters, and frog crabs from O Loan Swamp, cooked in the ‘Phu Yen way’, guaranteed to have an unforgettable taste.

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With 30-year experience in confectionery sector, Bao Hung has become a reputable manufacturer in Viet Nam. And with the desire to expand the market and bring high quality products to customers, it is willing to invest in the most advanced technology and modern machines, which are imported from EU and the developed countries.

The products are trusted for selection by the local and oversea customers including: cakes, cookies, crackers, candy, jelly and nearly-launched chocolate covered cream filling pies:
VINH LONG PROVINCE
A conducive investment environment

As part of the Mekong Delta, Vinh Long province always pays due heed to creating a safe and reliable environment to serve investors, as businesses play an important role in the province’s socioeconomic development. This is the message Chairman of the Vinh Long People’s Committee Nguyen Van Quang wishes to convey to investors and businesses of 21 APEC member economies.

Could you introduce Vinh Long’s natural characteristics?

Vinh Long is one of the 13 cities and provinces in the Mekong River Delta, and lies 136 kilometres from the southern business hub of Ho Chi Minh City. Vinh Long holds a crucial role in the region and the southern key economic zone development strategy, as it lies along the lower section of the Mekong River between the Tien and Hau rivers, and handles a crowded river and stream network.

Specifically, by 2021 when Ho Chi Minh City-Can Tho Expressway, which travels through the province, will be constructed and put into operation, the province will act as a bridge in promoting regional and national socioeconomic development, creating breakthroughs in production and business investment for businesses in the province.

What are the major potentials and advantages of Vinh Long that could benefit investors?

As part of the Mekong Delta and the southern key economic zones, Vinh Long enjoys a number of advantages. Accordingly, the province possesses favourable conditions for road and waterway transport, one of the reasons why it has become an important link for goods circulation between localities in the region.

Vinh Long is home to five national highways and 10 provincial routes, and a system of internal roads to effectively serve the demands for goods exchange among Viet Nam’s various regions.

In addition, the presence of the modern My Thuan and Can Tho bridges, paired with the upgraded National Highway 1A and the expressway linking Ho Chi Minh City and the city of Can Tho, crossing Vinh Long on the way, help facilitate goods transport from the province to big economic centres (Can Tho, Ho Chi Minh City), and localities in the region.

As for waterway transport, Vinh Long lies between the Tien and Hau rivers, an arterial waterway route in the delta region. Currently, the province is accessible to large ships from 10,000 to 20,000 dead weight tonnage (DWT) at several ports on the Hau River, such as Binh Minh Port.

In addition, Vinh Long has vast potential for industrial development as it has succeeded in raising diverse resources for industrial zone (IZ) and industrial cluster (IC) development.

Priority investment projects in Vinh Long’s development

Vinh Long province is sparing no effort to lure large-scale investment projects that conform with local resources, giving priority to projects that are likely to create a driving force for local development and attraction of high-tech foreign direct investment. Dang Vinh Phuc, director of the Vinh Long Department of Planning and Investment talks about the province’s scheme on attracting investment.

What are Vinh Long’s achievements in attracting investment and developing the local business community?

By late 2016, Vinh Long was home to 39 foreign direct investment (FDI) projects registered at $370.34 million. As of this year’s first nine months, we hosted a number of investment promotion events aimed at highlighting Vinh Long’s investment climate for 30 investors, including 16 participants from abroad. Following the events, local authorities granted permit to eight projects and approved the investment proposals for three, with total investment capital of VND1.141 trillion ($50.20 million) and $55.31 million, respectively. Of the 11 approved projects, three were foreign-invested.

Regarding the development of the local business community, by mid September 2017, Vinh Long was home to 2,583 businesses, 776 branches and representative offices, and 613 sales outlets, with total registered capital of VND16.565 trillion ($728.86 million).

What kind of projects does Vinh Long give priority?

Vinh Long takes interest in attracting large-scale projects, especially those that are likely to drive local development, FDI projects with advanced technologies, high added value, and
Compared to other localities, the province’s IZs and ICs offer convenient transport conditions. For instance, Binh Minh IZ is close to National Highway 1A and the Hau River, with a goods loading/unloading capacity of nearly 600,000 tonnes per year, and is accessible to 7,000DWT ships. Specifically, the IZ adjoins Can Tho, a major development centre in the delta region, with easy connectivity to this first grade city through airport and other services.

Besides, Vinh Long is a major training centre in the delta region. Vocational training facilities were founded in most provincial areas. The province offers abundant workforce, with more than 630,000 people at working age. Skilled workers account for more than 50 per cent of the total.

Furthermore, the province’s infrastructure is constantly upgraded. The trade and services network has been developing robustly with 118 markets and four supermarkets. Vinh Long is currently home to 98 bank transaction points and eight urban water supply systems with a combined capacity of 38,700 cubic metres per day.

The postal network provides diversified services, while optic cable lines have reached most communes and districts. The national power grid has reached all communes, and all communal medical stations and district-level hospitals have received due investment.

Moreover, agriculture remains the province’s key advantage. To maintain a stable growth rate in this sector, Vinh Long has mobilised diverse resources to invest in irrigation infrastructure, expanding the areas earmarked for agricultural production and aquaculture to 107,518 hectares, accounting for 91 per cent of the land for agriculture.

Also, the province has quickened the local crop and animal structure transformation process, and applied science-technology progresses into production. Agricultural production now follows VietGAP and GlobalGAP standards.

Efforts were made to establish specialised agricultural production areas and expand large-scale rice field models to boost farmers’ investment efficiency.

Livestock breeding and aquacultural production has shifted from small-scale to industrial-scale to boost output while ensuring veterinary hygiene and epidemic control.

These major advantages are turning Vinh Long into a lucrative destination to domestic and foreign investors.

What steps has the province taken to improve the local business environment in the past years?

Leveraging its geographic advantage, in the past years Vinh Long has been doing its utmost to better the investment climate to attract investment into fields and sectors with potential, as well as cooperating with authorised agencies to upgrade transport infrastructure, such as Ho Chi Minh City-Can Tho Expressway.

In addition, the province focuses on ensuring intra-provincial, inter-regional, and national connectivity to optimise the exploitation of transportation infrastructure, serving the province’s development targets.

Improving the quality of human resources to meet investors’ needs is also a top priority.

The province’s government has paid special attention to creating a conducive and reliable environment to investors. Their efforts were duly rewarded by businesses and investors. For many consecutive years, Vinh Long has been ranking high on the provincial competitiveness index (PCI) among cities and provinces in the delta region, and has been listed among the localities with the most open investment climate.

Guided by the principles “one stop shop, single window” in handling investor procedures, paired with friendliness, openness, and transparency, Vinh Long willingly offers the best conditions to investors.

Apart from common investment incentives as regulated, Vinh Long offers specific support policies to investors.

What is Vinh Long’s selling point in the eyes of investors?

Vinh Long is an emerging hotspot for investment thanks to its advantages in natural resources and skilled workforce. Located in the middle of the Mekong Delta, the province has an advantage in being connected to other Mekong Delta localities and surrounding regions.

Vinh Long is also a key source of agrofishery products in the delta, thus helping to ensure inputs for food processing projects. Moreover, skilled workforce is another advantage because the province is one of the region’s human resources training centres, providing more than 40,000 skilled labourers annually. Many can swiftly adapt to changes in advanced technologies and requirements set by demanding employers.

Last but not least, Vinh Long has been offering distinct incentives for investors, notably those for local industrial zones and handicraft development. Other incentives look to enhance administrative reforms and transparency in handling administrative procedures, build up businesses’ trust in legal institutions, improve efficiency in addressing disputes related to labour contract and the protection of intellectual rights and legitimate rights of businesses.

In particular, provincial leaders often take part in dialogues with businesses, helping to ease difficulties and remove obstacles for firms, update them on information and changes in policies and regulations, and facilitate their access to business opportunities. Through the dialogues, many urgent matters related to human resources and socioeconomic infrastructure development are tackled, thus helping to boost the growth of local enterprises and the province at large.
Uncharted potential of UNESCO tourism

Viet Nam is rich in tangible and intangible world heritages, and to grow its tourism industry to its potential, it must draw on this veritable goldmine. Thanking to the imposing natural landscapes and 4,000 years of historical and cultural treasures, Viet Nam has 19 UNESCO-recognised world heritages, comprising eight cultural and natural heritage sites and 11 intangible cultural remains, reflecting the beauty of Viet Nam’s natural landscape and the richness of local culture.

- **Trang An Relic Complex** (in Ninh Binh province), with its rich flora and primeval forest, was recognised as a World Natural and Cultural Heritage Site in 2014.
- **Citadel of the Ho Dynasty** (in Thanh Hoa province) was recognised as a World Cultural Heritage Site in 2011.
- **Phong Nha-Ke Bang National Park** was recognised twice as a World Natural Heritage Site in 2003 and 2015.
- **Citadel of the Ho Dynasty** (in Thanh Hoa province) was recognised as a World Cultural Heritage Site in 2011.
- **Hue’s Ancient Citadel** (in Thua Thien-Hue province) was recognised as a World Cultural Heritage Site in 1993.
- **Dong Van Karst Plateau** (in Ha Giang province) was recognised as a UNESCO Global Geopark in 2010, making it the second geopark so recognised in the Southeast Asian region.
- **Hoi An Ancient Town** (in Quang Nam province) was recognised as a World Cultural Heritage Site in 1999.
- **The Cham ruins at My Son Sanctuary** (in Quang Nam province) were recognised as a World Cultural Heritage Site in 1999.
- **Ha Long Bay** (in Quang Ninh province) was recognised as both a World Natural and Geological Heritage Site, in 1994 and 2000.
- **Dong Van Karst Plateau** (in Ha Giang province) was recognised as UNESCO Global Geopark in 2010, making it the second geopark so recognised in the Southeast Asian region.
In 2010, the Saint Gióng Festival in Phu Đong, Soc Temple on the outskirts of Hanoi became an Intangible Cultural Heritage.

The worship of Hung Kings joined the list in 2012.

Quan Ho folk singing was recognised by UNESCO for its rich cultural values, social customs, art performances, song techniques, and beautiful lyrics in 2009.

In 2014, Vị Giam folk singing of Nghệ An and Hà Tĩnh provinces became an Intangible Cultural Heritage of Humanity. Vị Giam lyrics praise the tradition of respecting parents, faithfulness, and devotion to others, as well as treating each other with respect.

Xoan singing of Phú Thọ province became an Intangible Cultural Heritage of Humanity in 2010.

Hue’s royal court music was Vietnam’s first Intangible Cultural Heritage recognised by UNESCO in 2003.

Ca Trù ceremonial singing was also recognised as a World Intangible Cultural Heritage and Oral Masterpiece of Humanity in urgent need of protection.

In 2016, the latest Intangible Cultural Heritage of Humanity was the practice of the belief in Mother Goddess Worship, which began in the 16th century as the worship of the incarnation of nature goddesses.

In 2013, UNESCO recognised “Don ca tài tử” southern amateur singing.

The Cultural Space of Gong in the Central Highlands was recognised as a Masterpiece of the Oral and Intangible Cultural Heritage of Humanity in 2005.

In 2009, Xoan singing of Phú Thọ province became an Intangible Cultural Heritage of Humanity in 2010.

The Cultural Space of Gong in the Central Highlands was recognised as a masterpiece of the Oral and Intangible Cultural Heritage of Humanity in 2005.
A message of trust for 2017 APEC CEO Summit

When the 2017 APEC CEO Summit takes place during November 8-10, Viet Nam's business circle will be looking to deliver a message of reliability and trust to the APEC business community. Vu Tien Loc, chairman of the Viet Nam Chamber of Commerce and Industry and chairman of the 2017 APEC CEO Summit, told Khanh An how he manages to communicate this message.

In reply to reporters’ questions on the threshold of the 2017 APEC CEO Summit, you cited the event as a turning point, with dialogues between high-ranking leaders from APEC economic members and APEC CEOs. What will this turning point determine?

At meetings between Viet Nam Chamber of Commerce and Industry (VCCI) representatives and leaders of APEC enterprises in preparation for the 2017 APEC CEO Summit, the guests paid special attention to the event, adding that they, who play a key role in shaping the world economy, are right to take an interest in the summit.

It is time for them to engage in dialogues and make sense of issues related to the vision and direction of the world’s largest economies joining APEC. Dialogues used to go smoothly as part of previous APEC meetings, thanks to stakeholders’ consensus on integration. But now, following a wide range of upheavals in the global economy such as Brexit and the US’ withdrawal from the Trans-Pacific Partnership (TPP), globalisation-related issues would be a focus because of the belief that globalisation would not go against the direction of individual economies, but move in a more flexible manner instead.

Attention will be paid to benefits of each of the APEC member economies during the process of development so that none of them are left behind.

This year’s dialogues may cover cultural differences between the East and the West and burning issues related to regional security.

There will be big changes in the world’s new basis of economic development. Even so, it is high time for leaders from APEC economies and global corporations to have discussions on the new force of globalisation in order to ensure better harmony between globalisation and protectionism and pay heed to the benefits of economies and regions.

Leaders from APEC members plan to attend the summit and deliver speeches as
well as enter into dialogues with business communities.

That is why the 2017 APEC CEO Summit is called a turning point event.

Viet Nam exemplifies the benefits of making the most of opportunities arising from global integration to bolster national development. The country’s success comes out of shifting its state-subsidised economy to a market-oriented one and from an underdeveloped economy to an open one.

Furthermore, startups and innovation within the local business circle are strongly advocated by the Vietnamese government.

It can be said that Viet Nam has emerged as a convincing example of globalisation and the spirit of startups and entrepreneurship. Thus, the country is now the best place to host dialogues on a new basis for integration, aimed at fostering an entrepreneurial spirit amongst APEC member economies and the world’s largest corporations.

Through meetings with APEC businesses, we saw their attention and support for the summit. I believe that Viet Nam is going to spur new milestones in the development process of APEC that stress the need to shift toward a deeper and more humanitarian economic integration, and guarantee that none of the APEC member economies are left behind.

In your point of view, how can Viet Nam’s business community create a focal point at the 2017 APEC CEO Summit?

VCCI suggested that the theme of the 2017 APEC CEO Summit should focus on inclusive, creative, and sustainable growth.

In fact, we wanted to emphasize humanitarianism as a part of the inclusive theme. Humanitarian matters are an integral part of future integration, especially for micro- and small-sized enterprises and business households.

In order to accelerate the process of integration, the role of micro-, small-, and medium-sized enterprises will be discussed for the first time at the summit.

We used to regard small- and medium-sized enterprises as the backbone of many economies around the world, but now micro-sized enterprises and business households are also a major part of the economic mix.

Of note, in the context of the fast spreading movement of the Fourth Industrial Revolution and the internet, enterprises’ scale and their power seem to be unlimited. The internet business climate further enables the growth of small enterprises – it also allows micro- and small-sized companies to get a foothold in the global market and even be on par with larger ones.

Several suit tailoring shops in the central city of Hoi An are likely to join the global market, handle deals ordered from overseas buyers, and sell their products over the internet. Meanwhile, local handicraft villages can also penetrate into the global market through the internet, e-commerce, and other applications.

We suppose that it is high time to inspire the entrepreneurial spirit of companies and other economic entities. Besides issues to be raised at the 2017 APEC CEO Summit, VCCI organised a startup forum with the aim of attaching importance to a startup ecosystem and bolstering the growth of micro- and small-sized enterprises.

A relevant report was submitted to the 2017 APEC Small and Medium-sized Enterprise Ministerial Meeting, which took place in September.

VCCI also held the 2017 APEC Women and Economy Forum, aimed at upholding the role of local female entrepreneurs – which is also regarded as a humanitarian and inclusive element of the global economy – and helping to assure gender equality.

VCCI, through the forum, stressed that one of the similarities of the new economic policies set by economies is to enhance female entrepreneurial activities, thus creating a new driving force for economic development.

Women seem to run businesses in a more humanitarian manner than men do. This is a significant element needed for economic development in the coming time.

In particular, during the 2017 APEC Economic Leaders’ Week, the Viet Nam Business Summit will be held on VCCI’s own initiative, attracting the participation of representatives from 63 localities, ministries and agencies as well. It looks to update attendees about information on business opportunities. The summit will be held annually from next year.

APEC meetings are not within the reach of the majority of Vietnamese enterprises. What can Viet Nam’s business circle learn from the summit?

Dialogues between leaders from APEC member economies and representatives from the world’s top corporations during the 2017 APEC Economic Leaders’ Week are extremely important. This year’s dialogues mention not only trends and orientations but also ways of doing business and changes in business concepts and administration.

Such dialogues often yield some outcomes related to vision and policies that feature how economies, including APEC members, are connected on a new basis of global integration and Industry 4.0.

Not many Vietnamese enterprises are likely to attend the dialogues, but they can learn and more importantly consult high ranking delegates’ new vision for the trend and overview of the world economy.

I think that besides direct business and investment opportunities, the most important added value Viet Nam’s business community can learn from the dialogues is vision.

Local enterprises are said to lack in vision. The 2017 APEC CEO Summit could help them shape a global vision and adjust their business operations, thus setting forth a suitable plan and business strategy for the time to come.

In addition, we expect that representatives from ministries, agencies, and localities who engage in dialogue with APEC business communities could help specify what is needed for the new situation, enhance the reform of institutions, improve the business climate, and build an enabling government with strong action in service of people and enterprises.

Viet Nam’s business community will enjoy long-term benefits from the changes.

The Viet Nam Business Summit will be themed: “Viet Nam: We mean business”. Please explain this message that the Vietnamese business community wants to deliver to APEC leaders and the international business community?

After a long period of integration, Viet Nam’s business community wants to deliver a stronger message: We are a reliable business partner.

Viet Nam witnessed clashes during its past, but Viet Nam is now home to dialogues for inclusive and humanitarian growth, as well as an attractive destination for investment and business ideals for the sake of the sustainable development of the Vietnamese economy and the global economy at large.
The 20 crucial ABAC issues submitted to APEC leaders

The APEC Business Advisory Council – ABAC – presented 20 recommendations to the president of this year’s APEC host, State President Tran Dai Quang. Such recommendations will facilitate dialogues between the leaders of APEC’s 21 member economies and 63 members of ABAC, says Hoang Van Dung, chairman of ABAC 2017, in a talk with Khanh An.

What is the focus of dialogues between enterprises and APEC leaders this year?

At previous meetings, ABAC and APEC leaders discussed a wide variety of issues, including those on a macro-scale. This year’s dialogues will focus on three major issues.

First of all, we put forward discussions on how to foster regional economic connectivity, including issues related to multilateral trading systems and ways to boost free trade in the Asia-Pacific region. Focus will also be placed on pursuing a fresh service agenda, lifting non-tariff barriers, enhancing trade and investment facilitation, and building a post-2020 APEC vision.

The second talking point involves infrastructure connectivity, institutional linkage, and person-to-person connectivity. We pay heed to digital and internet connectivity and the facilitation of the flow of skilled labourers to create a qualified workforce.

Last but not least, attention is paid to increasing innovation, creativity, and inclusive growth. We propounded a discussion on micro- and small-sized enterprises and how to attract participation, foster creativity, and enable small enterprises to access loans. We are also staunch advocates of women in the workforce, and work to enhance and spread economic equality across gender barriers.

Delegates will be divided into three groups to discuss the three topics, ensuring that everyone has a voice.

How can Vietnamese enterprises offer suggestions?

ABAC 2017 is co-chaired by Saigon Invest Group chairman Dang Thanh Tam, a member of the ABAC Connectivity Working Group, and chairman of Sovico Holdings Nguyen Thanh Hung, an ABAC Finance and Economics Working Group member.

Since we took the chair of ABAC in 2016, we have suggested many topics and priorities for discussion and sought consensus from other ABAC members. To carry forward its 2017 work programme, ABAC established five working groups with different goals and focus areas: the Regional Economic Integration Working Group; the Connectivity Working Group; the Micro-, Small-, and Medium-sized Enterprise and Entrepreneurship Working Group; the Sustainable Development Working Group; and the Finance and Economics Working Group. These groups gathered at three meetings and discussed the recommendations to be submitted to APEC leaders.

We all raised discussions at meetings held by the five ABAC working groups. At the meetings, we added suggestions from Vietnamese enterprises, including small- and medium-sized ones, to issues slated for discussion at APEC 2017. These recommendations were also submitted to Vietnamese President Tran Dai Quang. The suggestions emphasised the need to reform institutions so as to improve businesses’ competitiveness, support small- and medium-sized enterprises and workforce training, and put forward mechanisms aimed at increasing connectivity within the business community.

Many Vietnamese enterprises used to have a narrow viewpoint – giving much more attention to the immediate business environment rather than ABAC activities. They did not optimise the benefits that integration and multilateral co-operation can bring, in part because they failed to keep pace with global trends. But at this year’s APEC, the above issues are more urgently stressed in comparison with when Viet Nam hosted APEC back in 2006.

What are ABAC members’ expectations from this year’s APEC?

Many ABAC meetings took place in a rather quiet atmosphere due to the world economy’s dramatic changes, mixed thoughts on integration and protectionism, and the delayed ratification of the Trans-Pacific Partnership (TPP). Many investors and enterprises had high hopes for opportunities that would result from the TPP.

Thus, investors and the business community began to seek new avenues for business opportunities, stepping up their connectivity through dialogues with leaders from worldwide economies, including those from APEC. At this year’s APEC, they have great expectations about Vietnam’s open economy and relatively large market size. ABAC chairpersons expect the TPP to go forward, even without US participation. With high-level commitments, the enhancement of the TPP process is believed to open new opportunities for the regional business community.

20 RECOMMENDATIONS SUBMITTED TO APEC LEADERS

1. Encouraging multilateral trading systems
2. Enabling the Free Trade Area of the Asia-Pacific
3. Pursuing the APEC services agenda
4. Lifting non-tariff barriers
5. Accelerating trade and investment liberalisation and facilitation to achieve the Bogor Goals
6. Building a post-2020 APEC vision
7. Promoting the APEC connectivity agenda
8. Fostering internet and digital connectivity
9. Facilitating the flow of skilled labourers and strengthening qualified workforces
10. Supporting micro-, small-, and medium-sized enterprises to have access to e-commerce and other digital tools and services
11. Nurturing creative business models
12. Enhancing micro-, small-, and medium-sized enterprises’ access to finance
13. Strengthening the participation of women in the economy
14. Increasing the inclusiveness of economic integration, finance, and society
15. Ensuring food security
16. Improving energy security
17. Stepping up green development
18. Bolstering the inclusive development of the mining sector
19. Promoting a healthy and productive workforce
20. Reinforcing public-private partnerships under the Cebu Action Plan so as to enlarge financial markets
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APEC brings the world to local firms

2017 marks the second time Viet Nam has hosted the APEC Economic Leaders’ Meeting, which opens more opportunities for domestic enterprises to connect with partners from other APEC economies. Dao Huy Giam, general secretary of the Viet Nam Private Sector Forum and former head of Viet Nam’s representative office to the World Trade Organisation, talks with Manh Bon about this.

APEC is said to be the world’s most dynamic economic and trade area. So, what is your observation of Viet Nam’s position in the Asia Pacific?

In 1996, Viet Nam officially applied to join APEC. Two years later, in November 1998, at the APEC Economic Leaders’ Meeting in Kuala Lumpur (Malaysia), Peru, Russia, and Viet Nam officially joined APEC.

Viet Nam’s APEC membership marked a milestone in the country’s foreign policy of openness, multi-lateralisation, and diversification, as well as its integration into the global economy.

Viet Nam has so far made great progress in many fields, especially economic, trade, and foreign investment inflows. In particular, Viet Nam’s per capita income was only $400 in 1998, but it soared to $2,215 in 2016.


APEC economies occupy 39 per cent of the world population, 57 per cent of the world’s GDP, and 47 per cent of global trade. The efficiency of APEC members’ economic and trade activities is 1.5 times higher than that of the world average, roughly doubling the efficiency of the world’s remaining economies.

Viet Nam’s economic and trade proportion remains modest in comparison with those of other APEC economies, but it has recorded robust growth in terms of quantity, quality, and dynamism. Thus, Viet Nam’s position has been improving.

How does the APEC membership enable Viet Nam to further improve its position and keep pace with the world’s level of development?

Unlike binding agreements and treaties that require the signatories to bring their commitments to fruition, APEC is an open forum with a wide variety of issues to be discussed by representatives from 21 member economies, including high-ranking economic leaders, ministers, deputy ministers, and governors and deputy governors of central banks.

The discussions aim to identify worthy initiatives to build a dynamic and connected Asia-Pacific through the enhancement of trade and investment liberalisation, regional economic connectivity, economic-technical co-operation, collaboration for human safety, and the building of a favourable and sustainable business climate. APEC has helped to balance and maintain sustainably the process of economic and trade globalisation, while supporting the construction of stable international relations through diplomacy and conversations regarding key global issues.

It can be said that the APEC membership has added momentum to Viet Nam’s bid to realise its foreign policy guided by openness and comprehensive partnership with other economies in areas such as economics, culture, politics, and foreign affairs, thus helping to raise Viet Nam’s position in the international arena.

APEC operations facilitated Viet Nam’s negotiation and signing of a bilateral trade agreement with the US, and its negotiation on joining the World Trade Organization.

Most of Viet Nam’s economic, trade, and strategic partners lie within the Asia-Pacific region, including Japan, the Republic of Korea, the US, China, and Russia. These partners make up 65 per cent of the total foreign direct investment (FDI) inflows in Viet Nam, 60 per cent of the country’s total export earnings, 80 per cent of its import turnover, and 75 per cent of total foreign tourist arrivals.

Hence, discussions at deputy ministerial- and deputy governor-level meetings, ministerial meetings, and high-ranking economic leaders’ meetings pushed up the liberalisation of trade and investment, regional economic connectivity, and economic-technical co-operation, thus speeding up the growth of Viet Nam’s import-export trade, investment climate, and tourism industry.

Micro-, small-, and medium-sized enterprises dominate Viet Nam’s business community in terms of overall number. They are weak in terms of operational scale, productivity, and strategic vision, which puts overseas markets out of their reach. How can APEC benefit them?

APEC pays special attention to startups, female entrepreneurs, small- and medium-sized enterprises (SMEs), and those operated by young entrepreneurs. Therefore, many APEC member economies have established centres dedicated to assisting these types of businesses.

In Viet Nam, support given by APEC to SMEs remains limited. There has been a lack of powerful assistance for enterprises to approach and deeply penetrate overseas markets, export their products, and make foreign investments of their own.

To ensure quality, the goods of Vietnamese exporters must meet strict requirements set by importers, such as those on quality, food safety and hygiene, origin, and packing.

It is difficult for small Vietnamese firms to access overseas markets due to the technical requirements of such endeavours. Most Vietnamese businesses are unaware of these requirements.

Meanwhile, SMEs are in need of the provision of requirements and information from
importers, as they do not have enough financial power, time, or employees to monitor and keep track of the changes in import markets.

To assist SMEs, as many as 10 out of the 21 APEC members have established a network of some 50 centres to assist SMEs in dealing with these issues.

On the part of Viet Nam, what do you think should be done to accelerate business ties with APEC member economies?

At the 2006 APEC Viet Nam, leaders from 19 out of 21 APEC member economies (all except Canada and the US) agreed to permit the APEC Business Travel Card (ABTC). This card helps reduce time and cost for ABTC holders to actively promote their partnerships in business, trade, investments, and services, as well as encourages them to take part in meetings, conferences, and business trips in the 19 economies.

The ABTC yielded very positive outcomes for business operations. It is vital to consider expanding the list of beneficiaries, simplify relevant procedures, update conditions for granting ABTCs, and offer the best support to ABTC holders.

Viet Nam should actively create the most favourable conditions for ABTC holders to make entries into and exits from the local market while collaborating with other APEC members to guarantee the favourable treatment for Vietnamese ABTC holders.

This collaboration would act as an effective way for Vietnamese enterprises to approach APEC economies.

Furthermore, because of the strong impact APEC members have on the local economy, Viet Nam should spend a larger amount of money and time fostering trade, investment, and tourism promotion in Asia-Pacific.

This year, Viet Nam is forecast to earn $200 billion from its exports and some $22 billion from the tourism sector, but the economy put only $4 million into trade promotion and $2 million into tourism marketing.

In addition to increasing tourism promotion in APEC economies, many local enterprises are urging the need to expand visa exemptions, extending the time foreign visitors are allowed to stay for tourism, studying, and healthcare.

Vietnamese firms also hope that stakeholders gather at negotiations on the fair treatment of Vietnamese citizens making entrances and exits from APEC member economies, thus facilitating the access of Vietnamese enterprises and citizens into APEC member economies.

Through the past two decades of Viet Nam's economic development, its progress has been tied with that of other APEC economies.
The entrepreneurship - Key to startup ecosystem

Viet Nam’s startups need to become a link in the APEC startup ecosystem, and the key is the entrepreneurship of each individual in Viet Nam’s startup ecosystem. This view was shared by Do Thi Tu Anh, permanent deputy director of the Supporting Centre for Youth’s Startups (sYs) under the Viet Nam Youth Federation Central Committee.

In APEC Viet Nam 2017, issues related to the support for the development of small-sized enterprises, startup companies and entrepreneurship have been raised on the official agenda. What benefits can Viet Nam’s startup community gain from these activities?

There are a lot of benefits. In the APEC community, many economies have paid due attention to and devised strategies to support startups. Frankly, most economies have their own startups, but the important issues are appropriate development strategies.

Viet Nam has just given priority to startups, hence, it might learn lessons from and share valuable resources with other APEC member economies.

First, the startup community of each economy can join the chain. Each software solution has many components, so economies can do the parts in which they have strengths.

Second, APEC economies with specific characteristics in socio-economic development as well as different needs can order development solutions from startups of other economies.

Third, APEC economies should join hands to develop the startup community and create common values based on their natural conditions and resources, which other communities cannot do. This will contribute to the growth of the world economy but it is recognised as the common value of APEC economies.

The APEC Business Advisory Council (ABAC) should ask APEC leaders for permission to co-ordinate these activities. The participation of supporting centres for startups, such as the Supporting Centre for Youth’s Startups (sYs), will create a network. This could be considered a way to exploit the supply chain and improve the system capacity in supporting startups and the competence of startup projects.

Taking full advantage of the strength of APEC economies and calling for support resources and investment flows will create momentum for Viet Nam’s startup community to develop faster. In addition, the connection and sharing of experiences with other APEC economies will also help Viet Nam’s startup ecosystem improve more rapidly, especially in terms of mechanisms and policies to operate this ecosystem.

In Viet Nam’s startup ecosystem, how is the startup community described?

It is operating strongly and creating many new things, although it is very difficult to draw a complete picture about this community.

To date, there are no complete statistics on the number and quality of firms within the startup community. Most recently, on October 10, 2017, Ha Noi launched the website startupcity.vn, in the hope of setting up a system that provides updated information about the startup community. But a national system is needed.

As a strongly developing economy with a population of 93 million, including 25 million young people, it could be said that Viet Nam has a big community ready for startups. They need a startup ecosystem to securely cultivate their ideas. Frankly, most Vietnamese youth have not been trained in business and have not engaged in business activities, so many ideas remain vague and impractical. They need consultancy and support from experts and businesses who work as sponsors when they initiate ideas and as psychologists when their ideas fail, so that they can learn from defeat and kick off new projects. Despite good ideas, not many young people have enough resources to bring ideas to fruition. Many projects were just a few steps away from success when they were introduced to us.

How about angel investors and startup investment funds in Viet Nam? Where are they?

Angel investors operate together with startup companies, but behind the scene. There is no official legal framework for angel and adventure investment activities. That is a problem of Viet Nam’s startup ecosystem. If there is no official and suitable mechanism, businesses will not feel secure to invest, although they have the capital and want to support startups.

Why do I say that? Venture investments, especially by angel investors, are mostly loss-making investments. The possibility of losing money is higher than the possibility of gaining profit. But many entrepreneurs still invest because they are aware of their social responsibility and they want to allocate a part of their assets for young people and innovative ideas.

A number of investors set up companies in line with the Law on Enterprises to invest in startups, but they find it difficult to do so and call for outside investments. Investors need clear legality and preferential mechanisms for these investments. If administrative procedures
for investment and tax are too complicated or there is no preferential mechanism for pre-tax costs, it is difficult to convince investors to pour money into startups instead of making deposits at banks or investing in property projects. Besides, there are strict regulations on the obligations and interests of concerned parties in this form of investment.

We have just submitted petitions to the Ministry of Planning and Investment, which was tasked to compile a draft Decree on Innovation Startup Investment Funds. We proposed the ministry outline specific regulations on angel investors. Currently, this concept is included in the group of venture investors.

Angel investors are different from venture investors. Venture investors need huge amounts of capital and often appear when startups call for investments and develop networks in order to bring products to the market, but angel investors appear right at the stage of idea incubation. At this stage, the amount of investment is small, just hundreds of millions of VND [VND100 million is equal to $4,545], but it is very important, helping startups to survive until they enter the round of capital raising.

However, this is the most risky stage, requiring investors ready to disburse their money that might be lost in order to support startups. They need a legal framework to contribute to the startup community.

**Why has Viet Nam not yet evolved a venture investment culture, although there are many successful businessespeople with huge assets?**

As investors, they must see a project’s possible success – they are not running a charity. If successful, startup projects often enjoy high growth and profits. This requires experience in assessing startup projects to ensure a high rate of success. But Vietnamese entrepreneurs do not have this experience. In fact, most successful entrepreneurs here learned how to do business on their own; few of them are trained in business. They have learned valuable lessons, but are not able to evaluate the unforeseeable and immeasurable value of startup ideas.

Besides, the current legal foundation has yet to encourage venture investors. Startups are non-traditional enterprises, and everyone in the startup ecosystem needs to recognise this in accordance with the thought of innovative startups and the spirit of entrepreneurship, so as to have suitable mechanisms and policies which are different from the current standards and regulations.

**What does Viet Nam’s startup ecosystem need to match startup ecosystems of other APEC member economies and make the most of their benefits?**

APEC has emphasised the entrepreneurship or the spirit of owners who are their own bosses and responsible for their jobs. I think that entrepreneurship in the broader sense should be popularised to each member of Viet Nam’s startup ecosystem. Policymakers, startup supporting systems, and startups all need this entrepreneurship spirit.

It is necessary to define that startups in Viet Nam include innovative startups and ones just beginning. The Vietnamese economy is in the process of development with a lot of market potentials, so we need both quantity and quality with regards to startups. There is entrepreneurship in each person – there will be a startup ecosystem, a startup nation, and one million effective businesses by 2020.
As Viet Nam continues to expand into a regional and global powerhouse, more and more businesses will decide to enter the market. Dinh Thi Quynh Van covers the key issues a firm must analyse before doing business in Viet Nam.

Viet Nam’s star keeps on rising as it continues to draw investments from many multinational and regional companies, attracted by the country’s exciting growth prospects. Foreign investment to date in 2017 is at record levels. Viet Nam’s young and abundant workforce, large population with increasing purchasing power, and a stable government committed to economic growth create a compelling story to attract investors. As such, Viet Nam is projected to be among the top 20 economies in the world and in the top 10 in Asia by 2050 in PwC’s World in 2050 report, issued earlier this year. While Viet Nam offers a wealth of potential for businesses, foreign investors need to be mindful that there is no one-size-fits-all strategy. Instead, they must adapt their plans and capabilities to the evolving local context to ensure success. Foreign investors should also take note of two key factors that are integral to creating a winning strategy for Viet Nam: the need to understand the local environment and the need to invest in local talent.

UNDERSTANDING THE LOCAL ENVIRONMENT

No two economies are the same – what may work for one market may not work for another. Foreign companies should have an open mindset, and focus on studying and understanding the local environment – the people, culture, marketplace, customers, and regulations – to develop a localised go-to-market strategy.

They should consider all factors that will impact their business in Viet Nam, particularly the soft side of the business which is often not visible such as regulatory framework (quality of the law), administration, local culture, maturity or quality of the labour market, etc. Knowing more about major government policies such as administrative reforms and reforms in the banking sector will further help foreign investors understand the complexities of the environment in which they would be doing business in.

One important point to keep in mind is that Viet Nam is an emerging market with a somewhat underdeveloped legal framework compared with established market economies. Inconsistencies in the interpretation of the law can be challenging to foreign companies, but this is not something that cannot be overcome, and there are workable appeals procedures to higher-level authorities which can help address such problems. While there is continuous and positive development of the law and regulations, the rate of change can itself pose challenges, both to companies and to the authorities, in keeping abreast of the latest rulings and applying them effectively. Viet Nam’s accession to the World Trade Organization, and more recently its new laws on Investment and Enterprise, have done much to open up new areas for foreign investment, and ease licensing procedures. However, while headline changes are generally positive, the challenges can sometimes be lurking in the details, in terms of the hurdles and procedures imposed by subsidiary regulations. Knowing these and being prepared for them in advance is essential.

INVESTING IN LOCAL TALENT

Taxation is another area where research and a thorough knowledge base are critical for a successful investment. Viet Nam’s tax system has been fundamentally modernised over the last couple of decades, and is now largely harmonised with and similar to tax regimes in other countries. There are, however, certain areas where both the tax law and its implementation are unusual, and these can create pitfalls for ill-prepared investors. Similarly with local accounting rules, record keeping in some companies still leaves a lot to be desired.

But it is not just the laws as they stand which need to be examined. The implications for local laws of Viet Nam adopting and moving in line with international developments also need to be factored in. The roll out of bilateral and multilateral trade agreements, and adoption of new concepts like the OECD’s BEPS initiatives need to be factored into forecasts. And it is not all one-way traffic of course – a year ago we were busy discussing the implementation of TPP, but this has now been relegated to the back-burner for now. Agility and adaptability are essential.

Any company coming in to a new market needs to have a workforce that understands the local environment and is committed to the long-term growth and success of the company. Local talent is often in the best position to identify and capitalise on market opportunities and challenges. By investing in their development, foreign companies have expert allies to help them win and be successful in the market.

Over recent years the market for Vietnamese staff has been extremely hot, and this has posed challenges in terms of staff retention. Yet it is the degree of investment in talent development that often differentiates those foreign-owned companies which have high levels of employee loyalty and retention, from those which do not have them. Local staff are keen to learn and progress, and if they see a commitment to structured career development, perhaps with opportunities to work in different roles over the years, then they tend to take a longer term view in return. Programmes that enhance employees’ skills cultivate a sense of being valued, and makes workers feel like...
their company cares about their professional development. Developing a career path for employees enables staff to see a solid future within the company.

Viet Nam is currently known as a low-labour-cost country, but this is not going to be a long-term and sustainable competitive advantage. Focusing on professional development will ensure that workforces remain competitive, particularly in sectors where there is high talent demand but low supply. With Viet Nam pushing to harness the benefits of Industry 4.0, investing in local talent will enable foreign owned companies here to build the knowledge and skills needed to adapt to new technologies right where they operate, without having to bring in costly talent from overseas. Indeed, many multinational companies in Viet Nam have established their own programmes to help build their talent pool and increase Viet Nam’s skilled workforce. Manufacturers in the high technology and industrial service sectors have led in this regard, providing vocational training, scholarships, specialised courses, and overseas secondments.

At PwC, over the last two decades we have invested heavily in the development of our local staff. As well as myriad internal training courses – both on technical and soft skills – we support our staff in studying for local and overseas professional accounting qualifications. Many of our staff have, with our support, obtained overseas qualifications including the UK ACCA and Australian CPA. This investment is reflected in PwC’s leadership team, where the top leadership role and the majority of our partners are now Vietnamese. Together with our senior expatriates, many of whom have a decade or two of experience in Viet Nam, we are well placed to assist investors in Viet Nam.

**OUTLOOK**

These are exciting times for Viet Nam as one of Asia’s leading emerging markets. With such positive projections and outlook for the country, foreign companies will certainly continue to see the country as an attractive investment destination. But while potential and opportunities abound in Viet Nam, there are also challenges and complexities ahead. Understanding Viet Nam, and all the elements that make it a unique market, will help businesses be better prepared to invest here. More importantly, with proper planning supported by the right information and advice, foreign investors will not only effectively enter the market, but enjoy sustained success in this future economic powerhouse.

To know more about investment opportunities in Viet Nam and find out how to create a successful business in Asia’s rising star, read our special report at pwc.com/vn/spotlight-on-vietnam.

Dinh Thi Quynh Van is general director of PwC Viet Nam, a member of the PwC network. Quynh Van has provided taxation and legal advice to PwC’s clients since 1995. She has worked with many of the largest investors in Viet Nam, assisting them in establishing and structuring operations and complying with the tax and regulatory framework. She has also participated in negotiations with governmental authorities in relation to a number of BOT projects, and led legal and tax due diligence reviews.
KINDERWORLD EDUCATION GROUP
World Renowned Education!

KINDERWORLD INTERNATIONAL
KINDERGARTEN
(NURSERY – KINDERGARTEN 2)
SINGAPORE INTERNATIONAL SCHOOL
(PREPARATORY – YEAR 12)

- Strong curriculum combining the best qualities of the Singapore and Cambridge curricular
- Qualified teachers
- International examinations: Singapore International Primary School Examination (PSLE), Cambridge International General Certificate of Secondary Education (IGCSE), Cambridge AS/A Level (AS/A Level), Global Assessment Certificate (GAC)
  - Study one semester with our partner university, Elmhurst College, USA and earn credits to American Universities
  - Accredited by the Western Association of Schools and Colleges (WASC)

PEGASUS INTERNATIONAL COLLEGE
International Training and Hospitality College offering courses in:
- Hospitality, Tourism and Culinary Arts
- International curriculum based on Australian and ASEAN Qualification Framework
- Training programmes developed to meet the Viet Nam Tourism Occupational Standards (VTOS)
- English Language Courses
- Business and Commerce

OUTWARD BOUND VIETNAM
An experience for a lifetime:
- Foster courage, trust, integrity, compassion and cooperation through adventure and challenge in the outdoors
- Build leadership, teamwork and communication skills and transcend your self-imposed limits through various activities
- Learn through experience to embrace responsibility for yourself, others and the environment

SINGAPORE VIETNAM INTERNATIONAL SCHOOL (YEAR 1 – YEAR 12)
- Vietnamese programme supplemented by Cambridge English and Mathematics (where applicable)
- Rigorous study pathway preparing students for local and international universities
- Affordable School Fees

KINDERGARTEN TO HIGH SCHOOL
Eastern Values, Western Education, Global Citizens

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  - Tel: +84 24 3758 2664
- Gamuda Gardens
  - Singapore International School (SIS)
  - Tel: +84 24 6666 1818
- Van Phuc
  - Singapore International School (SIS)
  - Tel: +84 24 3726 1601
- Ciputra
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 3743 0360
- Ha Noi Towers
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 3934 7243

- The Manor
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 3739 0209

QUANG NINH
- Ha Long
  - Singapore International School (SIS)
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 203 655 8811

DA NANG
- Danang
  - Singapore International School (SIS)
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 284 0489

NHA TRANG
- Singapore Vietnam International School (SVIS)
  - Tel: +84 58 625 1178

VUNG TAU
- Singapore International School (SIS)
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 254 388 4402

BI NH DUONG
- Binh Duong New City
  - Singapore International School (SIS)
  - KinderWorld International Kindergarten (KWK)
  - Tel: +84 24 276 222 1000

HO CHI MINH CITY
- Saigon South
  - Singapore International School (SIS)
  - KinderWorld International Kindergarten (KWK)
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DA NANG
- Pegasus International College (PIC)
  - Tel: +84 23 384 0515
  - *Pegasus Smart Uni-City

PHU QUOC
- Pegasus International College (PIC)

CAN THO
- Pegasus International University (PIU)

OUTWARD BOUND VIETNAM
To serve, to strive and not to yield

HA LONG
*Outward Bound Vietnam (OBV)
- Tel: +84 24 3726 4745

DA NANG
*Outward Bound Vietnam (OBV)
- Tel: +84 24 384 0515

Binh Dinh
*Outward Bound Vietnam (OBV)
- Tel: +84 23 6389 1013

* Upcoming projects
Pegasus Mixed Education and Eco-tourism Development integrates outdoor education, eco-tourism and wellness to provide life-style services for learners of all ages, families and business organizations.

Locations:  • Binh Dinh  • Da Nang  • Ha Long

ECO-TOURISM

- Eco-Resorts: Eco-Villas, Wellness Center and Spa
- Incorporates sustainability and green architecture

OUTWARD BOUND VIETNAM

- A member of Outward Bound International with operations in 38 countries worldwide
- A holistic experiential learning experience which nurtures each individual in:
  - Inspirational and Authentic Leadership
  - Courage
  - Teamwork
  - Excellence and Quality
  - Effective Communication
  - Community
  - Cultural Intelligence
  - Social Awareness
  - Conservation and Preservation
  - Reflection

www.obv.vn
KinderWorld: At the start of a better skilled workforce

KinderWorld Education Group regards sustainability as a fundamental aspect of education investment and global standard human resources development in Viet Nam. Duc Hanh reports.

EAST MEETS WEST IN EDUCATION

Founded in 1986, KinderWorld Education Group, Singapore, offers through-train education programmes from kindergarten to high school, college, higher education, and continuing education. The group opened its first educational centre in Viet Nam in 2000 and is now the leading international education provider in Viet Nam.

KinderWorld has earned a significant position in the international education market in Viet Nam, where it has been recognised as the best international school system by the Vietnam Economic Times since 2010. KinderWorld believes that education should equip students with the essential knowledge and skills needed for a technology-driven and globalised world, and at the same time preserve and nurture the significant values and cultures of Asia. Students’ excellent achievements reflect KinderWorld’s ability to provide quality education and prepare students for lifelong learning and global citizenship.

On June 25, 2017, KinderWorld chairman Ricky Tan was awarded with the “For the Cause of the Capital City Development” medal by the Ha Noi People’s Committee for his contributions to the development of the city over the years. Ricky Tan is the first foreign investor in education to be accorded such recognition by Ha Noi authorities. KinderWorld will continue its effort in developing educational projects that embrace innovative concept and design.

THROUGH-TRAIN EDUCATION

Singapore International School (SIS) offers an international and integrated education programme for foreign and Vietnamese students. The international programme is a combination of the Singapore curriculum set out by the Ministry of Education in Singapore and the Cambridge curricular from the UK. SIS is committed to continuously ensure the quality of education programmes through international quality assurance and accreditation benchmark standards.

Singapore International School Super School, running from kindergarten to high school, offers an international education programme with accredited global examinations in a complete holistic learning environment for students to gain admission into universities around the world.

To provide quality education beyond high school, Pegasus International College (PIC) was established to offer Vietnamese, ASEAN, and international qualifications in Hospitality, Tourism, Culinary Arts, Business, and Commerce. Through agreements between PIC and Edinburgh Napier University in the UK, TAFE New South Wales in Australia, and Elmhurst College in the US, students who complete the two-year advanced diploma at PIC can articulate into a bachelor’s degree at these partner universities. The establishment of Pegasus International University will complete KinderWorld’s through-train educational pathway from kindergarten to university.

Pegasus Smart Uni-City will feature a media and entertainment and ICT training academy under the umbrella of Pegasus Xperience Labs (PX Labs), a center of excellence in information technology specialising in 3D design programmes. PX Labs is slated to open in the first quarter of 2018. This will be a destination for enterprising and creative individuals and startup enterprises to come together to innovate and develop breakthrough products. Pegasus will be working in partnership with Autodesk and Unity Technologies, as authorised training centres to offer certification coursework and programmes in information technology. Autodesk Inc. provides more than 160 softwares in architecture, engineering, construction, media, and entertainment. Unity Technologies is a multi-platform game engine company with over 20 billion installations of games.

UNIQUE EDUCATION AND ECO-TOURISM DEVELOPMENT

To meet the increasing demand of well-trained, professional, and innovative human resources for Viet Nam, KinderWorld was awarded the provisional licence in November 2016 to develop Outward Bound Viet Nam (OBV) – an outdoor adventure-based learning programme. OBV is a member of the international network of Outward Bound Schools of 38 countries. OBV’s mission is to help people discover and develop their potential to care for themselves, others, and the world around them through challenging experiences in unfamiliar settings.

OBV will be the first Outward Bound Organisation to have its campus situated within the Pegasus Integrated Education and Eco-tourism Development. To be developed in Ha Long,
Da Nang, Binh Dinh, and Quang Tri, the project will be an inclusive development which integrates outdoor education, eco-tourism, and wellness to provide lifestyle services for learners of all ages, families, and business organisations.

Experiential outdoor learning will be integrated into the academic education in the SIS curriculum when the first OBV site in Binh Dinh is completed. SIS students will spend one week per term at OBV, where leadership, interpersonal skills, and survival skills are fostered through challenging adventure-based activities.

Besides training Vietnamese students, OBV will also welcome foreign students locally and from overseas, and learners of all age groups from corporate clients.

EMBRACING GREEN ARCHITECTURE

With 15 campuses around Viet Nam, KinderWorld has built up its expertise in developing purpose-built international schools and international colleges, incorporating green architecture as one of its top priorities.

The KinderWorld Super School establishment incorporates sustainability and green architecture, maximising outdoor space for students. With recycled rainwater and school buildings orientated at angles to minimise energy consumption and environmentally friendly building materials, the school provides a sustainable, world-class 21st century education facility.

The first Pegasus Integrated Education and Eco-tourism Development, to be located in Quy Nhon, will be developed in harmony with nature, blending into the diverse landscape of hills and sea. Construction of different components will strictly follow green architecture principles, ensuring the preservation of the natural environment.

In Ha Long, KinderWorld will collaborate with Edinburgh Napier University in an environmental project that involves the assessment and preservation of mangroves within its Pegasus Integrated Education and Eco-tourism 90-hectare site.

TECHNOLOGY-DRIVEN CSR

KinderWorld – through its various companies, such as Singapore International Schools, Singapore Viet Nam International School, Pegasus International College, and Outward Bound Viet Nam – has given out numerous scholarships and carried out various charity events to help the disadvantaged in Viet Nam.

The group has stepped up its corporate social responsibility (CSR) by pioneering an initiative to digitalise and create 3D models for popular historical attractions, with the aim of establishing a Heritage Trail for Viet Nam. By adopting advanced technology from Autodesk Remake, the 3D models will be developed based on captured images and videos. This initiative aims to generate a database of heritage sites and artefacts to educate future generations on the heritage of Viet Nam.

Since early this year, KinderWorld has been working with the Da Nang Museum of Cham Sculpture on a pilot project to build up a database of 3D Modelling of over 50 Cham artefacts that date back to the 10th century.
Vietnam Airlines: Flying high with APEC

Vietnam Airlines, a special partner of APEC 2017, continues to cement its position as Viet Nam’s flag carrier through a series of partnerships with international airlines, as well as by providing innovative services for its consumers. Ngoc Ha writes.

**ALL SPED UP FOR APEC**

The 2017 APEC Economic Leader’s Week will take place in the central city of Da Nang in November and be attended by senior leaders and delegates from 21 economies. As a special partner of this important event, Vietnam Airlines has gone through extensive preparations to meet the heightened demand between October 5 and November 13.

The airline revealed that it would add more than 110 flights, equivalent to 20,000 seats, in routes between Ha Noi/Ho Chi Minh City and Da Nang. This means the total number of seats available will be around 400,000. Specifically, 64 more flights will serve the Ha Noi-Da Nang route, amounting to 4,800 seats daily, while the Ho Chi Minh City-Da Nang route will welcome 44 extra flights, serving 6,000 additional passengers per day.

On the two most important days of APEC – November 6 and 11 – Vietnam Airlines will operate more than 50 flights per day between Ha Noi/Ho Chi Minh City and Da Nang. It is expected that one flight will take off/landing from Da Nang International Airport every 30 minutes. Viet Nam’s flag carrier will continue to monitor customer demand and may add even more flights if necessary.

Together with added flights, Vietnam Airlines also ordered its subsidiary, Vietnam Airport Ground Services Co., Ltd. (VIAGS), in Da Nang to increase its service capacity from 160 daily flights to 180. Every hour during peak periods, such as 8am-9am, 12pm-2pm, and 6pm-8pm, VIAGS will serve 11 departing and arriving flights at Da Nang International Airport.

All extra staff members at VIAGS Da Nang, deployed from Noi Bai and Tan Son Nhat airports, must satisfy strict requirements on appearance, English ability, and service quality. Together with the added staff, VIAGS has done a thorough check-up on thousands of pieces of equipment. VIAGS also collaborated with the local police and immigration officers to ensure public safety, conducting fire drills and beefing up online security to prevent cyber-attacks.

CEO of Vietnam Airlines Duong Tri Thanh said that it took immense effort to ensure that scheduled flights run as normal, and the additional flights required for APEC meetings make everything even more challenging. As a special partner of the event, the airline understands that serving passengers’ flight needs will leave an impression on their overall experience in Viet Nam.

“We hope to bring the most professional services to passengers, living up to our name as a four-star airline. We’ve taken proactive steps to maintain our airplanes and train pilots as well as crew intensively. We take this responsibility very seriously and want all passengers for APEC to have their travelling needs met,” Thanh said.

**A BOOM IN INTERNATIONAL PACTS**

In 2017, Vietnam Airlines shakes hands with various leading airlines around the world, living up to its role as Viet Nam’s flag carrier. These international partnerships also represent Viet Nam’s increasing openness to the world and growing economic power. Vietnamese and international passengers are travelling to and from Viet Nam more than ever, as the country grows at a rapid pace and integrates with the global market. Every year, millions of Vietnamese go abroad for work, leisure, family visits, or study trips, and foreigners come to Viet Nam for the same reasons. To serve this increasing travel demand, Vietnam Airlines has partnered with multiple overseas airlines this year.

On October 10, Viet Nam’s flag carrier set up a joint venture with Air France, reaching a new milestone in their comprehensive partnership. The two partners agreed to introduce new flight options and collaborate more extensively in flight schedules. Via three hubs – Noi Bai in Ha Noi, Tan Son Nhat in Ho Chi Minh City, and Charles de Gaulle in Paris, passengers will be able to travel to 50 destinations in Europe on
Air France flights (compared to 14 destinations today) and 20 destinations locally on Vietnam Airlines flights. Additionally, as a member of SkyTeam Alliance’s global network, flyers can travel to more than 1,000 destinations around the globe.

The two airlines will also exchange experience to improve service quality and implement trade promotion programmes to meet the needs of customers – especially those using Lotusbelief (Vietnamese Airlines) and Flying Blue (Air France) frequent flyer programmes, as well as services provided by SkyPriority and lounges at airports worldwide.

Over the past 20 years, Vietnam Airlines and Air France have also been working together on the operational side, with partnerships in the fields of aircraft maintenance and crew training. Since 1997, Air France has co-operated with Vietnam Airlines to train pilots and successfully transferred operating technology for the A320 aircraft in use at the time. Currently, the two companies are discussing the possibility of co-operation to improve Vietnam Airlines’ competency in the technical maintenance of aircraft equipment.

Also in October, Vietnam Airlines and its strategic partner All Nippon Airways (ANA) from Japan introduced Hi Japan!, a special promotion that provides four days of free Wi-Fi service with unlimited data capacity to passengers traveling from Viet Nam to Japan in the period between October 1, 2017 and February 28, 2018.

Thanks to Hi Japan!, all passengers will be able to enjoy high-speed 4G LTE internet connection via a mobile pocket Wi-Fi router provided by the firm Ninja Wi-Fi. Additionally, an unlimited data capacity and the ability to connect multiple devices makes the Ninja Wi-Fi router an ideal alternative to other options, including costly data roaming, data-limited prepaid SIM cards, and rare public Wi-Fi hotspots.

The Hi Japan! programme is a part of the strategic co-operation between Vietnam Airlines, the leading airline in Viet Nam, and ANA, Japan’s largest and only five-star airline. Following ANA Holdings’ (ANA’s parent company) acquisition of an 8.8 per cent stake in Vietnam Airlines in 2016, the two airlines took part in a codeshare agreement that initially covered 10 international routes between Japan and Viet Nam, as well as 25 principal domestic routes in both countries, allowing passengers to travel more conveniently thanks to more numerous flight options.

REACHING FURTHER

In the first nine months of 2017, Vietnam Airlines achieved remarkable business results. Specifically, Viet Nam’s flag carrier operated 108,000 safe flights, with an on-time percentage rate of 90.8 per cent. This is an on-year increase of 6.7 per cent, demonstrating Vietnam Airlines’ reputation as Viet Nam’s most punctual carrier. In this period, the airline transported 16 million passengers, up by 5 per cent year-on-year.

In the major domestic routes between Ha Noi/Ho Chi Minh City and Da Nang, Vietnam Airlines has transported 6.8 million passengers. In the third quarter alone, the airline held a 72 per cent market share for these routes. The company always goes to great lengths to ensure that passengers on domestic routes will have their travelling needs met.

Together with these positive results, Vietnam Airlines’ financial health is also in good shape, with strong liquidity and a positive balance sheet. In the first nine months of 2017, the carrier’s combined revenue reached VND65 trillion ($2.86 billion), up by 20 per cent from the previous period. Pre-tax profit stood at VND2.3 trillion ($101 million), exceeding the 2017 target by 40 per cent. Thanks to these positive results, Vietnam Airlines has contributed VND4.3 trillion ($189 million) to the national budget, up by 7 per cent year-on-year.

At the same time, more and more passengers have checked in for their flights online or at self-help kiosks in Tan Son Nhat, Noi Bai, and Da Nang airports (42 per cent, 38 per cent, and 33 per cent, respectively). Self-check in allows passengers to have more control over their time, improve the airline’s punctuality, and minimise the strain on airport employees.

After selling stakes to ANA Holdings and restructuring its debt, the debt-over-equity ratio of Vietnam Airlines has gone down dramatically – and currently sits at 300 per cent. Instead of using debt to buy airplanes, the carrier switched to the sale-and-leaseback method, which allows it to purchase more airplanes without taking out government-backed loans.

In another effort to slash costs, Vietnam Airlines has launched its second flight simulator for A320/321 airplanes at its training centre. This means pilots flying the Airbus A321, one of the major commercial airplanes of Vietnam Airlines, will be trained completely in Viet Nam. Thanks to this simulator, the carrier no longer has to hire out similar equipment or send pilots abroad for training. It will also have more control over the training schedule.

This is one among three flight simulators that Vietnam Airlines received as part of its partnership with Canada’s CAE Inc. According to the plan, the next two simulators, for the Boeing 787 and A350, will be launched this December and July 2018, respectively.

In the first nine months of 2017, Vietnam Airlines’ training centre has licensed 100 new pilots and carried out regular safety checkups for its current crew of 800 pilots.

CONNECTING VIETNAM WITH THE WORLD

With these major milestones and comprehensive preparations for APEC, Vietnam Airlines will maintain its reign as Viet Nam’s flagship carrier. After 22 years of development, the flag carrier is reaching further heights, striving to become an influential airline in the region as well as the world.

Vietnam Airlines’ growth is a good microcosm of Viet Nam’s overall development, as its economy expands and integrates into the global markets.
Samsung: a journey of initiative and innovation

With huge investment capital and a significant impact on local socio-economic development, Samsung Group has proved to be a giant in the Vietnamese market. Nguyen Duc reports.

Visiting Samsung’s complexes in the northern provinces of Bac Ninh and Thai Nguyen, and Ho Chi Minh City, people are surprised by the enormity of their scale. A few foreign investors in Viet Nam are able to invest in such modern and colossal complexes as Samsung.

Starting investment in Viet Nam with a medium-sized project, Samsung developed step-by-step from focusing on simple assembly at first to investing in mammoth facilities producing mobile devices.

Now, Samsung has three of the largest-ever high-tech manufacturing complexes in the northern provinces of Bac Ninh and Thai Nguyen, and Ho Chi Minh City, turning Viet Nam into the group’s global production base.

Not counting Samsung Vina, the first small-scale project Samsung invested in Viet Nam 20 years ago, 2018 will mark the company’s 10-year investment anniversary in Viet Nam.

Back in March 2008, Samsung Electronics Viet Nam (SEV) received the investment certificate to invest in its facility in Bac Ninh. The project was quickly kicked off and put into operation in April 2009.

Over the past years, Samsung has made quick leaps ahead in Viet Nam. In late 2012, Samsung increased its initial investment capital from $670 million to $1.5 billion. Its export turnover broke records with $12.72 billion that year, up from $245 million in the first year of operation in the country.

By expanding its businesses in Viet Nam, Samsung’s total investment here now totals $17.3 billion, an over ten-fold increase since 2012.

In Bac Ninh, together with the $2.5-billion SEV complex, Samsung Display has invested $6.5 billion, while Samsung SDI - despite its smaller investment capital of $133 million - plays an important role in producing almost all of the batteries in Samsung’s mobile phone devices across the globe.

In Thai Nguyen, next to the $5-billion Samsung Electronics Vietnam Thai Nguyen (SEVT) complex, Samsung Electro-Mechanic Vietnam hit $1.23 billion in total investment capital. Meanwhile in Ho Chi Minh City, the expired Samsung Vina facility was replaced by Samsung Electronics Ho Chi Minh Complex (SEHC), which has total investment capital of $2 billion.

When SEV was put into operation, it had a single factory. By now, a complex of factories is in operation, manufacturing mobile phone devices and spare parts. SEVT is even more modern and bigger than SEV, looking like a high-tech city in Thai Nguyen.

SEHC is on a whole different scale and technological level than Samsung’s previous television manufacturing plant in Thu Duc district of Ho Chi Minh City. The large manufacturing buildings were constructed on a 94-hectare area, and according to Samsung, all production lines are the most modern available and were freshly im-
ported for the production of high-end product lines, such as TV SUHD, Smart TV, and LED TV.

With the expansion of the scale of operations, the number of employees has increased as well, to more than 160,000, making up over 30 per cent of Samsung’s total global workforce.

Not only making bold steps in investment activities, Samsung has also been reporting skyrocketing export turnover.

In 2012, Samsung’s export turnover was $12.72 billion, which was considered an amazing figure at the time, although being less than half of the $26.2 billion in 2014 and only one-third of the $36.2 billion in 2016. These figures were contributed by SEV and SEVT only. If all of Samsung’s Vietnamese production complexes were included, the value would be $40.05 billion last year.

In the first nine months of this year, Samsung’s export turnover reached $38.1 billion and is forecast to surpass the $50 billion-mark estimated earlier this year. This figure is expected to definitely make up at least 25 per cent of Vietnam’s total export turnover.

AN EXEMPLARY CASE OF FDI ATTRACTION

Samsung has become an iconic success story in foreign direct investment (FDI) attraction in Vietnam not only because of its huge investment capital and quick and efficient development, but also its wide and deep impact on local socioeconomic development.

Looking back in April 2009 when Samsung put into operation its $67-million mobile phone facility, it was praised as a model of FDI attraction as at the time Samsung was among the few high-tech giants choosing Vietnam, following the “push” of Intel.

The group’s huge investment has attracted satellite investors and investment in research and development (R&D) activities, while creating jobs for locals, contributing to increasing Vietnam’s export turnover and state budget revenue, as well as bringing valuable opportunities to join the global value chain.

Samsung now has an R&D centre named Viet Nam Mobile Research and Development Centre (SVMC) in Ha Noi which employs 1,600 Vietnamese engineers. The number of satellite businesses entering Vietnam to serve Samsung’s increasing demand has also rose rapidly with total investment reaching billions of US dollars, contributing to the development of the local supporting industries for the electronics sector.

In addition, Vietnamese firms joining Samsung’s global value chain have continued growing at an astounding pace. The number of Tier-1 and Tier-2 vendors is 220 at present. The localisation rate of SEV and SEVT has reached 57 per cent.

Samsung’s investments and wide impact on the Vietnamese socioeconomic development is obvious evidence for the mutual benefits enjoyed by both sides that the Vietnamese government has been targeting.

Samsung’s investments boosted socioeconomic development in Thai Nguyen and Bac Ninh by a significant degree. Samsung accounted for 99 per cent of Thai Nguyen’s and 75 per cent of Bac Ninh’s total export turnover.

Although the group’s contribution to the state budget remains lower than what is coined desirable as it is still enjoying the period of tax reduction and exemption, the annual amount of $800 million that Samsung pays for Vietnamese labourers has helped improve the life of more than 100,000 local households.

Samsung has also brought about business opportunities for small Vietnamese traders. According to Samsung, the group buys 16.9 tonnes of rice, 20.1 tonnes of vegetables, 11 tonnes of meat and fish, 10.5 million tonnes of water melons, and 30,979 eggs each day.

Samsung’s foothold in Vietnam will be further strengthened when all of its registered capital is disbursed. Currently, there remains around $5 billion that has yet to be disbursed. The group even plans to make more investments in Vietnam. Sectors of special interests include energy, shipbuilding, and aviation. When these plans are realised, Samsung’s contribution to the Vietnamese economy will be even larger.
TH Group is pioneering local agri-tech

Since the locally-owned TH Group began operating its $1.2 billion project to raise dairy cows and make fresh milk in late 2009 in the central province of Nghe An, the firm has become Viet Nam’s leader in the use of high technologies for the production of organic fresh milk and herbal products. Thanh Dat reports.

TH Group is also the pioneer in clearly labelling the origins of input materials on product packages. It is also the first to label its products as “clean and fresh milk”.

Unlike other milk makers using powdered milk to make fresh milk, TH Group’s production process contains many well-controlled stages, from cow breed selection, feed production, and taking care of cows to production of the finished product, preservation, and distribution.

TH Group recently received a golden trophy from the Viet Nam Association for Organic Agriculture for its great achievements in developing organic cows for the health of the community.

Currently, the group has developed more than 1,000 organic dairy cows, also the largest organic dairy cow herd in Viet Nam. It is expected that the figure will be tripled to about 3,000 cattle at the end of next year.

“TH Group has laid a firm foundation for Viet Nam’s organic fresh milk industry. TH is also the sole firm in the country who has developed its organic cow production under European and US organic standards right here in Viet Nam,” said Hoang Thanh Van, head of the Ministry of Agriculture and Rural Development’s Livestock Production Department.


In 2015, TH Group began transforming its fields to make animal feed that matches European and US standards. All plants are cultivated without

FRESH AND ORGANIC

TH Group has laid the groundwork for Viet Nam’s fresh and organic milk industry and created a new quality benchmark for fresh milk. It has helped change consumers’ habits in using milk. They have gradually shifted to drinking fresh milk instead of reconstituted milk.

TH Group is the trailblazer of Viet Nam’s high-tech fresh and organic milk industry

A corner of the TH organic dairy farm

A corner of the TH organic dairy farm
genetically-modified organism, pesticides, or chemical fertiliser. Also, cows are pastured under organic standards. Their efforts came to success on September 27, 2016, when Nghe An province’s TH farm saw the birth of the first organic calf in Viet Nam. She was named True Organic by TH Group’s chairwoman Thai Huong.

The animal produced the group’s first fresh organic milk material. Then on October 26, 2016, the Netherlands’ Control Union, a global network of inspection operations and dedicated laboratories, granted a certificate to TH Group for its meeting all European and US organic standards for its meadow and cow-raising processes.

TH Group has also obtained a similar certificate for its organic production and products.

Ha Phuc Mich, chairman of the Viet Nam Association for Organic Agriculture, said that TH Group’s production of organic cows and fresh milk “is a milestone in Viet Nam’s milk industry.”

“The group’s all products have met international standards, because all production stages are conducted under international standards,” he said.

ORGANIC HERBAL PRODUCTION

With its core value, “For the sake of the community’s health,” TH Group has also now been engaging in producing organic herbal production, with herbal drinks and foodstuffs branded “TH True Herbal” and made from natural materials, which are also produced by the group.

To ensure the international-standard best quality of products, TH Group has established a complete value chain ranging from the selection and germination of herbal varieties, cultivation, harvesting, and processing, to production, marketing, and sales.

Currently herbs are being cultivated on an area of 15,000 ha, mostly in Nghe An. Of which 250 ha is earmarked for cultivating baby-jackfruit, passion-flower, centella, many varieties of ginseng, multiflorous knotweed, lingzhi mushroom, and various herbs.

TH Group is now working with Nghe An’s government to support it to expand the plantation of these material plants under big trees in the province’s forests. Besides, the group is also expanding the development of these materials in many other provinces, such as Ha Giang, Son La, Lai Chau, Lam Dong, and Dak Lak.

All the plants are taken care of under international standards. In August 2017, in co-operation with the Ministry of Health, TH Group organised the “Natural Herbal Medicine with Human Health” workshop to launch TH True Herbal.

The trio of products include herbal drinks made from natural ingredients such as pennywort, lemon, mint, baby-jackfruit, passion-flower, red artichoke, and black raspberries. The products were researched and developed since 2013, certified organic under American and European standards, and then produced and distributed in the US.

They have been welcomed by American consumers and exhibited at Expo West Natural Products 2016, selected as the February product by Beverage Industry Magazine, and listed as a “Drink Spotlight” on the TrendMonitor website. The products also won three silver medals at the International Food Show in Moscow in September 2015.

After gaining a foothold in the US market, TH Group is focusing on developing herbal beverage products in Viet Nam in the expectation that Vietnamese consumers will be able to use the best drinking water products from the country’s natural materials.
FLC shows compassion in its leadership

Together with business objectives, sustainable social development is also one of FLC’s top priorities. The group frequently participates in and organises activities to aid flood victims, offer scholarships to impoverished students, build schools in remote villages, and preserve the environment with beach clean-up campaigns.

FLC Group Joint Stock Company (FLC Group) has been in business for 16 years and now is a major developer of real estate, particularly resort real estate. Expanding from the original business of investment and corporate finance consultancy, FLC Group has successfully penetrated into the real estate sector since 2009 and achieved outstanding accomplishments thanks to savvy investment strategy.

During the period from 2011-2014, when the real estate market in Viet Nam was in considerable turmoil and other companies rolled back their investments, FLC Group decided to acquire a great number of high-potential but ‘frozen’ commercial land at low prices, then developed them into large-scale projects to get ahead of the recovery wave. The corporation’s solid legal foundation, led by lawyer and entrepreneur Trinh Van Quyet, FLC Group chairman, has helped the company to successfully close these deals.

The once ‘dead’ properties are now considered outstanding commercial projects in the capital city of Viet Nam, making considerable profit for the company. They are among the premises that establish and confirm FLC Group’s leading position in Viet Nam’s real estate market.

SOCIAL VALUES
Simultaneously, besides commercial real estate, FLC Group has foreseen the potential of the resort property sector in the long term and has been exploring and investing in pristine tourism spots along amazing beaches since 2014. All of FLC’s resorts are large-scale developments that resemble modern urban complexes with comprehensive amenities. These developments are always accompa-
ned by professional services and state-of-the-art facilities.

By October 2017, FLC Group’s total value was estimated at $9 billion by UniCap Fund, including the already operational five-star FLC Luxury Resort Vinh Phuc in Vinh Phuc (250 hectares), FLC Samson Beach and Golf Resort in Thanh Hoa (200ha), FLC Quy Nhon Beach & Golf Resort in Binh Dinh (1,300ha), and the popular brand name of FLC.

In 2017, FLC Group launches FLC Ha Long Golf Club and Luxury Resort (159ha), and announces plans for FLC Do Son Resort in Haiphong (500ha), FLC Van Don Resort in Quang Ninh (1,500ha), and FLC Quang Binh Resort in Quang Binh (1,954ha). The mega-project FLC Van Don has a total investment of $2 billion, including an 18-hole golf course, five-star hotels, high-end villas, and a large-scale casino, which is expected to be the first casino in Viet Nam for both domestic and international players.

In total, the group is operating and investing in eight out of 28 coastal provinces in Viet Nam, covering an area of 7,300ha along 40 kilometres of coastline.

FLC Group always offers clients a true resort experience, whether in an extravagant beach villa or on top of a luxurious high-rise hotel. Each FLC project has a distinct character inspired by that region’s culture: a spa service providing ancient Cham treatments, a restaurant using local ingredients, or tourist activities to explore beautiful Vietnamese destinations. All of these contribute to a truly high-class environment, and have helped turn stunning coastal towns into new travel destinations.

Planning to strike the market with 10 golf courses and resorts, 5,500 condotels, 3,500 villas, and 6,000 hotel rooms by 2020, FLC Group aims to confirm their position as the leading resort real estate developer in Viet Nam. FLC’s accurate investment decisions and vigorous implementation have helped to make its stock one of the market’s most liquid and make its chairman into one of Viet Nam’s richest people.

GOING GREEN

“A resort project’s lifespan is very long. If surrounding landscapes are destroyed because the developer does not pay attention to environmental protection then the fate of the project itself will soon be ruined,” said FLC Group general director Le Thanh Vinh.

According to Vinh, for a resort property, the welfare of the natural landscape plays a big part in determining the course of the project. Consequently, heritage conservation and environmental preservation and protection are always goals that FLC sets out early in projects’ planning phase.

Externally, the architectural design is carefully calculated to make the utmost effort to avoid natural landscape interruptions. As for the interior design, every piece of technology and equipment is selected based on its environmental standards. During operations, the smart usage of energy and resources is ingrained in the daily habits of resort staff. These are just some of the “Go Green” initiatives that FLC Group embraces.

WORKSHOPS ABROAD

With the stature of a leading corporation in Viet Nam, FLC Group is expanding operations to high-potential markets in the region. Roadshows and workshops to promote FLC’s hospitality products to Singapore and Japan held in 2017 attracted a large number of individual and institutional investors, investment funds, as well as real estate companies in Asia and all over the world.

The Republic of Korea, Hongkong-China, and the US are thought to be the next markets for further promotion.

On the sidelines of the Singapore roadshow, FLC chairman Quyet revealed the plan to start a new airline that could take to the skies for the first time early next year. He said FLC Group was working with Airbus to lease about seven aircraft by 2018.

Previously, FLC’s board decided in May to set up the new airline, called Bamboo Airways. The airline will take a different path from its domestic counterparts, focusing on direct services connecting international markets with emerging tourism destinations in Viet Nam, instead of major urban areas where the aviation infrastructure is already overloaded.

The priority will be given to localities where FLC has built major tourist complexes, including Quang Ninh and Hai Phong in the north, Thanh Hoa and Quy Nhon in the central region, and Nha Trang and Phu Quoc in the south.

The operational orientation of Bamboo Airways is expected to help better exploit the existing aviation infrastructure while avoiding overloaded airports.

“Overall, our projects are well-received and highly-rated among potential partners from overseas. We are finalising the signing process to strategically co-operate in the fields of financial investment, resort real estate, construction, technology, agriculture, and healthcare,” FLC Vinh said.
Sleepless toil on the future site of Sheraton Danang

A little less than a 20-minute drive from Da Nang International Airport, Sheraton Danang Resort comes into sight and surprises us all: a world-class luxury hotel complex rising up out of the white sand. Anh Viet reports.

Sheraton Danang Resort is a completely newly-built hotel complex that meets all requirements for hosting any event of the 2017 APEC Economic Leaders’ Week. Boasting 258 rooms, 45 villas, and other amenities including spa, conference centres, restaurants, and fitness centres, the hotel complex is situated on a total area of 11.5 hectares along Truong Sa Road, Ngoc Hanh Son district, in the central coastal city of Da Nang.

Thanks to a talented team of architects and specialists, each category of the hotel complex is striking in design. But above all, it is home to the two-storey conference centre that ultimately charms any guest with a grand 3,200 square metre floor plan, home to a magnificently-decorated 1,400sq.m ballroom where the APEC 2017 Gala Dinner will host leaders of 21 APEC member nations.

The responsibility and honour to serve the nation helped the company to make the impossible possible. The site was lit up all night, and workers who did overtime were directly rewarded with cash from the company once they finished their shift. A number of executives from the group and its contractors were particularly dedicated to being onsite, to direct the site works.

A MONTH OF 90 DAYS

Walking on the cobbled roads, opening ourselves to breathe in the fresh air of the sea and the lingering lotus scene of the dawn, we recall the moment a year back when the very spot we are now standing was simply a wasteland.

When Nguyen Thi Nga, chairwoman of BRG Group, the investor of the Sheraton Danang Resort project, stressed that the hotel complex would be able to meet the schedule for the 2017 APEC Economic Leaders’ Week, some were rather reluctant to believe it. Yet, with its relentless dedication and efforts put into the project, BRG and its contractors have fulfilled their promise. A quality, top-tier hotel complex has been born, a symbol of the outstanding capacity of Vietnamese enterprises like BRG who dare to invest in and carry on big works with speed and pride.

“We will work relentlessly without a break, three shifts a day, so for this very month of June we will have a total of 90 days, fully invested with mind and hand on the single goal of completing this grand project, worthy to be an icon of Viet Nam once finished,” said Nga at a meeting with BRG contractors in May.

By the original plan, it will be kicked off at the beginning of 2018. To put this master plan into reality, BRG has paired up with Japan’s Sumitomo Group to carry out a smart city project in the northern part of Ha Noi (the two sides of the Nhat Tan-Noi Bai International Airport Expressway that stretches over 11 kilometres of road). BRG brought to the table its own capital and invited foreign consultants to work with the Ha Noi Urban Planning Institute in order to set up the planning in July 2011. The plan reveals the traditional images of Thang Long (Ha Noi), the sacred land of the dragon reaching to grab a piece of jade. The backbone of the dragon is the highway that connects the international airport with the city centre, while its head is heading to the Red River and West Lake, in which they both will represent a modern city complex that incorporates within it an international finance centre, an ASEAN cultural village, exhibitions, shopping malls, and convention centres. The master plan, when made public, attracted great attention and was highly appraised.

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For 150 consecutive days and nights, thousands of workers covered and rotated their shifts on the construction site, without a break. The workers, who were sleepless for many nights themselves, regularly walking throughout the site and supervising the works in person, chatting with the contractors, in a bid to come up with solutions for a wide range of complex matters that popped up along the way.

Le Viet Hai, chairman of Hoa Binh Construction Group, one of the 21 contractors of the project, said, “It is indeed the most challenging project we’ve handled so far, in terms of scale, technical and artistic requirements, and the tight timeframe given for construction.”

WITHESTANDING THE TEST OF TIME

Sheraton Danang Resort or any other project undertaken by BRG are built in a consistent perspective, in which Nga once emphasised such value in a discussion with Prime Minister Nguyen Xuan Phuc together with 12 leaders of leading private enterprises of Viet Nam. She said then, “We’ve always treasured the value of sustainability and long-term success, apart from the profit target that any company will pursue.”

This vision has also been translated into an effort to make planning of the two sides of Nhat Tan-Noi Bai International Airport Expressway that stretches over 11 kilometres of road. BRG brought to the table its own capital and invited foreign consultants to work with the Ha Noi Urban Planning Institute in order to set up the planning in July 2011. The plan reveals the traditional images of Thang Long (Ha Noi), the sacred land of the dragon reaching to grab a piece of jade. The backbone of the dragon is the highway that connects the international airport with the city centre, while its head is heading to the Red River and West Lake, in which they both will represent a modern city complex that incorporates within it an international finance centre, an ASEAN cultural village, exhibitions, shopping malls, and convention centres. The master plan, when made public, attracted great attention and was highly appraised.

According to Nga, once completed, the project will create an iconic architecture and atmosphere for the entrance to the city, turning into a driver for the development of the northern urban area of the Red River, and at the same time bringing in jobs and contributing to the city’s socio-economic growth.

“If we can contribute to making life better and improving the quality of local life, we are always ready to do so,” Nga said.
Entrepreneurship-stemmed industrial zone pioneer

For most people, starting a new career is often challenging, especially if one has spent more than two decades in another line of work. But for Truong Tu Phuong, chairwoman and general director of Dai An JSC and one of the first businesswomen in industrial zone development with Dai An Industrial Zone, everything seems possible. Thanh Son reports.

INSPIRED BY THE LAW ON ENTERPRISES

The turning point in Phuong’s life came 17 years ago, when she first heard of the Law on Enterprises. In the law, the concept of ‘private enterprises’ was fully recognised and the entrepreneurial spirit was unleashed.

“In the law, I saw a vast space for realising my passions. My opportunities would be decided by myself, and not by others. I discussed things with my colleague, Duong Van Thang, who was working as an architect. With our similarities, we decided to jointly start and cultivate a new career path, and enthusiastically support each other,” Phuong said.

Thang was also the person who advised Phuong to return to the north. Phuong was born in Hanoi, and studied construction there. After graduation in 1978 she took a job at Hanoi Civil Engineering Company. Two years later, in 1980, Phuong, her husband, and their child left for the south.

In 2002, after five-month surveys in six northern locations, Phuong and Thang decided to choose Hai Duong province for their return, where they planned to build a sizeable industrial zone (IZ) covering at least 500 hectares.

The site in Hai Duong enjoys a strategic position, just 51 kilometres away from Hanoi, about 50km away from Hai Phong’s major port, facing National Highway 5, and backing on to the Sat River.

Now, looking back on the nearly 15-year history of Dai An IZ, Phuong said the decision to invest in Hai Duong was one of the best of her life.

AN IZ WHOSE DOORS NEVER CLOSE

Viet Nam is currently home to 325 IZs, and Phuong is one of three female entrepreneurs to succeed in a field that seems tailored for men.

Maybe that is why Dai An IZ has had different strengths than other IZs. This is the first IZ that shares its transport system with local residents. In Phuong’s words, “Dai An is the IZ whose doors never close.”

In the field of IZ development, this could be regarded as a disadvantage by some people — having a residential village became part of an IZ often leads to difficulties in controlling IZ operation.

IZ-based businesses are not accustomed to the model of “a village in an IZ”, and the inconveniences it may cause. Usually the industrial complex is completely separate from the surrounding living space.

But Phuong had a different mindset. “If we take care of our workers’ dwellings, they will be totally devoted to their work,” Phuong said.

On the groundbreaking ceremony of Dai An IZ in April 2003, Phuong pledged to balance the interests of the local people, who had allocated several hundred hectares of land to the IZ developer. She promised that the people living on the IZ project site would not have to leave for elsewhere to earn their livelihoods.

Phuong has kept her promise. And her success with Dai An IZ – which presently houses 75 investment projects registered at $1.6 billion, from 15 countries and territories, which employ 40,000 workers and 10,000 other labourers – explains why she is regarded as a pioneer in the field.

In 2012, Dai An IZ was selected by the Ministry of Public Security as a prototypical model for building a “safe IZ, with public order and security”.

TURNING DAI AN INTO A MODEL IZ

Dai An IZ has not only succeeded in creating a competitive investment environment that helps it attract heavyweight investors, which employ cutting-edge and environmentally-friendly technologies for production. It has also contributed to building up and improving the local business environment.

The shift from agriculture to industrial production has given way to a generation of good citizens and workers, with the three “haves”: employment, a cultural background, and ethics and sense of responsibility.

These are the essential factors needed to reap business success and make contributions to national socio-economic development.

From that platform, Dai An IZ has prioritised attracting foreign investors, particularly those coming from the Republic of Korea and Japan, who satisfy the criteria of having financial capacity and a will to invest in Viet Nam.

The IZ has, therefore, been trying for perfection in infrastructure and services provision while acting as a trustworthy partner to businesses.

Dai An also harbours small- and medium-sized enterprises, mostly satellites to major firms based either in Dai An IZ or in neighbouring locations, such as the Republic of Korea’s tech giants LG in Hai Phong, and Samsung in Bac Ninh and Thai Nguyen provinces.

“Before expediting big projects, foreign investors often want a test run through founding smaller units to have time for a market survey. This forms a trend where many businesses want to lease ready-built workshops of small and medium size,” Phuong said.

Dai An IZ can currently satisfy various business requirements, irrespective of their size and whether they are local or foreign. This has created Dai An IZ’s brand value as “an ideal and trustworthy investment venue to every business and investor”.

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Tien Phong Plastic moves forward as leading position

Tien Phong Plastic JSC has a strong presence in the Vietnamese market, due to its nationwide coverage of five distribution centres, 300 agencies, and 10,000 selling points. The top plastic pipe brand in Viet Nam is now gearing up for the next stage of development to secure its leading position. Thu Le reports.

FROM A MARKET LEADER...

Over 57 years of development, Tien Phong Plastic has affirmed its leading position in the plastics sector in general and construction plastic in particular. The company continues to lead the market in terms of revenue and sales, with a 70 per cent market share in the northern region.

Tien Phong Plastic is expanding its market share in the central and southern regions. To facilitate this goal, the company has ramped up its investment to boost production and open facilities in the region. After establishing nationwide coverage, the company has extended its reach to neighbouring markets like Laos and Cambodia. The expansion has laid a sound foundation for the company to increase revenue and improve sales performance, and consequently secure a firmer foothold in the market.

Tien Phong Plastic has four factories, with total output capacity of 120,000 tonnes of plastic per year. Its output stood at 86,000 tonnes last year and is projected to reach 95,700 tonnes this year. Once the expansion plan is completed, the firm is expected to raise its capacity by 30 per cent over the next three years.

The plastics manufacturer notched an impressive performance last year, posting strong sales growth of 23 per cent, especially for PPR pipe at 39 per cent. In 2016, the company’s consolidated revenue amounted to VND4.36 trillion ($191.84 million), while after-tax profit reached VND397.6 billion ($17.49 million). Its 2016 dividend grew 45 per cent. Tien Phong Plastic continues to enhance its prestige and social influence while reinforcing its pioneering status in Viet Nam’s plastics sector.

Tien Phong Plastic meets even the most sophisticated demands by offering a diverse portfolio of high-quality products, mainly used in water supply and drainage for industrial, agricultural, transport, petroleum, and civil projects. The company’s mainstay products include uPVC, PPR, and HDPE plastic pipes and spare parts.

...TO A PIONEER

“Tien Phong Plastic reaped significant achievements in 2016 after completing the first phase of their development strategy outlined by the Board of Management. In light of a solid foundation in plastics manufacturing, we are ready for the next phase of development,” said Nguyen Quoc Truong, the firm’s general director, adding that Tien Phong Plastic will continue to come closer to becoming the leading plastics pipe provider in Viet Nam and in Southeast Asia.

The plastics company also launched a new line of products last year such as M-PVC pipe, which is extremely durable and light with a large clear height. In particular, M-PVC pipe has an impact resistance 50 times higher than uPVC pipe. Another product, two-layer PP-R pipe, is heat resistant up to 95 degrees Celsius and anti-UV, so it can reduce calcification and increase life expectancy during sun exposure.

The new product lines are manufactured using state-of-the-art technology to satisfy increasingly sophisticated demand in major projects. Also, the company has successfully produced high-tech products using European technology such as HDPE DN 2000 pipe. This production line turns out the largest pipes by diameter in Viet Nam and Southeast Asia.

Truong stated: “Tien Phong Plastic is proud to be the first company in Viet Nam and the region to own such a production line. Our new products have received attention and positive response in the market, marking a big step forward for our innovation and creativity. As a result, we can raise our capabilities, and the possibilities of partaking in important projects.”

To usher in a new stage of development, the plastics pipe manufacturer is ready for its planned strategy. The company will focus on expanding production and business based on existing distribution networks. At the same time, it has also prepared sufficient resources for in-depth investment plans throughout the system, including capital, human resources, and technology.

A big development in Tien Phong Plastic’ recent progress was its partnership with Sekisui Chemical in 2013. Sekisui has over 66 years of experience in manufacturing plastic pipes in Japan. Tien Phong Plastic has gained a competitive edge from Sekisui’s technology and knowledge transfer.

In July, Sekisui signed a strategic partnership agreement with Tien Phong Plastic South JSC, an affiliate company of Tien Phong Plastic with a 37.78 per cent stake. With the motto “Building partnership and growing together”, the tie-up will help the company to take advantage of new technology and equipment from the leading Japanese group.

With all of these achievements, Tien Phong Plastic is well-situated to solidify its leading position in the market.
FECON: A foundational partner for foreign firms

When a foreign firm wants to implement an ambitious development project in Viet Nam, they often turn to FECON, a leading group of foundation and underground construction.

A FAMILIAR NAME TO FOREIGN INVESTORS AND CONTRACTORS

Pham Viet Khoa, chairman of FECON, often refers to the period of economic crisis in the 2008-2011 period when he is asked about FECON’s story. With its quality assurance, progress, and professional team, FECON obtained the trust of foreign businesses and managed to blossom during the crisis.

After their first co-operation with FECON, numerous foreign companies opted to pick the company for all of their subsequent projects. Satisfied returning customers include Samsung and LG from the Republic of Korea (RoK); Chow Tai Fook from Hongkong-China; and Suncity Group from Macau, among others. FECON has been the foundation contractor for all Samsung factories in Viet Nam, from Samsung Thai Nguyen and Samsung Bac Ninh to Samsung Ho Chi Minh City.

FECON has earned the trust of not only foreign investors, but also foreign general contractors, including HYUNDAI E&C-GHELLA JV, Posco E&C, GS & Serve One, and Doosan Industrial; China Railway 6 (EPC) Group from China, Shimizu-Maeda from Japan; and Cheil Industry, TAL Apparel, TOA Corporation, and BACHY Soletanche from Russia.

Yong Jae Lee, construction director of Serve One Viet Nam Company, an LG subsidiary, said that he learnt about FECON through a network of RoK businesses in Viet Nam, and had no complaints about FECON’s implementation. FECON is also his go-to recommendation to other RoK firms coming to Viet Nam.

Not only concentrating on its traditional business of foundation and soil improvement, with the goal of making a significant contribution to solving difficult problems for infrastructure development in Viet Nam, FECON has joined hands with foreign partners to transfer infrastructure construction technologies. Notably, at the Metro Line No. 1 project in Ho Chi Minh City, FECON has co-operated with Raito Kogyo, a leading Japanese foundation corporation, to acquire foundation and soil improvement technology for urban underground construction. FECON also became the first Vietnamese contractor to operate a tunnel boring machine under the direction of experts from Shimizu-Maeda.

READY TO TIE THE KNOT

Successfully building trust with customers and foreign partners, FECON is always confident in seeking and attracting investment, as well as strategic co-operation with big enterprises and organisations across Asia and around the world.

FECON has become a “target” for many Japanese enterprises to approach and expand their market share in Viet Nam. FECON has formed four joint ventures with leading Japanese companies, namely Chikami Miltec, Toyo Industry, Kanamoto, and Raito Kogyo.

In addition, at the first foreign project in Myanmar, FECON co-operated with Super Rainbow Construction in a project to expand Thilawa International Port in Yangon. In finance and banking, FECON also has high expectations for investment decisions by Japan Development Bank and PYN Elite Fund of Finland, among others.

Since 2014, FECON has been seeking more opportunities to co-operate with foreign firms to invest in infrastructure projects. The company has signed a strategic co-operation agreement with Japan’s NEXCO and JEXWAY to invest and develop transport infrastructure projects, and joined hands with Saudi Arabian energy giant ACWA Power to develop renewable energy projects in Viet Nam. With a vision to become Viet Nam’s leading infrastructure developer by 2020, FECON is aiming to expand its market to developing countries in the region, such as Myanmar, Indonesia, Cambodia or Bangladesh, to capitalise on its strengths and make use of its experience and partnership networks built up during more than 13 years of development.

It has been said that if a foreign investor comes to Viet Nam and looks for a contractor or a reliable partner in the field of foundation, underground construction, and infrastructure development, their first choice is FECON.
Doosan helps to make ‘Made in Viet Nam’

Doosan Vina’s local operations have helped turn Viet Nam’s power sector into an international force

Doosan is a global multinational with 121 years of history and operations in 37 countries around the world and all APEC member economies. We want to take this opportunity to welcome you to Viet Nam where we have a major subsidiary which we opened in 2009. Doosan Vina, as it is known, is now providing employment for 4,000 people who are contributing to the development of Viet Nam and the world. Here in Viet Nam we produce major infrastructure projects such as turnkey power plants, desalination plants, and cargo container cranes that are a necessity for development.

Viet Nam has made remarkable strides in its journey to becoming a developed nation since the 1986 introduction of political and economic reforms known as doi moi. These policies welcomed foreign investments and were the catalyst that prompted Doosan to enter Viet Nam in 1995. We started in Hai Phong and the success there led to our $300 million, 110-hectare venture in Dung Quat Economic Zone of Viet Nam’s central province of Quang Ngai.

Today, 4,000 new jobs have been created in the province and economic growth is evident across the region. But that is only the beginning of the story; the technology and skillsets that Doosan has brought to Viet Nam are helping to transform the nation in a steady march toward industrialisation. And for the past 10 years the company has trained and transferred advanced engineering, design, and production skills to thousands of Vietnamese that are now helping to modernise the mechanical sector in the country. But again there is more to the story, because we did not stop there; Doosan has not only worked hard to see that its employees are utilising the best practices in safety, management, production, procurement, and environmental protection, but has also worked closely with dozens of suppliers and subcontractors in Viet Nam to see that they are also using the same cutting-edge “best practices”.

One example is in the power sector. The power plant boilers produced by Doosan Vina are some of the most efficient and technically advanced in the world today. A few years ago the engineering and human resources required to create such high efficiency equipment was simply not available in Viet Nam. But now, “Made in Viet Nam” power plant boilers are turning night into day in countries around the world, and skilled Vietnamese craftsmen have produced boilers for four domestic power plants that will add 4,240 megawatts of power to Viet Nam’s grid.

As Viet Nam is transforming to an industrialised economy, Doosan Vina, in co-operation with government ministries and leading Vietnamese companies, is sharing its technology and expertise. The overall goal is to provide a brighter, sustainable future for the nation by creating jobs, providing the power that is needed for industry, and creating the electricity necessary to light offices, schools, hospitals, and homes.

If you would like more information, check out our website at Doosan-vina.com or on Facebook at DOOSANHIVIETNAM. And if you have the time and the interest in touring our facilities, please contact our Public Relations and Communications Department at dv.editor@doosan.com to arrange a visit.

Once again we welcome you to Viet Nam and hope you enjoy your time here.
Bosch looks to grow its name in Viet Nam

The picture of Bosch in Viet Nam is a multi-faceted one, which people may fail to grasp in a single glance. With a newly-appointed managing director helming the operation of Bosch in Viet Nam since August 2017, Bosch has set sail on a new trajectory. Guru Mallikarjuna, the new managing director of Bosch Vietnam, told Anh Hoa about the company’s story in the country and the role he will play in leading the firm to success.

It has been two months since you took on this new role, what are the opportunities and challenges?

Bosch Vietnam has been operating in this market for almost 10 years and Viet Nam has become one of the key growth markets for Bosch in Southeast Asia.

The company has grown from around 20 associates in the beginning to more than 3,100 associates today. These associates work in varied fields at Bosch in Viet Nam. In particular, we have high-tech manufacturing activities at the Bosch Gasoline Systems plant in Long Thanh in the southern province of Dong Nai, as well as a Technical Industrial Apprenticeship Training Centre located close to the plant.

We also have diverse sales divisions offering products and solutions to consumers and businesses: Automotive Aftermarket, Automotive Electronics, Drive and Control Technology, Packaging Technology, Power Tools, and Security Systems. Our two research-and-development (R&D) centres in Ho Chi Minh City now have more than 1,400 associates, building hardware and software solutions for the automotive industry and also connected solutions for smart cities, Industry 4.0, and more. I would say that those are the biggest advantages.

The challenges ahead would be to continue building on the past achievements, to develop new business opportunities, and to increase the market presence of all business segments in Viet Nam.

What are the areas Bosch puts focus on to maximise the market potentials here?

Viet Nam’s urbanisation and industrialisation are taking off strongly. These trends offer great opportunities for us to widen our product offerings in the market. Moreover, the country is making strides to cultivate and grow a smart economy, which induces potentials for Bosch to further introduce our connected solutions for smart homes, smart cities, smart mobility, and Industry 4.0.

Looking forward, a direction of strategic importance for Bosch is to foster more collaboration with organisations and businesses here. Viet Nam, Bosch has its main office in Ho Chi Minh City, with branch offices in Ha Noi and the central city of Da Nang. The global network and local presence enable us to offer local support to nationwide customers.

Particularly, we will also invest into the Bosch Gasoline Systems plant in Dong Nai, as well as increase the capacity and competency of our R&D workforce.

Last but not least, our development programmes for associates will continue, with domestic training opportunities as well as oversea assignments on short to medium terms for their career advancement.

In your view, how would Viet Nam make the most out of the opportunities brought about by Industry 4.0?

An embrace for technologies and readiness for riding the tidal waves are much needed. We’ve seen positive language recently, with decisiveness at top levels about the needs for innovation. We expect that more reforms would help the country further leverage the opportunities from Industry 4.0, and become a hub for investment, R&D, and manufacturing in the region.

Yet, the challenging part lies at the “readiness” phrase, especially the human resources. Things people need to be equipped with in order to be able to stay relevant in the time of transformation include a flexibility to use all new opportunities, a lifelong dedication to learning to keep up with technological progress through professional development, teamwork, lateral thinking, inquisitiveness, and the courage to be open to new ideas and take on challenges.

Thus, it is essential for the government, business, and civil society to work hand in hand to improve the workforce’s level of education and help them secure employment.
As a leading industrial general contractor specialising in the construction of foreign-invested projects, Viet Nam GIZA Engineering and Construction JSC (GIZA) provides comprehensive construction services from the planning and design phases, through bidding and construction, to the commissioning and occupancy phases.

GIZA’s strong advantage lies in its cohesive team including the architects, engineers, and designers working together from start to finish in open communication and purposeful collaboration to deliver best quality, cost and time savings and efficiency of the project.

Under the motto “Dedicated and devoted”, the company always puts service quality as its top priority, striving for customer satisfaction. From this starting point, the firm has laid the groundwork for market expansion through co-operation and technology transfer with reputed technical groups from Europe, Singapore, Japan, the Republic of Korea (RoK), and many more to improve performance.

GIZA has taken part in expediting a raft of construction engineering projects of high technical specifications and on a large scale, such as Texhong Hai Ha plant, run by the leading international textile and dyeing group Texhong; the $100 million Jasan socks and stockings production facility; the RoK-backed Hyundai Kefico electronics plant; a high-tech EVA Precision plant; and the Vega Balls sports balls manufacturing plant.

This year the company has experienced spectacular growth, as it won repeated bids for the execution of many projects in southern areas amid tough market competition. Such projects include A-PRO bicycle manufacturing plant, Fulin plastic plant and Chucon Mao’s factory, to name but a few.

GIZA Viet Nam has come into being during a time when Viet Nam is integrating deeply and broadly into the world’s economy, which brings multiple development opportunities as well as numerous challenges.

Amid tough market competition between domestic and foreign players to dominate the local construction scene, the company has scaled up efforts to stand out from its competitors in a variety of ways.

Accordingly, GIZA has tried to become a trustworthy local partner to foreign businesses with its firm understanding of the domestic investment environment as well as its knowledge regarding administrative procedures and Viet Nam’s development characteristics.

The company has also engaged in diverse trade and investment promotion programmes of state agencies such as the Ministry of Planning and Investment, and the Ministry of Industry and Trade, and the Viet Nam Chamber of Commerce and Industry. It has teamed up with localities and infrastructure developers to create networking opportunities between domestic and foreign businesses, or between contractors and investors.

Through these events, GIZA wants to play a larger part in facilitating foreign investors’ operations in Viet Nam, together with support from government agencies.

Besides maintaining a contract-based revenue target that surpasses VND1 trillion ($45.5 million) this year, in the next three years the company is set to consolidate its strength in the construction engineering field and improve human resources and ISO 9001:2015 quality management systems under the consultancy of the British Standard Institute.

The company has also applied corporate management software across its management system from the office to the construction site throughout the country, helping to bolster labour efficiency. It aims to achieve $100 million in revenue by 2020.

In the next decade, GIZA will strive to expand its business lines to grow into a multi-field group with a focus on construction engineering, and from there stretch into other fields such as component production or trade and services in the construction field.

GIZA’s top target is to become a leading construction group of Viet Nam in the next decade.
CJ Group has made a home in Viet Nam

BY THANH VAN

CJ Group is ushering in a new phase of development through its ongoing investment in and social contributions to Viet Nam.

CJ was founded in the Republic of Korea in 1953, specialising in food products. After 60 years of innovation and development, it has grown into a global lifestyle brand with a business portfolio built around four sectors: food and food services, bioscience and pharmaceuticals, entertainment and media, and retail and logistics.

CJ marked its first foray into Viet Nam in 1998, starting out in the animal feed sector. It quickly grew into one of the top four companies in the field, and will put a sixth animal feed plant into operation this year.

In 2017, CJ diversified into the food sector under the Tous Les Jours bakery brand, with 33 outlets in the country. CJ CGV, an entertainment platform operator under CJ Group, is the largest film distributor and cinema operator in Viet Nam and one of the top five cinema chains in the world. In retail, the group launched SCJ TV Homeshopping in Viet Nam in 2011, which now ranks first in the local home shopping market.

Leveraging its 20 years of local experience across many sectors, CJ is planning to ramp up investment in Viet Nam, the second-largest market for the group after China. To facilitate this goal, CJ has been active in the merger-and-acquisition (M&A) space in the fields of food, logistics, and entertainment.

CJ Viet Nam has been expanding aggressively over the past few years. The company recently injected VND1.4 trillion ($61.6 million) into a food processing complex in Hiep Phuoc Industrial Park in Ho Chi Minh City. The complex will house a food processing factory, a research-and-development lab, and food safety and innovation centres, aimed at providing safe, high-quality products for Vietnamese consumers as well as exports to overseas markets.

Most recently, CJ made headway in the logistics sector by acquiring two shipping and logistics subsidiaries under Gemadept Corp. CJ Logistics said in a regulatory filing that it bought a 50.9 percent stake in both Gemadept Logistics Holding and Gemadept Shipping Holding. The move is part of the group’s broad strategy to become one of the top five logistics companies globally.

Above all, CJ raises the bar for a healthy, happy, and convenient lifestyle among global consumers, whether it be in food, home shopping, logistics, entertainment, media, bioscience, or pharmaceuticals. Bringing the world closer together, CJ envisions cultivating a more prosperous and flourishing culture for a brighter future.

In addition, CJ endeavours to achieve mutually beneficial growth for both the company and society at large. Beyond the intrinsic mission of creating economic value as a business, CJ will not hesitate to generate shared value for the benefit of social and sustainable corporate growth.

The company has developed several initiatives to promote corporate social responsibility in Viet Nam such as the chilli processing plant in Ninh Thuan, a bakery school in Nghe An, a Toto filmmaking class, and other social activities. Driven by CJ’s motto “Growing Together”, these projects are expected to improve the lives of the Vietnamese people.

In 2016, CJ Group was honoured to become the only Asian company in Fortune’s “7 World-Changing Companies to Watch”. This award reaffirms CJ’s consistent efforts to become a globally-leading lifestyle and culture creator, as well as contribute to the mutual growth of society, nurturing happiness and harmonious growth.
Deep C Industrial Zones:
An intersection of convenience and expertise

BY NGUYEN HUYEN

Northern Viet Nam in general and the port city of Hai Phong in particular has emerged as a prime investment destination in Asia. Over the last five years, the region has attracted more than $74 billion, compared to $65 billion in the Mekong Delta region.

One of the key differences for attracting new investment projects is the development of a new five-modal transport system of international standards. This system includes highways (Ha Noi-Hai Phong Expressway, Hai Phong-Ha Long-China Expressway, and the coastal highway), a linked airport system with Noi Bai International Airport in Ha Noi and Cat Bi International Airport, Hai Phong inland waterways, railroads, and last but not least, a new 100,000 deadweight tonnage (DWT) deepsea port which will begin operation in 2018.

These developments allow businesses located in the north of Viet Nam to easily do business with the rest of the world.

Lying adjacent to these developments are DEEP C Industrial Zones (IZs) – plug-and-play industrial and logistics zones with ready-built workshops and warehouses with reliable and green utilities that all industries can lease.

These zones resulted from the 20-year cooperation between a Belgian consortium – Rent-A-Port and the Belgian government – and the city of Hai Phong. The zones are home to more than 70 multinational companies with total investment capital of $3 billion, with firms like Bridgestone and Idemitsu (Japan), Knauf (Germany), and Chevron Caltex (US), among others.

Besides being located next to major infrastructure developments, DEEP C provides customers with multiple advantages. First of all, best-in-class utilities: for the distribution of power, DEEP C has in place a state-of-the-art underground distribution network as well as water and wastewater treatment. The DEEP C cluster was one of the first IZs in Viet Nam to comply with ISO 9001 and 14001 standards for its wastewater treatment plant.

Tenants within the zones are also unconditionally entitled to the best tax package available in Viet Nam, with significant reductions on both corporate and personal income tax. If needed, DEEP C also develops ports to support the operations of tenants. The best example is the existing liquids jetty in DEEP C Hai Phong, allowing nearly 30 companies to enter the market with a limited initial investment.

DEEP C IZs are also taking an initiative to assure the sustainable industrial development of the zones and the city as well. The DEEP C project is carrying out feasibility studies to produce its own green energy via a combination of wind, solar, and waste-to-energy as well as producing its own water via a desalination plant. All initiatives are taken with the aim to continuously improve the reliability of its utilities, allowing companies to conduct business in a hassle-free manner.

More information of DEEP C IZs can be found at www.deepc.vn, and enquiries can be sent to info@deepc.vn.
Sustainable development drives economic benefits

On a macro-scale, sustainable development has become a pressing issue to for many nations, as well as the globe as a whole. As Viet Nam is integrating deeply and broadly into the world’s economy, growing in a sustainable manner is compulsory to local firms, helping them to create comparative advantages in brand building while bringing practical benefits to their production and business.

BY MINH DUC

PRACTICAL BENEFITS FROM A GREEN DEVELOPMENT APPROACH

The World Health Organization (WHO) estimated that climate change causes the death of 141,000 people each year and the figure may climb to 250,000 before 2050.

Meanwhile, according to a World Bank forecast, global warming could drive 100 million people into poverty with serious shortages of food, medicine, and daily essentials before 2030.

Floods have affected 2.3 billion people, mostly in Asia in the past more than two decades. The vehement outbreak of El Nino and its volatile nature have triggered record droughts in areas around the world.

In this context, sustainable development has been proven to be a matter of vital importance also to bring practical economic benefits to businesses, for instance through the application of green building criteria in the design and construction of production workshops.

The benefits of green buildings at both the micro and macro levels are apparent and were evidenced by studies and practices. There are thoughts that the investment cost of green buildings might be much higher than of casual buildings. However, in fact, green building experts in countries around the world and in Viet Nam alike have proved that additional investment costs stand at only several percentage points higher.

In the US, Denver-based firm Enermodal Engineering’s statistics show that a basic green building carries additional costs from 1 to 3 per cent, depending on its scope. Figures from the Malaysia Green Building Council indicate that these additional costs come to about 1 per cent if the investors developed their green buildings at a fundamental level.

In Viet Nam, according to green building experts, the additional costs for green buildings are similar to those in other countries. The capital recouping process averages 1-3 years, and extends beyond five years only rarely.

Statistics show that a green building can save about 20 per cent of electricity and 40 per cent of clean water compared to conventional buildings. In the long run, green buildings help drive down the risks associated with growing operating costs as both the price of electricity and water has been increasing constantly in recent years.

Aside from the apparent tangible benefits, green buildings also bring developers numerous long-term intangible benefits. If we added up the entire overheads of a building during its 50-year lifespan and construction costs, the operating costs of a conventional building might be five times higher, and the manpower cost 150 times higher than for green buildings.

Besides, with green buildings, developers could improve their brand value and image to the public as a well-earned reward for their efforts to save the environment.

COLORBOND® BOOSTS INVESTMENT EF-FICIENCY OF GREEN BUILDINGS

BlueScope from Australia is a world leader in steel products and solutions that have been present in Viet Nam for more than 20 years. Not only in Viet Nam, but also in other markets where the group operates, bringing practical economic benefits and added values to customers and partners is always a top concern for the company.

Having a thorough grasp of customer demands, BlueScope is not only ready to provide customers with comprehensive solutions, but with its experience, network, and business relations with global partners, the group is well positioned to help customers avail themselves of business opportunities.

Either in construction investment or factory expansion, the group’s Colorbond® line of state-of-the-art coated iron and steel sheets has become the customers’ top choice for roof and wall solutions.

To help customers sharpen competitiveness, Colorbond® willingly provides free green building consultancy services to project owners, helping them to engage in and expand sustainable development footprints in their production and business.

The warm response from project owners after this service was launched by Colorbond® in September 2016 is a testament to its success and the practical benefits it brings to customers.

Some typical projects which have used the services and solutions of Colorbond® are those ran by Viet Nam’s state-owned textile and garment group Vinatex and leading local knitwear brand Canifa. Successes and warm response from Vietnamese customers to BlueScope’s solutions and services for more than two decades have attested to the group’s contributions to the Vietnamese market through Colorbond® premium coating solutions and its green building consultancy services.

This is a motivating force for the group to continue its noble journey of underpinning corporate customers’ sustainable development footprints in the future.
Kusto in Viet Nam: Applying international standards, enhancing customer value

Kusto Group is a private, diversified international industrial group based in Singapore. Formed less than 20 years ago, Kusto started from successfully turning around under-performing mining operations. Today it is a multi-billion dollar group with more than 10,000 employees and businesses that span the globe. The company’s portfolio consists of mining, oil and gas (upstream and downstream), real estate development, construction and construction materials production, agriculture, and IT projects.

Kusto focuses on sustainable investments in emerging market economies because they are the world’s most dynamic, with the highest long-term growth potential. Kusto invests and partners up with businesses in these markets, preserving local expertise, combining their management expertise with the methodologies they have developed and shared across four continents.

Kusto Group is present throughout South-east Asia and Europe, including Viet Nam and nine other countries.

IN VIET NAM, WHAT ARE WE AIMING FOR?
Kusto has been present in Viet Nam for more than ten years, a milestone we have just recently celebrated. When we first arrived in Viet Nam, we immediately noted the country’s enormous growth potential due to its large population base and the impressive work ethic of the people who are always eager to learn. There are very positive changes taking place in Viet Nam today and now it is one of the fastest growing economies in the region.

The group is an investor in Coteccos, one of the leading construction companies in Viet Nam. Other investments include leading logistics and port company Tambour Vietnam, Cosevco Group (Song Giang Cement), Mobivi, Lcare, and others.

KUSTO HOME: A REPUTABLE DEVELOPER IN VIET NAM’S REAL ESTATE MARKET
Diamond Island has been recognised as one of the most successful and famous developments in Ho Chi Minh City. Combining strong financial stability, quality, and vision, Kusto Home aims to provide high-standard living experience to its customers.

This luxury waterfront condominium project consists of seven towers with 1,323 residential units on the total land area of 8 hectares. The estimated handover time is the third quarter of 2018, with over 94 per cent of the units sold so far.

Diamond Island was awarded “Best of the Best” 2016 by Robb Report luxury lifestyle magazine and “Best Condo Landscape Architectural Design” at the Vietnam Property Awards 2017.

Kusto is looking forward for long-term development and continues exploring new investment opportunities throughout Viet Nam.
Energy sector needs first-rate investors

How has Ha Do Group engaged in the investment and development as well as the operation and management of power plants?

We are well aware that energy is a growth engine for any economy. Hence, alongside real estate and construction, we always pay due heed to energy investment and development, particularly clean energy sources with minimal impact on our surrounding environment.

We started to pay attention to and take part in the investment development, operation, and management of power plants in 2004 through engaging in studies of Za Hung and Nam Pong hydropower plants. Later, to specialise in the energy segment, we have founded and handed over these hydropower projects to our member company Za Hung JSC, who is responsible for overseeing the investment stage, operating and managing our hydropower plants.

Up to now, Ha Do has a stake in three businesses operating in the investment, construction, operation, and management of five hydropower plants with a total combined capacity reaching 270 megawatts, corresponding to about 1.08 billion kilowatt-hours per year.

Since 2010, we have been participating in solar energy studies with German partners, but at that time, Viet Nam was yet to have suitable policies to promote renewable energy development. After the Vietnamese government introduced relevant policies, we turned back to our former designs and outlined some plans for future investment.

What is the current state of Ha Do’s hydropower plants and what is your recipe for success in energy project investment?

We operate two ongoing projects with a total capacity of 60MW, which started generating power in 2009 and 2013, respectively. Our third 60MW project is expected to be commissioned right in the first quarter next year, while the fourth, 100MW project will come online in 2019’s first quarter, and the fifth, 50MW project in the first quarter of 2020.

Our energy projects all satisfy the criteria related to time schedule, value, and quality commitments, particularly those on environmental protection and social impact. Our hydropower plants are operating stably, and no incidents were recorded during the process of construction and operation, particularly regarding the adherence to regulations on water reservoir operating processes.

That is because we have been doing a smart job in assessing the environmental impacts of projects in all phases from surveying, investment project establishment, design, and construction to the whole operation of power plants to prevent impacts on the environment.

In addition, in the study and design phases, we have applied suitable measures to ensure power production at lower costs or at least equal to the power sector average to take advantage of the pricing factor in competition.

We also strive to ensure adherence to undertakings with authorised management agencies, donors, and banks. One of our priorities is to ensure timely debt payment. This explains why we could secure sufficient capital for project execution at preferential interest rates.

What are Ha Do’s advantages when it comes to energy segment investment?

Energy is an investment field with unique challenges, one tailored to experienced and deep-pocketed investors.

Ha Do satisfies all these conditions. In particular, we have a track record of working at hydropower projects that few investors can match. We have the financial strength to satisfy the equity capital requirements of each project we have taken part in. In fact, we have fulfilled our capital contribution obligations before banks disbursed the capital.

And most importantly, we are proud of having a team of leading financial and investment experts to work alongside our experienced power sector experts who are always working to introduce practical solutions and are highly devoted to their tasks.

Thus, we are certain that each and every one of our projects brings optimal business efficiency to investors.
Mapletree building out a leading property portfolio

Mapletree, a leading real estate development, investment, and capital management company headquartered in Singapore, has been investing in the Vietnamese real estate market since 2005 to capitalise on the country’s fast-paced urbanisation. Today, Mapletree is one of the largest Singaporean real estate companies by capital investment in Viet Nam, with a portfolio of over S$1.2 billion ($881 million) in assets under management.

As of March 31, 2017, Mapletree as a group, owns and manages a total of S$39.5 billion ($29 billion) of real estate assets across 12 economies globally. The group continues to seek strategic development and investment opportunities in Viet Nam across various real estate classes, including mixed-use, offices, retail, industrial, logistics, residential, and serviced apartments. Mapletree’s assets in Viet Nam are located across Ha Noi, Ho Chi Minh City, Binh Duong, and Bac Ninh.

The most recent developments in Ho Chi Minh City are Saigon South Place in District 7 and One Verandah in District 2, as well as mPlaza Saigon in District 1, which was acquired in 2016.

The 4.4 hectare mixed-use development Saigon South Place, developed in phases, creates a vibrant and cosmopolitan work-live-play environment for Ho Chi Minh City’s community. It comprises of Mapletree Business Centre, a Grade A office tower; SC VivoCity, a multi-experiential destination mall in collaboration with Saigon Co.op; RichLane Residences, a premier residential tower; and Oakwood Residence Saigon, a premier serviced apartment tower. There are also plans for two more commercial towers in the precinct.

Mapletree Business Centre was opened on March 22, 2017 by Singaporean Prime Minister Lee Hsien Loong, and the event was graced by Vietnamese Deputy Prime Minister Trinh Dinh Dung and various government officials. Pushing the boundaries of office building development in Viet Nam, Mapletree Business Centre is designed to meet international Grade A specifications and boasts a double-layered all-glass facade, large column-free floor plates, raised floor and high ceilings, and destination-controlled elevators.

RichLane Residences is a 243-unit high-rise residential block with 29 floors, including three floors of parking and a rooftop amenities floor. The excellent amenities within the condominium include a rooftop infinity pool, skyline fitness centre, and a children’s sky deck, providing residents the opportunity for recreation and a panoramic view of Ho Chi Minh City. The fully-finished apartments range from studios to three-bedroom units. There is a dedicated drop-off point and reception area. RichLane Residences is situated next to SC VivoCity Mall, catering to residents’ shopping needs.

Leveraging the experience of developing RichLane Residences, Mapletree is developing a second residential project in Ho Chi Minh City. One Verandah comprises of five high-rise residential blocks and is situated beside the meandering Saigon River in District 2. It has been designed with lush greenery, open spaces, and extensive amenities for residents of all ages. Each unit comes with a spacious balcony to enjoy the picturesque river or city views. Residents will get to enjoy an 8,000 square metre entertainment and recreational deck in the development, consisting of a 50-metre Olympic-style swimming pool, a 360m jogging track, a mini soccer court, a basketball court, a BBQ pavilion, an outdoor dining area, and an herb garden.

Besides greenfield developments, Mapletree made a major investment in June 2016 when it acquired mPlaza Saigon (formerly Kumho Asiana Plaza), a prime mixed-use asset with close to 146,000sq.m of gross floor area in downtown Ho Chi Minh City. It was one of the most significant acquisitions of the year by a foreign property group in Viet Nam. The development, comprising of a 21-storey Grade A office tower, a 260-unit serviced residence block, and a 305-room hotel with a food and beverage podium connecting the three towers, continues to enjoy strong occupancy rates across all real estate components.

Mapletree also owns and manages CentrePoint, an office building with a retail podium in Ho Chi Minh City; Pacific Place, a mixed-use development in Ha Noi; three logistics parks located in Binh Duong and Bac Ninh; and Mapletree Business City @ Binh Duong, an industrial and business park development.

Viet Nam remains a key market for Mapletree. All of the group’s investments in Viet Nam are geared towards broadening and growing its earnings base to deliver strong and stable returns. The group continues to look for suitable sites to develop greenfield projects and constantly seeks investment opportunities in completed, quality, and immediately yield-acc cretive assets in Viet Nam’s major cities. Mapletree is also looking at expanding its logistics portfolio, including in Ha Noi and Central Viet Nam.

For more information, please visit www.mapletree.com.vn.
Sustainable solutions towards smart cities

An ideal smart city is a harmonious combination of IT solutions and urban planning which gives people a modern living space which is comfortable, safe, and convenient. But the most important thing is to ensure proper, economical, and efficient use of energy. Because of that, passive architectural design – particularly in sustainable building solutions – is the key driver to the goal of building and developing smart cities in Viet Nam.

THE URBAN REVOLUTION NEEDS SUSTAINABLE SOLUTIONS

The year of 2017 is set to expand the demand for green building projects within ASEAN as non-governmental organisations, multinational companies, and local authorities look to reduce their footprint and preserve the environment. Thus, as the term “smart city” is getting more popular, the demand for sustainable solutions adopting green building standards will soon become higher as an inevitable result.

“Green building is an indispensable trend in an era where exploitation of natural resources is faster than ever before,” said Dang Thanh Long, executive director of the Viet Nam Green Building Council (VGBC).

“Energy security, water resources security, and climate change have become global issues. While the construction industry consumes about 40 per cent of natural resources and emits about 40 per cent of carbon dioxide (CO2) emissions, the awareness of Vietnamese on green buildings is very limited, even in comparison with other regional countries. Because of very low demand from the national market, it is difficult for the green building trend to take off as it has in Thailand or Singapore,” Long explained.

Adherence to green building standards can benefit building owners through energy savings, materials costs, and water savings realised over the life of their buildings. Additionally, a higher rental price and resale value from high-performing green buildings can be realised.

Regrettably, the building materials options in the Vietnamese market that can meet the requirements of the green building standard are quite few.

BRIGHTER FUTURE FOR GREEN BUILDING MATERIALS

After a successful campaign of media approaches and activation events widely known as “Holcim now INSEE”, the building materials corporation has continued to look forward to contributing to Viet Nam’s sustainable growth. Reaffirming the position of the building materials market leader in Viet Nam, with a vision for more sustainable building solutions, INSEE has been anticipating the recommendation of more reclaimed, recycled, renewable, and revolutionary materials in construction projects with Green Label Products. Out of the year-long efforts, INSEE’s products are now listed in the green databases of LOTUS – developed by VGBC specifically for the Vietnamese environment – and they recently announced a list of seven cement and four concrete products that have obtained the Singapore Green Building Council Green Label certification, which meets both direct and indirect criteria for green building standards such as LOTUS, LEED (the US Green Building Council), and Green Mark (the Building and Construction Authority of Singapore Government).

With the first Green Label series of cement and concrete products in the country, INSEE’s efforts have been reward-ed with a commission from Big C Binh Duong – the first major retail project in the province. As INSEE was successful in finding and providing a set of building materials to meet this green building’s standards, they also contributed to another famous green project in the heart of Ho Chi Minh City – the Deutsches House – with their premium products.

Viet Nam’s green building industry may be in its infancy, but the future of this industry is expected to experience enormous growth. Until then, INSEE in Viet Nam is proud to be the pioneer in the market to unleash the potential of the national green building trend, as well as bring sustainable practices for smart cities in Viet Nam in the coming years.
The Tale
OF 100-YEAR ICONIC LANDMARK
TRANG TIEN PLAZA

Despite all changes of a century, Trang Tien Plaza is always one of the historical and cultural symbol of Ha Noi.

It was originally built in 1901 by the French and named Maison Godard (Godard House). Maison Godard was a turning point of Ha Noi’s trade, which previously had only traditional markets, and served only French and wealthy Vietnamese customers.

In 1960, it was renamed to General Department Store and became the largest store in the northern part of Viet Nam during State subsidized period. The General Department Store became an iconic trade and an indispensable part of Hanойian at that time. In 2002, it was rebuilt and renamed as Trang Tien Plaza and began trading so-called luxury items during economic reforms period for next 10 years.

Only under management of IMEX Pan Pacific Group, Trang Tien Plaza has literally been restored to life from 2013, when it becomes the first and the only luxury shopping center in the country with the convergence of more than 200 famous Brands including fashion, cosmetics, leather goods and accessories, of which, more than 50 luxury Brands and almost all of Top 10 legendary fashion Brands of the world.

Trang Tien Plaza not only brings to high-end customers great shopping experiences but it also meets the needs of all customers for mid-tier high-quality fashion and cosmetic brands with professional staffs and consultants that will satisfy even the most demanding customer.

At Trang Tien Plaza, customers can enjoy the VIP entertainment activities and delicious food with excellent services; it attracts customer by its elegant in French architecture style and unique environment, giving customers the shopping experiences as if they were in a magnificent Paris Mall.

Trang Tien Plaza illustrates the essence of Hanoi’s elegant culture and is more than just a high-end shopping mall. It not only inherits tradition as a luxury commerce center for VIP and yet a place for everyone, but also is one of a must-see attraction for anyone who visits Ha Noi, a historical and cultural symbol in the eyes of visitors and in the heart of Hanoian.
**COSMETICS & FRAGRANCES**

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**WOMEN’S FASHION, LEATHER GOODS & ACCESSORIES**

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**MEN’S FASHION, LEATHER GOODS & ACCESSORIES**

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**WATCHES & JEWELRY**

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<td>Titoni</td>
<td>As-me Estelle</td>
</tr>
<tr>
<td>Raymond Weil</td>
<td>Bell &amp; Ross</td>
<td>Edox</td>
<td>Casio</td>
<td>Galaxy Jewelry</td>
</tr>
<tr>
<td>S.T Dupont</td>
<td>H.Moser &amp; Tie</td>
<td>Guess</td>
<td>Citizen</td>
<td>Minh Diamond</td>
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**SUNGLASSES**

<table>
<thead>
<tr>
<th>Dior</th>
<th>Bentley</th>
<th>Balenciaga</th>
<th>Judith Leiber</th>
<th>Salvatore Ferragamo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Ford</td>
<td>Chopard</td>
<td>David Yurman</td>
<td>Roberto Cavalli</td>
<td>Swarovski</td>
</tr>
<tr>
<td>Gucci</td>
<td>Ermenegildo Zegna</td>
<td>Dsquared2</td>
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<tr>
<td>Mont Blanc</td>
<td>Linda Farrow</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fendi</td>
<td>Chloé</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saint Laurent Paris</td>
<td>Alexander McQueen</td>
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**CHILDREN’S FASHION & SPORTSWEAR**

<table>
<thead>
<tr>
<th>Armani Junior</th>
<th>Moschino Kids</th>
<th>Gap Kids &amp; Baby</th>
<th>Copenhagen Delights</th>
<th>Adidas</th>
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</thead>
<tbody>
<tr>
<td>Fendi Kids</td>
<td>Roberto Cavalli Junior</td>
<td>Nike Young Athletes</td>
<td></td>
<td>Nike</td>
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<tr>
<td>Young Versace</td>
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**FOOD, BEVERAGE & ENTERTAINMENT**

<table>
<thead>
<tr>
<th>Lion City Exclusive</th>
<th>Popeyes</th>
<th>Food Court</th>
<th>Restaurants</th>
<th>Cinema</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunkin’ Donuts</td>
<td>Lounge Bar</td>
<td></td>
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