

Research Centre for Sustainable Hong Kong
City University of Hong Kong

TRAINING PACK VIETNAM

Cultural Diversity and Risk Management: Hong Kong
Professional Services, Overseas Investment and Industrial
Park Development in Vietnam

多元文化與投資風險管理：
香港專業服務、越南的外商投資及工業園區發展



Professional Services Advancement Support Scheme

Economic and Trade Cooperation Zones Along Belt
and Road Workshop Series

一帶一路海外工業園區工作坊

June 2021

ABOUT THIS TRAINING PACK

This comprehensive training pack is aimed at equipping workshop participants with sufficient institutional background knowledge so as to enhance the quality of their interactions with Speakers and other participants in the workshops. The pack includes background materials (such as political systems, religious inclinations, legal institutions, foreign investment laws and tax system) and analysis of selected special economic zones (SEZs) based on consolidation of relevant research findings conducted by the Research Centre for Sustainable Hong Kong (CSHK) in the past years.

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This material/event is funded by the Professional Services Advancement Support Scheme of the Government of the Hong Kong Special Administrative Region.

Any opinions, findings, conclusions or recommendations expressed in this material/any event organised under this project do not reflect the views of the Government of the Hong Kong Special Administrative Region or the Vetting Committee of the Professional Services Advancement Support Scheme.

ACKNOWLEDGEMENTS

The content of this training pack draws from the findings of CSHK research and meetings with senior government officials, business representatives, management of Special Economic Zones (SEZs) and academia in Vietnam and Hong Kong. In-depth fieldwork was conducted by the CSHK research team in mid-2019 with interviews, seminar participation and on-site visits.

Our heartfelt gratitude goes to the CSHK research team and other City University scholars and researchers participating in the Vietnam research and discussions, and all the parties for providing invaluable insights, advice and assistance, including but not exclusively the following (in alphabetical order): Belt and Road Pioneer, Circle K (Vietnam), Hong Kong Business Association (Vietnam), Hong Kong Trade Development Council (Vietnam office), Ministry of Industry and Trade of the Socialist Republic of Vietnam, Saigon Hi Tech Park Incubation Centre, SF Express (Vietnam), Sun Wah Group, Vietnam Academy of Social Science Institute of Economics, Vietnam Consulate General in Hong Kong, Vietnam National University HCMC (including the Information Technology Park), and other participants engaged in our research.

We would like to thank the Belt and Road Office of the HKSAR Government for a post-trip exchange meeting with us, the Policy Innovation and Coordination Office (PICO) for funding our research work with its Strategic Public Policy Research (SPPR) grant (project number S2016.A1.009) from 2017-2020, and the Research Grants Council, Hong Kong, for funding support to related research through the Humanities and Social Sciences Prestigious Fellowship Scheme (HSSPFS) 2018/19.

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EXECUTIVE SUMMARY

Since China put forward the Belt and Road Initiative (BRI) in 2013, many Chinese enterprises began to participate in the BRI projects. The governments of the Belt and Road countries also hope to imitate the successful experience of China's special economic zones to stimulate rapid economic development. In December 2017, The Hong Kong Special Administrative Region Chief Executive, Carrie Lam, and the Chairman of the National Development and Reform Commission, He Lifeng, signed the *Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative* (the Arrangement) to leverage Hong Kong's distinctive strengths in advancing the BRI. In addition to finance, investment, infrastructure, maritime services, trade, and people-to-people bonding, the Arrangement specifically emphasises that Hong Kong and the Mainland shall work for strategic cooperation and jointly participate in the investment projects and special economic zone development to help to decrease the risks of investing in foreign countries for these enterprises (HKSAR 2017).

Despite the expected demand for Hong Kong's inputs in the BRI, including entrepreneurial initiatives, commercial investment, and professional services, numerous concerns and uncertainties continue to stand in the way for realising the Arrangement, such as conflicting labour relations, incompatible community involvements, unclear political and environmental governance, as well as unfamiliar cultural and religious practices in the overseas markets. These concerns have fuelled many Hong Kong enterprises' considerations for exploring the markets in the Belt and Road countries.

To identify the concerns of Hong Kong enterprises, the CSHK research team has conducted extensive desktop research, textual analysis, in-depth interviews, and fieldwork visits to unpack the challenges and scrutinise the pathways whereby Hong Kong businesses may take part for mutual gains and sustainability. This training pack will: 1) contextualise the business environment in Vietnam; 2) discuss the special economic zone (SEZ) development in Vietnam; 3) elaborate the discussion through a case study on Longjiang Industrial Park in Vietnam; and 4) illuminate the considerations for doing business in Vietnam. In addition, a range of critical background materials, including information about the country and economic overview, foreign direct investment, international trade, labour policies, infrastructure and logistics, key industries, investment opportunities, the impact of the recent Covid-19 outbreak, and Chinese Investment in Vietnam are included in the appendices. We hope these materials will facilitate further exploration in the PASS programme into Hong Kong's niches, including possible roles in China's projects in Vietnam.

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CHAPTER 1

BUSINESS ENVIRONMENT IN VIETNAM

Vietnam is located on the southern and eastern portion of the Indochinese peninsula and belongs to Southeast Asia. Its borders are China to the north, and Laos and Cambodia to the west. The strategic geographical location of Vietnam sets a favourable condition for Vietnam to attract foreign investment and conduct economic exchanges conveniently. This chapter contextualises the political orientation and economic trajectory of Vietnam.

FIGURE 1.1 Map of Vietnam



Source: Maps of World, 2020

1.1. Government policies and priorities

Vietnam has a long and proud history dating back more than 2000 years. A unified Vietnam emerged in 1975 as the Socialist Republic of Vietnam, following Vietnam's declaration of independence in 1945 and the ensuing wars involving multiple external and internal parties between the 1950s and 1975 (OECD 2020).

During the mid-1980s, Vietnam was plagued by multiple economic problems, from runaway inflation, imbalance of trade payments, mounting debts, to severe scarcities of food and goods. Inflation in 1986 rocketed 4.9 times to a record 453% (International Monetary Fund 2020). The economic crisis precipitated the onset of economic reform, Doi Moi, initiated by the Communist Party of Vietnam in 1986, for creating a socialist-oriented market economy by opening up to foreign investment and trade. Waves of reform have since transformed the economic landscape (Arkadie & Mallon 2004). A trading agreement was signed with the European Union in 1992 (Armanovica 2012) and another with the US in 1999 (The White House 2000). Vietnam joined the World Bank and International Monetary Fund (IMF) in 1993, the Association of Southeast Asian Nations (ASEAN) in 1995, Asia-Pacific Economic Cooperation (APEC) in 1998, and the World Trade Organisation (WTO) in 2007. Diversified international organisations provided solid platforms and good opportunities for Vietnam to play a more significant role in the world economic stage, and further accelerated the process of internalisation and state transformation in Vietnam. The 2006-2010 Five-year Socio-economic Development Plan sets an objective to instil a favourable long-term investment environment with further reforms in the financial sector, the real estate market, and the government administration (Vietnam Government Portal n.d.). A number of strategic legislations on competition and monopoly control, enterprises, and investment protection were enacted (Hieu, P 2014). Foreign direct investment increased steadily under the opening-up policy. After two decades of effort, Vietnam was transformed from one of the poorest countries in the world to a high-speed developing nation. In 2010, Vietnam's gross national income (GNI) per capita, at USD 1,250, reached the World Bank threshold of a lower-middle-income country (Serajuddin U & Hamadeh N 2020).

The Vietnamese government announced an ambitious programme on the 'fourth Industrial Revolution' in 2019 to raise its innovation and human resource capacities, speed up the development of priority sectors and technologies, and double down efforts on international integration ('Proactively participating in Industry 4.0' 2019). Financial policies and legislations were planned to encourage quality foreign investment in the local innovative start-up sector and to align current practices with the international practices, including enhanced merger and acquisition procedures and technology standards, and new laws on cybersecurity, land, competition, and intellectual property (Dharmaraj, S 2019). In September 2020, Vietnamese government issued an action plan which set out a national industrial policy until 2030, with a vision towards 2045 (Onag G. 2020). The action plan, with new expectations and requirements, set the goal for Vietnam to become the top-3 industrialised economies among the ASEAN and a "developed and high-income country" by 2045 (Dang N. 2020). Keeping industrialisation on track, Vietnam, an emerging market belonging to the world's dynamic economies, has been provided with a variety of attractive business opportunities to both domestic and foreign investors.

1.2. Regulatory framework

The Ministry of Planning and Investment is the major government agency for foreign direct investment in Vietnam, with the organisational structure of 25 administrative departments and 8 non-business departments assisting the Minister (Ministry of Planning and Investment of the Socialist Republic of Vietnam 2017).

The investment process in Vietnam can be divided into two specific steps. The first step to start a business in Vietnam is to obtain an Investment Registration Certificate (IRC). This application is subject to review and assessment by the Department of Planning and Investment. In particular, the licensing authorities to which investors send the IRC application can be different (In Table 1.2.1). Other than investments by foreign investors or considered-to-be foreign investors or companies with foreign ownership of more than 51% of charter capital in the company, the requirement of obtaining IRC is not necessary for other business owners. It takes no fewer than 15 days for the approval of the Investment Registration Certificate in practice.

TABLE 1.2.1 Different Licensing Authorities to Apply for IRC

Types of investment projects	Licensing authority in charge
The investment project situated outside of industrial zones, export processing zones, high-tech zones and economic zones	The provincial people's committee (Department of Planning and Investment)
The investment project situated within industrial zones, export processing zones, high-tech zones and economic zones	The provincial industrial zone management authority or economic zone management authority

Source: BBC Incomp 2020

The second step is to obtain an Enterprise Registration Certificate (ERC) from the provincial Department of Planning and Investment, regardless of whether the investment project is carried out inside or outside of the above-mentioned zones. Specific investment projects subject to "conditional" sectors in Vietnam shall be required to apply for further licensing procedures and be examined by relevant government ministry levels before obtaining approval. An ERC application is normally processed in 3 working days.

For foreign companies who want to set up their presence in Vietnam through the form of a branch or representative office, the conventional IRC and ERC application process will be replaced with Branch or Representative Office Licence applications. The application procedure usually takes 7 working days or longer, and the state authority for this type of licence is the provincial Department of Industry and Trade. (BBC Incomp 2020)

TABLE 1.2.2 Current Legal Framework for Investment (a)

2014	<ul style="list-style-type: none"> - Law No. 67/2014/QH13 on Investment - Law No. 68/2014/QH13 on Enterprises - Decree No. 46/2014/ND-CP provides regulations on collection of land rent and water surface rent - Circular No. 78/2014/TT-BTC guides the implementation of the Law on CIT - Circular No. 103/2014/TT-BTC provides guidelines for fulfillment of tax liability of foreign entities doing business in Vietnam or earning income in Vietnam
2015	<ul style="list-style-type: none"> - Decree No. 118/2015/ND-CP provides guidelines for some articles of the Law on Investment - Decree No. 96/2015/ND-CP provides guidelines for some articles of the Law on Enterprises - Decree No. 15/2015/ND-CP on investment in the form of public-private partnership - Circular No. 38/2015/TT-BTC on customs procedures, customs supervision and inspection, export tax, import tax, and tax administration
2016	<ul style="list-style-type: none"> - Law No. 107/2016/QH13 on Export and Import Duties - Decree No. 134/2016/ND-CP provides guidelines for the Law on Export and Import Duties - Circular No. 83/2016/TT-BTC guides the implementation of investment incentive programs - Circular No. 130/2016/TT-BTC on guidelines on some articles of the Law on Value Added Tax, and the Law on Special Sales Tax
2017	<ul style="list-style-type: none"> - Law No. 04/2017/QH14 about provision of assistance for small and medium-sized enterprises (coming into force from January 1st, 2018) - Decree No. 32/2017/ND-CP on state investment credit - Decision No. 3610A/QĐ-BCT slashes 675 conditions on business and investment under state management
2018	<ul style="list-style-type: none"> - Decree No. 119/2018/ND-CP on electronic invoices for sale of goods and provision of services - Decree No. 09/2018/ND-CP on trading activities of foreign investors - Decree No. 08/2018/ND-CP on business conditions under State management of the Ministry of Industry and Trade - Circular No. 25/2018/TT-BTC on amendments of some articles of Circular 78/2014/TT-BTC and Circular 111/2013/TT-BTC
2019	<ul style="list-style-type: none"> - Resolution No. 50/NQ-TW on the direction of completing institutions and policies, improving the quality and efficiency of foreign investment cooperation by 2030 - Resolution 23-NQ/TW on the national industry development strategy during 2018-2030 - Amended Law on Tax Administration No. 38/2019/QH14 (effective from 1 July 2020) - Decree No. 14/2019/ND-CP providing guidelines for the law on special sales tax - Decree No. 05/2019/ND-CP provides a legal framework for the establishment and implementation of Internal Audit - Circular No. 48/2019/TT-BTC on the making and settlement of provisions for devaluation of inventory, losses of financial investments, bad debts and warranty at enterprises - Draft amended Laws on Investment/Enterprises/Securities

Source: Deloitte 2021

Within the current legal framework for investment in Vietnam, Law on Investment and Law on Enterprise, both released in 2014, are major legal components with great significance, showing a progressively developed business environment in Vietnam.

TABLE 1.2.3 Current Legal Framework for Investment (b)

	Law on Investment (67/2014/QH13)	Law on Enterprise (68/2014/QH13)
Approach	Changed from "Positive list" approach (whatever is permissible, then it is recorded in laws) to "Negative list" approach (companies and investors are allowed to conduct business activities which are not in the list in accordance with the laws)	
Concepts & Definition	<ul style="list-style-type: none"> ▪ Definition of "Business Investment"; ▪ Removing the definition of "Direct Investment" and "Indirect Investment"; ▪ Definition of "New investment project" and "Expanded investment project" 	<ul style="list-style-type: none"> ▪ Foreign investor must obtain an IRC before the application to establish an enterprise in Vietnam
Administrative Process	<ul style="list-style-type: none"> ▪ Lead time: 15 working days for IRC 	<ul style="list-style-type: none"> ▪ Lead time: 3 working days for ERC
Others	<ul style="list-style-type: none"> ▪ Specifying the list of 6 prohibited sectors; 267 conditional sectors (reduced from 51 prohibited, 386 conditional) ▪ Only >51% foreign invested need IRC ▪ Local investors do not need IRC 	<ul style="list-style-type: none"> ▪ Removing "business scopes" in ERC ▪ Changing regulation on Company seal

Source: National Business Registration Portal of the Socialist Republic of Vietnam 2014

1.3 Types of foreign business ownership

The Vietnam government has announced a great number of policies and guidelines to attract foreign investors in recent years. Under the current legal framework for investment, foreign investors have access to investment opportunities in Vietnam under various foreign business ownerships, which include three types of companies and four other legal entities.

TABLE 1.3.1 Types of Foreign Business Ownership

Foreign Business Ownership	Categories of foreign business ownership	Detailed Information on foreign business ownership
Three types of Companies	Limited liability company (LLC)	<ul style="list-style-type: none"> Divided into single member LLC (Only one member in the company) and multi-member LLC (Two or more members, but not exceeding fifty members in the company) The liability of members is limited to the extent of the registered capital contributions into the company
	Joint stock company (JSC)	<ul style="list-style-type: none"> At least three shareholders No restriction on the maximum number of shareholders The liability of members is limited to the extent of the registered capital contributions into the company
Four Legal entities	Public and Private Partnership Contract (PPP)	<ul style="list-style-type: none"> PPP is a contract between the government authorities and project companies for investment projects to build, improve, upgrade, expand, manage, and operate infrastructure works; or to provide public services
	Business Cooperation Contract (BCC)	<ul style="list-style-type: none"> BCC is a contract between a Vietnamese company with a foreign company, or between foreign companies for business cooperation and distribution of profits and products.
	Representative Office (RO)	<ul style="list-style-type: none"> RO can be established by foreign companies that have been operating for more than 1 year
	Branch	<ul style="list-style-type: none"> Foreign companies that have been operating for a period of 5 years or more are eligible to establish branches in Vietnam

Source: KPMG 2017

1.4 Types of investment

TABLE 1.4.1 Types of key investment

1. High-tech activities, high-tech ancillary products; research and development
2. Production of new materials, new energy, clean energy, renewable energy; productions of products with at least 30% value-added; energy-saving products
3. Production of key electronic, mechanical products, agricultural machinery, cars, car parts; shipbuilding;
4. Production of ancillary products serving textile and garment industry, leather and footwear industry, and the products in paragraph
5. Production of IT products, software products, digital contents;
6. Cultivation, processing of agricultural products, forestry products, aquaculture products; a forestation and forest protection; salt production; fishing and ancillary fishing services; production of plant varieties, animal breeds, and biotechnology products
7 Collection, treatment, recycling of waste;
8. Investment in development, operation, management of infrastructural works; development of public passenger transportation in urban areas;
9. Preschool education, compulsory education, vocational education;
10. Medical examination and treatment; production of medicines, medicine ingredients, essential medicines, medicines for prevention and treatment of sexually transmitted diseases, vaccines, biological, herbal medicines, orient medicines; scientific research into preparation technology and/or biotechnology serving creation of new medicine
11. Investment in sports facilities for the disabled or professional athletes; protection and development of cultural heritage;
12. Investment in geriatric centres, mental health centres, treatment for agent orange patients; care centres for the elderly, the disabled, orphans, street children
13. People's credit funds, microfinance institution

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020

1.5 Procedure of investment approval

Foreign investors who invest in Vietnam for the first time must possess certain investment projects. The detailed investment procedures vary on the basis of various investment forms.

TABLE 1.5.1 Procedures of Investment Approval

No.	Investment form	Investment procedure	Licensing authority	Statutory timeframe(*)	Note
1	Establishment of a legal entity	(i) Application for an Investment Registration Certificate (IRC)	– Investment Registration Division of provincial Department of Planning and Investment (DPI); or – Management Board of special purpose zones	15 days	The In-principle approval of the National Assembly, Prime Minister, or provincial People's Committee before the issuance of IRC shall be required in case of investment projects which make significant economic-social impacts as stipulated at law.
		(ii) Application for an Enterprise Registration Certificate ("ERC")	Business Registration Division of provincial DPI	3 working days	
2	Investment by way of contractual arrangement				
	BCC	(i) Application for an IRC	Investment Registration Division of provincial DPI; or Management Board of special purpose zones	15 days	The In-principle approval of the National Assembly, Prime Minister, or provincial People's Committee before the issuance of IRC shall be required in case of investment projects which make significant economic-social impacts as stipulated at law.
		(ii) Application for a Certificate of Operation Registration ("COR") from the foreign investors' project offices	Business Registration Division of provincial DPI	15 days	
	PPP	(i) Approval of project proposal	– Ministry / provincial People's Committee	30 days	
		(ii) Assessment of feasibility study	Assessment Committee of the State, or as assigned by a Minister or Chairman of a provincial People's Committee	30 - 90 days	
		(iii) Application for an IRC	Ministry of Planning and Investment; or Provincial People's Committee	25 days	
		(iv) Application for an ERC	Same as above	3 working days	
	Investment by way of share/ capital acquisition	(i) Application for approval for share/ capital acquisition	Investment Registration Division of provincial DPI	15 working days	This step is required in the following cases: (i) The target company operates in conditional business for foreign investors; OR (ii) As a result of the share transfer, the foreign ownership ratio in the target increases to 51% or more
		(ii) Application for updating the new shareholding members	Business Registration Division of provincial DPI	3 working days	
		(iii) Application for updating the new investor	Investment Registration Division of provincial DPI	3 working days	

Source: KPMG 2021

There are two types of tax incentives in Vietnam, which are beneficial to foreign investors: the preferential tax rate and tax holiday. The preferential tax rate, calculated from the first year of income generation, can reduce the tax rates based on the scope and scale of business and accompanied by legal and complete invoices and vouchers, whereas the tax holiday grants the enterprise tax exemption for a specific period or the entire business cycle.

TABLE 1.5.2 Investment Incentives

By Location		
Activities (for example)	Preferential Tax Rate	Tax Holiday
<ul style="list-style-type: none"> Socialised projects in an area with especially difficult socio-economic conditions Economic Zones High-tech Zones, including concentrated information technology parks established under the Prime Minister's decision 	10% for 15 years	<ul style="list-style-type: none"> Within 15 years of Preferential Tax Rate benefit, the enterprise enjoys the first 4 years of tax exemption; Followed by a 50% reduction to 5% CIT for the next 9 years (Same methodology is applied below)
Socialised projects in an area with difficult socio-economic conditions	17% for 10 years	<ul style="list-style-type: none"> 2 years of tax exemption; 50% reduction to 8.5% CIT for the next 4 years
Industrial Parks (which are not located in the favourable socio-economic locations)	Not applicable	<ul style="list-style-type: none"> 2 years of tax exemption; 50% reduction of the original tax rate for the next 4 years

By Sector		
Activities (for example)	Preferential Tax Rate	Tax Holiday
<ul style="list-style-type: none"> High-tech enterprises (including science and technology enterprises); Research, application, and incubation of hi-technology projects; Environmental protection Investment for infrastructure development (water plant, power, road, port, etc.); Software production; Supporting industries 	10% for 15 years	4 years of tax exemption; and 50% reduction to 5% CIT for the next 9 years
Socialised projects in regions with difficult/especially difficult socio-economic conditions	10% for the whole project's duration	<ul style="list-style-type: none"> 4 years of tax exemption; 50% reduction to 5% CIT for the next 9 years
Socialised project not located in difficult or especially difficult economic regions	10% for the whole project's duration	<ul style="list-style-type: none"> 4 years of tax exemption; 50% reduction to 5% CIT for the next 5 years
<ul style="list-style-type: none"> Farming, husbandry, processing of agriculture and aquaculture in difficult regions; Forestry in difficult regions; Production of plant varieties, animal breeds; Production of salt; Preservation of agriculture products, aquaculture products and foods, etc. 	10% for the whole project's duration	<ul style="list-style-type: none"> Tax exemption and reduction under incentives for location (if applicable)
Farming, husbandry, processing of agriculture and aquaculture products not located in difficult and especial difficult regions	15% for the whole project's duration	
Manufacturing of steel, energy saving products, machinery and equipment serving agriculture, forestry, fisheries and salt production, traditional crafts, etc.	17% for 10 years	

By Business Scale		
Activities (for example)	Preferential Tax Rate	Tax Holiday
VND 6,000 billion capital project	10% for 15 years	▪ 4 years of tax exemption;
VND 12,000 billion capital project		▪ 50% reduction to 5% CIT for the next 9 years

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020c; Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020d; Deloitte 2021

1.6 Banking and finance

All transfer of capital for a direct investment project in Vietnam must be conducted via Direct Investment Capital Account (DICA) opened at an authorised credit institution.

For the specific banking and finance procedures, foreign-invested enterprises may open current accounts and transaction accounts in foreign currency and Vietnamese Dong at authorised banks in Vietnam for their daily business transactions. In addition, foreign-invested enterprises may be permitted to open offshore foreign currency bank accounts subject to approval by the State Bank of Vietnam (SBV) (KPMG 2021).

1.7 Major costs

TABLE 1.7.1 Cost to Start a Business

No	Procedure	Associated Costs (USD)
1	Check the proposed company name; obtain a business registration certificate as well as a tax registration certificate from the local business registration office under the Department of Planning and Investment	USD 9.52
2	Make a company seal	USD 7.85 – USD 17.61 for bronze seal
3	Registration of the seal-sample at the Police Department	USD 2.38
4	Open a bank account	No charge
5	Publish the registration contents on the National Business Registration Portal (NBRP)	USD 33.33
6	Pay business licence tax	USD 47.61
7	Buy pre-printed VAT invoices from the Municipal Taxation Department or obtain and print self-printed VAT invoices	Approximately USD 9.52 per book
8	Register with the local labour office to declare the use of labour (Municipal Department for Labour, Invalids and Social Affairs)	No charge
9	Register employees with the Social Insurance Fund for the payment of health insurance and social insurance	No charge
10	Register for trade union with Vietnam General Confederation of Labour	No charge

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020a

TABLE 1.7.2 Office & Factory Lease Cost

City Lease Cost		Hanoi	Ho Chi Minh city	Da Nang
Office Space (per sqm / month)	Grade A	USD 39 - USD 43	USD 30 - USD 35	USD 18
	Grade B	USD 26	USD 17 - USD 20	USD 12
	Grade C	USD 9 - USD 15	USD 9 - USD 15	USD 8 - USD 12
Industrial Land Rentals (per sqm/month)		USD 0.13 - USD 0.19	USD 0.26 - USD 0.42	USD 0.09 - USD 0.11

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020a

TABLE 1.7.3 Water Tariff

Use	Cost (USD/m3)
Households	USD 0.1476 - USD 0.3286
Infrastructure Facilities	USD 0.2238
Manufacturers	USD 0.2895
Businesses	USD 0.3714

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020a

TABLE 1.7.4 Electricity Cost

Use	Cost (USD/Kilowatt hour)
Manufacturers	USD 0.424-USD 0.452
Services	USD 0.5-USD 0.643

Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020a

1.8 Tax system

TABLE 1.8 Business Taxes

Type of Tax	Tax Rate and Base
Corporate Income Tax (CIT)	20% is the standard rate (preferential rates of 10%, 15%, and 17% are available where certain criteria are met)
The rate of CIT applicable to firms operating in the oil and gas industry	Ranges from 32% to 50%, depending on the location and specific project conditions.
CIT for firms engaging in prospecting, exploration and exploitation of mineral resources (e.g. gold and precious stones)	40% or 50%, depending on the project's location
Capital Gains Tax	0.2%
Branch Tax	Same as CIT rate
Value Added Tax (VAT)	<ul style="list-style-type: none"> Standard rate: 10% on goods and services A 5% rate generally applies to essential goods and services A 0% rate applies to exported goods/services
Special Sales Tax (SST)	Applies to the production or import of certain goods, including cigarettes; cigars; spirits; beer; autos; assorted types of petrol; air conditioners; and the provision of certain services, including casinos, golf clubs and lotteries. SST rates range from 10% to 150%. Exported goods are not subject to SST.
Natural Resource Tax (NRT)	Rates vary depending on the natural resource being exploited, from 1% to 40%, and are applied to the production output at a specified taxable value per unit.
Payroll Tax: Social insurance (SI)	Capped at VND27.8 million <ul style="list-style-type: none"> As a per cent of an employee's salary: 17.5% by employer 8% by the employee 3.5% by the employee if foreign
Payroll Tax: Health insurance (HI)	Capped at VND27.8 million <ul style="list-style-type: none"> As a per cent of an employee's salary: 3% by employer 1.5% from the employee
Payroll Tax: Unemployment insurance (UI)	Capped at VND79.6 million <ul style="list-style-type: none"> As a per cent of an employee's salary: 1% by the employer (for Vietnamese citizens only) 1% by Vietnamese employees
Foreign Contractor Tax (Withholding Tax)	0.1% to 10%, depending on the type of business activity

Source: HKTDC 2021

1.9 Foreign worker requirements¹

1.9.1 Localization Requirements

Generally, preference for all roles is given to Vietnamese nationals. In order to qualify for work permits, foreign workers must have a degree of specialised knowledge or experience in management and technical roles that the domestic labour force cannot fill or carry out efficiently – as deemed apt by the Department of Labour.

1.9.2 Work permits for skilled workers

All foreign nationals seeking paid employment in Vietnam must be in possession of a valid work permit. The tenure of a work permit for a foreign worker is generally two years. In the first half of 2016, the Vietnamese government issued Decree No. 11, which guides a number of articles of the Labour Code on foreigners working in Vietnam. The decree proposes developments including changes to the conditions, paperwork and timeline for work permit applications and exemptions, allowing the import of skilled and unskilled labour with less bureaucracy. Decree No. 11 also extends the time frame for lodging the re-issuance of work permits from 45 days prior to the expiry date, instead of the 15 days as per previous regulations.

1.9.3 Employee Contributions Structure

Social insurance (SI) and unemployment insurance (UI) contributions are applicable to Vietnamese individuals only. Health insurance (HI) contributions are required for Vietnamese and foreign individuals that are employed under Vietnam labour contracts. Effective from January 1, 2018, SI contributions are also applicable to foreign individuals working in Vietnam under a work permit or practising certificate or licence. Accordingly, from January 1, 2019, the salary subject to SI/HI/UI contribution comprises the monthly compensation, certain allowances and other regular payments according to the Labour Law, but this is capped at 20 times the basic salary for SI/HI contributions and 20 times the minimum regional salaries for UI contribution. Effective from July 1, 2020, the basic salary will increase from VND1.39 million to VND1.49 million (approximately USD 60.3 to USD 64.6) per month. In addition, from January 1, 2020, the minimum regional salaries vary from VND3.07 million to VND4.42 million (approximately USD 133.2 to USD 191.8) per month. These minimum salaries are subject to change each year.

¹ This section comes from the Hong Kong Trade and Development Council.

1.10 Risks

Sovereign Risks

TABLE 1.10.1 Sovereign Credit Ratings

Types of rating	Rating (Outlook)	Rating Date
Moody's	Ba3 (Negative)	10/08/2018
Standard & Poor's	BB (Stable)	05/04/2019
Fitch Ratings	BB (Stable)	08/04/2020

Source: HKTDC 2021

Competitiveness

TABLE 1.10.2 Indicators of Competitiveness and Efficiency

	World Ranking		
	2018	2019	2020
Ease of Doing Business Index	68/190	69/190	70/190
Cost of Starting a Business	86/190	131/190	109/190
Logistics Performance Index	39/160	N/A	N/A
Corruption Perception Index	117/180	96/180	104/180
Competitiveness	N/A	N/A	N/A

Source: HKTDC 2021

Economic Risk

Potential risks for the outlook for Vietnam arise in the context of escalating US-China tensions, even though Vietnam is regarded as a notable beneficiary under the ongoing trade war. Given its high trade openness, Vietnam relies heavily on foreign direct investment and remains vulnerable and susceptible to external volatilities. A major risk that Vietnam faces is the transshipment of Chinese goods via Vietnam for export to the United States to circumvent the law. Vietnam may be subject to the US list of punitive taxation in the future ('US-China Trade war: Moving to Vietnam to Avoid Sanctions' 2019). As China boosts exports to Vietnam, the dependence on China and the competition of its domestic market for Chinese goods will both increase (Nguyen H. et al. 2019). In addition, if the United States imposes broader tariffs on China, the cross-border supply chain will be subsequently affected. Vietnamese exports to China will decrease as Vietnam's products are part of China's value chain (Lam T. et al. 2019; Seydl J. 2020).

Another aspect of economic risk lies in the energy provision in the years ahead. The country has faced rapidly increasing energy demand, for instance, with electricity demand growing at roughly 9% a year, which may result in power shortages in the coming years. The dispute with China over offshore drilling operations has further exacerbated the impending energy shortage (Dwight Lindquist 2019). Also, the investments in the energy sector have faced significant regulatory hurdles that have

deeply hampered the development of the sector. In order to compensate for the existing energy risks, quick and effective responses to the impending energy shortage, the increase of energy imports are essentially required by the Vietnam government.

Given its deep integration with the global economy, the Vietnamese economy has also been hit by the ongoing COVID-19 pandemic. Economic activities fell sharply on the back of Covid-19, which slowed manufacturing growth significantly and crippled the tourism industry (World Bank 2020a; World Bank 2021). However, on the basis of remarkable resilience driven by strong domestic demand and a dynamic export-oriented manufacturing sector in Vietnam, better prospects of reduced economic risks and economic sustainability are looked forward to seeing in the coming future.

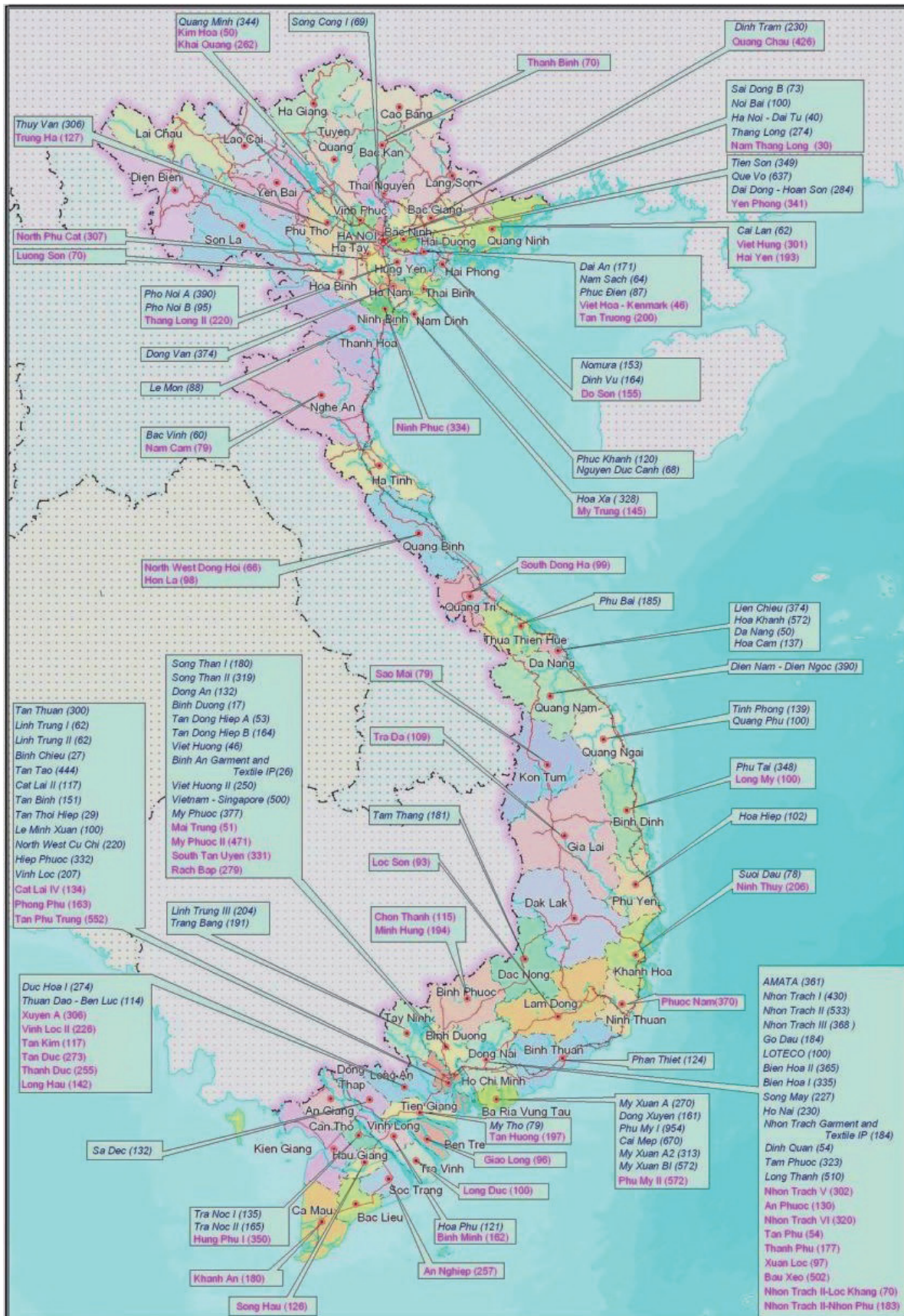
CHAPTER 2

SEZS IN VIETNAM

2.1. Overview of SEZ development and policy in Vietnam

SEZs in a generic sense are classified into three types in Vietnam: Industrial Zones, Special Economic Zones and Technology Parks. More specifically, Industrial Zones comprise Industrial Parks and Export-Processing Zones. Special Economic Zones comprise the Broader-Gate Economic Zones and Coastal Economic Zones (UNIDO 2015). Most SEZs in Vietnam are located in the South-East part of the country near HCMC and the Red River Basin near Hanoi. Currently, Vietnam has 8 Broader-Gate Economic Zones, 19 Coastal Economic Zones and 369 state-supported industrial parks (Ayman Falak Medina 2020). Each of the zones offer their own incentives to attract investors, from free tariffs to low personal income tax.

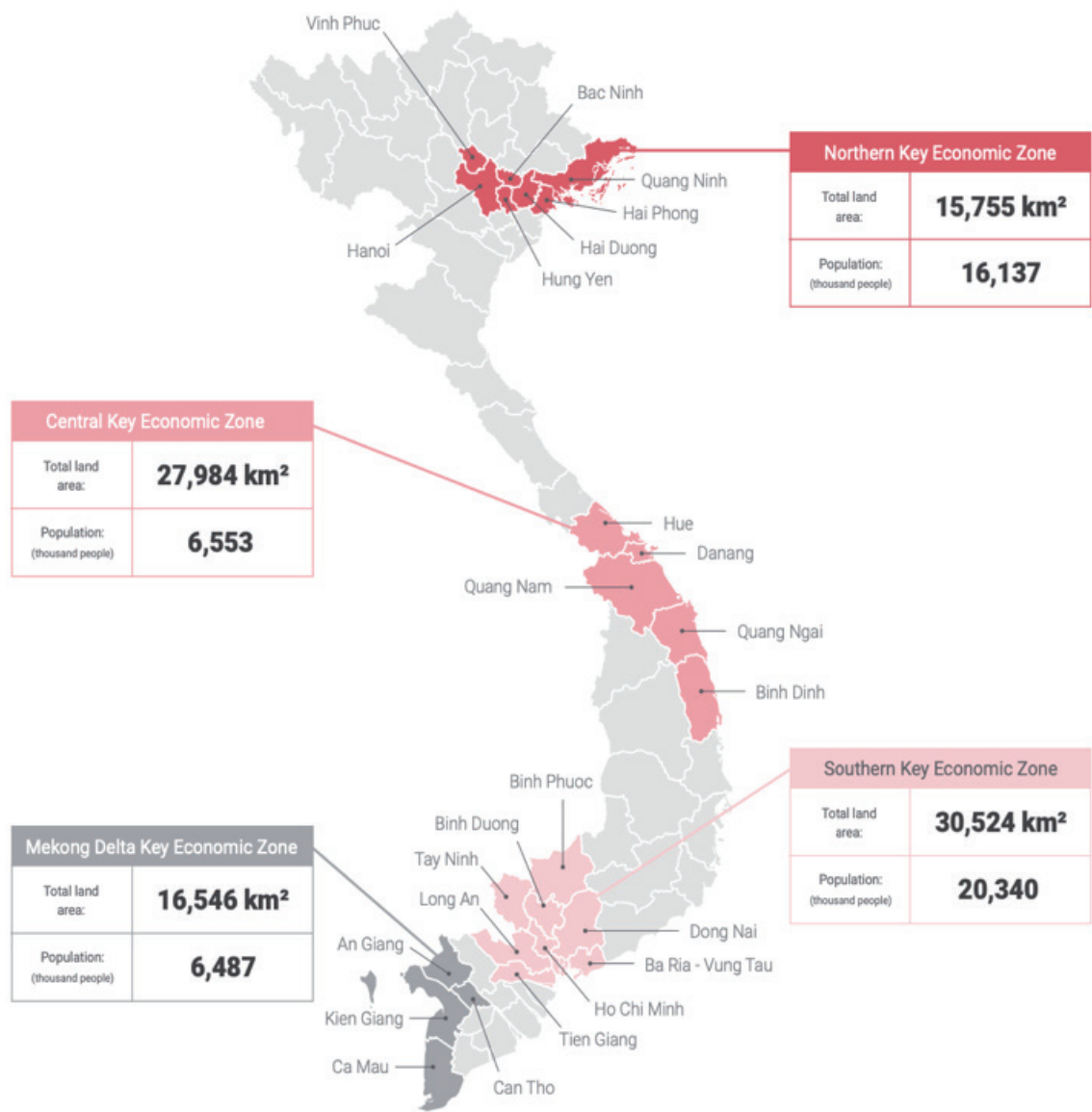
FIGURE 2.1.1 Industrial Parks and Special Economic Zones in Vietnam



Source: DuongChinh 2015

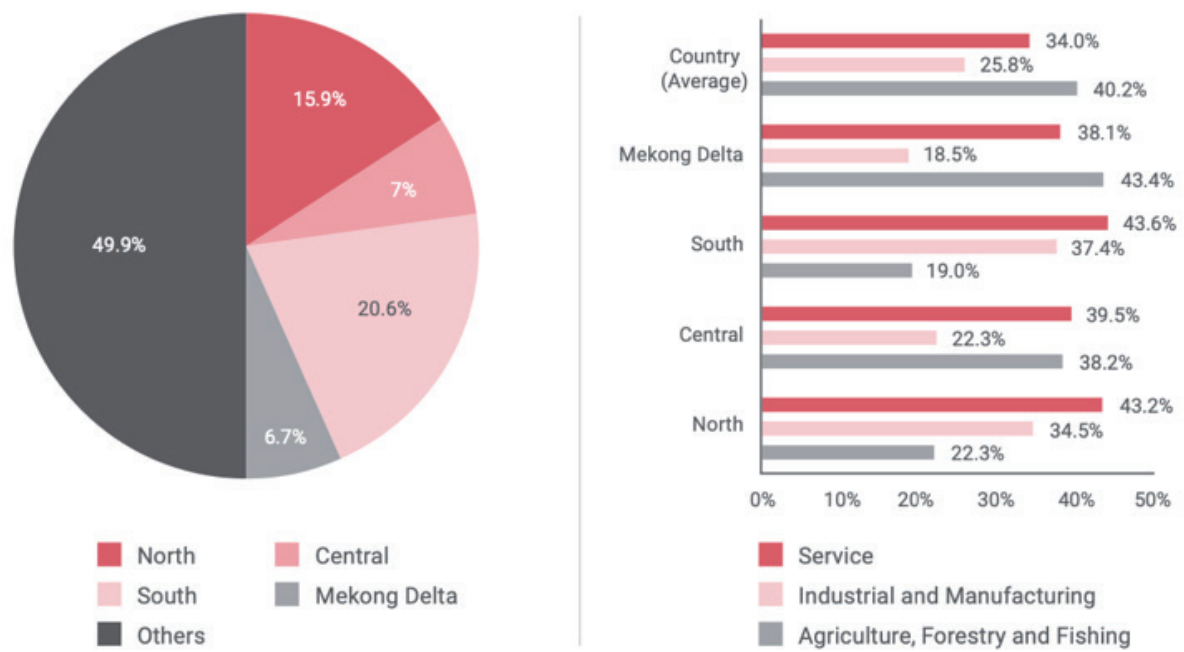
Over the years, Vietnam has developed 4 Key Economic Zones (KEZS) covering 24 major provinces, aiming to optimise the resources of each region. They are the North, Central, South, and Mekong Delta region.

FIGURE 2.1.2 Four Key Economic Zones in Vietnam



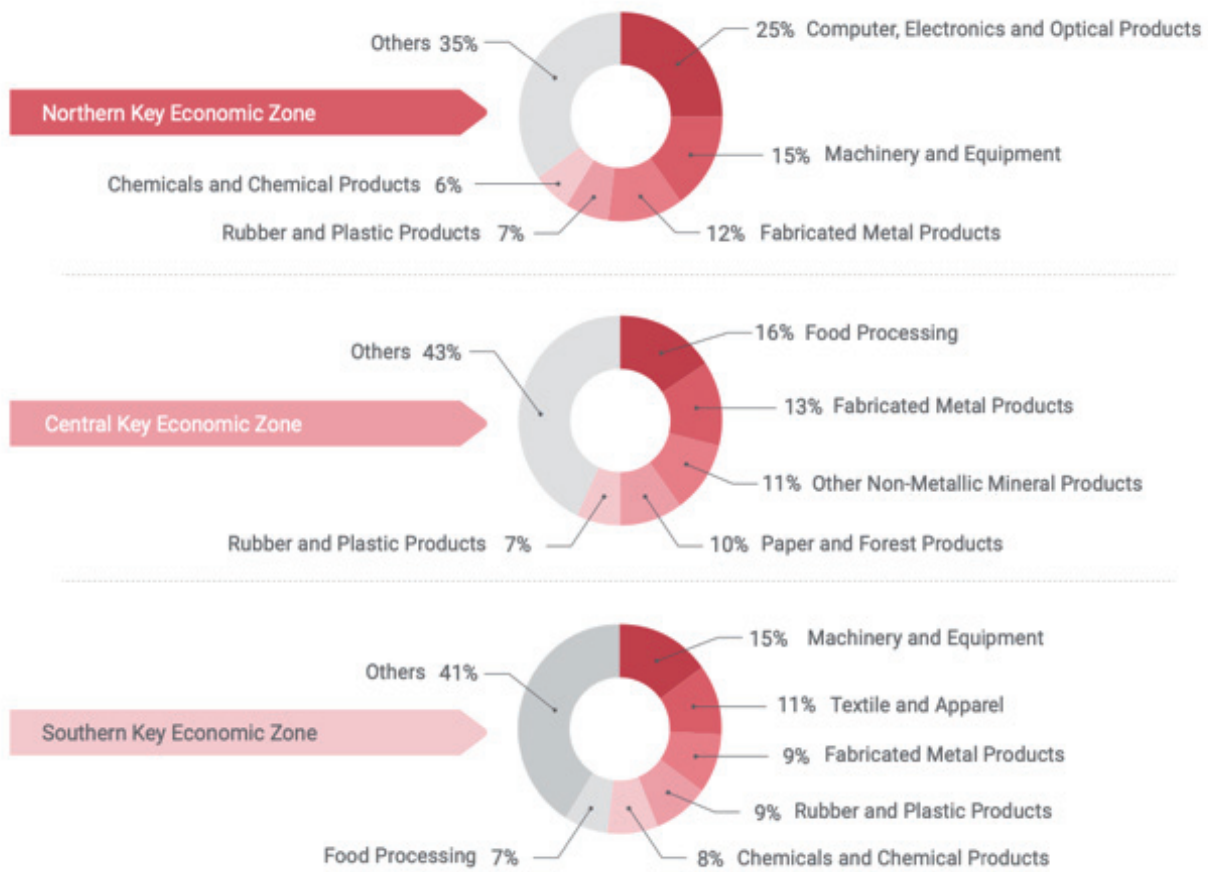
Source: Asia Perspective 2019

FIGURE 2.1.3 Labour Force in KEZs Compared to National Labour Force



Source: Asia Perspective 2019

FIGURE 2.1.4 Occupiers by Sector in KEZs



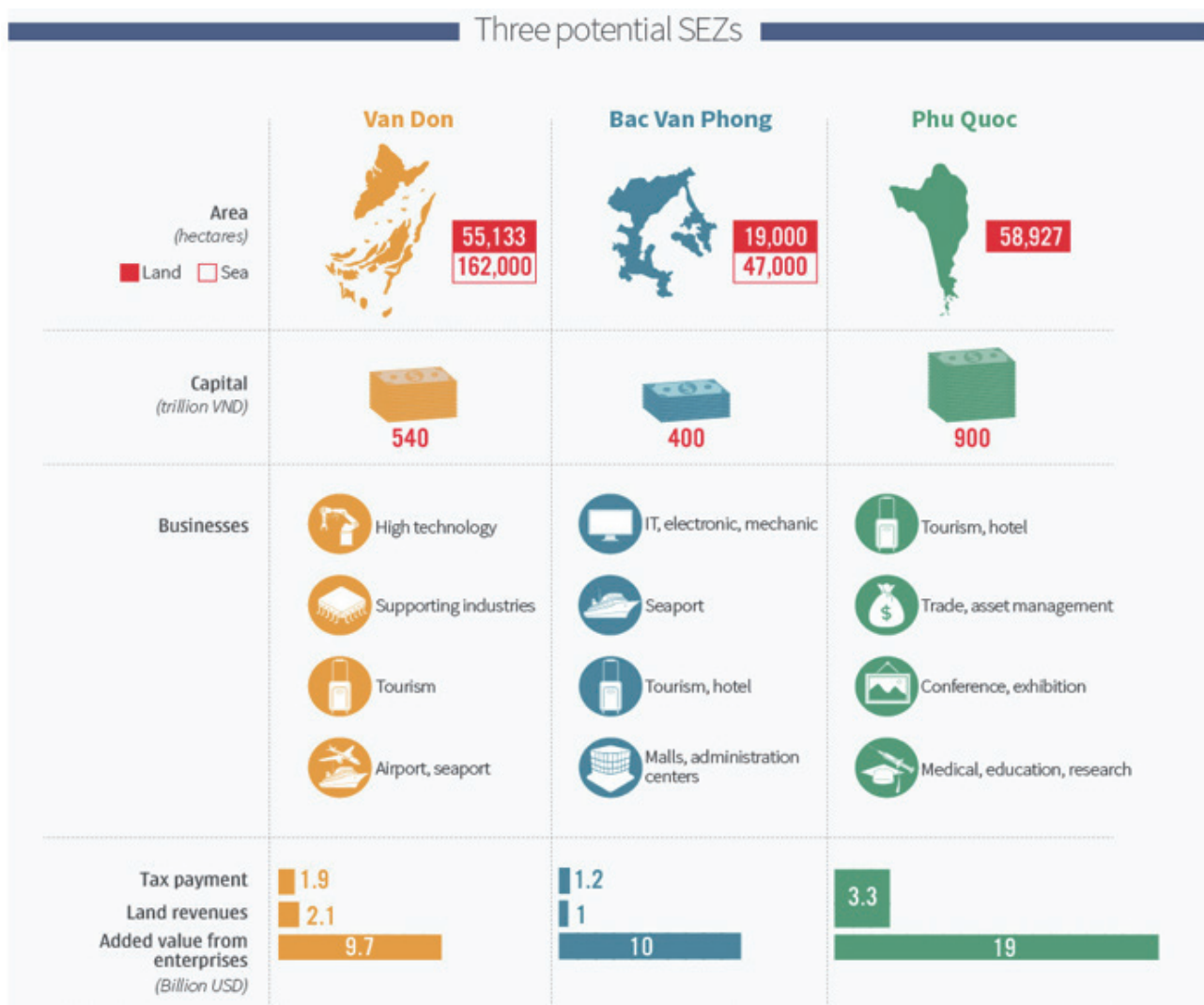
Source: Asia Perspective 2019

2.2 Three New Special Economic Zones (SEZs) in Vietnam

The Vietnamese government issued the draft law on Special Administrative - Economic Zones in 2017, which would lead to the creation of three new SEZs across the country. The proposed law would offer companies operating in the SEZs fewer restrictions and greater incentives, attempting to promote economic growth in targeted areas. For instance, foreign investors will receive 99-year leases on SEZ land.

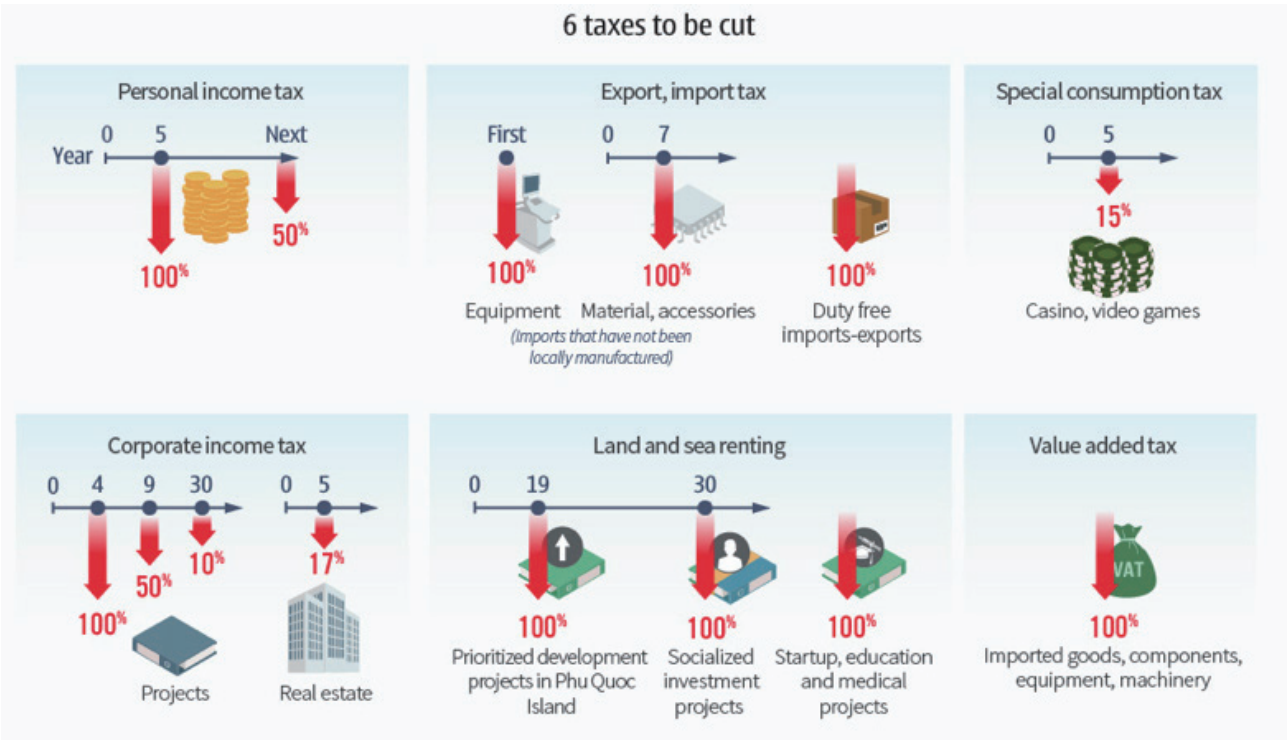
However, the Vietnamese public feared that Chinese companies would be the main beneficiary of the new set of investor incentives. Faced with anti-Chinese protests and mounting public anger over the prospect of industrial pollution and land disputes, Vietnam's parliament decided to suspend the establishment of the three new SEZs (ATSUSHI TOMIYAMA 2018; BBC 2018).

TABLE 2.2.1 Three New Special Economic Zones in Vietnam



Source: Hoai Thu, Ta Lu 2018

FIGURE 2.2.2 Potential Tax Incentives in SEZs



Source: Hoai Thu, Ta Lu 2018

CHAPTER 3

CASE STUDY ON LONGJIANG INDUSTRIAL PARK

3.1 Overview

Longjiang Industrial Park is a comprehensive industrial park, located in Tan Phuoc district, Tien Giang province, in south-western Vietnam, about 50 km away from Ho Chi Minh city (Figure 3.1.1).

As China's first wholly-owned industrial park in Vietnam, Longjiang Industrial Park (LJIP) is supported by both the governments of Vietnam and China. On the one hand, a 50-year investment licence, the official letter No. 801/TTg-CN, on Longjiang Industrial Park was granted in 2007, approving the construction, location and land usage area of Longjiang Industrial Park. On the other hand, the Longjiang Industrial Park has been continuously invested and developed by Zhejiang Qianjiang Investment Management Co Ltd, undertaken by Zhejiang Province under the Belt and Road Initiative. It has turned into a hallmark of Zhejiang's "going global" strategy (HKTDC 2017).

FIGURE 3.1.1 Location of Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (h)

FIGURE 3.1.2 General Plan of Longjiang Industrial Park



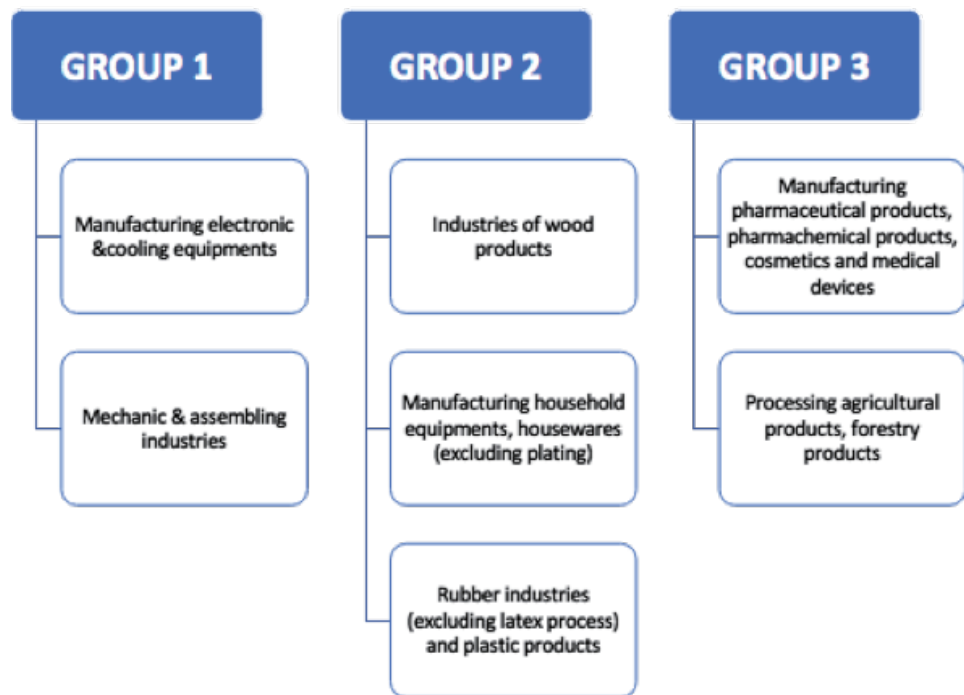
Source: Official Website of Longjiang Industrial Park n.d. (c)

TABLE 3.1.1 Land Usage Distribution of Longjiang Industrial Park

Land Usage	Area	Percentage
Factory land and for factory	383.25 ha	70.97%
Land for technical project	13.43 ha	2.49%
Traffic road	48.31 ha	8.95%
Land for tree and lake	66.58 ha	12.33%
Pier, parking	1.42 ha	0.26%
Land for administration centre	27.01 ha	5%

Source: Official Website of Longjiang Industrial Park n.d. (c)

FIGURE 3.1.3 Manufacturing Industries in Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (i)

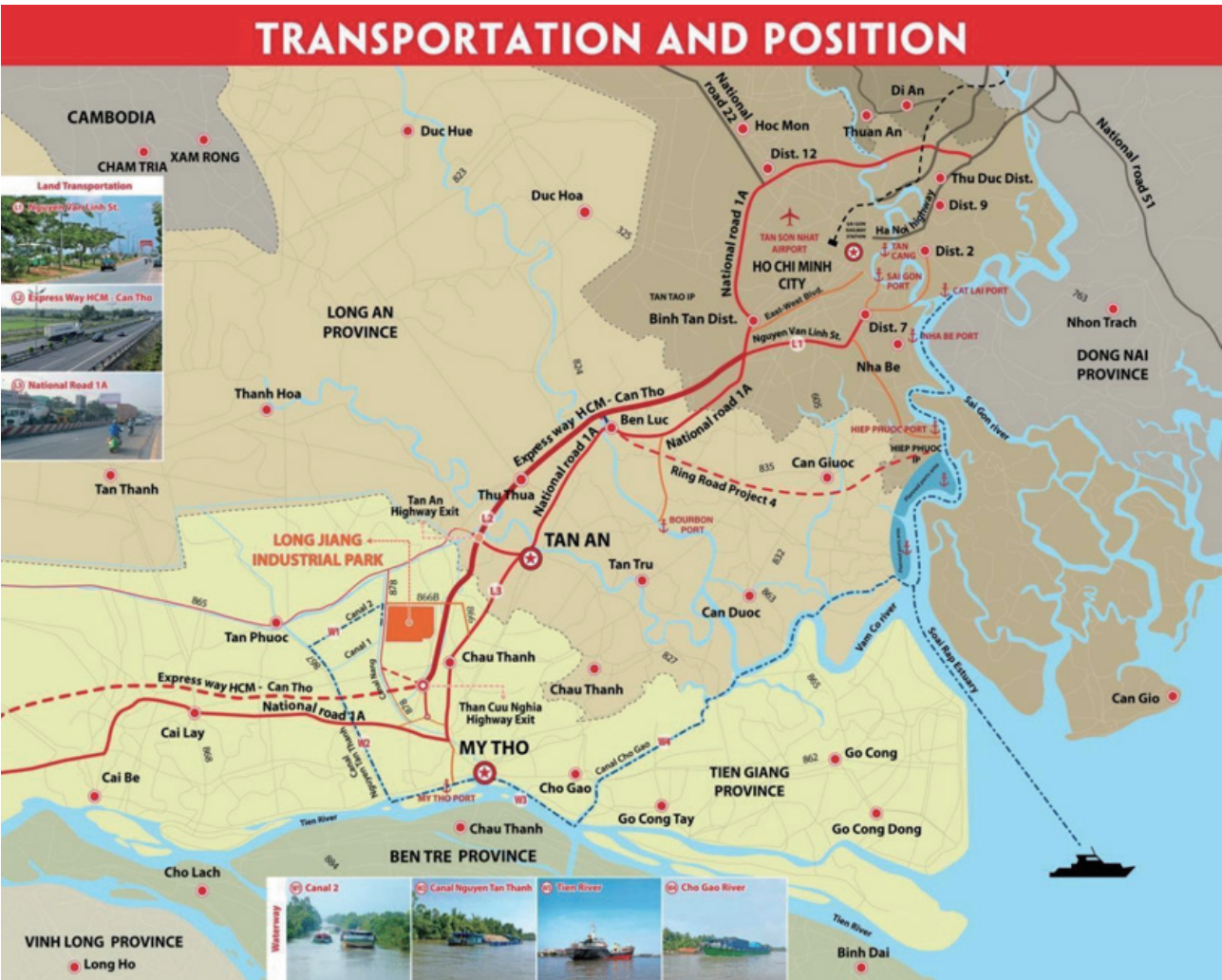
3.2 Features of Longjiang Industrial Park

LJIP has outstanding features for the continuous success of manufacturing investment:

i. Convenient transportation

Longjiang Industrial Park is built alongside the Trung Luong highway, with about 50 km to Ho Chi Minh city centre, Saigon seaport, Hiep Phuoc seaport, and about 35km to Bourbon port. Under the strategic geographical location, it is convenient to transport goods to and from Longjiang Industrial Park without traffic congestion.

FIGURE 3.2.1 Transportation and position of Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (k)

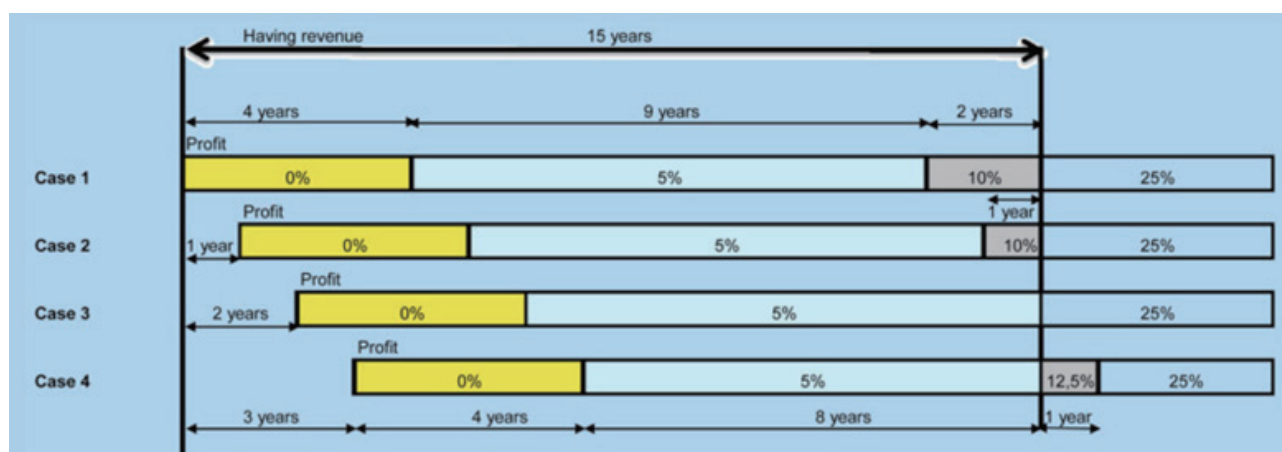
ii. Preferential tax policy

TABLE 3.2.1 Preferential Tax Policy in Longjiang Industrial Park

<p>The policy includes the 15-year preferential period for corporate income tax with a tax rate of 10% since having revenue, covering 4 years of tax exemption from the first profit-making year, and 9 subsequent years with tax rate reduction by 50%.</p>
<p>Besides, investors shall enjoy tax exemption when importing machinery to form fixed assets, including equipment, machines, transportation means specially used in technology lines confirmed by the Ministry of Science and Technology, means of transporting workers including automobiles from 24 seats or more, waterway equipment, construction materials, which are not yet manufactured locally.</p>
<p>The policy contains a 5-year tax exemption when importing raw materials, materials and semi-finished products, which are not yet manufactured in Vietnam.</p>
<p>EPZ enterprises in Long Jiang IP shall enjoy the preferential tax policies in accordance with the regulation of the export processing zone.</p>

Source: Official Website of Longjiang Industrial Park n.d. (a)

FIGURE 3.2.2 Demonstration of 4 Cases of Enterprise Income Tax Preferential Treatment in Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (a)

iii. EPZ (Export Processing Zone Enterprise) policy

Enterprises which export the majority of their products can register to operate under the EPZ policy in order to enjoy preferential treatment in accordance with the regulation of EPZ.

TABLE 3.2.2 EPZ (Export Processing Zone Enterprise) Policy in Longjiang Industrial Park

EPZ policy		
Preferential tax treatment	Tax Exemption	Exemption of import tax & export tax, when importing goods to form fixed assets, importing materials for production, or when exporting finished products
	VAT application	VAT (Value added tax) is not applicable to EPZ enterprises.
Customs procedures	Between foreign country and EPZ enterprises	Importing & exporting goods are subject to customs declaration and procedures.
	Between local enterprise with EPZ enterprise	Transactions (selling, buying goods) are considered as importing - exporting, and are subject to customs declaration and procedures.
	Among EPZ enterprises in Vietnam	Customs declaration and procedures are simplified. Prior approval from Tiza should be obtained, and a contract is submitted to the customs agency for checking and handling.

Source: Official Website of Longjiang Industrial Park n.d. (b)

iv. Highly cost-effective local labour sources

Longjiang Industrial Park has highly cost-effective labour resources. As of 2019, the total labour number of LJIP reached 24,000 (HKTDC 2017).

On the one hand, a large population in the surrounding area provides abundant local labour sources in Longjiang Industrial Park. Tien Giang province has a population of about 1.8 million people, mostly young, dynamic and hard-working. Investors may easily recruit their workers from the local residents or from other nearby Mekong delta provinces. Moreover, it is estimated that within 15 km areas surrounding LJIP, there are about 800,000 to 1,000,000 residents from Tan Phuoc district, Chau Thanh district, My Tho city, Cai Lay district, Cho Gao district and a part of Tan An city of Long An province (Official Website of Longjiang Industrial Park n.d.(d)).

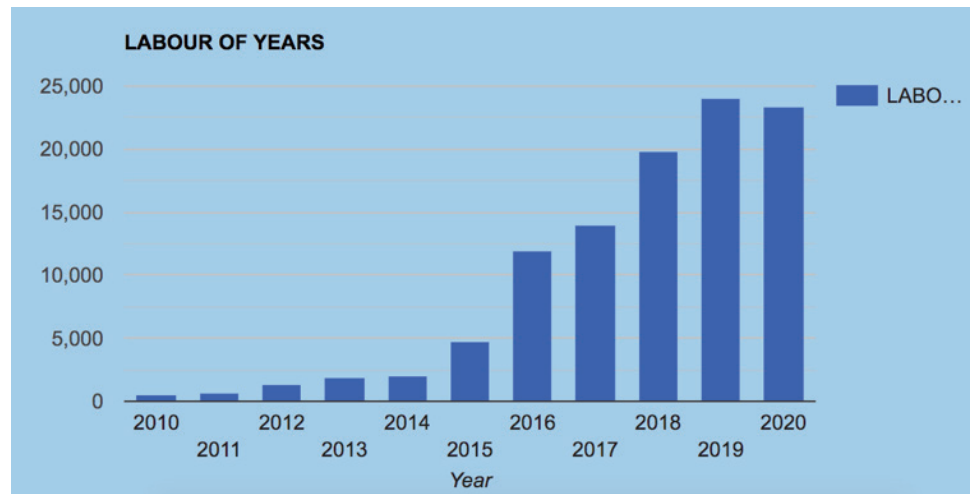
Low labour expenses are another significant advantage in Vietnam's labour market, on the other hand, resulting from the large population basis. In Vietnam, more than 50% of the population are aged 35 & under, with an average pay range of 200-250 USD per month, which is much lower than that of the majority of Chinese areas (HKTDC 2017).

TABLE 3.2.3 Human Resource in Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (d)

FIGURE 3.2.4 Labour in Longjiang Industrial Park



Source: Official Website of Longjiang Industrial Park n.d. (g)

v. Ready infrastructure system

Longjiang Industrial Park has prepared complete infrastructure systems for the investors. The system includes an internal road network, broadband communications, power & water supplies, storm drainage, and sewage treatment plants (with a daily capacity of 40,000 cubic meters). Moreover, LJIP provides a range of supporting services for companies joining the park, such as enterprises' registration and import/export procedures consultation (Official Website of Longjiang Industrial Park n.d. (e)).

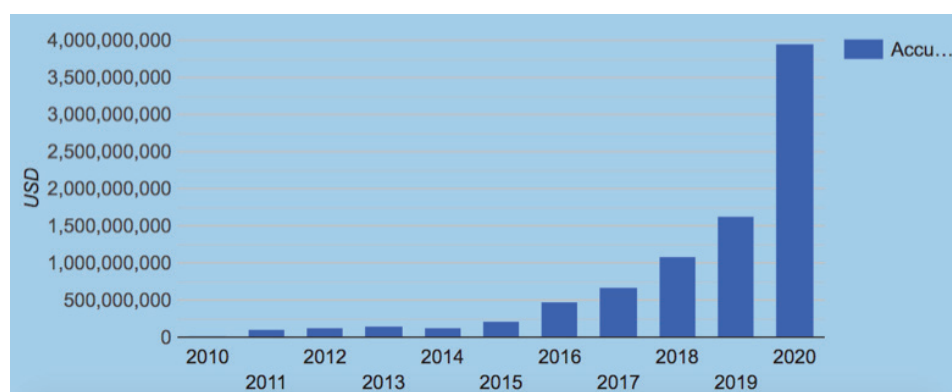
Under a comprehensive infrastructure system, Longjiang Industrial Park ensures stable development for the investors inside the targeted area.

3.3 Resident enterprises and investment

By the end of 2020, 48 companies have become resident enterprises of the LJIP. Over 70% are Chinese companies engaging in the production and processing of metal products, agricultural products, foodstuffs, grain and oil, and packing and industrial materials. The rest are investors from Japan, Korea, Singapore, Malaysia and others (Official Website of Longjiang Industrial Park n.d. (f)).

Total investment capital in Longjiang Industrial Park has reached over USD1.6 billion, and the annual total output value of the companies operating in Longjiang Industrial Park has reached a historically high of USD3.96 billion by the end of 2020 (Official Website of Longjiang Industrial Park n.d. (j)).

FIGURE 3.3.1 GDP of Longjiang Industrial Park in 2010-2020



Source: Official Website of Longjiang Industrial Park n.d. (j)

TABLE 3.3.1 Investor Information in Longjiang Industrial Park

	INVESTORS	FROM	INDUSTRY	INVESTMENT CAPITAL (USD)	LAND SIZE (M2)	LICENCE YEAR
1	HAILIANG (VIETNAM) COPPER MANUF.CO., LTD	CHINA	Copper pipes	55,000,000	170,820	2008
2	HONORROAD VIETNAM EDIBLE OIL CO., LTD	CHINA	Edible oil	4,000,000	20,000	2010
3	JIANG NAN CO.,	CHINA	Wood packages	3,000,000	15,000	2010
4	FANG ZHENG (VIET NAM) FOUNDER MOTOR CO., LTD	CHINA	Motor	6,000,000	17,431	2010
5	SUNJIN VINA MEKONG CO., LTD	SOUTH KOREA	Animal feed	6,000,000	30,975	2010
6	XIN DONG YA (VN) CO., LTD	CHINA	Bags	1,000,000	6,000	2011
7	UNI-BRAN EDIBLE OILS CO., LTD	SINGAPORE	Bran oil	4,646,795	18,585	2011 & 2016
8	TEXHONG YINLONG TEXTILE LIMITED	Hong Kong SAR	Yarn	350,000,000	514,508.46	2011
9	NISSEI ELECTRIC MYTHO CO., LTD	JAPAN	Electric cables	15,000,000	50,000	2011
10	LOCK & LOCK LONG GIANG CO., LTD	SOUTH KOREA	Housewares	75,000,000	79,468.20	2012 & 2019
11	EBISUYA VIETNAM CO., LTD	JAPAN	Plastic products	7,500,000	20,000	2013
12	MNS FEED TIEN GIANG CO., LTD	MALAYSIA	Animal feed	3,540,000	30,000	2013
13	KANG NA VN CO., LTD	CHINA	Fiber, textile	41,000,000	122,874.75	2013
14	VINLONG STAINLESS STEEL (VIETNAM) CO., LTD	CHINA	Stainless Steel	20,000,000	50,000	2014 & 2016
15	SANQI (VIETNAM) NEW MATERIAL CO., LTD	CHINA	Non-woven fabric products	10,000,000	16,500	2014
16	YONGFENG PACKAGE CO., LTD	CHINA	Plastic	9,660,000	32,400	2014 & 2016
17	KAIDA PLASTIC (VIETNAM) CO., LTD	CHINA	Plastic, textile	3,000,000	6,000	2014
18	APACHE FOOTWEAR VIETNAM LTD	Taiwan	Footwear	37,000,000	230,413.29	2014 & 2019
19	JL PRECISION INDUSTRIES COMPANY LIMITED	Taiwan, UK and Australia	Die equipment	5,000,000	22,935	2014 & 2016
20	LEOW CASING VIETNAM CO., LTD.	Hong Kong SAR	Sausage Casing	4,000,000	20,000	2015

	INVESTORS	FROM	INDUSTRY	INVESTMENT CAPITAL (USD)	LAND SIZE (M2)	LICENCE YEAR
21	YEGIN INDUSTRY (VIETNAM) CO., LTD.	Taiwan	Manufacturing of sports balls	22,000,000	28,639.50	2015
22	HUA CHANG VINA SCIENCE AND TECHNOLOGY CO., LTD	Hong Kong SAR	Synthetic leather	16,120,000	33,000	2015
23	LOCTEK ERGONOMICS VIETNAM COMPANY LIMITED	CHINA	Production and processing racks shelving display types	12,000,000	48,002.64	2015
24	DELTA (TIEN GIANG) CO., LTD	Taiwan	Manufacturing of Tent, Tarp, Hammock, Camp Accessories.	7,000,000	30,000	2016
25	TRANS PACIFIC TEXTILE CO., LTD	MALAYSIA	Producing and processing all kinds of the port wears.	9,000,000	61,950	2016
26	VIETNAM YONGXING ALUMINIUM INDUSTRY CO., LTD	CHINA	Manufacturing of all kind of shaped aluminum	12,000,000	70,000	2016
27	TIEN GIANG TONGWEI CO., LTD.	CHINA	Animal Feed	10,000,000	33,000	2016
28	KNITPASSION CO., LTD.	Hong Kong SAR	Knitting Wear	68,100,000	98,500	2016
29	DONGTAI VIETNAM PACKAGE MATERIAL CO., LTD	CHINA	Electrostatic powder, wood grain paper	3,000,000	15,186	2016
30	BELLINTURF INDUSTRIAL (VIETNAM) CO., LTD	CHINA	artificial fiber, artificial grass cover	90,000,000	207,927	2016 & 2018
31	SINOMAG TECHNOLOGY (VIETNAM) CO., LTD	CHINA	eternal magnet	10,000,000	30,000	2016
32	MEKONG FIBER CO., LTD	Hong Kong SAR	manufacture types of plastic	18,000,000	54,578.40	2017
33	JINTIAN COPPER INDUSTRIAL (VIETNAM) CO., LTD	CHINA	color metal, copper pipes, copper connection	41,580,000	100,000	2017
34	VIETNAM BALALA FOOD CO., LTD	CHINA	Food	4,000,000	10,671.16	2017
35	AN VIET COMPANY CO., LTD	VIETNAM	Handicraft	4,300,000	20,568	2017
36	TENGYUAN WIRE(VIETNAM) CO., LTD	Hong Kong SAR	Manufacture and process kinds of stainless steel	10,000,000	20,000	2017
37	SHC INDUSTRIAL PRODUCTS CO., LTD	CHINA	Manufacturing industrial jumbo roll; specialised industrial plastic	3,000,000	12,997	2018
38	BW FITTINGS COMPANY CO., LIMITED	CHINA	Steel carbon fittings	5,000,000	10,104	2018 & 2019
39	RENAISSANCE FASHION CLOTHING CO., LIMITED	INDIA	Garment	6,000,000	20,000	2018
40	SCANCOM VIETNAM FACTORY CO., LTD	NETHERLAND	Aluminum furniture frame process	37,955,158.16	119,999.65	2018 & 2020
41	WIN-VIET PRECISION MACHINERY CO., LTD	Hong Kong SAR	Steel Fittings	11,000,000	25,789.85	2018 & 2019
42	WANT WANT VIETNAM CO., LTD	SINGAPORE	Food processing, Products from milk	50,000,000	75,197	2018
43	BESTWAY (VIETNAM) RECREATION CO., LTD	Hong Kong SAR	Air pump swimming pool, floating air pump chair	25,000,000	51,240	2018

	INVESTORS	FROM	INDUSTRY	INVESTMENT CAPITAL (USD)	LAND SIZE (M2)	LICENCE YEAR
44	ADVANCE TYRE (VIETNAM) CO., LTD	CHINA	Manufacturing and consuming rubber tyre and other relevant products	214,404,850	296,967	2019
45	YONGJIN METAL TECHNOLOGY (VIETNAM) CO., LTD	CHINA	Producing cold rolled stainless steel all specifications	132,500,000	91,773	2019
46	FANG DE VIET NAM FOUNDER MOTOR CO., LTD	CHINA	Motor	3,000,000	3,161	2020
47	JINHONG COPPER INDUSTRIES (VIETNAM) CO., LTD	CHINA	Manufacture of copper pipe, copper valve, plastic valve, plastic pipe fittings	9,800,000	19,752	2020
48	FLEXISPOT SMART HOME VIET NAM CO., LTD	CHINA	Interior/exterior items	20,000,000	61,950	2020
	SUM			1,604,106,803	3,164,110	

Source: Official Website of Longjiang Industrial Park n.d. (f)

CHAPTER 4

DOING BUSINESS IN VIETNAM: SOME CONSIDERATIONS

In mid-2019, the CSHK research team conducted a 5-day research trip to Vietnam. Through in-depth interviews, seminar participation and on-site visits, the CSHK research team comprehensively explored the local views on the Belt and Road Initiative (BRI) and the associated business development of Chinese and Hong Kong enterprises. The profile of our interviewees demonstrates a good representation of various sectors in Vietnam, such as Vietnam central government officials, academia, local workers, local start-ups, and Hong Kong investors. These respondents unveiled their understanding as well as considerations for BRI and Chinese investment in Vietnam.

This chapter draws upon findings from the research trip.

TABLE 4.1 Major Themes in Interviews

Themes	Sub-themes
Views on BRI	<ul style="list-style-type: none">▪ Benefits to Vietnam▪ Associated risks
Driving Investment in Vietnam	<ul style="list-style-type: none">▪ Personal networks▪ Favourability of Vietnam's investment environment▪ The Sino-US trade war
Features of Hong Kong Investment	<ul style="list-style-type: none">▪ Entered Vietnam market long before BRI▪ High cultural awareness▪ Capacity building for the locals▪ Importance of CSR▪ International business practice and favourable local impact▪ Investment challenges▪ Strong business orientation

Fieldwork and discussions

Prior to the fieldwork, we have conducted preliminary background research, including extensive desktop research on Vietnam-Hong Kong trade profile, a research meeting with the Consulate General of the Socialist Republic of Vietnam in Hong Kong, an interview with the senior management of the Hong Kong-based transnational group with Vietnam office and invitations sent to potential respondents in Vietnam. Abundant valuable information about China's projects in Vietnam and Hong Kong's existing and potential roles has been gathered effectively. The following discussions on doing business in Vietnam are distilled from our desktop research, field trip observations, and in-depth interviews with relevant stakeholders.

China and Vietnam have a long history of political interactions. Diplomatic relations between China and Vietnam were formed in 1950 on the basis of similar institutional environments and cultural backgrounds, right after the establishment of the People's Republic of China. During the Vietnam War, China was a strategic ally to support socialist North Vietnam in terms of arms, military training and essential supplies, fighting against the Capitalist South Vietnam and its ally, the United States. After the 1980s, tensions between China and Vietnam have been demonstrated in the long-term state interactions, especially in the ongoing territorial disputes over the South China Sea. Nonetheless, efforts in improving their diplomatic and economic ties have been continuously witnessed.

Chinese investment in Vietnam witnessed a 5.4-fold increase during 2010-2019, from USD 0.31 billion in 2010 to USD 1.63 billion in 2019. During this period, Chinese aggregate investment accounted for 6.3% of Vietnam's total FDI (Ministry of Commerce of the People's Republic of China, 2019; Ministry of Commerce of the People's Republic of China, 2020). It is no doubt that the BRI has been a major factor in the recent surge of Chinese FDI. During President Xi Jinping's visit to Hanoi in November 2017, the two countries signed a Memorandum of Understanding (MOU) on promoting the connection between the 'Two Corridors, One Belt' (TCOB) framework and the BRI, which further boosted the bilateral economic cooperation between China and Vietnam.

In view of the perceived evolving nature of BRI, Vietnam has greater access to benefit from the existing initiative. The viewpoints in our field studies illuminate that BRI provides a policy framework for the development of diplomatic relations and economic cooperation with China. In particular, BRI offers a new solution to bridge the voluminous investment gap of infrastructures on which further economic growth depends.

Challenges of Chinese investments

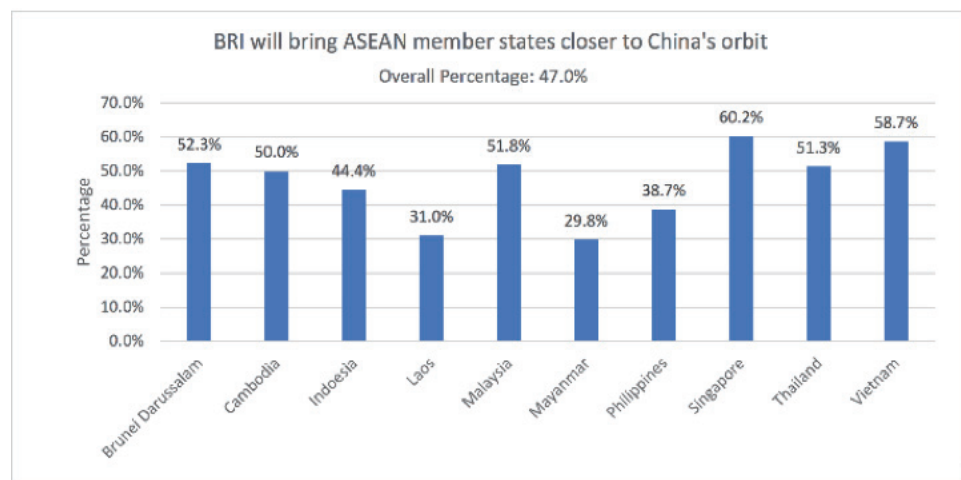
Nevertheless, challenges of Chinese investments have been frequently put forward, becoming unavoidable considerations when doing business in Vietnam. More specifically, there are many worries on anti-China sentiments, from heightened interest impairment to practical problems like corruption, environmental concerns, substandard project quality under BRI projects, despite the positive potentials.

One prevalent consideration for Chinese investment in Vietnam lies in the fact that BRI may pose a potential threat to Vietnam's national interests. From the perspective of Vietnamese government, Hiep (2018) argues that the BRI implementation may potentially conflict with the Vietnamese national interests, resulting in the reservation

of the government. In our field work, a similar view on BRI potentially imperilling Vietnam's national interest and its rationale was expressed as well. Vietnam is undergoing economic upgrading and transformation with the ambitious policy initiative of Industry 4.0, targeting an economic digitalisation and entrepreneur society. Under BRI, China is supposed to generate a trickle-down effect on the sector beyond manufacturing and infrastructure. However, China fails to develop a mechanism within the BRI to sustain the distinct policy priorities. Therefore, the asymmetric policies result in the reluctance of the Vietnamese government and Vietnamese in BRI implementation.

Another noticeable concern regarding Chinese investment is that China would dominate in BRI execution and outcome. An online survey conducted by the ASEAN Studies Centre illuminates that close to half of the Vietnamese respondents (47%) perceived that BRI 'will bring ASEAN member states closer into China's orbit' (Tang et al. 2019). This finding illustrates a persistent concern in the ASEAN region over China's influence. Notably, the fear of being drawn into China's orbit is widely shared in Vietnam (58.7%), following Singapore (60.2%) as the most concerned country. On the contrary, only 9.9% of Vietnamese respondents agree that BRI will benefit Vietnam's economic development and enhance ASEAN-China relations, whilst only 13.2% of the Vietnamese respondents agree that BRI can provide the essential infrastructure funding for Vietnam, both ranking the least among ASEAN countries respondents.

FIGURE 4.1.1 A Survey on Perceptions of People in ASEAN Member States on BRI



Source: Tang et al. 2019

Under the concern of China's domination in BRI, corruption and integrity are posed as potential risks in Chinese investments, since Chinese enterprises are seen to be accustomed to circumventing laws and prefer to cultivate relations (guanxi) with the Vietnamese officials in the bidding process. The prevalence of guanxi business, noncompliance of laws and the resultant increase of corruption have impeded market efficiency and sacrificed the public interests.

Vietnam has been shifting to accept more environmental-friendly projects with good qualities and high standards. The lack/inadequacy of environmental protection provisions in some Chinese executed projects has become a significant source for concerns. A notable example is the thermal power plant project in Binh Thuan Province. The project caused severe destruction to the natural environment of the region, including the salinisation of the land, water pollution, and the death of marine life (Wu 2018).

Hong Kong investment in Vietnam

Hong Kong has a long investment history and a good level of experienced business investments in Vietnam. Hong Kong investors came to the Vietnam market long before the BRI, with the activities spanning various industries from retail, agriculture, hotel, shipping, port infrastructure to delivery logistics. Thereinto, a Hong Kong-based transnational group has been in business in Vietnam for 50 years, and has become one of the biggest seafood exporters in Vietnam by 2019. As competitive market participants, Hong Kong investors have good alignment with Vietnamese laws, international regulations and social norms on environmental protection, labour rights, technology, and corporate social responsibility. Hong Kong investment has generally been well received by the local market and contributing to the enhancement of local talent development, and corporate, social and environmental sustainability, in addition to development of business opportunities and employment.

APPENDICES

Appendix 1. Country and Economic Overview

1.1. Geographical location

FIGURE a1-1 Geographical Location of Vietnam



Source: OnTheWorldMap n.d.

1.2. Country Overview

TABLE a1-1 Country Overview

1. Official country name	Socialist Republic of Vietnam
2. Capital(s)	Hanoi (commercial capital)
3. Total area	Ho Chi Minh City (legislative capital)
4. Landscape	331,699 km ²
5. Climate	Mostly low, flat to rolling plain; mountains in south-central interior
6. Population	Tropical and temperate;
7. Median age	Characterised by strong monsoon influences; Affected by tropical depressions, tropical storms and typhoons.
8. Language(s)	Vietnamese (official and national language); French (most spoken foreign language in the former South Vietnam); English (increasingly and commonly used as a second language in government); Tày, Mường, Cham, Khmer, Chinese, Nùng and Hmong (spoken by Vietnam's minority groups)
9. Ethnicity	Major ethnic: Kinh (85.32%), Minor ethnic: Tay (1.92%), Thai (1.89%), Muong (1.51%), Hmong (1.45%), Khmer (1.37%), Nung (1.13%), Other (5.41%) (2019)
10. Religion	The majority of Vietnamese do not follow any organised religion (86.32%), though many of them observe some form of Vietnamese folk religion; While others are Catholicism (6.1%), Buddhism (4.79%), Hoahaoism (1.02%) and Protestantism (1%) 2019)
11. Government	<ul style="list-style-type: none"> Government type: one-party socialist republic General Secretary of the Communist Party of Vietnam: Nguyễn Phú Trọng (since 19 January 2011) Ruling political party: The Communist Party of Vietnam (CPV)
12. Education	<ul style="list-style-type: none"> Adult literacy rate: 95% (2018) Gross Enrolment Rate: 95.9% (2019)
13. Health infrastructure	<ul style="list-style-type: none"> Current health expenditure: 5.59% of country's GDP (2018) Physicians density: 0.83 physicians/1,000 population (2016) Hospital bed density: 2.85 beds/1,000 population (2019)
14. International organization participation	ADB, APEC, ARF, ASEAN, CICA, CP, EAS, FAO, G-77, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRCs, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, MIGA, NAM, OIF, OPCW, PCA, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Sources: General Statistics Office of Viet Nam 2019; United Nations 2019; UNESCO 2020; World Bank 2020b

1.3. Major political/economic events in history in Vietnam:

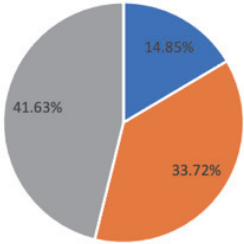
TABLE a1-2 Major political/ economic events in history in Vietnam

1945	The Viet Minh seized power. Ho Chi Minh announced Vietnam's independence.
1976	The Socialist Republic of Vietnam proclaimed. Saigon was renamed Ho Chi Minh City.
1995	Vietnam and the US restored full diplomatic relations. Vietnam became a full member of the Association of Southeast Asian Nations (ASEAN).
2007 January	After 12 years of talks, Vietnam became the 150th member of the World Trade Organisation.
2007 June	President Nguyen Minh Triet made the first visit to the US by a Vietnamese head of state since the Vietnam War ended in 1975.

Source: BBC 2018

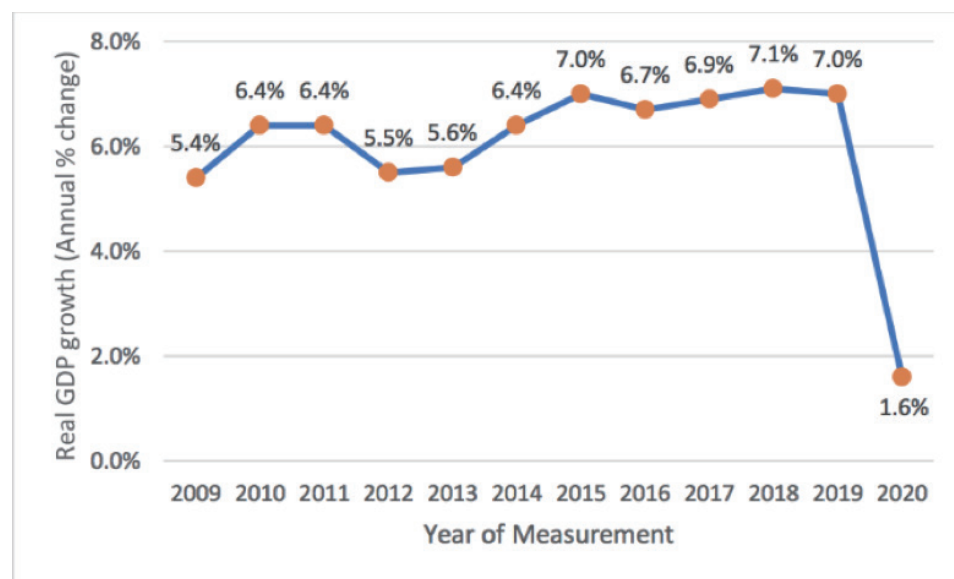
1.4. Economic Overview

TABLE a1-3 Economic Overview

Country economic status	Lower middle-income
Currency	Vietnamese đồng (VND)
GDP (USD)	261.9 billion (2019)
GDP per capita (USD)	2715.3 (2019)
GDP Growth	7.0% (2019)
GDP, PPP (USD)	809.99 billion (2019)
GDP per capita, PPP (USD)	8397.0 (2019)
Unemployment rate	2.39% (2019)
Inflation, consumer prices (annual %)	2.796% (2019)
Changes in economic composition (industry drivers)	Key drivers: Investment, export and domestic consumption;
GDP by sector (2019)	 <p>■ Agriculture, forestry and fishery ■ Industry and Construction ■ Service</p>

Sources: World Bank Databank n.d.

FIGURE a1-2 GDP Growth in Vietnam, 2009 – 2020



Source: International Monetary Fund n.d.

Appendix 2. Foreign Direct Investments (FDI)

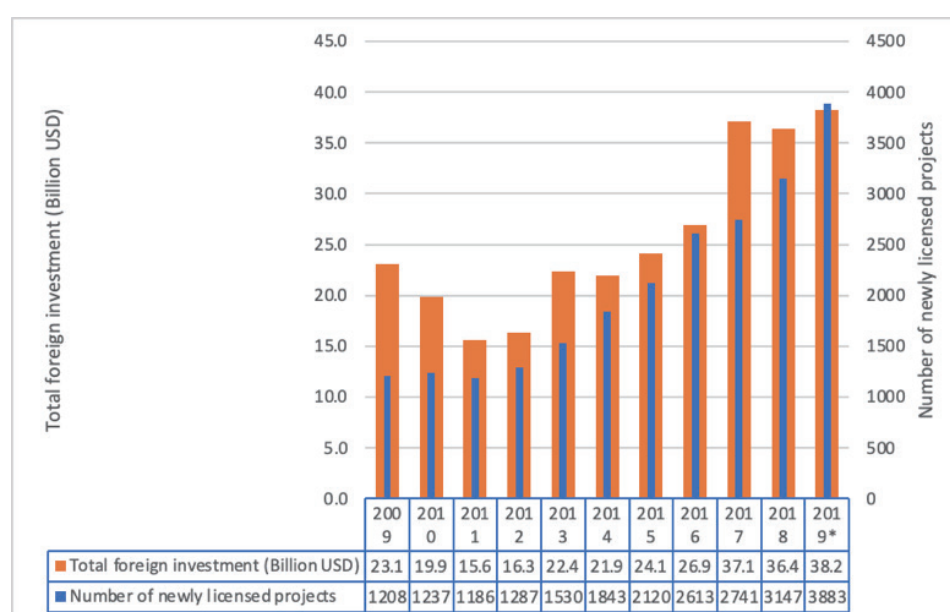
2.1. FDI Flow

TABLE a2-1 FDI Flow in Vietnam

FDI inflows	USD 38,200 million (2019)
FDI inflows from 2009 to 2018	See Figure a2-1
Sources of FDI	See Figure a2-2
FDI flows by economic sector and industry	See Figure a2-3

Source: General Statistical Office of Viet Nam 2019

FIGURE a2-1 Foreign Direct Investment and Newly Approved Projects, 2009-2019



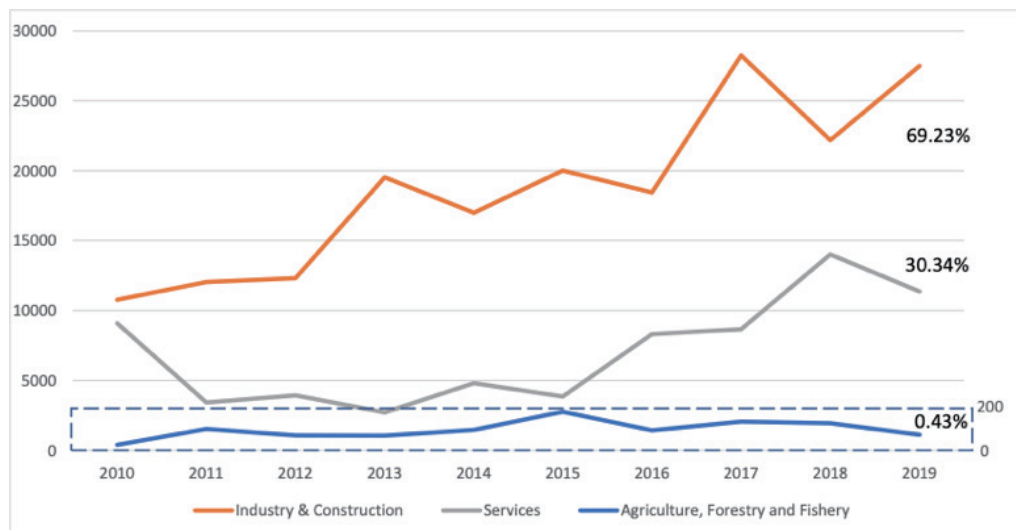
Source: General Statistical Office of Viet Nam 2019b; General Statistics Office of Viet Nam 2020

FIGURE a2-2 FDI Stock by Region as of End 2019

Ranking	Countries / Regions	Number of approved projects	Cumulative Value of approved projects (billion USD)	%
1	South Korea	8,504	68.10	18.7%
2	Japan	4,402	59.36	16.3%
3	Singapore	2,424	49.77	13.7%
4	Taiwan	2,695	32.38	8.9%
5	Hong Kong	1,751	23.72	6.5%
6	British Virgin Islands	841	21.72	6.0%
7	China	2,826	16.28	4.5%
8	Malaysia	617	12.63	3.5%
9	Thailand	563	10.91	3.0%
10	Netherlands	345	10.05	2.8%
	Other countries	5975	58.37	16.07%
Total		30943	363.31	100%

Source: General Statistical Office of Viet Nam 2019

FIGURE a2-3 FDI Inflow by Sector in Vietnam (In Million USD), 2010-2019



Source: General Statistics Office of Viet Nam 2020; Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020b

2.2. List of Business Activities that Foreign Participation may be Prohibited or Restricted from

TABLE a2-2 Restrictions on Foreign Investment (According to New Decree 31/2021)

1. Trading goods and services on the list of goods and services on which monopoly is held by the State in the commercial sector.
2. Press activities and information gathering in any form.
3. Fishing.
4. Security and investigation services.
5. Judicial administration services, including judicial assessment services, poste restante services, property auction services, notary services, liquidator services.
6. Overseas contracted employment agency services.
7. Investment in the construction of infrastructure of cemeteries and graveyards to transfer land use rights associated with such infrastructure.
8. Waste collection services directly from households.
9. Public opinion polling service (public opinion polling).
10. Blasting services.
11. Manufacture and trade in weapons, explosives and supporting tools.
12. Import and dismantling of used seagoing vessels.
13. Public postal services.
14. Goods transshipment business.
15. Temporary import for re-export business.
16. Exercise of the right to export, import, and distribution of goods on the list of goods for foreign investors, foreign-invested economic organisations are not allowed to exercise the right to export, import, distribute.
17. Collection, purchase and handling of public goods in armed forces units.
18. Trading in military materials or equipment and supplies for the people's armed forces, military weapons, technical equipment, ammunition and specialised vehicles used for the army and police; components, accessories, spare parts, supplies and specialised equipment and technology used for their production;
19. Intellectual property representation services and industrial property assessment services.
20. Services of the establishment, operation, maintenance and maintenance of aids to navigation, water zones, water areas, public navigational channels and maritime routes; service of surveying water zones, water areas, public navigational channels and maritime routes serving maritime notices; services of surveying, constructing and publishing nautical charts for waters, seaports, navigational channels and maritime routes; building and publishing marine safety documents and publications.
21. Navigation services to ensure maritime safety in water areas, water areas and public navigational channels; marine electronic information service.
22. Inspection (inspection, testing) and certification services for means of transport (including systems, components, equipment, components of vehicles); inspection and issuance of certificates of technical safety and environmental protection for vehicles, specialised equipment, containers, and dangerous goods packaging equipment used in transportation; inspection services and issuance of certificates of technical safety and environmental protection for oil and gas exploration, exploitation and transportation means and equipment at sea; technical inspection service of occupational safety for machines and equipment with strict requirements on occupational safety installed on means of transport and means, exploration and exploitation equipment and oil and gas transportation at sea; fishing vessel registry services.
23. Natural forest investigation, assessment and exploitation services (including gathering wood and hunting, trapping rare wild animals, management of the sources genes for plants, livestock and microorganisms used in agriculture).
24. Researching or using genetic resources of new livestock breeds before being appraised and evaluated by the Ministry of Agriculture and Rural Development.
25. Tourism services, except international tourism services for international tourists to Vietnam.

Source: Ha Thi Dung 2021

Appendix 3. International trade

3.1. Trade of goods and services

TABLE a3-1 Trade of Goods and Services (2019)

Exports of Goods and Services	USD 264.19 billion
(BoP, current US\$)	USD 253.36 billion

Source: General Statistics Office of Viet Nam 2020

3.2. Exports and Imports by country

TABLE a3-2 Exports-Top 10 Sources (2019)

Ranking	Countries / Regions	Share	Value (USD)
1	United States	23.22%	61.35 billion
2	China	15.67%	41.41 billion
3	Japan	7.72%	20.41 billion
4	Korea	7.46%	19.72 billion
5	Hong Kong	2.71%	7.16 billion
6	Netherlands	2.60%	6.89 billion
7	India	2.52%	6.67 billion
8	Germany	2.48%	6.56 billion
9	United Kingdom	2.18%	5.76 billion
10	Thailand	1.99%	5.27 billion

Source: General Statistics Office of Viet Nam 2020

TABLE a3-3 Imports-Top 10 Sources (2019)

Ranking	Countries / Regions	Share	Value (USD)
1	China	29.80%	75.49 billion
2	Korea	18.54%	46.97 billion
3	Japan	7.74%	19.60 billion
4	Taiwan	5.99%	15.18 billion
5	United States	5.67%	14.37 billion
6	Thailand	4.60%	11.66 billion
7	Malaysia	2.88%	7.29 billion
8	Indonesia	2.25%	5.70 billion
9	India	1.79%	4.54 billion
10	Australia	1.77%	4.48 billion

Source: General Statistics Office of Viet Nam 2020

3.3. Exports by Category

TABLE a3-4 Exports of Goods by Economic Sector and by Commodity Group (2019)

Category	Specific Category	Share	Value (USD)
By economic sector	Domestic economic sector	32.2%	84.99 billion
	Foreign direct invested sector	67.8%	179.20 billion
By commodity group	Heavy industrial products and minerals	50.0%	132.01billion
	Light industrial and handicraft products	38.8%	102.49 billion
	Agricultural products	6.7%	17.68 billion
	Forest products	1.3%	3.46 billion
	Fishery products	3.2%	8.54 billion
	Non-monetary gold	0.003%	0.006 billion

Source: General Statistics Office of Viet Nam 2020

3.4 Imports by Category

TABLE a3-5 Imports of Goods by Economic Sector and by Commodity Group (2019)

Category	Specific Category	Share	Value (USD)	
By economic sector	Domestic economic sector	42.9%	108.71 billion	
	Foreign direct invested sector	57.1%	144.64 billion	
	Capital goods	Machinery, instrument, accessory	44.7%	113.29billion
		Fuels, raw materials	44.7%	113.15 billion
By commodity group	Consumer goods	Food	0.005%	0.01 billion
		Foodstuff	4.0%	10.26 billion
		Pharmaceutical and medicinal products	1.3%	3.24 billion
		Others	5.2%	13.24 billion
	Non-monetary gold		0.1%	0.16 billion

Source: General Statistics Office of Viet Nam 2020

3.5 Trade Policies in Vietnam

- Vietnam joined the World Trade Organisation (WTO) on January 11, 2007, providing Vietnam an anchor to the global market and reinforcing the domestic economic reform process.
- Vietnam is a member of the ASEAN and a signatory to the ASEAN Free Trade Agreement (FTA), reducing tariff and non-tariff barriers to trade between member states.
- Vietnam shares the top spot with Singapore in Southeast Asia for having the most bilateral and multilateral FTAs; Vietnam is a signatory to 16 of them.
- Some reductions in import tariffs have come into effect since January 2018, and there are further commitments to progressively reduce tariffs to 0% by 2022 for a range of other commodities.
- Import duty rates are classified into three categories: ordinary rates, preferential rates and special preferential rates. Preferential rates are applicable to imported goods from countries that have the most-favoured-nation (MFN) status with Vietnam. Special preferential rates are applicable to imported goods from countries that have a special preferential trade agreement with Vietnam.
- Vietnam has concluded three important agreements in recent quarters: the ASEAN-Hong Kong FTA, the European Union (EU) FTA and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). Vietnam is negotiating other agreements, including the Regional Comprehensive Economic Partnership, and FTAs with the European Free Trade Association and Israel.
- Export duties are charged on only a few items, mainly certain natural resources and these rates range from 0% to 40%.
- Vietnam has reserved the right of importation to state trading entities in the following product categories: cigars and cigarettes, crude oil, newspapers, journals and periodicals and recorded media for sound or pictures.
- Vietnam also prohibits importation of equipment and technologies which are more than 10 years old. However, there are exceptions in some special cases.
- Vietnam currently prohibits the import of certain products, including weaponry, ammunition, explosive materials, military technical equipment, firecrackers, second-hand consumer goods.
- Foreign investors are exempt from import duties on goods imported for their own use which cannot be procured locally, including machinery, vehicles, components and spare parts for machinery and equipment, raw materials, inputs for manufacturing.
- VAT of 10% applies to goods and services that are not specifically included in the list of goods and services subject to the 0% or 5% rates or the list of goods exempt from VAT. The 5% rate applies to the supply of essential goods and services.
- VAT refunds are now allowed for imported goods that are later exported. In addition, the scope of items not subject to VAT was amended to include exported products being primarily processed from natural resources and mined minerals. Both these changes were effective from 1 February 2018.
- In December 2020, Vietnam announced a regulation that exempted import duties on the import of raw materials and equipment used for the manufacturing of ventilators.

Source: HKTDC 2021

Appendix 4. Labour Policies

TABLE a4-1 Labour Policies (According to the 2019 amended Labour Code)

Working hours	Normal working hours cannot exceed eight hours a day or 48 hours per week. However, if the employer and employee agree on an overtime deal, the overtime cannot exceed 12 hours a day, 40 hours a month and 200 hours a year.
Labour contracts	Two types of labour contracts are legally valid. Definite-term contracts, which cannot have a term longer than three years, and indefinite-term contracts. Seasonal contracts are no longer permitted from 2021.
Termination	Employees are able to immediately terminate a contract for mistreatment, pregnancy and if the employer fails to pay salary on time. As per the current labour policy, employees are subject to minimum notice requirements (30 days for definite term, 45 days for indefinite term).
Unions	Vietnam allows independent trade unions to operate as opposed to currently being supervised by the state-run Vietnam General Confederation of Labour (VGCL). The independent union is still required to get permission from state authorities to operate.
Retirement age	Vietnam increases the retirement age for men to 62 from the current 60 and increases the same for women to 55 from the current 50. However, workers may retire later or sooner, depending on the situation.
Discrimination	The amended labour policy safeguards employees from discrimination at the workplace. This includes protection against sexual harassment and discrimination based on skin colour, race, nationality, ethnic group, gender, marital status, pregnancy, political views, disability, HIV status or if in a trade group.

Source: *The National Assembly of Socialist Republic of Vietnam 2019; Dezan Shira & Associates 2021*

Appendix 5. Infrastructure Overview

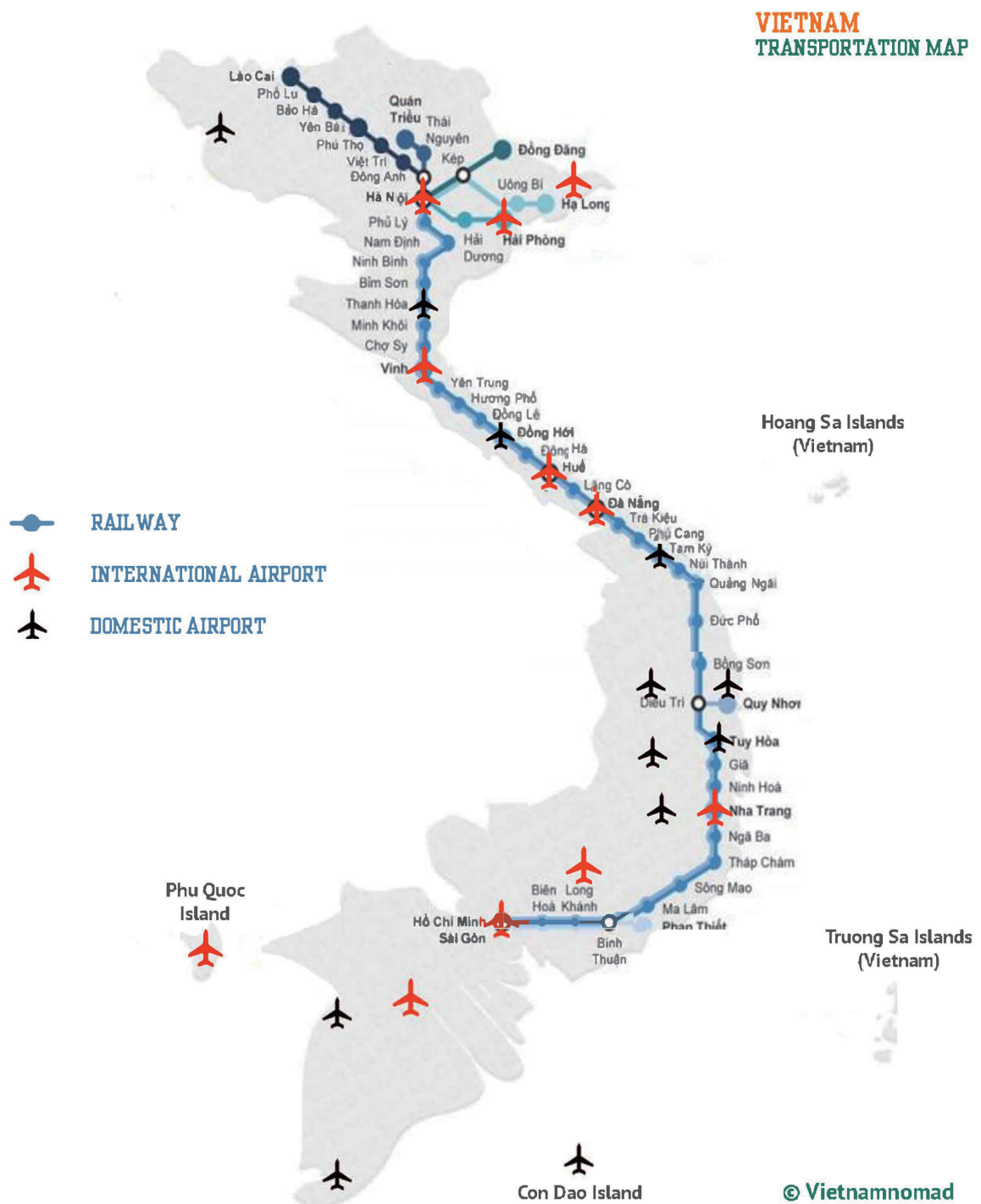
5.1 Infrastructure development in Vietnam

TABLE a5-1 Infrastructure Development

Road and Railway	The railway system in Vietnam is owned and operated by the state-owned Vietnam Railways, with a total of 3,143km. Thereinto, the main way covers 2,531km, and the branches include 612km.
Ports	The total length of the roads in Vietnam is 252,669 km (24.203km of the highway, 969km of expressway).
Airports	Another 654km of the expressway is still under construction of PPP. It is expected to finish 21 routes totalling 6411km on the expressway by 2030.
Telecom	<p>Vietnam's 1900 miles of coastline and 320 ports increasingly serve an important role in global trade. Vietnam has 44 seaports with a total capacity of 470-500 million tons per year. The major ports in Vietnam include Hai Phong, Da Nang, Qui Nhon, and Ho Chi Minh City and Vietnam has 320 smaller ports as well. Vietnam's Port Development Strategy aims to develop six regional port groups during 2020-2030, with 39 ports to be further constructed and expanded.</p> <p>Air transportation in Vietnam is supervised by the Civil Aviation Administration of Vietnam (CAAV) and the airport infrastructure is managed by three public companies of which the Airport Corporation is the largest.</p> <p>In total, Vietnam has 23 airports. Vietnam is served by three main international airports: Noi Bai International Airport (HAN), Tan Son Nhat International Airport (SGN) and Da Nang International Airport (DAD) located in Hanoi, Ho Chi Minh City and Da Nang respectively.</p> <p>The number of mobile subscribers with a 3G data connection is below the world average (39 subscribers per 100 people), while the number of subscribers with a 4G data connection is much lower and the 5G network has only been deployed on a trial basis in Vietnam. According to estimations from the Ministry of Information and Communications (MIC), the number of 4G subscribers will increase by over nine-fold from 2019 to 2024.</p>

Source: Ministry of Transport of Viet Nam n.d.; Ministry of Information and Communications of the Socialist Republic of Vietnam 2016

FIGURE a5-1 Vietnam Transportation Map



Source: Vietnamnomad n.d.

5.2. Logistics Development

In 2016, the Vietnam government approved the revised National Power Development Master Plan ("PDP VII") for the 2011- 2020 Period, with a vision for 2030. The PDP VII plan aimed to increase the share of renewable energy to around 7 per cent by 2020 and above 10 per cent by 2030 and reduce the use of imported coal-fired electricity to ensure energy security, climate change mitigation, environmental protection, and sustainable socio-economic development in Vietnam (Koushan Das 2020).

TABLE a5-2 Energy Sources in Vietnam

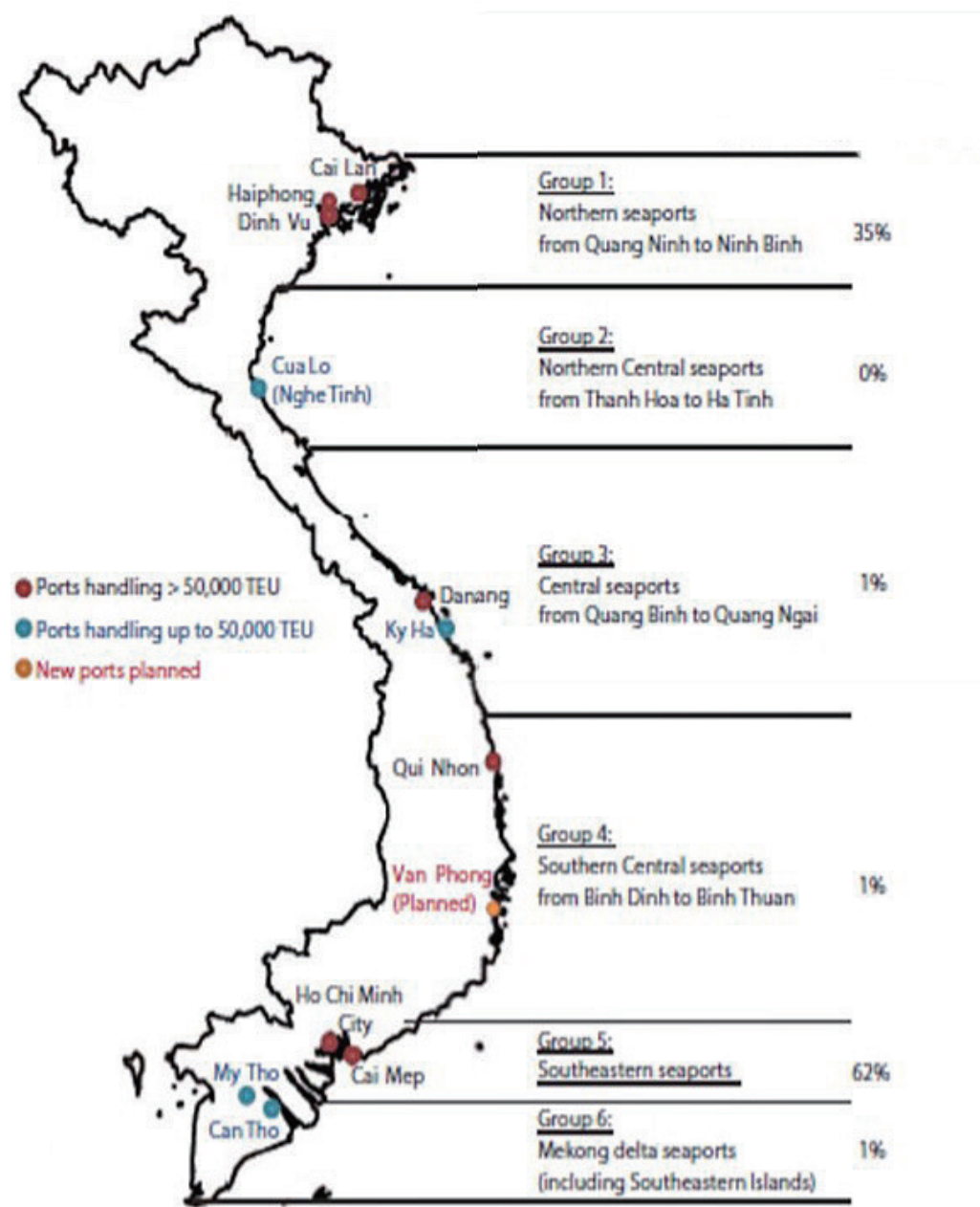
Renewable Energy Source	Installed capacity (MW)	Potential (MW)
Small hydropower	1648	7000(technical)
Wind	189.2	26763(technical)
Biomass	270	318630(technical)
Solar	8	7140(commercial)

Source: Koushan Das 2020

Appendix 6. Key Industries and Investment Opportunities

Vietnam is located in the centre of Southeast Asia, with a long coastline and close to many international shipping routes. Vietnam possesses a strategic position and an ideal export hub to reach other ASEAN markets.

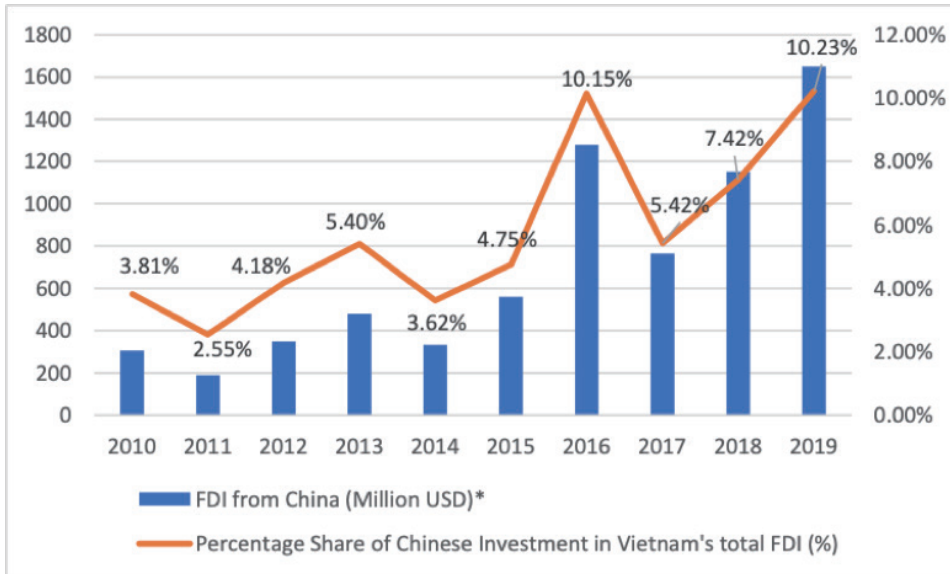
FIGURE a6-1 Listed Ports in Vietnam



Source: ESCAP 2017

Appendix 7. Chinese Investment in Vietnam

FIGURE a7-1 Chinese FDI to Vietnam (2010 – 2019)



Source: Ministry of Commerce of the People's Republic of China 2019; Ministry of Commerce of the People's Republic of China 2020

Chinese investment in Vietnam witnessed a 5.4-fold increase during 2010-2019, from USD 0.31 billion in 2010 to USD 1.63 billion in 2019. From 2010-2019, Chinese aggregate investment accounted for 6.3% of Vietnam's total FDI. In 2020, China's investment inflows ranked the third, 9.1% of total FDI inflows in Vietnam (Ministry of Planning and Investment of the Socialist Republic of Vietnam 2020b).

Appendix 8. COVID-19 in Vietnam

By Nicholas Leung¹ and Jeffrey Chung

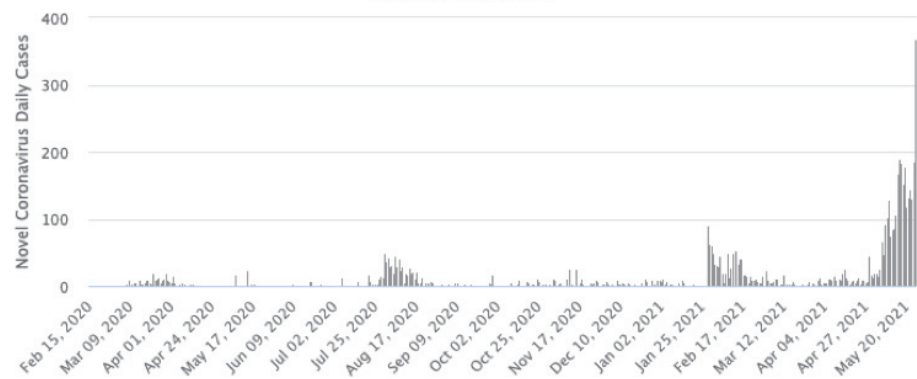
Key Figures (as of 1 June 2021) by Ministry of Health, Vietnam

- Cases: 7572
- Deaths: 48
- Recovered: 3043

Summary

COVID-19: Daily New Cases in Vietnam²

FIGURE a8-1 COVID-19: Daily New Cases in Vietnam



Source: Worldometer 2021

The first wave of COVID-19 pandemic in Vietnam began when two cases were confirmed in Ho Chi Minh City on 23 January 2020. They were father and son who returned to Vietnam after visiting Wuhan, China.³ On 1 February 2020, Prime Minister Nguyen Xuan Phuc declared the coronavirus an epidemic and implemented several national anti-epidemic policies⁴, such as nationwide and local lockdowns, school and border closures and 14-day mandatory quarantine.⁵ Also, the government released 'NCOVI',⁶ a mobile app which helps citizens record their health status. In May 2020, the first wave came to an end as no confirmed cases were recorded for weeks. Three months later, a new confirmed case identified in Da Nang on 22 July 2020 marked the beginning of the second wave. Later on, more cases were found after quarantining and mass testing around Da Nang, especially at the Da Nang C Hospital.⁷ To fight against the pandemic, the government reintroduced social distancing policies, including lockdowns and school and restaurant closures. After 6 months of effort, the second wave ended in December 2020.

¹ Nicholas Leung is CSHK Research Student Intern

² <https://www.worldometers.info/coronavirus/country/viet-nam/#graph-deaths-daily>

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7532489/>

⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7532489/>

⁵ <https://www.bloomberg.com/news/articles/2020-03-31/vietnam-orders-15-day-nationwide-isolation-from-april-1>

⁶ <https://ourworldindata.org/covid-exemplar-vietnam>

⁷ <http://www.jogh.org/documents/2021/jogh-11-03012.htm>

Very shortly afterward, the third wave in Vietnam started as the UK variant of COVID spread worldwide in January 2021 and a high number of UK variant cases were recorded in Vietnam.⁸ 791 locally transmitted cases were reported among the thirteen cities/ provinces across Vietnam from 25 January to 21 February, of which over 75% (611 cases) were in Hai Duong province.⁹ Later, an increased number of imported cases from Cambodia and by illegal immigrants led to multiple community outbreaks until April 2021. The latest, fourth, wave then came in May. The magnitude was unprecedented as the daily number of new cases kept breaking the record. On 25 May 2021, 447 new cases were confirmed, the highest daily number ever until the time of writing (1 June 2021).¹⁰ Multiple clusters were identified, such as the National Hospital of Tropical Diseases¹¹ and industrial parks in Bac Giang city. The Indian B16172 variant was found in different clusters, and it explained the surge throughout the fourth wave.¹² Furthermore, Vietnam's Health Minister showed recently that they identified confirmed cases with both of the elements of UK and India variants. Further research and reports about the UK-Indian variant will be published by the government.¹³

The Vietnamese government acquired COVID vaccines domestically and through WTO's COVAX vaccine-sharing scheme.¹⁴ By the end of 2021, Vietnam will have received 60 million jabs.¹⁵ AstraZeneca is being offered to specific groups of citizens such as front-line workers and elderlies since 23 March 2021. Sputnik V and Pfizer-BioNTech are planned for later this year. Several local vaccines (e.g. Nanocovax) were being produced and tested.¹⁶ Also, the Vietnamese government established a pharmaceutical price stabilization program to control the price of drugs and masks.¹⁷ Earlier, repatriation flights had been arranged to bring more than 4,000 citizens back from high-risk areas, such as Europe and the USA.¹⁸ To revive the economy, the government provided business incentives to minimize the impact of COVID, such as tax-break and tax payment deferral, which amounted to USD 1.16 billion.¹⁹ Vietnam also received financial assistance from foreign governments. The US Government has provided more than USD 4.5 million for fighting the pandemic.²⁰

8 <http://news.chinhphu.vn/Home/How-Viet-Nam-responds-to-third-wave-of-coronavirus/20212/43092.vgp>

9 <https://www.who.int/vietnam/internal-publications-detail/covid-19-in-viet-nam-situation-report-30>

10 <http://news.chinhphu.vn/Home/National-COVID19-patient-tally-increases-to-7572/20216/44062.vgp>

11 <https://vietnamnews.vn/society/945877/indian-coronavirus-variant-found-in-covid-19-cases-linked-to-national-hospital-for-tropical-diseases.html>

12 <https://www.straitstimes.com/asia/se-asia/vietnams-4th-wave-of-covid-19-is-its-first-real-wave-after-earlier-blips>

13 <https://www.bbc.com/news/world-asia-57296803>

14 <https://vietnamnews.vn/society/886300/vns-health-ministry-details-covid-19-vaccine-rollout-plan-lists-priority-groups-to-receive-the-shots.html>

15 <https://www.reuters.com/article/us-health-coronavirus-vietnam-idUSKBN2AN0AI>

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ABOUT CSHK PASS WORKSHOP SERIES AND CSHK

About CSHK PASS Workshop Series

The Research Centre for Sustainable Hong Kong (CSHK) of City University of Hong Kong is funded by the 'Professional Services Advancement Support Scheme' (PASS) of the Commerce and Economic Development Bureau, HKSAR Government to conduct a Project entitled 'Advancing Professional Development on Economic and Trade Cooperation Zones Along Belt and Road', with the objectives to enhance the understanding of Hong Kong professional services on Economic and Trade Cooperation Zones (ETCZs) along the Belt and Road countries, deepen the understanding of key stakeholders of ETCZs on the competitive edges of Hong Kong professional services and business sectors; and explore potential development opportunities via exchange of ideas and sharing of analyses.

From January 2021 to March 2022, the Project will organize 6 professional workshops and 2 symposia (opening and closing), inviting zone operators, local enterprises, professional service leaders, expert scholars and government officials as speakers to conduct comprehensive and in-depth sharing on opportunities, challenges and experiences of overseas development in 7 countries (Cambodia, Sri Lanka, Vietnam, Malaysia, Djibouti, Belarus and Myanmar) and their respective ETCZs. A tentative schedule is as follows:

Date	Programme
7 January 2021	Opening Symposium
8 February 2021	Professional Training Workshop 1 – Cambodia
27 April 2021	Professional Training Workshop 2 – Sri Lanka
June 2021	Professional Training Workshop 3 – Vietnam
August 2021	Professional Training Workshop 4 – Malaysia
October 2021	Professional Training Workshop 5 – Belarus & Djibouti
December 2021	Professional Training Workshop 6 – Myanmar
March 2022	Closing Forum

Activities are all free-of-charge, and they will mainly be conducted in English⁵ to project a global orientation and facilitate participation of overseas stakeholders. Each participant will get a training pack containing country information and analysis for each professional training workshop. Investment / enterprises representatives, representatives from professional service sector, scholars and students who are interested in understanding more about ETCZs are welcome to participate and interact to discover more opportunities for collaboration

The Project is supported and collaborated by a number of professional bodies and business chambers in Hong Kong, including Certified Management Accountants, Australia (Hong Kong Branch), Hong Kong Chinese General Chamber of Commerce (CGCC), Hong Kong General Chamber of Commerce (HKGCC), Hong Kong Institute of Certified Public Accountants (HKICPA), Law Society of Hong Kong and The Society of Chinese Accountants and Auditors (SCAA) (names listed in alphabetical order). We thank Golden Resources Group and Red Circle Company Limited for sponsoring the Project generously. Our Supporting Organizations include Association of Women Accountants Hong Kong, Hong Kong Financial Services Development Council and Supporting Units from City University of Hong Kong, including CityU Eminence Society, College of Business, CityU-TsinghuaU EMBA+MPA Programme, College of Engineering, College of Liberal Arts and Social Sciences, College of Science and School of Law.

About Research Centre for Sustainable Hong Kong (CSHK)

The Research Centre for Sustainable Hong Kong (CSHK), established in June 2017, is an Applied Strategic Development Centre of City University of Hong Kong (CityU). Professor Linda Chelan Li, Professor of Political Science at Department of Public Policy, CityU, is the Director of CSHK. The mission of CSHK is to analyze and develop solutions to meet critical sustainability issues in Hong Kong from a multi-disciplinary perspective. Members of CSHK are from a wide range of disciplines, including public policy, philosophy, international relations, applied social studies, communication, law, economics and finance, accountancy, management science, civil engineering, biological engineering and environmental science.

CSHK houses the Sustainable Hong Kong Research Hub (SusHK Hub) and supports all the research and collaborative activities with stakeholders from different sectors and regions. Established by a multi-disciplinary research team based in CityU in November 2016, SusHK Hub is an open platform and network for facilitating synergies and collaborations of our members from the academia, industry, professional services and business sectors, as well as government. Currently, it has over 2,000 local and overseas hub members, and has been supporting our research work and events closely.

CSHK has recently completed a 3-year Special Public Policy Research (SPPR) project entitled "Hong Kong Professional Services in the Co-evolving Belt-Road Initiative: Innovative Agency for Sustainable Development" Project funded by Policy Innovation and Coordination Office (PICO), HKSARG [S2016.A1.009.16S]. In recognition of CSHK's research in B&R, CSHK is also awarded the Humanities and Social Sciences Prestigious Fellowship Scheme (HSSPFS) by UGC in 2019. A Chinese book entitled 《解構・倡議—專業服務與一帶一路》(Co-evolution of Hong Kong's Professional Services and the Belt and Road Initiative) was published in July 2019 by City University of Hong Kong Press, and an English book entitled 'Facts and Analysis: Canvassing Covid-19 Responses' was published in February 2021.



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