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**VIETNAM, INDIA STRENGTHENING
COMPREHENSIVE STRATEGIC PARTNERSHIP**

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SUSTAINABLE AGRICULTURE**



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Indian Prime Minister Narendra Modi (R) welcomes Vietnamese Prime Minister Pham Minh Chinh at the presidential palace, New Delhi, August 1

VIETNAM, INDIA STRENGTHENING COMPREHENSIVE STRATEGIC PARTNERSHIP

Vietnam and India issued a Joint Statement on Strengthening of the Comprehensive Strategic Partnership between Vietnam and India on the occasion of Prime Minister Pham Minh Chinh's State visit to India from July 30-August 1.

Below is the full text of the joint statement:

1. At the invitation of the Prime Minister of India, H.E. Narendra Modi, the Prime Minister of Vietnam, H.E. Pham Minh Chinh paid a State Visit to India from July 30 - August 1 2024. Prime Minister Pham Minh Chinh was accompanied by a high-level official delegation including ministers and leaders of many ministries of Vietnam.

2. On August 1 2024, Prime Minister Pham Minh Chinh was accorded a ceremonial reception at the Rashtrapati Bhavan and he visited Raj Ghat to pay floral tributes to Mahatma Gandhi. This was followed by bilateral talks between the two Prime Ministers. Thereafter, the Prime Ministers witnessed the signing and exchange of bilateral documents. Prime Minister Pham Minh Chinh attended the banquet hosted by Prime Minister Narendra Modi. Prime Minister Pham Minh Chinh called on President of India H.E. Droupadi Murmu and the Vice President of India H.E. Jagdeep Dhankhar. External Affairs Minister of India H.E. S. Jaishankar called on Prime Minister Pham Minh Chinh. Prime

Minister Pham also delivered a policy speech at the Indian Council of World Affairs and addressed at the Vietnam-India Business Forum and held discussions with Indian businesses.

Political relation

3. The delegation level talks between Vietnam and India were held in a warm, cordial and friendly atmosphere. Prime Minister Pham Minh Chinh congratulated Prime Minister Narendra Modi on winning a historic third term and expressed his belief that India would continue its strong development course and have an increasingly greater role and position in the international arena under the leadership of Prime Minister Narendra Modi.

4. The leaders reviewed the deep-rooted and long-standing friendship between India and Vietnam and expressed their satisfaction with the strong development of bilateral relations since the elevation of the relationship to Comprehensive Strategic Partnership in 2016. The leaders agreed to continue the effective implementation of the outcomes of high-level talks and visits in





During their discussions, Prime Minister Pham Minh Chinh and Prime Minister Narendra Modi are committed to implementing strong measures aimed at doubling bilateral trade and investment turnover by 2030

recent years, including the India - Vietnam Joint Vision for Peace, Prosperity and People in 2020, and the outcomes of the meetings between Prime Minister Narendra Modi and Prime Minister Pham Minh Chinh on August 1 2024 in New Delhi, among others.

5. The leaders agreed to maintain regular exchanges at all levels. The leaders agreed that the current geo-political realities call for closer cooperation between India and Vietnam. They recognized convergence in their world view and expressed support for a greater voice and role for Global South in international affairs. The leaders agreed to further strengthen the Vietnam - India Comprehensive Strategic Partnership in all areas.

6. On the basis of the existing excellent bilateral relations, the two leaders agreed to maintain regular exchanges at all levels.

7. The leaders appreciated multi-dimensional institutional mechanisms between the two countries in the fields of foreign policy, security and maritime domain, defense cooperation, parliamentary exchanges, trade and investment, agriculture, healthcare, civil aviation, information and communication technology, science & technology including space & nuclear technology, tourism and culture. They agreed to intensify and strengthen the bilateral dialogue in various domains, including the Joint Commission for Economic, Trade, Science and Technology for mutual benefit. They welcomed the signing of the Plan of Action for the implementation of the Comprehensive Strategic Partnership for the period of 2024-2028.

Economic, trade and investment cooperation

8. As two rapidly growing economies, the leaders of India and Vietnam agreed to reinforce cooperation at the level of governments and businesses for increasing two-way trade, investment and technological partnership. The leaders agreed to further elevate trade from the present level of around US\$15 billion. Both sides also agreed on the need for

closer cooperation on removing trade barriers with a view to facilitating and enhancing bilateral trade. They concurred that the ongoing review of ASEAN-India Trade in Goods Agreement should generate a more user-friendly, simple and trade facilitative regime for both countries.

9. The leaders agreed to continue efforts to promote investment flows between the two countries. Vietnam welcomed investment from India in infrastructure, high technology, source technology, clean technology, information technology, support and manufacturing industries, textile, automobile and materials industry, green agriculture, smart agriculture, innovation and startups, semi-conductors, renewable energy and energy conservation projects, electricity generation, biogas and polyester fabrics, among others, in Vietnam. India welcomed investment from Vietnam in agriculture, agro-processing, aquaculture, wood processing, urban development and infrastructure, production of bamboo and forestry products, hospitality and tourism, digital technology, e-vehicles, healthcare and services in India. This mutual commitment aims to further strengthen the economic cooperation between the two countries.

10. India welcomed Vietnam's decision to join the Coalition on the Disaster Resilient Infrastructure and early completion of domestic procedures to officially join the International Solar Alliance. Vietnam appreciated India's Global Bio-fuel Alliance initiative.

11. As two coastal countries in the region, they agreed to bolster cooperation in oceanography, marine sciences and blue economy, as well as in capacity building in this area. The leaders also reiterated their mutually beneficial cooperation in the oil and gas sector, including exploration and production in Vietnam's continental shelf.

12. The leaders agreed to enhance sharing of experiences in building regulations and policies supporting the promotion of e-



The two Prime Ministers witness the signing of nine cooperation agreements between the two countries

commerce and digital economy. Support businesses from both sides to participate in e-commerce and digital platforms to take advantage of e-commerce in improving export capacity and participating in regional and global value chains in a sustainable way. They also encourage relevant government agencies and businesses of both sides to explore cooperation opportunities in green economy, circular economy, digital economy and critical industries such as rare earth elements, semi-conductor, nano materials.

Defense and security cooperation

13. The leaders commended the effective implementation of the Joint Vision Statement on India-Vietnam Defense Partnership towards 2030 and strengthening of defense cooperation between the two countries in recent years covering dialogues, training and capacity building cooperation, exchange of best practices, exercises, defense policy and industry cooperation. They agreed to further enhance defense cooperation based on mutual interest and priorities of the two countries which will also contribute to greater stability in the wider Indo-Pacific region.

14. The leaders agreed to continue enhancing cooperation in various areas including human resource development and maintaining collaboration in peace-keeping operations, hydrography, cybersecurity, information sharing, strategic research, maritime security, maritime safety, search and rescue operations, humanitarian assistance, disaster management, and emergency response and relief.

15. The leaders agreed for the early operationalization of the Implementing Arrangement on Hydrography and forming a Joint Committee.

16. The leaders welcomed the signing of Loan Agreement under US\$300 million Line of Credit extended by the Government of India to the Government of Vietnam for defense procurement.

Innovation and science & technology cooperation

17. The leaders reiterated the significance of digital technologies and encouraged the development of a framework to promote bilateral cooperation in financial innovation and digital payments between Vietnam and India.

18. Recognizing the national priorities of both countries for digital transformation and energy transition, the leaders decided to encourage greater exchanges and cooperation in areas such as digital public infrastructure, space technology applications, renewable energy, biotechnology and disaster resilience technologies.

19. The leaders noted with satisfaction the ongoing collaboration in the field of peaceful use of atomic energy and agreed to intensify follow-up on various avenues of further cooperation emerging from the 3rd India-Vietnam Joint Committee Meeting on atomic energy.

20. They welcomed the progress towards the establishment of ASEAN-India tracking, data reception station and data processing facility in Vietnam.

Development, culture, tourism cooperation and people-to-people exchanges

21. The leaders appreciated bilateral development cooperation under the framework of Mekong-Ganga Cooperation through quick impact projects, ITEC training and educational scholarships. They appreciated the establishment of Centre of Excellence for Software Development and Training at the Posts & Telecommunications Institute of Technology, Ho Chi Minh City with Indian cooperation. They also welcomed the establishment of Army Software Park at Telecommunications University, Nha Trang with support of the Government of India.

22. The leaders encouraged greater student, faculty and





research exchanges between universities, think-tanks and other institutions of the two countries in the context of ‘Viksit Bharat @ 2047’ and Vietnam’s vision to become a high-income developed country by 2045. They also supported collaboration among institutions on issues of interest to Global South.

23. They appreciated the increase in direct flights between the two countries which have expanded two-way travel and tourism flows. They encouraged further increase in connectivity and tourism between India and Vietnam.

24. Recalling historical and heritage bonds between the two countries, the leaders encouraged greater exchange of Buddhist scholars, monks, pilgrims, students, and in this direction welcomed the ongoing development of Buddhist and other spiritual sites and institutions. Vietnam appreciated India’s commitment for the restoration and conservation of My Son UNESCO World Heritage Site and the work done by Archaeological Survey of India in the A, H and K Blocks as well as the forthcoming project in the F Block.

25. India appreciated Vietnam’s support for the annual organization of the International Day of Yoga in a large number of Vietnamese cities and provinces. The leaders expressed support for greater cooperation among yoga institutions of the two countries and the bilateral exchanges in the field of traditional medicine, including the field of medicinal plants. They also agreed to enhance cultural exchange and media cooperation between the two countries.

Regional and international cooperation

26. The leaders agreed on the key role of ASEAN Centrality in the evolving regional architecture for regional peace, stability and prosperity. They supported further strengthening of ASEAN-India Comprehensive Strategic Partnership which complements bilateral relations with respective Member States. The leaders appreciated the ASEAN-India Joint Statement on Cooperation on the ASEAN Outlook on the Indo-Pacific (AOIP) for Peace, Stability, and Prosperity in the Region which provides opportunities for further cooperation between the AOIP and Indo-Pacific Oceans Initiative. They agreed to continue strengthening cooperation and mutual support at all international fora. India appreciated Vietnam’s consistent support for India’s permanent membership in the reformed United Nations Security Council.

27. Underlining the link between prosperity and security, the leaders reaffirmed the importance of maintaining peace, stability, security and freedom of navigation and overflight in the East Sea, while pursuing the peaceful resolution of disputes in accordance with international law, particularly the 1982 United Nations Convention on the Law of the Sea (UNCLOS), without resorting to threat or use of force. Both leaders underscored the importance of non-militarization and self-restraint in the conduct of all activities by claimants and all other states, and avoidance of actions that could further complicate the situation or escalate disputes affecting peace and stability. Both leaders emphasized the legal framework set out by the UNCLOS within which all activities in the oceans and seas must be carried out, and that UNCLOS is the basis for determining maritime entitlements, sovereign rights, jurisdiction and legitimate interests over maritime zones. Both leaders further called for the full and effective implementation of the Declaration on the Conduct of Parties in the East Sea (DOC) in its entirety and the substantive negotiations towards the early conclusion of a substantive and effective Code of Conduct in the East Sea (COC) in accordance with international law, especially UNCLOS, that does

not prejudice the legitimate rights and interests of all nations including those not party to these negotiations.

28. Both leaders unequivocally condemned terrorism in all forms and manifestations, including cross-border terrorism. They stressed the importance of international collaboration in combating this menace in accordance with international law, particularly the principles of the United Nations Charter, and reiterated their commitment to joint efforts in this endeavor.

29. The leaders welcomed the signing of various bilateral cooperation documents, which are annexed.

30. The Prime Minister of Vietnam appreciated the arrangements for the visit and hospitality extended to him and his delegation. He extended an invitation to the Prime Minister of India to visit Vietnam. ■

List of India-Vietnam Agreements, MoUs and Announcements

- Plan of Action to advance Comprehensive Strategic Partnership between India and Vietnam 2024-2028.
- Memorandum of Understanding for Cooperation in Customs Capacity Building between CBIC, India and the General Department of Vietnam Customs, Vietnam.
- Memorandum of Understanding between Central Agricultural University, Imphal, Manipur and Vietnam Academy of Agricultural Science, Hanoi for cooperation in Agricultural Research and Education.
- Memorandum of Understanding between Ministry of Law & Justice of India and Ministry of Justice of Vietnam on cooperation in the legal field.
- Memorandum of Understanding between Prasar Bharati and the Voice of Vietnam for Cooperation on Radio and Television.
- Dollar Credit Line Agreement of US\$120 million between the Government of the Socialist Republic of Vietnam represented by Ministry of Finance (MoF) and Export-Import Bank of India (EXIM) and Dollar Credit Line Agreement of US\$180 million between the Government of the Socialist Republic of Vietnam represented by Ministry of Finance (MoF) and Export-Import Bank of India (EXIM).
- Letter of Intent between India and Vietnam for restoration and conservation of ‘F’ Block at My Son UNESCO World Heritage site.
- Memorandum of Understanding between the Traditional Medicine Administration Ministry of Health of the Socialist Republic of Vietnam and the National Medicinal Plants Board Department of Ayush, Ministry of Ayush of Government of the Republic of India on Cooperation in the Field of Medicinal Plants.
- Memorandum of Understanding between the Ministry of Culture, Sports, and Tourism of the Socialist Republic of Vietnam and the Ministry of Ports, Shipping, and Waterways of the Republic of India on Cooperation and Development of the National Maritime Heritage Complex (NMHC) at Lothal, Gujarat.
- Virtual Inauguration of Army Software Park at Telecommunications University Nha Trang, Vietnam.
- Vietnam to join the Coalition for Disaster Resilient Infrastructure (CDRI).

VCCI ENGAGES IN ADVANCING “MAKE IN VIETNAM” DIGITAL TECHNOLOGY



Minister of Information and Communications Nguyen Manh Hung and VCCI President Pham Tan Cong sign the cooperation agreement

Recently, Mr. Nguyen Manh Hung, Minister of Information and Communications and Mr. Pham Tan Cong, President of Vietnam Chamber of Commerce and Industry (VCCI) signed a cooperation agreement to enhance investment and trade for "Make in Vietnam" digital technology products. It aims to advance digital transformation, foster digital economic development, and enhance the digital society from 2024 to 2026, with vision to 2030.

HUONG LY

The event highlighted a significant collaboration between the Ministry of Information and Communications (MIC) and the Vietnam Chamber of Commerce and Industry (VCCI). This partnership aims to support Vietnamese digital technology enterprises in expanding their market presence both domestically and internationally,

contributing to Vietnam's aspiration to become a high-income country by 2045.

At the ceremony, VCCI President Pham Tan Cong emphasized the importance of the growth and development of Vietnamese digital technology enterprises. He highlighted that these advancements contribute to fulfilling the national digital transformation objectives outlined in the documents of the 13th National Party Congress. Additionally, they play an important role in achieving the goals for nurturing entrepreneurs and enterprises as stipulated in Resolution 41 of the Politburo.

This initiative also serves to implement the tasks assigned by the Prime Minister to the VCCI and MIC under Directive

01/2020/CT-TTg, which focuses on promoting the growth of Vietnamese digital technology enterprises.

VCCI President Pham Tan Cong emphasized that Vietnamese digital technology enterprises are crucial to advancing the national digital transformation and the development of the digital economy and society. He affirmed that VCCI is fully committed to supporting "Make in Vietnam" digital technology products, aiming to enhance their competitiveness, improve business performance, and meet the demands of promoting digital transformation.

According to the cooperation agreement, the focus will be on enhancing trade promotion and investment in "Make in Vietnam" digital technology products, solutions, and services, aiming to support digital transformation, foster the growth of the digital economy, and advance the digital society in the domestic market.

The two sides will engage in a range of activities, including communication, investigative research, and surveys to assess the digital transformation needs of enterprises; organizing trade promotion conferences; and facilitating supply-demand matching. Notably, VCCI and MIC will identify and select ten exemplary "Make in Vietnam" digital technology products, solutions, and services across various sectors. These selected products will be piloted to evaluate their effectiveness for broader implementation, aiming to enhance practical benefits for both individuals and businesses.

Additionally, VCCI and MIC will assist businesses in expanding into international markets with their "Make in Vietnam" digital technology products. This support will include activities such as facilitating the registration and



☞ protection of intellectual property rights and technology transfer abroad; connecting and introducing trade partners; and offering information, guidance, and consulting services for businesses engaged in trade and investment promotion activities overseas.

VCCI President Pham Tan Cong affirmed that, leveraging its longstanding presence and influence in the Vietnamese business community, VCCI must lead by example in digital transformation. By applying advanced information technology to its own operations, VCCI aims to set a precedent, guiding and mobilizing its network of 200 associations and nearly 1 million Vietnamese businesses to embrace digital transformation. Successfully implementing digital transformation within VCCI will not only inspire confidence but also serve as a model for other Vietnamese associations and businesses, fostering widespread adoption and trust in the process.

Mr. Nguyen Khac Lich, Director of the Authority of ICT Industry and Communications, highlighted the significance of the cooperation agreement between MIC and VCCI. He emphasized that the agreement is designed to advance the "Make in Vietnam" policy and enhance the development and implementation of domestically produced digital technology products. This initiative is crucial for driving digital transformation, fostering the growth of the digital economy and building a digital society in Vietnam.

At the event, Minister of Information and Communications Nguyen Manh Hung emphasized that digital transformation is fundamentally a revolution of change rather than a mere technological shift. It is characterized by a focus where 70% of the transformation is centered on change and 30% on technology.

Minister Hung emphasized, "The role of leadership is crucial to the success of digital transformation. Leaders must



VCCI President Pham Tan Cong delivers a keynote speech at the event

be genuinely committed, actively involved, and proficient in using digital technologies. If leaders do not engage directly, provide hands-on direction, or undergo their own transformation, the initiative is unlikely to succeed."

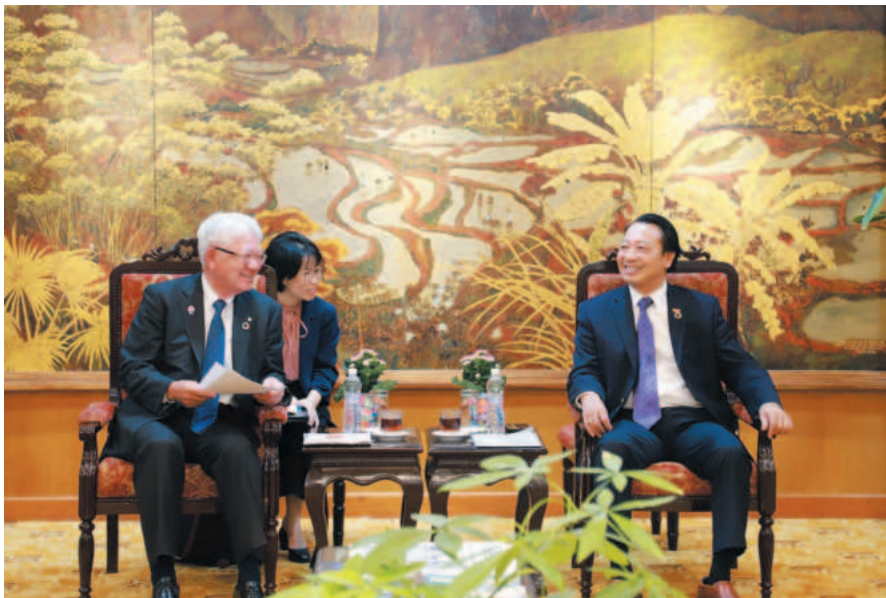
VCCI President Pham Tan Cong affirmed that VCCI embodies a spirit of innovation and boldness. He emphasized that VCCI is committed to pioneering and embracing digital transformation with strong determination.

"VCCI is ready to facilitate connections between business associations and the Vietnamese business community to deploy 'Make in Vietnam' digital technology products," said VCCI President Pham Tan Cong. "Our goal is to enhance competitiveness and business performance in order to meet the demands of advancing digital transformation, and developing the digital economy and digital society." ■



This cooperation agreement aims to broadly disseminate and advocate for the imperative of digital transformation in the Vietnamese business community

VIETNAM AND KOBE (JAPAN) EYE ENHANCED BUSINESS COOPERATION OPPORTUNITIES



VCCI Vice President Nguyen Quang Vinh (R) welcomes the delegation from the Kobe Chamber of Commerce and Industry, Japan, led by Mr. Kawasaki Hiroya

Vice President Nguyen Quang Vinh of the Vietnam Chamber of Commerce and Industry (VCCI) received a delegation from the Kobe Chamber of Commerce and Industry, Japan, led by Mr. Kawasaki Hiroya at the VCCI headquarters on July 24. The meeting focused on increasing cooperation opportunities for the Vietnamese business community and Kobe City.

GIANG TU

Speaking at the meeting, Mr. Kawasaki Hiroya, President of the Kobe Chamber of Commerce and Industry, emphasized that Vietnam is an attractive destination for Kobe businesses. In recent years, representatives from Kobe have made frequent visits to Vietnam to conduct field surveys and engage in business discussions. He expressed his desire to promote effective and substantive cooperation between Kobe City and VCCI to support Kobe businesses to expand investment in Vietnam. He also introduced the potential and strengths of Kobe

City and invited VCCI Vice President Nguyen Quang Vinh and Vietnamese businesses to attend Expo 2025 Osaka, Kansai next April. Themed “Designing the future society for our lives”, this exhibition aims to encourage global cooperation to create a sustainable society, in line with the goals of the United Nations. This event will be the foundation for achieving 17 sustainable development goals (SDGs) set by the United Nations by 2030 and an opportunity to test the prospect of building a 5.0 society.

He expressed hope that the two parties will enhance cooperation and develop programs to strengthen business connections between Vietnam and Kobe, thereby deepening the strong cooperative relationship between Vietnam and Japan.

VCCI Vice President Nguyen Quang Vinh highly appreciated the role of the Kobe Chamber of Commerce and Industry in fostering business

cooperation between Vietnam and Japan. Japan is one of the major investors in Vietnam, he said, adding that VCCI has operated a Japanese business helpdesk since the 1990s.

Vinh emphasized that Vietnamese and Japanese businesses are applying new business models, not only aiming to create jobs and bring economic values but also achieving new environmental values and contributing to the common social prosperity. He also appreciated the speech delivered by President Hiroya and expressed his desire to bolster the two-way cooperation.

To better the future cooperation, the two sides need to build a solid foundation of relations, promote connections to expand the search for more business and investment opportunities for companies in Kobe City and Vietnam, Vinh proposed. He also suggested that the Kobe Chamber of Commerce and Industry pay attention to encouraging Kobe businesses to invest in areas of Vietnam’s concerns like industrial manufacturing, high-tech agriculture, processing, import and export of agricultural products.

Vinh agreed that VCCI will widely inform its members of Expo 2025 and proposed that a Vietnam-Kobe business forum could be held at the event. As Chairman of ASEAN BAC Vietnam, he will also call on ASEAN countries to attend Expo 2025.

The meeting demonstrated the commitment and determination of both sides in building a long-term and sustainable cooperative relationship between Vietnamese and Japanese businesses while opening up many new opportunities for cooperation and development in the future. ■

HARNESSING TECHNOLOGY 5.0 FOR SUSTAINABLE AGRICULTURE



Agriculture Forum 2024: Smart Agriculture Breakthroughs from Technology 5.0

After nearly 40 years of innovation, Vietnam's agriculture sector has always been a cornerstone of its economy. In 2023, Vietnam was among the top 15 global agricultural exporters with a US\$26.4 billion export value, up over 17% from the previous year. Despite this success, challenges in sustainability and productivity remain. Vietnam is addressing these by integrating high-tech and smart agriculture solutions for more sustainable practices.

QUYNH ANH

Developing both production scale and level

At the Agriculture Forum 2024: Smart Agriculture Breakthroughs from Technology 5.0, recently organized in Hanoi by Vietnam Chamber of Commerce and Industry (VCCI)'s Business Forum Magazine in collaboration with other relevant agencies, Mr. Hoang Quang Phong, Vice President of VCCI, highlighted the continued growth of Vietnam's agricultural sector. He emphasized that the sector has not only expanded in both scale and sophistication but has also maintained a robust growth rate in recent years. This progress underscores agriculture's role as a cornerstone of the

economy and its contribution to ensuring national food security.

In the first half of 2024, the agriculture, forestry, and fishery sector experienced an expansion of 3.38%, marking the highest growth rate for the first half of the year in the past five years. Specifically, agriculture grew by 3.15%, forestry by 5.34%, and fishery by 3.76%. Additionally, the sector's export value reached US\$29.2 billion, reflecting a 19% increase year on year.

"Given these results, the agricultural sector is optimistic about achieving its full-year export target of US\$57-58 billion. This target is US\$2-3

billion higher than the goal set by the Government at the beginning of the year," he said.

According to Mr. Nguyen Do Anh Tuan, Director of the Department of International Cooperation (Ministry of Agriculture and Rural Development), Vietnam's agriculture has maintained high annual growth of 3-4% in recent years. Especially since 2021, with many domestic efforts and global price hikes of many agricultural products, agricultural growth was 3.4 - 3.8%. Currently, Vietnam is among the Top 5 exporters of pangasius, rice, coffee, cashew nuts, black pepper, tea, cassava and wood products.

However, growth must be higher year by year while Vietnamese agriculture is facing a lot of challenges, he said, citing that productivity has reached the threshold, particularly in key agricultural products like rice, coffee, pepper and pangasius which are all at the world's highest productivity, while natural resources are declining. Cultivated land is hardly expanded or must be converted into urban land or gradually degraded. Besides, new regulations of countries on food safety, technical barriers on the environment are challenging, most typically new regulations on anti-deforestation in Europe.

In particular, major current difficulties of the agricultural sector are climate change, market fluctuations and changes in consumption trends. The main principle and approach of the agricultural sector is to create more value with fewer inputs, fewer natural resources and less labor.

"To do that, we can only take advantage of scientific and technological achievements, including high-tech agriculture, to create a more valued, greener, and cleaner economy," he emphasized.

Reforming and enhancing the development policy for high-tech agriculture

In the context of mixed opportunities and challenges from the industrial revolution, Vietnamese agriculture will find it increasingly difficult to remain competitive by relying on low-cost, labor-intensive, and resource-based approaches, said Phong. It is necessary to change the mindset in agricultural development, that is, to shift from agricultural production to agricultural economy.

Technology 5.0-driven agriculture envisions a future where agriculture is highly efficient and productive through the synergy of human collaboration with advanced science and technology. Leveraging technology 5.0, producers and farmers will benefit from enhanced access to cutting-edge tools and comprehensive skills training, enabling them to adapt to new technological advancements. This approach aims to facilitate the creation of multi-value agricultural products, supporting the goals of sustainable agriculture.

According to Mr. Dang Kim Son, Permanent Vice Chairman of the Association of Advanced Technology Enterprise in Agriculture (ATEA), the government needs to have necessary support policies for high-tech agricultural development. It should form high-tech agricultural parks and high-tech agricultural regions with specialized areas of key agricultural products.

Here, the government and businesses will collaborate to invest in comprehensive infrastructure and support services. They will form value chains linked into ecosystems operated by leading processing firms to increase the value of agricultural products and bring products to the market. Surrounding this core are local small and medium businesses that supply input materials and services for production and business. Farm cooperatives and farmer households are linked to build consistent technological processes and origin of goods, supply quality-guaranteed raw materials on schedule to processors and traders.

In addition, it is necessary to apply special preferential policies to attract and support large firms to invest in high-tech agriculture. Vietnam's ability to sustain its role as a driving force for the country's economy, society, and environment hinges on the successful adaptation and advancement of its leading science and technology firms. And this process has gone beyond the stage where it can only rely on the individual efforts of the units but there must be concerted coordination among businesses, between businesses with scientific and technological organizations, between businesses with farmers based on an effective policy and law system of the government.

Therefore, it is necessary to promptly reform the



Vietnam is increasingly adopting high-tech and smart agriculture practices to promote sustainable development

mechanisms and refine the organizational systems of research institutes and universities. This includes integrating research and training, fostering an environment that motivates scientists to focus on innovation, and ensuring that attention is given to the practical outcomes of scientific products, Son said.

Simultaneously, it is essential to expedite the reform of mechanisms and enhance the organization of the agricultural extension system and technology consulting services. Establishing a strong customer service relationship with technical transfer personnel and aligning producer service effectiveness with their interests is crucial. Additionally, it is imperative to reform technician training methodologies and assemble teams of highly skilled professionals to deliver superior service to all agricultural stakeholders. These efforts will drive reforms in procedures, management mechanisms, and support policies for high-tech agriculture parks and regions. The goal is to foster the development of industry clusters, high-tech agriculture hubs, and innovative startup incubators.

Reportedly, the Ministry of Agriculture and Rural Development coordinated to establish the Food Innovation Network in Vietnam to coin an innovation ecosystem by mobilizing domestic and international experts and scientists to link businesses and government agencies to address problems arising from value chains and improve the quality of food and food products.

In the coming time, the Ministry of Agriculture and Rural Development and relevant agencies will advise on policy reforms regarding land and infrastructure to generate momentum in land concentration and sufficient land fund for businesses to invest in high-tech agriculture and supporting industries; credit policy; clear and transparent tax policy; science and technology research policy; and human resource training, said Mr. Nguyen Do Anh Tuan.



Innovation "locomotives" are needed

Mr. PHAM HONG QUAT

DIRECTOR OF NATIONAL AGENCY FOR TECHNOLOGY
ENTREPRENEURSHIP AND COMMERCIALIZATION DEVELOPMENT

The innovation initiative network is highly appreciated, especially in agriculture, because this is a very useful initiative for Vietnam in the world economic forum. The Ministry of Science and Technology is also making efforts to launch initiatives for domestic and international connection, linkage and cooperation.



Resources from research institutes and universities need to be combined and materialized by the business sector to meet market needs and cope with international challenges and requirements. The government is the place to launch enabling initiatives, not do it for them, and the private sector plays a very important role in providing resources and measuring the effectiveness of policies and support programs of the Government.

This open approach to innovation requires the extensive participation of corporations, especially industry leaders, because they place purchase orders and solve global and regional issues.

Currently, in addition to global challenges such as land degradation and climate change, Vietnamese agriculture faces significant issues that demand urgent attention. Adopting a sharing economy and fostering collaborative partnerships in agriculture are crucial steps to address these challenges and improve outcomes for farmers. It is essential to introduce leading initiatives and strategic players to drive competition and innovation, ultimately enhancing the sector's resilience and productivity.

Close collaboration between agribusinesses and scientific agencies is essential

Mr. HA VAN THANG

CHAIRMAN OF VIETNAM COUNCIL OF
AGRICULTURAL COMPANIES
(VCAC)

To truly make science, technology and innovation the foundation of smart and sustainable agriculture, the approach needs to focus on scientific organizations and agricultural businesses in investing activities.



To achieve smart agriculture, it is essential to develop smart human resources. In Vietnam, however, many farmers and agricultural professionals continue to rely on traditional farming methods. The adoption of new scientific and technological advancements in agricultural production is still limited, and there are few robust and sustainable linkage models in place. To overcome these challenges, it is important to focus on enhancing the skills and knowledge of agricultural workers and fostering closer integration between technology and farming practices.

Therefore, the close linkage between agribusinesses and scientific organizations is essential for creating a cohesive and robust foundation for agricultural development, leveraging resources effectively, fostering innovation, and building a framework for green, circular, and sustainable agricultural practices.

At present, 63 provinces and cities across the country have state-owned scientific centers, organizations and enterprises. Many centers have received big budgets, modern equipment and cutting-edge technologies but most of them have not been able to promote their available resources due to the inadequate legal basis to initiate cooperation and association with domestic and foreign organizations and individuals, thus causing a huge waste of resources.

In addition, we lack a strong legal framework for public-private partnership and innovation. The use of public assets for development cooperation remains unsmooth. Legal regulations for new economic models, green economy, circular economy, including innovations, are not enough.

Therefore, the government needs to promptly complete legal regulations in a positive and open direction to have appropriate policies for agricultural investment cooperation for both public and private sectors. At the same time, it needs to promptly issue strong regulations to shape a legal framework for new economic models, green economy and circular economy.

Development cooperation and innovation models need to be allowed to be tested and piloted in an open mechanism rather than be governed by old regulations on the principle that we can do what is not prohibited by law.

Planning must align with production output

Mr. PHAM DINH NAM

DIRECTOR OF VIETNAM INSTITUTE OF AGRICULTURAL TECHNOLOGY
APPLICATION AND DEVELOPMENT

First of all, to effectively assess whether high-tech agriculture is adequately supported, it is essential to clearly define its concept and evaluate the corresponding policies and mechanisms in place.

Second, high-tech agriculture will be linked to planning. Planning requirements need to be broad enough to align with



production output and minimize fragmentation and small-scale operations. High-tech agriculture needs to develop in highland and mountainous areas by applying technologies to create valuable products for society and meet quality standards for export. Planning is very important. Agricultural subjects are smallholding farmers, cooperatives and enterprises with difficult access to planning. When planning is not resolved well, it will involve many other issues such as logistics and transportation, which are both costly and ineffective.

The third is collateral-related policy. When investing in high-tech agriculture, businesses must spend a lot of money on infrastructure systems such as greenhouses and net houses or products grown on agricultural land need to be considered as collateral assets for credit loans.

Fourth, it is necessary to determine whether high-tech agriculture contributes to greenhouse gas (GHG) emissions and to establish accurate measurements and counts for the creation of carbon credits. This area remains underexplored and has not yet been thoroughly investigated. There needs to be basic and accurate research on high-tech agriculture from institutes, universities and relevant agencies. Therefore, it is very important to have businesses ready to invest in manufacturing selected industry-specific products. To support specific industries, it is necessary to have the synchronous development of e-commerce and warehouse-free commerce to reduce production costs and logistics costs.

Unlocking capital for high-tech agriculture

Mr. LE VAN TUAN

DEPUTY DIRECTOR OF CREDIT POLICY DEPARTMENT, VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (AGRIBANK)

There are still many difficulties and obstacles in lending credit for high technology. Specifically, high-tech agricultural development policies are still inadequate: It is hard to use agricultural ownership certificates to mortgage for bank loans; generic and unspecific criteria for determining high-tech agriculture and clean agriculture programs and projects. There are no regulations on which agency confirms project criteria and commercial banks subsequently lack the ground for determining program-based lending.

In addition, there is a lack of investment capital for high-tech agriculture. This is an important factor because there must be large investment capital for infrastructure construction, environmental treatment, crop and livestock varieties, machinery, technology, labor training, product introduction and consumption.

Land accumulation and rural infrastructure remain inadequate. It is necessary to have a large area of well-



positioned land for high-tech agricultural production. However, at present, agricultural development lacks planning while land accumulation and concentration is slow.

Agricultural land policy has not encouraged farmers to protect land and invest in land for the long term. In addition, agricultural land is still very fragmented. Given this reality, if authorities at all levels do not have solutions to promote land accumulation to form large-scale fields, it will be difficult to encourage farmers to expand production, build farms, and apply high-tech to agricultural production.

Advancing high-tech human resource training

Dr. TRINH VAN THIEN

CHAIRMAN OF HAI DUONG FARMERS' UNION

Developing smart agriculture, high-tech agriculture and 5.0 agriculture is one of the popular trends adopted by many companies, farmers, and cooperatives. This approach has demonstrated its effectiveness and contributed significantly to revitalizing the agricultural sector.



Therefore, it is recommended that agricultural businesses form joint ventures and partnerships with farmers' organizations to support training in high-tech human resources. The agricultural labor force accounts for a very high share but its productivity is low. Currently, we are facing major challenges from the shortage of professionally skilled, qualified workers to meet the demand for human resources for smart agriculture. This is considered the core in developing smart agriculture.

Moreover, it is necessary to support investment in agricultural production infrastructure, especially information infrastructure systems for e-commerce and agricultural processing infrastructure. Rural areas are characterized by small-scale production, poor information technology infrastructure, and uneven resource levels. This is an area where information technology infrastructure is currently underdeveloped and needs significant enhancement. It is important to shift its focus from entertainment to supporting agricultural production.

The main smart agricultural products need to have commercial production commodity, have current and potential markets, and have sufficient conditions for development such as land, climate and weather. Although high-tech applications and advanced technological solutions, driven by digitalization and connectivity, are being integrated to develop innovative agricultural models, the field of smart agriculture remains relatively nascent. At present, agriculture produces a large volume of output but with relatively low value, and the efficiency of land and resource utilization is inadequate. ■

Robust Export Performance Driving Expansion into New Markets

Despite global economic volatility, Vietnam has experienced optimistic economic growth, highlighted by an impressive import and export value of US\$439.88 billion in the first seven months of 2024.

HUONG LY



Exports of computer and electronic components surge by nearly 30% in the first seven months of the year

FDI sector sustain strong export performance

The latest report from the General Statistics Office (GSO), released on July 29, indicates that the merchandise import and export value for July was estimated at US\$69.72 billion. This represents an 8.7% increase from the previous month and a 21.8% rise compared to the same period last year.

Of the sum, the merchandise export value was US\$35.92 billion in July, up 6.7% month on month and 19.1% year on year, totaling US\$ 226.98 billion in the first seven months, up 15.7% year on year.

The domestic economic sector contributed US\$63.08 billion to exports, marking a 21.1% increase and representing 27.8% of the total export value. In contrast, the foreign-invested sector (including crude oil) accounted for US\$163.9 billion, reflecting a 13.8% year-on-year rise and comprising 72.2% of the total exports.

Vietnam enjoyed a trade surplus of US\$14.08 billion in the first seven months of 2024. Specifically, the domestic economic sector suffered a trade deficit of US\$14.92 billion while the foreign-invested sector (including crude oil) took a trade surplus of US\$29 billion.

Experts are confident that the export growth target of 6% in 2024 is completely feasible. The fact that many Vietnamese products are sold most globally affirmed

Vietnam's position on the world trade map. However, to maintain and develop further, the country needs to constantly reform, improve product quality, diversify markets and quickly adapt to more stringent requirements of the international market.

Diversifying markets

Regarding export markets, the United States was Vietnam's largest export partner with an estimated US\$66.1 billion. Vietnam imported most from China, spending US\$79.2 billion.

In fact, in addition to traditional markets such as the United States, the European Union (EU) and China, Brazil, India and the United Arab Emirates (UAE) are new potential markets which may have high demand for Vietnamese goods. This move helped reduce risks from dependence on some key markets.

Mr. Tran Thanh Hai, Deputy Director of the Agency of Foreign Trade (AFT), highly appreciated the efforts of localities and businesses in promoting exports. The Ministry of Industry and Trade is proactively implementing a range of strategies to boost trade performance. These include accelerating negotiations on free trade agreements (FTAs) and leveraging the benefits of existing agreements such as the CPTPP, EVFTA, and RCEP. Additionally, the ministry is assisting businesses in accessing market information and advancing digital

transformation in trade promotion.

Mr. Ngo Xuan Ty, Head of the Vietnam Trade Office in Brazil (concurrently in charge of Bolivia, Guyana, Peru and Suriname) said that Brazil, as a Top 10 global economy, a G20 member, and a leading country in the Southern Common Market (Mercosur), represents a significant and accessible market. Its regulatory standards are generally less stringent compared to those of developed nations. Additionally, it is important to explore opportunities in Peru, a member of the CPTPP Agreement, which Vietnam has also signed, to further enhance trade prospects.

Pham Thi Thu Ha, Commercial Counselor of the Vietnam Trade Office in Romania, said that bilateral trade value reached US\$241.5 million in the first six months of 2024, up 31.3% year on year. Romania is a potential market for Vietnamese businesses to boost exports, especially for small and medium-sized enterprises (SMEs) with moderate financial capacity.

Vietnamese businesses have many opportunities to export biological livestock products, petrochemicals, petroleum products, textile and garment materials, and other products to Romania.

Vietnamese companies are also focusing on promoting trade in Islamic Halal markets with 2 billion consumers. Nguyen Minh Phuong, Director of the West Asia and Africa Office, Asia-Africa Market Department, the Ministry of Industry and Trade, said that some countries such as Indonesia, Malaysia, Bangladesh, Egypt, Saudi Arabia and UAE are potential markets with a huge import demand for Halal products.

“Companies need to grasp business practices and update standards and regulations on specific potential products when they do business with these markets,” she emphasized.

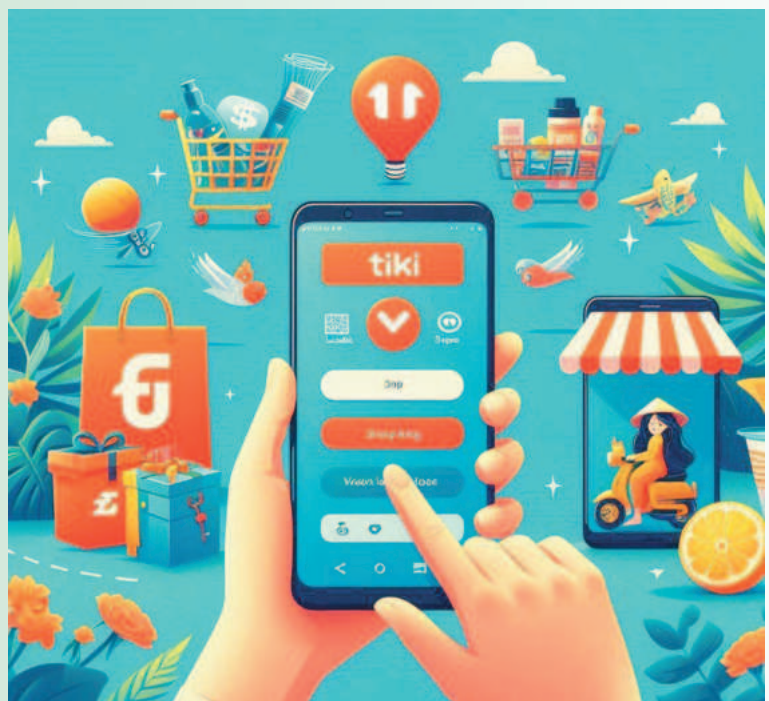
In addition to consolidating traditional markets, expanding to new markets such as Africa, the Middle East and Muslim countries is extremely important. Businesses need to focus on boosting trade, meeting high quality standards, building strong brands and effectively leveraging free trade agreements to successfully penetrate these new markets. ■

M-COMMERCE BOOM

CATALYST FOR VIETNAMESE BUSINESSES

Mobile commerce (M-Commerce) is revolutionizing online shopping in Vietnam. The surge in smartphones and shopping apps has made it effortless for consumers to make purchases with a few taps, transforming shopping behavior and creating significant business opportunities.

HUONG GIANG



Potential of M-commerce in Vietnam

The Department of E-Commerce and Digital Economy (Ministry of Industry and Trade) reported that mobile commerce not only benefits businesses but also advances Vietnam's digital economy. It generates numerous job opportunities, fosters the growth of supporting industries, and drives economic modernization.

Mobile commerce (M-Commerce) enables transactions via mobile devices like phones and tablets, encompassing activities such as product



☞ purchases, service bookings, money transfers, bill payments, and online banking. Its popularity is soaring in Vietnam, driven by the rapid increase in smartphone and internet users, with the country set to reach over 70 million smartphone users by 2023, according to “We Are Social and Hootsuite”. This growth, supported by expanding mobile internet options like 3G, 4G, and forthcoming 5G, is reshaping consumer shopping habits and creating significant business opportunities. Major e-commerce platforms such as Shopee, Lazada, Tiki and TikTok are heavily investing in user-friendly mobile apps, enhancing the shopping experience and fueling M-commerce development.

In Vietnam, M-commerce opens up opportunities to reach a large number of potential customers from social media channels, especially young people - a group with a high rate of smartphone and mobile internet usage. This helps businesses gain customer files effectively and save costs.

New technologies and features of mobile devices are increasingly upgraded to enhance the mobile shopping experience, creating new opportunities for businesses. Features such as image search, live streaming shopping and mobile payment bring a lot of convenience. In addition, artificial intelligence (AI) and big data are also used to personalize the shopping experience, providing product suggestions that match consumers' preferences and behaviors. These are all important factors in attracting and retaining customers, while increasing brand loyalty.

M-Commerce trends

Current key trends in mobile commerce include social commerce, live streaming sales, and mobile payments. Social shopping platforms like Facebook, Instagram and TikTok now offer integrated live shopping features, allowing users to make purchases directly within the app. In Vietnam, live streaming sales through platforms such as Shopee Live and Lazada Live are particularly popular, attracting millions of viewers and shoppers daily. Additionally, mobile payments are integral to mobile commerce, with e-wallets like Momo, ZaloPay and ViettelPay seamlessly integrated into shopping apps. Banks have also enhanced their mobile banking apps to support online transactions, further advancing mobile commerce.

Challenges for businesses

The mobile e-commerce market is increasingly vibrant in Vietnam. With the participation of many businesses, from big companies to startups, the race for market share is becoming fierce. To survive and develop in this competitive environment, businesses need to overcome many challenges.

One of the biggest challenges is information security and privacy. Personal information leaks and cyber-attacks can cause serious damage to both consumers and businesses. Therefore, businesses and e-commerce platforms will need to invest in security measures and comply with security regulations for data protection when deploying mobile commerce applications. Therefore, businesses must invest heavily in security systems to ensure that customer information is always safe.

To address the diverse needs of users, businesses must develop applications that function seamlessly across a range of devices, from budget to high-end phones. Meeting this complex technical requirement demands a team of highly skilled programmers. ■

VIETNAMESE FIRMS AIM TO DEEPEN INTEGRATION INTO GLOBAL SUPPLY CHAINS

As global supply chains increasingly shift and evolve, Vietnam has emerged as a preferred manufacturing hub for many international corporations. To capitalize on this trend, Vietnamese companies must enhance their involvement and integration in global supply and production networks.

QUYNH ANH

Attracting many large investors

Dr. Nguyen Quoc Viet, Deputy Director of the Vietnam Institute for Economic and Policy Research (VEPR), said, cooperation in supply chains, particularly in research and development (R&D) and the transfer of advanced technology, has enabled businesses to achieve sustainable growth, enhance competitiveness, and adapt more effectively, helping them expand their export markets and leverage the benefits of new-generation free trade agreements.

Since the end of 2023, many giant tech firms have shifted their supply chains to Vietnam. In the first five months of 2024, Vietnam ranked 2nd in the region in investment value. This not only proved that the business environment is relatively attractive but also that Vietnam has been chosen to become a new address in the production chain and supply chain diversification strategy of countries and world-leading corporations.

In addition, despite not yet making direct investments in Vietnam, several major corporations, including globally renowned tech giants such as Apple and Amazon, have redirected their orders to the country.

In recent years, major companies have progressively adopted advanced technologies. In Vietnam, in 2021-2023, 63% of FDI firms used technologies at an average level. In the coming years, 94% plan to apply technologies from low to very high levels. Therefore, when looking for partners in Vietnam, the level of innovation and the adoption of modern technology are always the top factors. Participation in supply chains



Vietnamese companies are urged to strengthen their integration and participation in global supply and production networks

and R&D-driven collaborations to develop new, high-quality technologies and solutions presents a valuable opportunity for Vietnamese companies. It enables them to achieve sustainable development, enhance competitiveness and adaptability, expand and develop markets, boost exports, and fully leverage the advantages offered by new-generation free trade agreements. However, to take advantage of the investment environment and see Vietnam as a manufacturing destination, in both macro and micro perspectives, Vietnam needs to make more efforts.

Yet to capitalize on advantages

The Economic Complexity Index (ECI) of the Vietnamese economy, while having improved from a weak position a decade ago to an average level, remains lower compared to other countries with similar economic profiles in the region, Viet said.

The complexity of an economy is influenced by the level of technology and technological innovation within its businesses, particularly domestic ones. Currently, the rate of technological advancement and innovation among Vietnamese companies is relatively low. The added value of industrial sectors, particularly the processing and manufacturing industry which requires high levels of expertise and deep participation in supply chains, is also very weak. For example, the added value of the textile and garment industry can reach 50% but the electronics, machinery and equipment industry has not yet reached that level. High-tech manufacturing and smart equipment industries join only about 10%, with inputs mainly imported from Northeast Asian countries and China for assembling, manufacturing and export.

Although there are opportunities, businesses still face numerous challenges from their deep participation in supply

chains. Vietnam has advantages in human resources but they are largely employed by foreign-invested firms. Besides, facilities of domestic companies need to be upgraded to meet requirements, including factories, warehouses, machinery, technology and means of transport.

Some companies face difficulties with waste treatment standards, especially small ones that cannot invest in modern waste treatment systems. Although Vietnam has a credit support fund for small and medium-sized enterprises (SMEs) participating in supporting industry chains, the credit scale is not large and the access

to the fund remains challenging for businesses. It takes them a long time to complete the application for access to the fund credit.

Enhancing support policies to facilitate deeper integration of businesses into supply chains

Vietnamese businesses are increasingly seeking the development of timely support policies to facilitate their deeper integration into global value chains. Vietnam needs to conduct reforms to support them to join global value chains more effectively and resources must be "sufficient" for them to invest in technological innovations to meet requirements imposed by large manufacturers to take part in supply chains, he noted. It needs to further reform procedures, ratify documents quickly and promptly because orders from foreign businesses have delivery deadlines and the implementation time is 2-3 months for products to meet requirements.

Mr. Nguyen Van Hoi, Director of the Vietnam Institute of Strategy and Policy for Industry and Trade under the Ministry of Industry and Trade, said: Vietnam must design and refine policies to support enterprises in achieving deeper integration into higher-value global supply chains. Accordingly, it needs to organize fairs, promote trade and investment, develop markets, diversify forms of promotion, and introduce export products. Specially, it is necessary to focus on building and developing brands and raising business awareness of labor and environment requirements in FTAs, rules of origin and trade defense. Enterprises also need to diversify export markets.

In addition, Vietnam needs to focus on establishing technical barriers, such as implementing import technical standards, pursuing anti-dumping measures, and imposing environmental duties, to safeguard and strengthen domestic production, he noted. ■



TURNING POINT IN TAX SYSTEM REFORM STRATEGY TO 2030

Following several years of delay due to Vietnam's post-pandemic economic recovery objectives, experts agree that it is now time to resume the implementation of the Tax System Reform Strategy through 2030. Currently, a number of significant tax laws are under discussion, with anticipated adjustments including potential tax increases in accordance with the established roadmap or expansions to the tax base.

BINH MINH

Sharing at the Seminar on "Tax policy environment in Vietnam: Current background and international experience" organized by the EU-ASEAN Business Council in Hanoi on July 24, Mr. Hoang Thuy Duong, Head of Tax at KPMG in Vietnam and Cambodia, said that Vietnam's tax collection efficiency met targets in the first half of 2024. However, current tax policies remain focused on supporting post-pandemic economic recovery and boosting consumption.

However, the Tax System Reform Strategy and law amendments have been delayed for 2-3 years. "This is the right time to pass important tax laws to support economic recovery and its sustainable development in the long term," he added.

Big spending demand, seeking room for revenue growth

Looking back at the economic picture and Vietnam's fiscal policy management in recent times, Mr. Jochen M. Schittmann, Resident Representative of the International Monetary Fund (IMF) in Vietnam, said that, during the pandemic, Vietnam adopted many tax reduction and exemption policies on a large scale, which affected budget revenue, like slashing value added tax (VAT) or reducing environmental protection duty on gasoline to support businesses and people.

According to the Ministry of Finance, in 2020-2024, the financial sector advised and proposed the Government to submit tax, fee, charge and land rent reduction and extension beyond its jurisdiction to competent authorities for introduction in a bid to assist businesses and people. The value was up to over VND900 trillion amid difficult economic conditions.

According to the IMF representative, Vietnam is also making efforts to address medium-term challenges it faces such as climate change because it is one of the most environmentally vulnerable countries. So, it needs big investments. Vietnam faces significant investment needs across various sectors, including infrastructure - such as railways, roads, and wastewater systems - as well as human



Several significant tax legislation reforms are under consideration, with potential adjustments including tax increases in line with the planned roadmap or expansions to the tax base

capital and education.

Thus, substantial spending will be required next year, necessitating both private and public investment. However, Vietnam's state budget mobilization as a percentage of GDP is significantly lower than the global average, as well as compared to emerging markets and advanced economies.

"Therefore, we believe that the progress made in the tax reform strategy in 2021 - 2030 is very important," said Mr. Jochen M. Schittmann.

Suggesting a tax reform strategy in the coming time, he said that Vietnam can review incentives, expand the revenue base for value added tax, and increase environmental duties to achieve some goals.

Mr. Phan Vu Hoang, Deputy General Director of Deloitte Vietnam, representative of the UK Association of Chartered Certified Accountants (ACCA), said: The mobilized state budget rate of Vietnam in 2022 was equivalent to about 19% of GDP, the average of Asian-Pacific countries. But if social insurance contributions

were excluded, the rate would be relatively low.

In terms of tax structure, Vietnam relies heavily on value added tax and taxes on goods and services, at 43%, which is relatively low compared to ASEAN (47%) and significantly lower than the Asia-Pacific region (55%).

Vietnam still has room to widen collection, especially personal income tax, when it is compared to countries in the Organization for Economic Cooperation and Development (OECD). Increasing personal income tax revenue is not achieved by hiking tax rates, but increasing income for workers and adding formal employment.

Small business size fuels concerns over budgetary sustainability

Looking back at the change in the proportion of revenues and taxes in the total state budget revenue from 2008 when Vietnam joined the World Trade Organization (WTO) till now, Dr. Nguyen Quoc Viet, Deputy Director of the Vietnam Institute for Economic and Policy Research (VEPR), said that the proportion of VAT revenue in the total state budget revenue has significantly increased from 22% to approximately 26%, marking a 4% rise. Special consumption tax revenue has grown from 6% to 8-9%, a 2.5-3% increase. Personal income tax revenue has surged from 2.3% to 8-9%, reflecting a 6% expansion. In contrast, import-export tax revenue has declined from 11% to 6%. Meanwhile, corporate income tax only increased from 16% to 17%. "We must find out why Vietnam's corporate income tax has the lowest growth," he emphasized.

Citing the above figures, he said that there are still many issues to be addressed to increase sustainable budget revenue. First of all, it is important to ensure that domestic consumption remains robust. Additionally, global experience suggested that increasing the special consumption tax may not effectively boost budget revenue and could even lead to a decline.

"25% of spirits consumed globally is illegal. So, we must consider whether raising the tax rate will uplift budget revenue, let alone causing VAT reduction due to consumption shrinkage," he noted.

Vietnam depends heavily on external demand from export activities, Viet stressed, adding that we must return to the domestic market and domestic production, given global uncertainties.

However, the "tiny" size of Vietnamese businesses is what experts are very concerned about. For that reason, in the coming time, it is essential to focus on developing the domestic market because otherwise the "two economies in one country" reality will continue.

"While the foreign direct investment (FDI) sector is performing well, the domestic economy remains highly unstable," he worried.

A more detailed analysis will be represented by VEPR in the insightful research on tax reform, expected to be announced at the end of 2024.

Many major tax revisions

Also at the seminar, Duong highlighted some upcoming major changes in tax policies. He said, Vietnam's import-export value equals up to 200% of its GDP, showing its broad

openness. Therefore, many tax policies to be adjusted in the coming time will affect FDI attraction and importing and exporting activities of Vietnam. First of all, in the fourth quarter of 2024, the Government will issue a decree on the Investment Support Fund to adapt to the global minimum tax.

When the global minimum tax comes into effect, preferential corporate income tax policies and tax rate exemptions will be less important, making it difficult to attract global firms with revenue of EUR750 million or more when they choose Vietnam as an investment location, he said.

Therefore, to maintain Vietnam's competitiveness in attracting FDI, the mindset on tax policy needs to change.

Regarding incentives to attract big FDI investors, there is still much debate about cost-based incentives (such as training costs and fixed asset investment costs) that are being eagerly awaited by multinational corporations, said Duong.

Currently, the draft decree proposes high-tech companies with annual revenue of VND20,000 billion or a yearly investment value of VND12,000 billion. Some new fields such as artificial intelligence (AI) and semiconductor chips are also included, with a lower condition and requirement.

Second, the Law on Value Added Tax (amended) is expected to be passed at the National Assembly session in October 2024.

According to Mr. Duong, in the past, value-added tax was mainly applied to goods, but Vietnam's role in the global value chain has now changed and businesses are participating more deeply in the service sector.

"The current VAT on exported services is 0%. We must have a more open mindset and create conditions for Vietnam to be a service exporter," he emphasized. According to the draft, in the coming time, there will be many services that will not be applied 0%, which may cause obstacles for businesses.

With regulations on input deductions and tax refunds, value-added tax is essentially levied on end consumers but, in many cases, it becomes a cost burden for businesses such as fertilizers.

Third, in May 2025, two other important tax laws are expected to be passed, including the Law on Special Consumption Tax (amended).

However, according to Mr. Duong, the draft is currently quite preliminary. In particular, the special consumption tax on spirits pursues many goals. In addition to regulating budget revenue, it also has to adjust consumer behavior. He believed that the policy should be amended to reduce direct harmful factors, including the amount of alcohol consumed, and consider applying a mixed tax method.

Besides, to achieve the goal of zero net emissions, the special consumption tax on electric vehicles also needs to be carefully studied.

Fourth, the Law on Corporate Income Tax (amended) is also expected to be passed in May 2025.

When the global minimum tax is implemented, it presents an opportunity for Vietnam to overhaul its corporate income tax system. This redesign will enable the country to participate more effectively in the global market, attracting significant projects and major companies in the global value chain. Additionally, revising tax policies to support small and medium-sized enterprises (SMEs) is essential. ■

VIETNAM'S PROMISING INDUSTRIAL PROPERTY MARKET

Vietnam's industrial property market is showing signs of recovery and positive development following a challenging year in 2023. Industry experts and insiders are optimistic about the market's future, particularly in light of the rebounding economy and growing export activities.

GIANG TU

Speaking at the recent Vietnam Industrial Property Forum 2024, Mr. Le Trong Minh, Editor-in-Chief of Dau Tu (Investment) Newspaper, said that the scale and trends of global investment capital flows currently continue to change dramatically due to external geopolitical factors as well as economic volatility of major countries. While the global supply chain is being reshuffled and the world economy is witnessing rapid, complicated and unpredictable developments, Vietnam is still considered a bright spot on the FDI map in the medium and long term.

Development potential

“We are seeing a strong shift in the industrial sector, especially increased investment in industrial parks and factories. Vietnam is not only an attractive destination for international investors but it is also building a solid

foundation for sustainable development,” he emphasized.

He highlighted the factors that make Vietnam a bright destination, citing “a stable macro economy, good inflation control, positive and impressive economic growth in a difficult context.” In 2023, Vietnam achieved a GDP growth rate of 5.05%, with import and export values exceeding US\$354 billion, a trade surplus of over US\$28.3 billion, a GDP size of US\$430 billion, and a per capita income surpassing US\$4,320. In the first half of 2024, the Vietnamese economy continued to show strong performance, with GDP growth estimated at 6.42%. This exceeds the projected growth scenario and provides momentum towards meeting the annual economic growth target of 6.5% to 7%.

In addition, the business environment in Vietnam continued to improve. In 2023, registered FDI capital exceeded US\$39.4 billion, up 34.5% year on year, and disbursed FDI capital reached a record US\$23.2 billion. In the past seven months, newly registered FDI capital was over US\$18 billion, representing a year-on-year growth of 10.9%, demonstrating strong confidence of foreign investors in Vietnam's investment environment. Major semiconductor, energy, component manufacturing, electronics and high value-added projects tended to increase. Specially, Vietnam recently caught the fancy of the semiconductor supply chain. Many giant semiconductor and AI firms such as Amkor, NVIDIA and Hana Micron expressed their interest in new investments and expansion investments in Vietnam.

At the same time, Vietnam's international standing is rising, with its integration into the global economy deepening through the signing and implementation of 16 free trade agreements (FTAs) and the ongoing negotiation of three additional FTAs. The country is now ranked among the Top 20 trade partners



A view of VSIP Bac Ninh

globally, demonstrating an openness rate exceeding 200%. Investors from 144 countries and territories have invested over US\$484 billion to more than 40,544 projects in Vietnam.

Vietnam has advantages in human resources and a domestic market with nearly 100 million people. Infrastructure projects have been increasingly synchronized and completed to reduce transportation, logistics and input costs for companies and enhance economic competitiveness.

Challenges

Although Vietnam is highly appreciated for its investment potential, the industrial real estate market still faces a lot of challenges that need to be addressed. Tom Over, Director of Transportation and Industry, JLL Vietnam and Asia-Pacific, noted that some investors have opted for Thailand and Malaysia due to their clearer investment incentives, streamlined licensing processes, and well-established labor resources. In contrast, Vietnam is experiencing a shift from warehouses to manufacturing facilities, which presents both new opportunities and significant challenges.

One major challenge is the absence of an action roadmap and legal framework to support the development of eco-industrial parks. Currently, Vietnam does not have specific and comprehensive regulations on converting existing industrial parks into eco-industrial parks. This situation has led to a complex regulatory landscape for green and smart industrial parks, as various laws and regulations outline differing requirements. This complexity can result in confusion and difficulties in implementation. Standards for waste recycling and reuse are not clearly defined, and there are overlaps and confusions in industrial waste management.

Another matter is the lack of licenses for businesses to reuse or trade treated wastewater, along with the lack of tax support policies for eco-certified businesses. This has led to a shortage of financial incentives for developers to implement environmental protection initiatives.

To overcome these barriers, it is necessary to complete legal documents on the reuse of raw materials and waste and foster the circular economy in industrial parks. It is important to closely coordinate international organizations, business associations, climate finance funds and commercial banks to mobilize resources. In addition, adding financial incentives is critical to encourage businesses to convert and build eco-industrial parks.

The Ministry of Planning and Investment is currently finalizing the draft Law on Industrial Zones and Economic Zones to facilitate the development of new industrial park models. The ministry is committed to coordinating with localities to ensure that industrial zones and economic zones will develop rapidly, sustainably and effectively.

For localities and industrial park infrastructure developers, it is necessary to focus on breakthrough solutions. This includes pioneering changes in industrial park development models, such as eco-industrial parks, supporting industrial parks, and high-tech parks. At the same time, it is very important to take science, technology and innovation as the pillars of future development. It is crucial to actively create a favorable environment for tech firms and startups and allocate land and resources for research and development (R&D) projects to apply new technologies and test products. ■

OPTIMISTIC CREDIT GROWTH

As of the end of June, Vietnam's economic credit increased by 6% compared to the end of 2023. This credit expansion has been directed mainly toward key economic growth drivers and aligns with emerging trends, including the emphasis on green credit initiatives.

QUYNH CHI

Mr. Dao Minh Tu, Standing Deputy Governor of the State Bank of Vietnam (SBV), said: In the first half of 2024, the global economy grappled with ongoing challenges and uneven growth across various countries and regions, driven by tightened financial conditions, geopolitical conflicts, and rising financial risks. The U.S. Federal Reserve maintained higher policy rates for longer than anticipated by the market, while varying monetary policies among central banks led to widespread currency depreciation. Despite experiencing positive recovery and stable inflation, the Vietnamese economy continued to confront significant challenges, including external shocks, internal issues, and the lingering effects of the COVID-19 pandemic.

In that context, SBV has proactively monitored global developments and domestic economic conditions to implement cohesive strategies aimed at facilitating access to bank credit for businesses and individuals. These measures have been designed to restore production and business activities, enhance capital absorption in the economy, and promptly address credit demand. As a result, the SBV's efforts have contributed to economic growth, macroeconomic stability, effective inflation control, and the safety and soundness of the credit institution system.

According to the SBV, the total outstanding credit balance of the economy reached nearly VND14,400 trillion by the end of June 2024, reflecting a 6% increase from the end of 2023. This growth rate marked a significant acceleration from the 2.41% recorded by the end of May, with an additional VND487 trillion in credit being introduced in June alone. This performance aligns with the growth targets recommended by the Prime



Minister. By the end of the second quarter of 2024, credit growth had reached 5-6%.

To achieve such credit growth, many commercial banks had to build and continue to offer a series of preferential credit packages for businesses. In particular, Vietcombank, Agribank and MB reported higher growth in June 2024 than in previous months.

According to the credit trend survey conducted by the Forecasting and Statistics Department (SBV), credit institutions in the first half of 2024 generally maintained or slightly eased credit standards as anticipated. This adjustment aligns with the survey's projections for the last six months of 2023. The easing was observed across various sectors, including high-tech investment, supporting industries, home loans, logistics, processing and manufacturing, import-export, as well as investment in tourism and personal loans. Additionally, credit standards were relaxed for securities investment and trading, real estate investment and trading, finance, banking, insurance, and construction sectors.

In the second half of 2024, credit institutions are expected to slightly ease credit standards compared to the first half, extending this relaxation across nearly all customer segments and sectors. However, credit standards for four sectors—real estate investment and business loans, securities investment and trading loans, finance, banking and insurance loans, and construction loans - are anticipated to be tightened, though less than in the first half. This trend is attributed to a positive macroeconomic outlook and the favorable impact of government and SBV policies on economic sector development and credit management.

The overall credit demand by customers was assessed only as a slight recovery in the first six months of 2024 by credit institutions, much lower than the expected level

recorded in the previous survey. Credit institutions expected the demand to pick up in the second half of 2024, with focus on corporate customers and the processing and manufacturing industry.

In 2024, 79.4% of credit institutions in this survey (lower than 82% in the previous survey) anticipated an increase in the overall credit demand of customers as compared to 2023. Among four main surveyed areas, the loan demand for livelihood and consumption was highest, anticipated to look up in 2024, instead of the industrial development and construction loan seen in the previous survey.

Wholesaling and retailing, import and export, steel and other metals, and processing and manufacturing are seen as four biggest drivers of credit growth in 2024 and possibly in 2025 by many credit institutions.

Based on the first half results and world and domestic economic forecasts, Deputy Governor Dao Minh Tu said that, in the remaining months of the year, the SBV will continue to adjust interest rates in accordance with macroeconomic balance, inflation, and monetary policy objectives. The SBV will also guide credit institutions to reduce costs in order to lower lending interest rates. Additionally, the SBV will manage exchange rates flexibly to stabilize the foreign exchange market, control inflation, and maintain currency value.

Regarding credit growth, the central bank will reasonably manage credit growth and structure and meet credit demand of the economy to rein inflation and support economic growth; continue to boost credit in key areas - driving forces of the economy; continue to promote specific credit programs and policies; remove difficulties for businesses and people; and strictly control credit for areas with latent risks. It will continue to review and perfect the legal framework to facilitate credit supply and access.

Regarding the preferential loan package of VND120 trillion for social housing and worker housing development, the SBV is asking the Government to increase preferential conditions for home buyers while businesses will still enjoy previous incentives, he added. At the same time, the central bank will also encourage and facilitate commercial lenders to take part in the program. As for the support package of VND30 trillion for forestry and fishery, if fully implemented, the banking sector will have additional capital (VND15 trillion) to support target borrowers because these sectors create momentum for exports. ■



Credit growth accelerated significantly, rising from 3.4% year-on-year at the end of May to 6.0% by the end of June

BANKS AND POLICE COLLABORATE TO COMBAT E-PAYMENT FRAUD

Nearly a month after implementing Decision 2345/QD-NHNN, 26.5 million bank accounts have been authenticated using biometric information, as reported by the State Bank of Vietnam (SBV). The effective collaboration between the SBV and the Ministry of Public Security (MPS) has notably enhanced efforts to combat electronic payment fraud.

NGUYEN MAI

Speaking at the review conference on implementation of Project 06/QD-TTg of the Prime Minister of Vietnam and Plan 01/KHPH-BCA-NHNN of the MPS and SBV, Governor Nguyen Thi Hong affirmed that Project 06 is always an innovative move, a key task on the journey of national digital transformation.

“Banking is the first industry to integrate with the electronic identification and authentication system, utilizing VNeID accounts as soon as the Law on Identification and Decree 69/2024/ND-CP come into effect,” she said.

The SBV issued many circulars and decisions in coordination with the Ministry of Public Security, most notably Decision 2345/QD-NHNN on implementation of safety and security solutions in online payments and bank card payments.

According to experts, Decision 2345/QD-NHNN serves as a measure designed to safeguard stakeholder interests, enhance security, and mitigate risks and fraud. To effectively implement this decision, commercial banks have invested heavily in data infrastructure and funding for specialized personnel.

Mr. Le Van Tuyen, Deputy Director of the Payment Department, the SBV, said that, as of July 22, about 26.3 million bank accounts were authenticated biometrically via chip-embedded citizen identification cards, including 22.5 million accounts processed online and 3.8 million accounts handled in-person.

In addition, 37 credit institutions have deployed mobile authentication and 47 credit institutions authenticated at the counter. At the same time, 25 credit institutions have sent data to the Department of Administrative Police for Social Order (C06), MPS while 22 credit institutions are deploying on the VNeID platform.

In response to emerging fraud, including impersonation of bank employees for biometric authentication and schemes to mislead customers, experts recommend focusing on three key areas.

First, biometric authentication should only be conducted through the bank's official application, website, or in-person at the branch.

Second, never perform biometric authentication through unfamiliar or unofficial links, and do not provide confidential information to individuals requesting biometric authentication.

Third, never disclose account numbers, passwords, or OTPs to anyone, including bank employees.

To enhance security, the SBV adopts strong authentication measures in transactions and a monitoring mechanism to



Currently, six credit institutions have successfully integrated with 173,716 social security accounts, facilitating the prompt delivery of benefits to recipients.

prevent unusual transactions in a timely manner.

Senior Lieutenant General Luong Tam Quang, Minister of Public Security, highly appreciated the strong direction and determination of the SBV and the entire banking sector. He also emphasized that the promulgation of regulations and instructive documents to complete the legal corridor such as the Law on Identification 26/2023/QH15, Decree 69/2024/ND-CP on electronic identification and authentication, Decree 13/2023/ND-CP on personal data protection, and the Law on Credit Institutions 2024 has facilitated the use of VNeID application.

The SBV official hoped that relevant MPS agencies will continue to work closely to propose appropriate solutions and directions, help the banking sector implement Project 06 effectively, prevent crimes and support digital transformation. ■

The banking sector is piloting a system to monitor accounts suspected of fraud and counterfeiting through notifications from credit institutions. Transactions may be blocked or additional authentication required if any anomalies are detected.

DIRECT POWER PURCHASE AGREEMENT

A Leap in Clean Energy Transition

On July 3, 2024, the Government of Vietnam issued Decree 80/2024/ND-CP, which regulates Direct Power Purchase Agreements (DPPA) between renewable energy generators and large electricity consumers. This decree is important for the future of the electricity sector, significantly influencing both domestic and international investors and electricity users. It aligns with global sustainable development goals and reflects the broader global trend toward sustainable energy practices.

LAN ANH



The Direct Power Purchase Agreements (DPPA) aim to reduce reliance on Vietnam Electricity (EVN) and the national grid, boost market competitiveness, and address EVN's financial issues

Great benefits from the DPPA

Decree 80/2024/ND-CP assists the government in achieving multiple objectives simultaneously. It supports the shift toward clean energy usage among electricity consumers, fosters investment in sustainable renewable energy to protect the environment, and moves toward establishing a competitive retail electricity market in Vietnam. Additionally, the decree enhances the effectiveness of state management over direct electricity trading activities between renewable energy generators and large electricity consumers.

The development of the decree aligns with Vietnam's policies to encourage both domestic and foreign enterprises to invest in the country, particularly those employing modern and environmentally friendly technologies. It also adheres to the provisions of the Electricity Law and related directives, thereby promoting sustainable environmental development and enhancing the efficiency of Vietnam's electricity market.

The DPPA mechanism is designed to reduce dependence on Vietnam Electricity (EVN) and the national grid, fostering a more competitive environment for market participants to address some of EVN's financial challenges problems.

The Power Development Plan (PDP) 8 aims to achieve net zero emissions by 2050, as well as continue to expand power capacity (reaching over 150,000 MW by 2030 and reaching nearly 600,000 MW by 2050), with renewable energy expected

to play a major role in the implementation of this roadmap.

Encouraging the expansion of renewable energy (especially in the North) can reduce or solve Vietnam's power shortage problem in the long term. In addition, this mechanism also allows for risk hedging through the provision of forward contracts.

Based on a survey conducted by the Ministry of Industry and Trade at the end of 2023, among the 67 renewable power projects surveyed, 24 projects (with a total capacity of 1,773 MW) expressed interest in participating in the DPPA mechanism as sellers, while an additional 17 projects (totaling 2,836 MW) were considering participation. On the buyer side, 20 out of 41 surveyed representatives (representing a total capacity of 996 MW) indicated a desire to engage in the mechanism.

In the long term, this mechanism could be one of the first important steps to encourage the development of the Vietnam Wholesale Electricity Market (VWEM) and later move toward the Vietnam Retail Electricity Market (VREM).

According to US Ambassador to Vietnam Marc Knapper at the announcement of the Direct Power Purchase Agreement, the Vietnam-US Comprehensive Strategic Partnership opens a new era in cooperation

(continued on P.35)

Key Drivers of Vietnam's Economic Growth in Second Half of 2024



Vietnam's economy has demonstrated strong recovery in the second quarter, and if this positive trajectory continues, the GDP growth for 2024 is projected to reach 6-6.5%. This expected growth is supported by increasing public spending and advancements in the tourism sector, aligning with the growth target set by the Vietnamese Government. This statement was made by Mr. Pyon Young Hwan, Director of Global Trading Center at Shinhan Bank Vietnam, about the economic outlook and financial market of Vietnam in the second half of 2024.

ANH MAI

At the start of 2024, Shinhan Bank's economic experts predicted that Vietnam's GDP growth would exceed 5% for the year. However, with the strong economic recovery observed in the first half of 2024, will Shinhan Bank revise its forecast to reflect this more optimistic outlook?

The initial growth forecast of 5% was based on the challenges faced by the Vietnamese economy, including the protracted recovery process due to sustained high interest rates globally and the sluggish recovery of the Chinese economy and other international markets. However, the forecast for the second half of the year anticipates factors that are expected to support strong growth in Vietnam.

The global economy was expected to recover well on subdued inflation and robust consumption growth. As a result, import and export - one of the key factors of economic growth in the second half of 2024 - will continue to grow on the continued growth momentum from the first half of 2024.

In the second quarter, GDP surged by 6.9%, accompanied by a rise in employment as export-driven manufacturing industries experienced a resurgence. Additionally, in July 2024, the government's decision to raise the base salary for civil servants is expected to further boost domestic consumption.

A key driver of Vietnam's economic development is the presence of Foreign Direct Investment (FDI) firms, which play a significant role in the country's export sector. Enhanced diplomatic relations with developed economies are expected to further stimulate foreign investment flows into Vietnam.

The disbursement rate of public investment funds has steadily improved due to the Government's measures. The timely completion of spending procedures for major road construction projects is expected to boost economic growth and create employment opportunities.

Thus, Vietnam is well-positioned with favorable internal and external factors. Provided there are no significant external shocks in the latter half of the year and the current positive trends persist, the growth target set by the Government is entirely attainable.

What do you think about the current competitiveness of foreign banks in Vietnam compared to domestic rivals?

The first objective of foreign banks in Vietnam is to support companies from their home countries operating in the Vietnamese market. The Vietnamese government has established a flexible investment environment, which has enhanced confidence and comfort for foreign enterprises. As a result, foreign companies, including Shinhan Bank Vietnam, can operate with assurance and continue to thrive in this market.

Nevertheless, there has been a notable decline in the number of Korean investors in Vietnam in recent years. For foreign banks, this trend presents both opportunities and challenges. If compatriot companies increase their investments in Vietnam, it would be a significant advantage for these banks. Conversely, a decrease in the number of foreign companies or a reduction in their investment levels would pose substantial challenges to their operations.





Vietnam's economy grew by 6.42% in the second quarter, and if this trend continues, GDP growth for 2024 is projected to reach 6-6.5%



Notably, many Vietnamese banks are also currently expanding their business operations, applying good strategies and building many competitive services and products to attract FDI companies because their potential customers in the past, property firms, are struggling with difficulties. As a result, they will have to find other customers, including FDI firms.

Many major Vietnamese banks have established FDI divisions, offering preferential interest rates and superior services to FDI companies, particularly those from Singapore, Korea, Japan, and others. As a result, there is intense competition between foreign and domestic banks to attract and retain FDI clients.

Consequently, many foreign banks in Vietnam have had to adapt their business strategies. For instance, Shinhan Bank Vietnam will broaden its focus beyond Korean companies to include firms from Japan, China, Taiwan, and others. Additionally, the bank will develop tailored products and services to effectively engage with Vietnamese companies.

The USD/VND exchange rate was quite volatile in the first half of 2024. What is your forecast for Vietnam's monetary policy and interest rates in the second half?

Since the beginning of the year, the USD/VND exchange rate has risen due to external factors including the interest rate differential with the US, the slow recovery of the Chinese economy, and geopolitical conflicts. This rate has reached a record high, reflecting long-term USD strength. However, with the Federal Reserve signaling a potential rate cut, the USD has weakened, leading to a significant decline in the USD/VND exchange rate.

Regarding interest rates, the State Bank of Vietnam (SBV) has reduced policy rates by a cumulative 150 basis points over four successive adjustments in the past year to stimulate the economy and support households and businesses. The current refinancing rate stands at 4.5%. Following reductions in lending and deposit rates, commercial banks are now focusing on raising deposit interest rates to attract customers and boost deposit balances.

Regarding the SBV's monetary policy, recent significant pressures on prices and exchange rates may lead the central bank to exercise greater caution in implementing further rate cuts. Consequently, it is likely that the SBV will maintain the current operating interest rates to support the economy. In the medium to long term, as major developed countries begin to lower their interest rates, the SBV will have greater flexibility to reduce rates, thereby bolstering economic growth.

The USD/VND exchange rate is anticipated to face short-term depreciation pressures due to external factors such as the Middle East conflict, rising interest rate differentials with the US, and a sluggish recovery in China. However, improvements in the manufacturing and export sectors, along with the SBV's interventions through gold and forex reserve sales, will help moderate the rise in the USD/VND exchange rate. Overall, the Vietnamese dong is expected to weaken slightly but should recover once the Fed adjusts its monetary policy and factors like public investment spending and strong FDI inflows take effect.

Thank you very much!

Ms. DUONG MINH HIEN

DEPUTY DIRECTOR OF INTERNATIONAL BUSINESS DEPARTMENT - SHINHAN BANK VIETNAM

Shinhan Bank Vietnam currently offers a diverse range of trade finance products tailored for domestic importers and exporters, with a particular focus on foreign-invested companies, including:

For importers: Issuing letters of credit (LC) at sight, deferred payment, UPAS (a deferred documentary credit payment method with terms agreeing that the beneficiary is paid immediately or paid before the due date of the letter of credit), import documentary credit, and import trust receipt loan.

For exporters: Documentary credit advising, documentary credit transferring, LC payment negotiation, export LC negotiation without recourse, documentary LC collections, documentary export collection services, and export factoring.

In addition to offering a comprehensive range of products and services, Shinhan Bank Vietnam is committed to supporting and advising businesses in selecting optimal payment methods and solutions to mitigate risks. The bank also provides preferential interest rate packages to facilitate affordable financing for import and export activities. This includes competitive rates for import LC payment loans, documentary credit payment negotiation and export factoring.

In alignment with global trends, the bank is also prioritizing the development of a technology platform to digitize its products and services, aiming to enhance convenience for businesses in managing transactions with the bank. Key features include an Omni-channel online LC service through Internet Banking, email reminders for LC payment deadlines, automated export factoring notifications, and export factoring services via Firm Banking.

Strategic Location of DEEP C Hai Phong III

DEEP C Industrial Zones announced that DEEP C Hai Phong III (DEEP C HP III) is now open and ready to welcome investors. Strategically located, this industrial zone is designed to support investment projects in light industries, automotive and ancillary sectors, seaport operations, and logistics.

LE HIEN

Adjacent to the Lach Huyen deepwater seaport and VinFast automobile factory, DEEP C Hai Phong III presents investors with exceptional advantages. Its prime location is particularly beneficial for those involved in the import and export of components, raw materials, and finished products in substantial quantities. This strategic positioning not only reduces transportation costs but also enhances supply chain efficiency.

Mr. Koen Soenens, General Sales and Marketing Director at DEEP C Industrial Zones Complex, said that DEEP C Hai Phong III is a strategic industrial center designed for investment projects involved in light industries, automobile and supporting industries, seaport operations and logistics. The proximity to Lach Huyen Port and Vinfast automobile factory makes DEEP C Hai Phong III most suitable for

customers who need to import and export components, input materials and finished products in large volumes

DEEP C Hai Phong III currently offers 38 hectares of industrial land ready for immediate handover. The infrastructure for electricity and water is expected to be completed by the end of 2024. The total land area spans 520 hectares, including 350 hectares designated as general industrial land, 19 hectares allocated for port facilities, and 51 hectares set aside for the existing Cat Hai town. The remaining area will be developed for utilities, green spaces, and internal road networks.

The strategic location perfectly suits a variety of industries, from port operations and inland container depots (ICD) and warehousing to logistics services and the manufacturing of oversized and overweight cargos that require direct port access. It will also manufacture automotive parts among others.

Pledging to attract investors and pursue sustainable development, DEEP C Hai Phong III is an industrial symbiosis model that promotes resource exchange and waste reduction at three levels: factory to factory, factory to industrial zone, and industrial zone to residential community.

The conservation of Cat Hai Town also represents a typical example of Level 3 industrial symbiosis. This initiative not only promotes sustainability but also contributes to creating a ready workforce for future production activities in the industrial zone.

DEEP C is a premier industrial park developer in Vietnam, having successfully attracted 170 projects with a total investment of US\$7.5 billion from 1997 to 2023. In the first half of 2024 alone, DEEP C secured 28 new projects with US\$1.4 billion in investment. Notably, it is recognized as one of the leading eco-industrial parks in northern Vietnam. ■



DEEP C panoramic view from above

SCG NAMED TOP 1% IN S&P GLOBAL ESG ASSESSMENT



SCG participates in the Vietnam Circular Economy Forum 2023, highlighting its commitment to sustainable practices and circular economy principles

SCG has been honored as the Top 1% S&P Global Corporate Sustainability Assessment in the Sustainability Yearbook 2024 by S&P Global Inc. SCG is the first ASEAN company to be selected for the DJSI World Index since the Sustainability Yearbook's inception in 2004, reflecting its long-standing leadership in sustainability for 20 years along with the DJSI. The recognition is a testament to SCG's ESG commitments (Environmental, Social and Governance) to achieve Net Zero by 2050 and shape a green and sustainable future for ASEAN, including Vietnam.

VAN LUONG

The S&P Global Corporate Sustainability Assessment (CSA) is an annual evaluation of a company's sustainability practices. It scores companies on 100 points across industry-specific economic, environmental, and social criteria. To be listed in the Yearbook, companies must score within the top 15% of their industry and must achieve a CSA Score, which is the S&P Global ESG Score without the inclusion of any modeling approaches, within 30% of their industry's top-performing company. This CSA research process has been tested in practice for more than 20 years, attracting the interest of both business leaders and investors.

On the occasion of the 20th anniversary of the Yearbook, SCG continues to consolidate its place in the Top 1% for its outstanding sustainability performance. In particular, SCG achieved high scores for its environmental policies, climate strategy, and human capital development initiatives. Additionally, SCGP, a subsidiary of SCG in packaging, has been ranked in the top 1% of the S&P Global Corporate Sustainability Assessment in the Containers & Packaging Industry, out of more than 51 companies worldwide.

Dr. Chana Poomee, Vice President and Chief Sustainability Officer of SCG, said, "SCG is greatly honored and proud to receive this award. It reflects SCG's unwavering commitment over the past 20 years, earning widespread recognition as a global leader in sustainability. This award signifies SCG's success in implementing comprehensive sustainability initiatives encompassing ESG dimensions, as reflected in the CSA by S&P Global, which evaluated 9,400 companies across 62 industries worldwide. SCG is an organization that continuously embraces opportunities and

challenges, adapting and developing to remain resilient and ready to navigate crises and opportunities that arise.”

“We are ready to advance toward transitioning to a low-carbon society through the concept of Passion for Inclusive Green Growth. Our commitment is to create a sustainable Net Zero society through green innovations, ensuring that no one is left behind. This involves developing the economy alongside environmental stewardship, creating sustainable opportunities and value for all sectors, and driving ASEAN society towards a sustainable future,” he added.

Mr. Kulachet Dharachandra, Country Director of SCG, Vietnam, said, “We evaluate our performance not only on business results, but also on social and environmental benefits because we believe that both are important for sustainable business operations in the long term.”

Operating in Vietnam for over 30 years, SCG and its member companies have actively adopted ESG practices, from low-carbon innovations to green manufacturing, to tackle climate change and achieve Net Zero. Most recently, SCG Low Carbon Super Cement has rolled out into the Vietnamese market, underscoring its commitment to contribute to Vietnam’s Net Zero target by 2050. This innovation is a low-carbon cement produced using green technologies and sustainable practices that significantly minimize 20% carbon emissions during the production and use processes. Meanwhile, SCGP has successfully developed sustainable packaging solutions that minimize waste and are fully recyclable. One of its green innovations is SCGP’s Green Carton, which minimizes material use by 15% to make carton boxes more eco-friendly and lighter. As a result, 21% of greenhouse gas emissions, equivalent to 7.16 million tons of carbon, were slashed by SCG in 2023 compared to 2020. Particularly in Vietnam, Vina Kraft Paper Company (VKPC), a subsidiary of SCGP, has also equipped its factory with a 4MW solar power system to generate renewable energy and reduce carbon emissions.

As a pioneer in ESG, SCG also fosters collaboration to drive Vietnam’s transition towards a sustainable future. Over the past few years, the group has teamed up with the Vietnamese Ministry of Natural Resources and Environment (MONRE) to organize the Vietnam Circular Economy Forum, bringing all stakeholders together to discuss the pathway to a circular economy. At the forum, SCG shared its expertise on ESG principles and how it implements ESG practices to ensure seamless implementation across the organization.

Moreover, SCG and its member companies strive to promote a sustainable and healthy working environment for all. Accordingly, employees receive fair and equitable treatment without being discriminated against based on their gender, age, or ethnicity. Therefore, employees will have more chances to reach their full potential in their current roles and prepare for future changes. In particular, the group and its subsidiaries provide ongoing training and communication to raise employees’ awareness of ESG practices and encourage them to make sustainable decisions.

In addition, SCG is dedicated to enhancing the quality of life and promoting sustainable development, firmly committed to its ESG 4 Plus strategy. The group has launched several social and environmental initiatives to achieve common goals. One remarkable initiative is the flagship



SCG’s smart grid intelligent network for clean energy management



The career guidance program for parents and disabled students organized by SCG in collaboration with DRD Vietnam

annual SCG Sharing the Dream Scholarships, which has been organized for the past 17 years. Besides financial support, over 5,500 Vietnamese students have the chance to engage in meaningful activities, from factory tours to workshops, extracurricular activities, and ESG Camp to gain insights into real-world ESG practices. Meanwhile, SCG has also collaborated with Ba Ria - Vung Tau School for Children with Disabilities to improve the quality of education and life for disabled students for the past 15 years. Starting this year, the group launched the “My Career Dream” initiative to help disabled students explore career opportunities, thereby contributing to reducing inequality in society.

In pursuit of sustainability and ESG initiatives for decades, SCG has been making headway into the zero-emissions economy. It explains why SCG has been ranked number one in the S&P Global Sustainability Yearbook for ten years and has consistently been in the top three for 14 years in the Construction Material industry since 2004. Additionally, SCG has been recognized as a global sustainability leader through two leading indices: ESG Risk Ratings, achieving the ESG Industry Top Rated status in the industrial business sector by Morningstar Sustainability, and MSCI ESG Ratings, receiving an AA rating in the Construction Material industry from Morgan Stanley Capital International (MSCI). ■

KCN Vietnam Targets Green Certification for Upcoming Projects

KCN Vietnam Group JSC, a professional industrial property developer, recently announced its green building development agenda, endeavoring to achieve green, sustainability standards and certifications.

VAN LUONG

This commitment not only demonstrates KCN Vietnam Group's strong efforts in adopting green initiatives, Environmental, Social and Governance (ESG) principles, and pursuing sustainable development goals, but also reflects its determination to accompany the Government in implementing the National Green Growth Strategy for the period 2021-2030. The development of green buildings by KCN Vietnam Group will also create many favorable conditions for client enterprises, especially those with foreign direct investment (FDI), by enhancing competitiveness and facilitating global supply chain integration.

As Vietnam actively aims for net-zero emissions by 2050, the industrial property sector plays a crucial role in promoting a green economy. Developing green industrial parks, associated with circular economy models, cleaner production, and the efficient and economical use of resources, is increasingly becoming a mainstream trend.

As an industrial property developer dedicated to green development, the group has established sustainable construction standards for its upcoming projects, working toward achieving green building and sustainable development certifications. By applying these green standards, KCN Vietnam Group aims to optimize energy and resource efficiency, reduce emissions, and deliver positive impacts to local workers, employees, customers, partners, investors, and the surrounding community.

KCN Vietnam Group's debut initiative in green building standards is the construction of Phase 2 at their Deep C - Hai Phong project, with the goal of attaining LEED Silver certification. This project ensures optimal energy and resource use, potentially saving up to 25% in energy and reducing water consumption by 10%, while significantly lowering carbon emissions compared to traditional projects. This initiative would potentially offer financial advantages, while also enhancing employee satisfaction and productivity, ultimately benefiting the community. LEED is among the top prestigious green building certifications in the world, developed by the U.S. Green Building Council (USGBC). For the KCN Deep C -



Projects that adhere to green standards, such as KCN DEEP C - Hai Phong (Phase 02) by KCN Vietnam Group, aim to ensure a balance between environmental and economic efficiency

Hai Phong (Phase 2) project, KCN Vietnam Group has collaborated with one of the leading experts in green building consultants throughout the design, construction and operational phases to meet the stringent standards set by the USGBC. By implementing these sustainable standards in KCN DEEP C - Hai Phong, KCN aims to establish the benchmarks for environmental and sustainable development in the ready-built warehouse and factory sector, while enhancing the competitive advantage of Vietnam's industrial property.

Mr. Hardy Diec, Chief Operating Officer of KCN Vietnam Group, shared: "At KCN Vietnam Group, we believe in and aspire to embed environmental values, social principles, and governance (ESG) into the core of our company's DNA. Standardizing projects to meet green certification standards certainly presents many challenges; however, we have full confidence in our strategic partners with experience in developing green buildings, as well as in the long-term environmental, economic, and welfare benefits it brings to our employees, customers, community, and the overall development of the nation."

By implementing its green building strategy, KCN Vietnam Group affirms its position in industrial real estate and contributes to Vietnam's sustainable development goals. Currently, the group has set the partnership with numerous experienced and specialized consulting firms to ensure that its upcoming projects are constructed according to stringent environmental and sustainability standards. ■

IDI Partners with Patagonia Cuisine to Expand in US and South American Markets

Entering 2024, Vietnamese seafood is experiencing a strong upward trend, buoyed by promising developments in global import markets. Countries such as the United States and China, as well as the Middle East and ASEAN nations are showing significant optimism. Notably, the UK and Brazil have also spent substantially importing Vietnamese pangasius.

NHU PHUONG

The US Department of Commerce (DOC) recently announced the final results of the 19th anti-dumping duty review (POR19) on frozen pangasius fillets exported from Vietnam to this market.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), this tariff announced by DOC has significantly decreased from the previous view (POR18). This is a positive signal for Vietnamese pangasius exporters in the future.

Accordingly, IDI is among the six Vietnamese pangasius exporters benefiting from reduced anti-dumping duty rates. This competitive edge provides the



Mr. Le Van Canh, Managing Director of IDI Seafood Corp, addresses the event

company with a significant opportunity to expand its market presence and enhance its share in both the US and South American markets.

On the afternoon of July 25, in Long Xuyen City, An Giang, I.D.I International Development & Investment Corporation (IDI Seafood Corporation) formalized a Strategic Development Partnership with Patagonia Cuisine LLC of Atlanta, Georgia. The agreement was signed in the presence of Patagonia Cuisine's Executive Director, Mr. Alberto Valenzuela.

The cooperation between IDI Seafood Corp and Patagonia Cuisine LLC has demonstrated an innovative and urgent vision for the shopping season in the second half of 2024 in the US, Europe and South America. The two sides have joined hands to successfully make the "IDI brand" stronger and foster the potential for sustainable development.

Speaking at the signing ceremony, Mr. Alberto Valenzuela, CEO of Patagonia Cuisine LLC, optimistically said: "We did research and surveys. IDI is a very prestigious brand, domestically and internationally. Especially, its products have been in the US for over 10 years and highly appreciated by consumers because they meet a series of criteria on variety, stable quality and affordable prices for many consumer segments. Therefore, nothing could be more wonderful than our confidence in joining IDI to lead the way for both sides by the signing of a strategic partnership agreement, which is a profound and smart move. Today, in your country Vietnam, IDI Seafood Corp and Patagonia Cuisine LLC jointly signed a strategic development partnership in the US and South American markets, which is a solid legal statement for the brand to

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IDI Seafood Corp and Patagonia Cuisine LLC agree to cooperate in developing the US and South American markets

Leveraging PPP for Large-Scale Transport Infrastructure Development



The Vietnamese government promotes using domestic and foreign resources via investment models like PPPs, especially for major infrastructure projects such as new airports and seaports

To mobilize capital for transport infrastructure development, the Vietnamese government advocates leveraging both domestic and foreign resources through diverse investment models, including Build-Operate-Transfer (BOT), Build-Transfer (BT), and Public-Private Partnerships (PPP). Emphasis is placed on PPP-based investments, particularly for new large-scale airports, seaports, and wharf areas. Vietnam Business Forum is pleased to present an article by **Dr. Doan Duy Khuong** and **Dr. Nguyen Duc Tho** from the University of Technology and Management on this issue.

According to the World Economic Forum's 2019 Global Competitiveness Report, Vietnam ranked 77th out of 141 economies in overall infrastructure quality. Specifically, the country ranked 66th in transport infrastructure and 87th in utility infrastructure.

However, Vietnam's transport infrastructure system is, in reality, still poor while technical standards remain low and outdated, asynchronized and weakly connected. The transnational road system is overloaded and degraded relative to the growing demand but expansion and upgrading investments are challenging due to insufficient funds. The North-South Railway lacks connections to economic zones, industrial parks, and seaports due to the absence of branch railways. The current state of the railway infrastructure is rated as extremely poor, with narrow gauges preventing high-speed mobility.

To mobilize capital for transport infrastructure development, the Vietnamese government advocates encouraging all domestic and foreign resources, from economic sectors, in various investment cooperation forms such as BOT, BT and PPP, with a focus on PPP-based investment in new large-scale airports, seaports, and wharf areas. The National Assembly enacted the Law on Public-Private Partnerships on June 19, 2020, effective January 1, 2021, to support and regulate private investment in infrastructure, focusing on transportation, electricity grids, and power plants. This move aimed to attract more private investment to reduce burdens on public debt

and fiscal policy. Actually, the eradication of bottlenecks in infrastructure investment, especially in transport infrastructure, to promote economic growth cannot be delayed. This is the time for stronger engagement of the private sector.

However, to effectively implement the PPP investment method, we need five fundamental viewpoints to better figure out strategic goals, make decisions on selection of partners and projects, carry out institutional development and encourage the private sector to form responsible cooperation to manage sustainable development projects.

Defining objectives, strategies and capacities at all levels

Competent agencies that initiate an infrastructure project must ensure that other stakeholders, including end users, are fully consulted. Agencies responsible for privately operated infrastructure projects must be able to manage relevant commercial processes and work on an equal footing with private sector partners.

The objectives and strategies of the private sector in infrastructure must be clearly understood, and the objectives shared, at all levels of government and in all relevant parts of public administration.

Making decisions on PPP project selection

The selection of a PPP project must be based on a cost-benefit analysis, taking into account all alternative delivery methods, the full infrastructure delivery system, and the expected financial and nonfinancial costs and benefits over the life of the project. No infrastructure project - regardless of the degree of private participation - should proceed without an assessment of the extent to which costs can be recovered by end users. In the event of a shortfall, it should be clearly identified what other sources of finance can be mobilized.

The risk analysis into private and public parties will be determined primarily by the chosen private sector participation model, including the allocation of responsibilities. The choice of a particular model and its associated risk allocation should be assessed for the sake of public interests.

Financial discipline and transparency must be ensured, with the potential public financial impact of responsibility sharing for infrastructure with the private sector being foreseen.

Strengthening the institutional environment

An appropriate institutional environment for infrastructure investment, including high standards of public and corporate governance, transparency and rule of law, including the protection of property rights and contracts, is necessary to engage private sector participation.

Public authorities must take effective measures to ensure the integrity and accountability of the public and private sectors and establish appropriate procedures to ensure integrity in cooperation.

Private sector participation in infrastructure development is significantly enhanced by fostering a competitive environment and eliminating unnecessary barriers in competition law enforcement.

Efforts should focus on building institutions to facilitate access to capital markets and leveraging state-owned land resources to support large-scale projects, thereby encouraging active private sector involvement. In particular, urban planning

should incorporate the multi-center smart urban model, aligned with Transit-Oriented Development (TOD) principles. This approach prioritizes the integration of transportation and land use, offering many advantages for densely populated cities with limited space, such as Ho Chi Minh City and Hanoi. However, these modern models demand substantial capital and advanced technology. Therefore, it is crucial to develop macroeconomic policies that address restrictions on resource access and facilitate the movement of domestic and international capital.

Conducting public-private partnership

To optimize private sector participation, authorities must clearly communicate the objectives of their infrastructure policies and must provide a consultation mechanism for public and private partners on these objectives and individual projects.

There must be a mechanism for the provision of full project-related information between authorities and private partners, including the pre-existing state of infrastructure, performance standards and non-compliance penalties. The principle of special monitoring and supervision must be respected.

The award of infrastructure contracts or priorities must be carefully prepared to ensure procedural fairness, non-discrimination and transparency. The formal agreement between authorities and private stakeholders must specify verifiable infrastructure services that will be provided to the public on an output or performance-based basis according to technical specifications. This agreement should define responsibilities and allocate risks in the event of unforeseen events.

The provision of infrastructure services should be delegated to competent, resourced professional bodies that are not dominated by any party to the infrastructure contract.

A dispute resolution mechanism should be in place for any disputes that arise during the life of the project and disagreements should be resolved in a timely and equitable manner.

Promoting responsible business practices

Private stakeholders in infrastructure projects must adhere to agreed principles and standards of environmentally and socially responsible business practices; and have good faith and commitment to performing contracts and their terms.

Private stakeholders, their subcontractors and their representatives must not engage in bribery or other improper conduct to obtain contracts, gain control of assets or gain favors, nor engage in such conduct in the course of their infrastructure operations. In addition, they must contribute to a public consultation and communication strategy, including consumers, affected communities and stakeholders, to achieve joint acceptance and understanding of the objectives of the parties involved.

The private sector involved in providing essential services to the community must pay attention to consequences of its actions on the community and cooperate with competent authorities to avoid and mitigate consequences that are unacceptable to society.

With improved resource management through the integration of land use planning and infrastructure development, Vietnam will see the development of world-class highways, bridges, ports, and underground transportation systems. The private sector is expected to play a significant role in these advancements, contributing substantially to the country's infrastructure growth. ■

Using AI in Social Media to Boost Sales and Customer Satisfaction

Artificial intelligence (AI) is rapidly transforming businesses and industries globally, driving innovation and economic growth. How can AI be used in social media marketing to boost sales and customer satisfaction?

BICH HANH

Advantages of AI integration in social media

In Vietnam, the annual growth of the AI market is projected at 28.6%, with an expected market volume of US\$3.4 billion by 2030. The government has implemented a national AI strategy to position Vietnam as a leader in AI across the Southeast Asian region.

According to RMIT Senior Lecturer Dr. Alrence Halibas, AI can improve the consumer journey and decision-making, increasing their tendency to use digital platforms for product search and purchase.

“One of the advantages of AI is its ability to provide personalized recommendations. It uses content-based filtering, such as recommending products similar to those a user has liked in the past, and collaborative filtering, which recommends products based on the preferences of

similar users,” said Dr. Halibas.

These strategies increase the likelihood of purchase by ensuring the content and products shown to the user are relevant to their interests and needs.

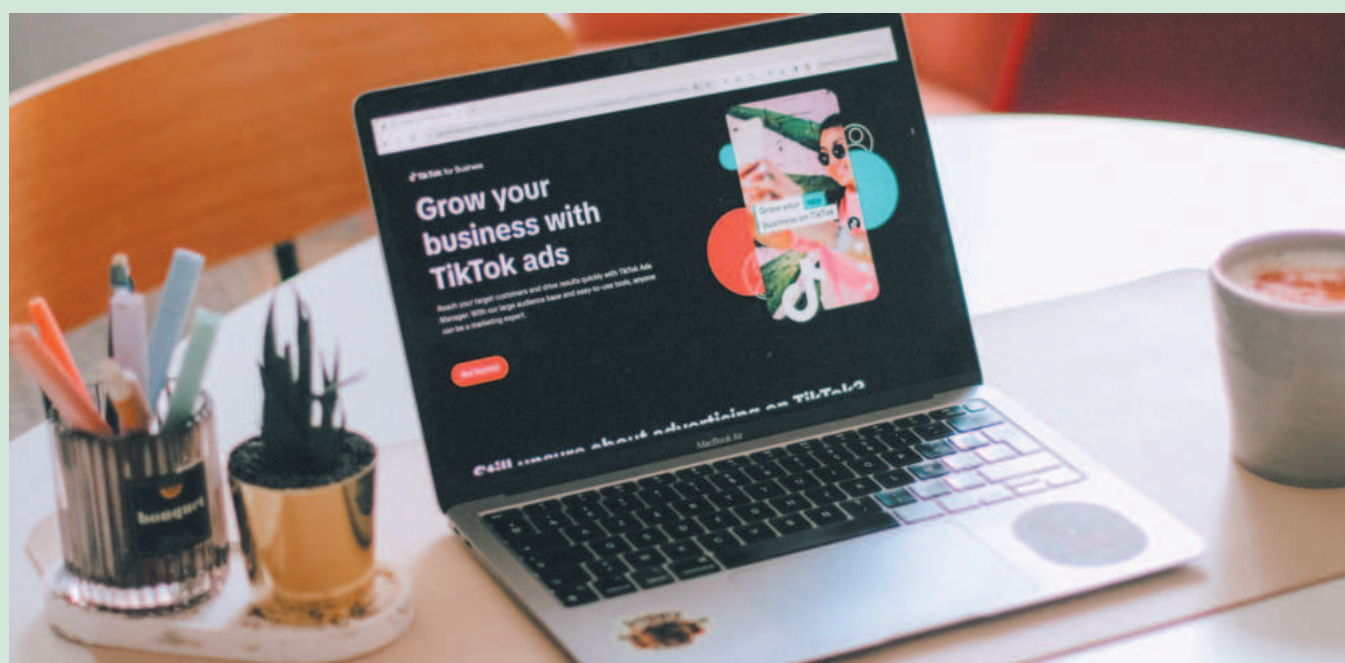
Another example is chatbots and virtual assistants, which use natural language processing (NLP) to engage with customers in real time on social media platforms.

“Chatbots answer queries, provide product information, and guide customers through the purchase process,” she elaborated.

Other AI-enhanced marketing techniques include: Predictive analytics which analyze historical data from social media to anticipate customer needs and offer timely and relevant products; Sentiment analysis which examines social media posts and customer reviews to evaluate customer sentiment towards products and brands, allowing marketers to tailor marketing strategies; Dynamic pricing which monitors prices in real time based on demand, competition, and other market factors to ensure optimal pricing that maximizes sales and profits.

RMIT Senior Lecturer Umair Akram shared some successful AI implementations in Vietnam.

VietJet's campaign developed by PMAx in 2023 used a Customer Data Platform (CDP) to analyze more than 150 million consumer records. This created more than 300 customer segments and deployed personalized ads across 25 plus channels. VietJet achieved six times higher sales compared to the same period in 2022, 1.7 million flight



AI can enhance social media marketing to increase sales and improve customer satisfaction. (image: Unsplash)

bookings, and a 75% year-over-year increase in active monthly users on their app.

The strategic use of AI for personalized ad targeting and real-time customer insights demonstrates the potential of AI in transforming social media marketing.

Samsung's campaign for the Galaxy Z Flip4 and Fold4, managed by Cheil Vietnam, used an AI-driven CDP to analyze customer data and generate more than 300 segments. This enabled personalized ads across multiple channels, including Instagram and TikTok, targeting Gen Z consumers.

The campaign, which included the innovative "Galaxy ME" platform and collaborations with fashion designers, achieved a 96.4% share of buzz, 97% brand awareness, and significant increases in purchase intent and sales. This AI implementation not only boosted engagement but solidified Samsung's leadership in the foldable smartphone market.

The future of AI in social media marketing

Dr. Akram highlighted the potential of AI-powered systems to identify products that drive customer engagement on social media. By analyzing customer interactions, businesses can determine which product attributes resonate most. They can then target marketing messages that reach and engage customers.

"Businesses must consider the behavioral and social impacts of AI technology on customer behavior and experience.

"This enables them to develop customer engagement strategies and innovative user experiences that foster sustained growth and give them a competitive advantage," said Dr. Akram.

Dr. Halibas said customers who develop an emotional attachment to a brand are more likely to experience increased satisfaction and exhibit higher purchase intention.

To cultivate this, she recommended businesses provide pre- and post-purchase customer support, engage in proactive communication, and offer personalized interactions.

RMIT experts believe AI technologies will continue to offer granular levels of personalization, hyper-targeted content and ads based on user profiles and real-time behavior.

Dr. Halibas said advancements in NLP and machine learning will lead to more sophisticated chatbots and virtual assistants, providing seamless and human-like customer interactions.

"Ongoing developments in augmented reality (AR) and AI will create immersive shopping experiences on social media and AI, allowing users to virtually try products before purchasing," said Dr. Halibas. ■

between the two countries and the Direct Power Purchase Agreement is a testament to the increasingly deep cooperation and shared commitment between the two countries for sustainable development.

When implemented, the new policy will allow businesses in Vietnam to purchase electricity directly from private companies that produce renewable energy, enabling them to use 100% renewable energy to meet their business needs. This will help Vietnam attract private investment in renewable energy, while meeting the needs of businesses looking for solutions to integrate renewable energy into their operations and achieve their corporate emission reduction goals.

The U.S. Mission to Vietnam, through the United States Agency for International Development (USAID), has provided technical assistance to the Ministry of Industry and Trade since 2017 in the design, development, and refinement of this agreement. "The direct power purchase mechanism will help businesses reduce greenhouse gas emissions while helping Vietnam accelerate its transition to clean energy and advance its goal of achieving net zero emissions by 2050," said USAID Vietnam Mission Director Aler Grubbs. "The United States will continue to work with Vietnam to implement this important initiative and expand Vietnam's access to clean and renewable energy."

Challenges remain

According to SSI Research, the implementation of DPPA still faces some challenges in the short term, such as the need to maintain a more stable power source and develop power sources from battery energy storage systems (BESS) to support the stability of the national grid and reduce power loss in the context of unstable renewable power sources.

The potential to increase renewable energy capacity on the national grid in the future from the implementation of the DPPA mechanism must be accompanied by more reasonable dispatch policies to address the problem with the load capacity of the grid, as well as the development of more stable power sources on the grid such as gas/LNG power and the deployment of BESS technology into electricity production. However, according to EVN's assessment, the current retail electricity price is lower than the production cost of gas/LNG electricity (one of the more stable sources) and electricity from BESS technology, creating barriers to the development of these power sources.

In the medium and long term, SSI Research believes that further adjustments or the implementation of a two-component model for retail electricity prices will help alleviate and resolve this situation. However, because the DPPA is quite new, some unavoidable problems may arise during the implementation process. For example, for the form of direct purchase and sale through dedicated transmission lines, buyers and sellers may encounter difficulties in negotiating contracts due to the lack of a guiding mechanism.

According to the assessment, the direct electricity purchase and sale mechanism will help domestic and foreign enterprises in Vietnam achieve greater carbon emission reductions, toward the goal of net zero emissions, while accelerating the country's transition to clean and equitable energy. Vietnam is taking a huge step forward in its clean energy transition with the issuance of the decree regulating the direct power purchase agreement. ■

Improvements in Investment Attraction in Vinh Phuc Industrial Parks



Thang Long Vinh Phuc Industrial Park - A prime investment destination

Amid global economic volatility, investment flows into industrial parks (IPs) in Vinh Phuc province saw notable improvement in the first six months of 2024. Vinh Phuc remains a secure and appealing destination for both domestic and foreign investors. Vietnam Business Forum's reporter interviewed Mr. Vu Kim Thanh, Deputy Director of the Management Board of Vinh Phuc Industrial Parks, regarding its achievements and key tasks for the remaining months of the year.

NGUYET THAM

Could you please tell us about some outstanding investment attraction results in Vinh Phuc industrial parks in the first six months of 2024?

Through its concerted efforts to enhance investment flows into local industrial parks, the Vinh Phuc Management Board of Industrial Parks issued new investment registration certificates to 29 foreign direct investment (FDI) and domestic direct investment (DDI) projects in the first half of 2024. Additionally, the board revised investment certificates for 23 projects. Investors registered to invest US\$339.79 million and VND1,700.03 billion in the six-month period. Specifically, we licensed 21 new FDI projects with a total investment of US\$153.93 million. Additionally, 19 existing projects were approved to increase their capital by US\$185.87 million. FDI investors registered to invest US\$339.79 million in the reporting period, up 4% year on year and equal to 97% of the 2024 plan. Eight new DDI projects were permitted to invest VND772.94 billion and four existing DDI projects were allowed to increase their investment fund by VND927.09 billion. They registered to invest VND1,700.03 billion in the first six months of 2024, down 63% year on year and equal to 113% of the 2024 plan.

Currently, 19 countries and territories are investing in industrial parks in Vinh Phuc province. South Korea is the biggest investor with 185 projects and US\$2,522 billion, accounting for 37.7% of the total FDI capital. Taiwan is the second largest foreign investor with 46 projects and US\$1.19 billion, accounting for 17.8%. Japan is the third largest with 49 projects and US\$1.17 billion, accounting for 17.4%. Thailand comes 4th with 10 projects and US\$734.4 million, accounting for 11%. China ranks 5th with 42 projects and US\$382.6 million, accounting for 5.7%. Italy, Singapore, British Virgin Islands, Samoa, Seychelles, the Netherlands, Sweden, the United States, India, Belize, Indonesia, Spain, Mauritius and France have also invested in Vinh Phuc province.

To achieve these results, how has the Management Board of Vinh Phuc Industrial Parks enhanced its investment promotion efforts? Could you outline the specific activities and strategies implemented?

The Management Board of Vinh Phuc Industrial Parks has been actively accelerating investment promotion and attraction efforts for the industrial parks. The promotion has been executed through close coordination with local agencies, employing a diverse, comprehensive, and effective approach. The specific methods include:

Coordinating with VTV Television to propagate administrative reforms in local industrial parks; carrying out cooperation contents with Chungcheongbuk province (South Korea), Pernik province (Bulgaria) and Toscana region (Italy) to 2025 according to Plan 311/KH-UBND dated December 22, 2023 of the Vinh Phuc Provincial People's Committee on functions and tasks of the Management Board of Vinh Phuc Industrial Parks.

Coordinating with relevant bodies to review, synthesize and propose economic cooperation contents/documents with Japanese agencies and businesses at the Vietnam-Japan Economic Forum in Japan from December 16-18, 2023 at the request of the Ministry of Planning and Investment.

Coordinating with the Department of Industry and Trade to organize the "Link to Grow" space exhibition program to promote and introduce potential and connection opportunities between Hanoi and provinces in the northern key economic region; notifying and inviting tenants in IPs to take part in overseas investment promotion programs and forums like the investment and trade promotion delegations in Japan and the United States as well as study programs, field surveys and participations in the 33rd Japan Information Technology Exhibition in Japan.

Receiving and working with leaders of some corporations to learn about investment policies, investment procedures and project implementation in IPs such as Young Poong Group, META Investment Fund and Grandway Singapore Company; receiving and working with the delegation of Chungcheongbuk province (South Korea) and leading the business delegation to visit and work with Powerlogics Vina Company.

Working and exchanging experiences with the Binh Thuan Industrial Zones Authority on investment promotion.

Regularly providing information on policy mechanisms, investment environment and industrial park development to press agencies, media and investors to promote the business and investment climate in its industrial parks.

In the remaining months of the year, what key solutions and tasks will you carry out to achieve effective investment attraction in industrial parks?

To improve the outcome of promoting and attracting investment into IPs, in the remaining months of the year, we have developed some key solutions and tasks as follows:

First, continue to effectively implement on-site investment promotion and business dialogue, prepare technical infrastructure in IPs to lure domestic and foreign investors; actively connect, contact and work with potential investors and big companies to learn about the investment and business environment in IPs.

Second, improve the effectiveness of foreign investment attraction according to Resolution 50-NQ/TW, dated August 20, 2019 of the Politburo on orientations for perfecting



Haesung Vina Co., Ltd donates gifts to Vinh Phuc Blind Association



Jahwa Vina Co., Ltd in Khai Quang Industrial Park

institutions and policies and improving the quality and effect of foreign investment cooperation to 2030; continue to attract investment as planned for specific industries in IPs and promote priorities for projects with modern, advanced technologies, digital platforms, environmentally friendly technologies, low greenhouse gas emissions, high added value, high-quality labor, strong competitiveness, deep and comprehensive participation in production networks and global value chains; focus on attracting foreign investors to invest in locally advantageous industries and industrial products such as electronics, telecom, digital technology (software, artificial intelligence, new industries, chip manufacturing and semiconductor), automobile, supporting industries, smart manufacturing, smart factory and producing new materials; invest in developing industrial real estate.

Third, coordinate with relevant agencies and localities to bolster the connection between FDI firms and domestic companies; encourage businesses to cooperate, transfer technology, convert from processing and assembling to design and manufacturing, increase added value, create a foundation to attract and develop high-tech industries.

Fourth, enhance the knowledge and information of regional and global investment situations and trends; make accurate forecasts to have appropriate, flexible and timely investment promotion, appraisal and investment licensing solutions and create favorable conditions for foreign investors.

In the last six months of 2024, Vinh Phuc industrial parks aim to attract 3-5 FDI projects with a total investment of US\$50-70 million. Additionally, they plan to secure 2-3 DDI projects with an investment capital ranging from VND1,000 to 1,200 billion.

Thank you so much!

TENANTS IN VINH PHUC IPs

Maintaining Growth Momentum



Lumi Smart Factory in Thang Long Vinh Phuc Industrial Park

Despite facing various challenges and obstacles, tenants in Vinh Phuc province's industrial parks (IPs) have successfully navigated these difficulties and leveraged favorable opportunities. They are now stabilizing and ramping up their production and business operations, which is fostering growth, generating additional employment opportunities, and contributing significantly to the local socioeconomic development.

BAO NGOC

Seizing opportunities, striving to overcome hardships

In the first six months of 2024, the world economy advanced on global market recovery, slowing inflation, falling inventories in countries whose markets are partners

of Vietnamese companies, and rebounding orders from traditional markets. These were positive signals for tenants in industrial parks to maintain production and business operations and achieve growth targets.

The business performance of tenants in IPs improved in the first 6 months of 2024 as compared to the corresponding period in 2023. Some key industrial products increased significantly from a year ago such as electronics. However, some fields shrank from a year earlier period, including automobile, motorbike, textile, garment and construction materials.

According to the Management Board of Vinh Phuc Industrial Parks, labor shortages and order fluctuations are significant challenges faced by tenants in these industrial zones. The instability in orders has led to frequent changes in staffing, which has adversely impacted the product quality for some companies. In response to these difficulties, businesses are proactively seeking new orders, expanding their markets, and securing employment for their workers. Additionally, they are planning to invest in new machinery and equipment to enhance product design and quality, thereby boosting competitiveness. These efforts are aimed at stabilizing production, meeting, and exceeding their output and revenue targets for 2024.

Positive signals

With their ongoing efforts, in the first six months of 2024, tenants in IPs achieved positive business results. Foreign direct investment (FDI) firms reported an estimated revenue of US\$5.871 billion in the first half of 2024, reflecting an 11% year-on-year increase. Their estimated export value reached US\$4.965 billion, up by 16%, while contributions to the State Budget amounted to VND3,663 billion, marking a 4% increase. Conversely, domestic direct investment (DDI) companies reported an estimated revenue of VND8,000 billion, a 10% decrease, but saw an 8% increase in estimated export value to VND430 billion and a 13% rise in State Budget payments to VND142 billion. In the first half of 2024, companies in IPs employed 2,448 new workers, bringing total workers to 136,160 as of June 5, 2024, including 74,298 Vinh Phuc people (accounting for 54.6%).

At Lumi Smart Factory (based in Thang Long Vinh Phuc Industrial Park), which manufactures Smarthome and IoT devices, its production lines are operating at nearly 70% capacity, more than 30% higher than a year-ago period. In particular, it made 1,500 - 2,000 lights a month, soldered the surface of 240,000 electronic circuits a month, and installed 200,000 electronic circuit boards a month.

A representative of Lumi Smart Factory said: The domestic economy, including Vinh Phuc, is recovering quite well. To reduce volume and enhance quality, the factory has expanded into electronic component processing for domestic and international partners. The typical example is CNC Tech Group Joint Stock Company - one of the large-scale industrial support companies in Vinh Phuc. Some factories in South Korea and China are shifting production stages to Vietnam, helping local companies to have more production orders to further stabilize and develop production activities.

In addition to the efforts of companies, to achieve these results, the Management Board of Vinh Phuc Industrial Parks has been proactive in assisting local companies in overcoming challenges, enhancing the investment and business environment, and reducing operational costs. The agency prioritizes listening to businesses' recommendations and proposals, adhering to the province's guiding principle of "Placing businesses at the center: as the subject, goal, driving force, and resource for development." It has promptly and effectively addressed feedback on regulatory issues, investment-related problems, and business inadequacies. Additionally, the Board provides ongoing post-investment support to mitigate and prevent disputes, and offers guidance to its leadership for resolving conflicts and issues faced by investors.

At the same time, the board stepped up administrative reform, applied information technology to administrative management, improved the effective operation of document management and operation systems, provided full-process online public services and managed projects with software, hence creating a favorable climate for investment, business and production for tenants in industrial parks. ■



IDI's pangasius exports are showing clear signs of recovery

(from P.31)

cover the world market at the right time."

IDI is part of the Sao Mai Group ecosystem, a key member of the group, capable of processing 100,000 tons of raw fish a year. In any stage, IDI is always a Top 10 export seafood processor in Vietnam and makes a positive contribution to the country's seafood industry.

IDI's products are currently present in 50 countries and territories around the world. The US market is considered the most demanding with many barriers in terms of quality specifications and especially tax policies.

Regarding seafood exports, despite having many improvements and facing a lot of difficulties due to global economic uncertainties, IDI has focused on strengthening financial health, raw material sources and especially the sharpness of the leadership.

The company actively grasps market situations and proposes many positive and flexible solutions to complex market developments. It continuously improves product quality, applies advanced clean production technology, ensures absolute food safety and hygiene as well as environmental friendliness to reduce costs and sharpen competitiveness.

IDI is excitedly paving the way for the seafood product brand to penetrate deeply, take root and develop in the US market. This is a mission and urgent action of the company's leadership. The cooperation with Patagonia Cuisine LLC is considered a suitable solution for IDI to develop strongly in the US and South America.

According to the plan, IDI is carrying out a high-quality seed center and building the third seafood factory. Its advantages in seafood export markets are supporting its expansion into the US thanks to the preferential tax policy.

From now until the end of the year, pangasius exports are forecast to further increase on high demand from major markets such as China and ASEAN. IDI will focus on reforming sales methods, adopting flexible payment, diversifying markets and applying solutions to reduce production costs. ■

VINH PHUC

Favored Destination for Korean Investors



Mr. Vu Viet Van, Vice Chairman of Provincial People's Committee at the signing ceremony of the cooperation agreement with CNCTech

Vinh Phuc's strategic geographic location, open investment climate, modern infrastructure, transparent legal framework, robust security measures, and skilled labor force have collectively positioned it as a highly attractive destination for investors, particularly those from Korea. Many major Korean corporations have established successful operations in the region, making significant contributions to local socioeconomic development.

THANH LOAN

Currently, Vinh Phuc province has 1,313 investment projects, including 472 foreign direct investment (FDI) projects with more than US\$8.3 billion of registered investment capital and 841 domestic direct investment (DDI) projects with VND145 trillion. In particular, among more than 20 countries and territories investing in Vinh Phuc province, Korea ranks first in both projects and investment value, with 238 projects and over US\$3 billion. South Korean investors are mostly engaged in electronics, electronic components, automobiles and parts, textile and garment and semiconductors - key industries of the

province's investment attraction strategy in the coming time.

After more than seven years of operation, Young Poong Electronics Vina Co., Ltd in Binh Xuyen II Industrial Park - a wholly South Korean-invested producer of flexible printed circuit board (FPCBs) and surface mount circuit boards (SMT) for mobile phone and computer production - has affirmed its position in the market and become a partner of many giant firms like Apple, LG and Samsung. This is also the first company in Vinh Phuc province to be certified as a high-tech support enterprise in the priority development plan. At the meeting with Vinh Phuc leaders, Mr. Hawng Jin Ju, General Director of the company, highly appreciated the local investment environment and affirmed that this is an important reason for it to continue expanding the third factory in

Dong Soc Industrial Complex (Vinh Tuong) in addition to its current factories in Binh Xuyen district.

Recently, at the Workshop on "Promoting investment in Vinh Phuc industrial parks in 2024" organized by CNCTech Group, the leaders of Vinh Phuc Provincial People's Committee awarded investment certificates to some new projects and witnessed the signing ceremony of cooperation agreements between CNCTech Group and three Korean companies that decided to invest in CNCTech Group's projects in Vinh Phuc. This event is of great significance not only to CNCTech Group but also to the increased confidence of investors who plan to study and carry out investment projects in Vinh Phuc province in the coming time.

Guided by the motto, "Investors in Vinh Phuc are citizens of the province; the success of enterprises is the success of the province," Vinh Phuc has enhanced its business environment through the 3 principles: a robust and comprehensive legal framework, advanced technical infrastructure, and exemplary business services. These improvements ensure optimal conditions for investors, including those from South Korea, to explore, research, and implement their investment projects within the province.

In the coming time, to continue to be a "landing place", an attractive destination for FDI capital flows in general and Korean companies in particular, Vinh Phuc province requires all relevant agencies and local authorities to speed up land compensation and site clearance to provide available land for investors to build their factories and carry out production and business projects; reform administrative procedures; and remove difficulties and obstacles regarding investment certification and other licenses for companies. ■

ENHANCING STATE MANAGEMENT INDUSTRIAL PARKS



Ba Thien Industrial Park

In recent years, the Vinh Phuc Industrial Park Management Board has increasingly demonstrated effectiveness in executing state management and development initiatives for industrial parks (IPs). These efforts have significantly improved the investment and business environment, fostering substantial growth in production and business activities within the IPs.

DUY BINH

Since its inception, the Vinh Phuc Industrial Park Management Board has been dedicated to advising provincial leaders on the development of critical mechanisms, policies, and solutions for advancing the province's IPs (IPs) and industrial clusters. Currently, Vinh Phuc province hosts 16 established IPs, with 9 operational parks, including: Khai Quang IP (221.46 ha); Binh Xuyen IP (286.98 ha); Kim Hoa IP (50 ha); Ba Thien IP (325.75 ha); Binh Xuyen II IP - Phase 1 (42.21 ha); Ba Thien II IP (308.83 ha); Tam Duong II IP - Area A (135.17 ha); Son Loi IP (257.35 ha); Thang Long Vinh Phuc IP (213 ha). According to the Provincial Planning for the period 2021-2030, with a vision to 2050 as approved by the Prime Minister, Vinh Phuc aims to develop 24 IPs spanning 7,000 hectares by 2030.

To effectively address the infrastructure needs of businesses and new projects, particularly large-scale ventures with modern technology, and to align with the IP development strategy for the Red River Delta and national planning, the Provincial Industrial Park Management

Board has recently worked closely with relevant sectors, localities, and organizations. This collaboration includes advising the Provincial People's Committee on the review and inclusion of new IPs into the Provincial Planning for 2021-2030, with a vision to 2050. Additionally, the Board supports enterprises and investors by providing insights into the investment and business environment, streamlining the project implementation process, and promptly addressing challenges to ensure stability and harmony in labor relations in enterprises.

Since the beginning of the year, the Industrial Park Management Board has actively collaborated with relevant agencies to advise the Provincial People's Committee on several key initiatives. These include: Adjusting the detailed construction planning at a scale of 1/500 for Son Loi Industrial Park (a new undertaking); Guiding and supporting G.S Vietnam Co., Ltd through the procedures for adjusting investment projects, recommending investors on investment planning, and implementing financial measures to ensure project feasibility and continuity while mitigating financial risks; Issuing 18 new construction permits. Additionally, the Board has worked to expedite the administrative processes associated with granting investment registration certificates, including shortening the appraisal time for these procedures, reviewing construction designs beyond the basic design stage, and issuing construction permits.

Mr. Vu Kim Thanh, Deputy Director of the Vinh Phuc Industrial Park Management Board, said: The Provincial People's Committee has tasked the Provincial Industrial Park Management Board with studying and advising on specific orientations for developing new types of IPs in the province, including supporting IPs, specialized IPs, and high-tech IPs. The goal is to enhance guidance, support, and collaboration with infrastructure investors to propose innovative industrial park projects that balance economic, social, and environmental objectives. This approach aims to deepen the participation in the value chain, improve competitiveness, and boost the development efficiency of the IPs. In the process of consulting on IP project dossiers, it is crucial to ensure project feasibility. This includes clarifying the suitability of land use indicators, especially regarding the conversion of rice paddies and forest land, as well as evaluating the conditions for investing in IP infrastructure. Additionally, we must assess the capacity of investors to meet the regulatory requirements for land allocation and leasing.

Through state management efforts, the infrastructure of IPs in Vinh Phuc province has been developed comprehensively, effectively meeting investor needs, including the establishment of wastewater treatment facilities. Several IPs have successfully leased out 100% of their industrial land, while others are actively engaged in compensation and site clearance processes to enhance their appeal to investors. ■

Distinctive Appeal of Model Industrial Park

After conducting extensive research on Vinh Phuc's investment environment, Sumitomo Corporation of Japan decided in 2015 to invest over US\$135 million in the development of infrastructure at the 213-ha Thang Long Vinh Phuc Industrial Park, located in Thien Ke and Tam Hop communes of Binh Xuyen district, Vinh Phuc province. Today, Thang Long Vinh Phuc stands as a benchmark for infrastructure quality, environmental sustainability, cultural excellence, and innovative investment attraction within the province.

QUYNH NGOC

The corporation started construction on September 21, 2017 and completed the first phase on November 8, 2018. After a short period of time, Thang Long Vinh Phuc IP attracted 11 investors with US\$200 million of registered investment capital from Japan. This was very significant because Sumitomo had more than 10 customers in a short time for the first time. At present, the industrial park is housing 47 investors with total registered investment capital of more than US\$1.076 billion, of which 29 tenants have come into operation. The occupancy rate is over 92% of rentable industrial land, a quite high rate in Vinh Phuc province. Once fully developed, the park is anticipated to attract approximately 70 projects, predominantly from Japanese investors, and create around 10,000 jobs for the local workforce.

When engaging with secondary investors, Thang Long Vinh Phuc Industrial Park Co., Ltd ensures the presence of Japanese coordinators who assist throughout the entire process from feasibility studies and initial surveys to corporate establishment and operational phases. The company facilitates monthly customer meetings and collaborates with the Japanese investment promotion and support department in Vinh Phuc. As a result, despite the significant challenges posed by the COVID-19 pandemic, projects in Thang Long Vinh Phuc Industrial Park maintained their investment schedules and commenced operations as planned, thereby making a positive contribution to local development.

In addition, Thang Long Vinh Phuc Industrial Park Co., Ltd and secondary investors always carry out good social activities to build an image of an industrial park that is not only a place to find job opportunities but also a pioneer in building and improving the living standards of local people. In 2020, with the permission of the local government, Sumitomo



Projects in Thang Long Vinh Phuc Industrial Park are designed with a focus on environmental sustainability and utilize cutting-edge technology

Corporation and Thang Long Vinh Phuc Industrial Park Co., Ltd conducted research on development of a new 465-ha industrial park in Binh Xuyen and Yen Lac districts. After the Vinh Phuc Provincial Planning for the 2021-2030 period, with a vision to 2050, was approved by the Prime Minister in March 2024, the company expected to continue implementing the project to foster local industrialization and modernization.

With an extremely favorable location, just 5km from Noi Bai-Lao Cai Expressway, 20km from Noi Bai International Airport, 45km from the center of Hanoi City, 160km from Cai Lan deepwater port (Quang Ninh) plus a synchronous, well-prepared and well-planned investment by a giant international corporation, Thang Long Vinh Phuc Industrial Park is strongly attractive to domestic and foreign investors, especially those from Japan. ■

Indonesia - Preferred Destination for Vietnamese Tourists

Indonesia is becoming a favored destination for Vietnamese travelers this summer, thanks to its streamlined policies on direct flights, competitive service pricing, and high-quality destinations. Bali, in particular, stands out as a favored spot, with Vietnamese tourists representing 30-40% of outbound travel bookings through tour operators.

GIANG TU

Vietnam is key market for Indonesian tourism

According to the Indonesian Ministry of Tourism and Creative Economy, the number of Vietnamese tourists visiting Indonesia, particularly Bali, is experiencing significant growth. From January to May 2024, there were 45,370 arrivals from Vietnam. This figure was expected to reach 96,000 arrivals in 2024, of which visitors to Bali will account for 60%.

This growth is mainly driven by favorable factors such as the expansion of Vietjet's direct flights from Hanoi and Ho Chi Minh City to Bali, said Mr. Dadang Djatnika, Deputy Director of the Indonesian Tourism Promotion Board in Southeast Asia.

"Vietnam is considered a potential market with many development opportunities for the Indonesian tourism industry. Bali's tourism products that are interested by Vietnamese tourists include unique culture, beautiful natural landscapes and luxurious resort services. Additionally, MICE (Meetings, Incentives, Conferences, and Exhibitions) travelers from Vietnam are making a substantial impact on Bali's tourism sector, with such supporting activities as souvenirs, cultural performances and other related services," he stated.

A survey into outbound travel companies in Vietnam showed that Indonesia is a destination chosen by many Vietnamese tourists thanks to the newness and uniqueness of the destination. Most tours to Indonesia use high-end accommodation services and 4-5-star hotels. At the same time, to stimulate demand and enhance competition, travel companies with Indonesia tours have coordinated to implement many summer promotion programs like upgrading hotel ratings, giving vouchers, offering discounts and presenting many

attractive gifts for customers who book early tours or travel in groups.

Pham Tien Dung, Director of Golden Tour, a tour operator with eight-year experience with Indonesia tours, said, to meet customer needs, last summer, his company launched dozens of upmarket Indonesia tours with specialized service quality and many special incentive programs to attract customers. Accordingly, customers can take advantage of several exclusive offers, including a 10% discount for early bookings, complimentary room upgrades for groups of six or more, and a spa voucher valued at VND500,000 per guest.

"The new culturally rich destination, high-class service, competitive prices and many promotions are the reasons why this company has achieved significant success, capturing 40% of Vietnamese outbound group tours to Indonesia this summer," he said.

Tour alliance - New trend in tourist attraction

A prevailing trend in the travel industry today is the collaboration among many travel companies to offer identical products at uniform prices. The companies have cooperated to build special experience products in Bali (Indonesia). The alliance creates advantages for both businesses and tourists while avoiding unhealthy competition in tour prices and ensuring service quality.

Nguyen Huu Lam, Director of Aritour, said, this summer, travel businesses have introduced a range of new products to stay competitive and capitalize on the increasing interest from tourists. Bali summer tours are specially designed to bring diverse and unique experiences. Tourists will have the opportunity to watch dolphins at Lovina Beach, dive to explore the ocean world, visit famous temples such as Tanah Lot and Ulun Danu Bratan, as well as discover the beautiful island of Nusa Penida.

Particularly, allied businesses continuously update new routes, services and experiences every six months and tap the beauty of the island to the fullest. The shift from destinations such as Thailand, Malaysia, Singapore to Bali also reflects the new trend in outbound tours and positions the Indonesian tourism brand in Vietnamese tourists.

Thus, the travel trends of Vietnamese tourists and the approach of travel companies in market research and product development have changed significantly. The year-end is also an important time for new products to be launched and updated to tourists. Businesses must seize this opportunity to revitalize their operations and update their product portfolios in order to achieve rapid recovery and robust growth. ■

Hanoi Welcomes 16.44 Mln Tourists in Seven Months

In the first seven months of 2024, Hanoi welcomed 16.44 million tourists, marking an 11.8% increase compared to the previous year, according to the Hanoi Tourism Department. This total includes 3.43 million international visitors, up 42.5%, and 13.01 million domestic tourists, up 5.8%. The city's total tourism revenue surged by 18.9% year-on-year, reaching VND63,602 billion.

In July 2024 alone, Hanoi saw 2.52 million visitor arrivals, up 7.4% over the same period last year, including 425,000 international visitors, up 20.8%, and 2.1 million domestic visitors, up 5%. Total tourism revenue was VND9,247 billion in July, up 10.3%.

Dang Huong Giang, Director of the Hanoi Department of Tourism, said, from now until the end of 2024, the Hanoi Tourism Department will focus on further reforming the organization, management, conservation, and promotion of historical sites and national landmarks, including the Huong Son Complex. Additionally, the department will finalize the draft report and provide recommendations to the Hanoi People's Committee for the implementation of new regulations on the management of tourist sites.

Hanoi's tourism industry will also focus on organizing major events such as the Hanoi Tourism Gift Festival, a series of sports tourism events, and cultural and historical tourism product festivals. In addition, Hanoi will continue to promote new destinations and tours on media channels, accelerate digital application to tourism, build a community tourism model, develop agricultural tourism economy associated with new rural construction.

Thu Huyen

Over 100 Types of Kites Displayed at Quang Nam Int'l Kite Festival 2024

The Quang Nam International Kite Festival 2024 commenced on July 27 at Hoiana Resort & Golf in Duy Hai commune, Duy Xuyen district, Quang Nam province. Organized by the Department of Culture, Sports, and Tourism of Quang Nam province in collaboration with Nam Hoi An Development Co., Ltd, the event aims to boost tourism interest in the "Quang Nam - Green Heritage" 2024 initiative.

The festival brought together kite teams from 13 countries and territories, including India, Korea, Indonesia, Malaysia, Japan, the Philippines, Singapore, Thailand, China, Australia, Vietnam, Taiwan and Hong Kong. The festival showcased over 100 types of kites, delivering a stunning and artistic kite-flying performance that captivated attendees.

Mr. Le Van Dung, Chairman of Quang Nam Provincial People's Committee, emphasized: "This is an international kite art event, a place to exchange, share, preserve and promote the art of kite flying and kite making by artisans from all over the country and the world." He expressed the hope that the festival will evolve into an international cultural, artistic, and tourism event, held annually in Quang Nam province.

After the opening ceremony, kite teams showcased colorful artistic kite flying performances. The festival also has vibrant music programs on all three nights and LED kite flying on July 27 and 28 nights.

In addition, visitors can join many exciting entertainment activities such as learning to make kites under the guidance of artisans, exploring diverse cuisine, and enjoying magic shows and special fire dances.

Giang Tu

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