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**KOREA CHAMBER OF COMMERCE IN VIETNAM**

**SPEECH AT ANNUAL VIETNAM BUSINESS FORUM 2017**

*Presented by*

 *Ryu Hang Ha*

*Chairman*

Ladies and Gentlemen, I am Ryu Hangha from The Korea Chamber of Commerce in Vietnam (KOCHAM).

The era of the Fourth Industrial Revolution, in which new industries are constantly emerging, has already begun. It is now an inevitable global trend to improve productivity through innovation. Against this backdrop, the Vietnamese government should set innovation growth as its core economic strategy and provide state-level support.

Productivity improvement through the innovation of SMEs and the service industry is most critical. To this end, the government needs to modify related laws and allocate more budgets to revamp the industrial structure.

The government should expand the budget dedicated for the R&D of SMEs and start-ups. Technology and education cannot be neglected. For the industrial innovation, large companies as well as foreign companies should all work together. These leading companies should take more aggressive steps to advance to new industries, make more R&D investment in new technology, and support SMEs that develop new technologies.

More than anything else, the government should improve unreasonable regulations that undermine corporate investment and place excessive burdens on companies. It should make sure the active industrial activities are continued by quickly resolving difficulties in the field. At the same time, it should minimize excessive environmental regulations that may weaken our industrial competitiveness.

In this regard, I would like to make a couple of suggestions on behalf of KORCHAM and Working Groups will present their views

**1. Clear indication of the social insurance benefits**

As of January 1st, 2018, the mandatory social insurance for foreign laborers is to be enforced. Once the enforcement is determined, as many foreign direct investment (FDI) companies showed their concerns over the soaring cost, what kind of benefits are available upon the occurrence of diseases, industrial disasters, or deaths of foreigners and whether the payers returning to their home countries after the social insurance payment are eligible for the benefit shall by clearly indicated, so that foreigners can make the payment with assurance.

As foreign workers make a big social insurance payment, the social insurance benefits they properly deserve should be available to use.

**2. Setting up the minimum capital of the foreign direct investment (FDI) company**

Currently, excluding a couple of business fields (finance, real estate development, travel, and education), making exceptions of the Viet Nam foreign direct investment law application, there is no provision to address the legal minimum capital required for the establishment of the foreign direct investment (FDI) company.

As a result, many Korean prospective investors have understanding that there is no minimum capital provision in preparation for entering the Viet Nam market, in reality, in the process of the investment permission application, the minimum capital requirement exist per Viet Nam region, business filed, personnel in charge.

We need an action to help out Korea investors entering Viet Nam not to have this practical barriers in the capital set up, authorized to the investment approval review authority by the central government level with clear guidelines.

For example, in the business field where the minimum capital provision does not exist, if the foreign direct foreign investors apply for the investment approval, the regional Ministry of Planning and Investment (MPI) in the district or the Industrial complex management committee prepare guidelines for the approval under the clear standards, more investment attraction will be possibly made. Recently, I found when the conflict between the investment law and the regional law arises, the regional law tends to prevail. If the central government addresses that the higher law should prevail, the random interpretation of the regional one may be avoided.

**3. National qualification verification system adoption for the technology field**

Not only FDI manufacturers entering in Viet Nam, but also the Viet Nam manufacturers have difficulties in hiring the technical professionals, due to absence of the certificate with public confidence to prove the ability in the corresponding area of applicants for the technical jobs.

Upon this, I think the establishment of the national qualification verification system for the technology field, developing the basic frame to acknowledge the technology qualification, managing and implementing it in the national level.

Through this process, it will be of a big help for the improvement of the business competitiveness not only for FDI business but also for Viet Nam business, pulling off the Viet Nam technological hiring market to a desirable direction.

I would like to wrap up KOCHAM speech here.