



China Business Association Ho Chi Minh Branch (“CBAH”)

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RECOMMENDATIONS TO INCREASE THE DEVELOPMENT OF PRIVATE ENTERPRISES, ENHANCE VALUE OF PRODUCTS AND COMPETITIVENESS

***ABSTRACT:** The private sector is an indispensable important part of social and economic development, which plays an irreplaceable role in enriching the country's economy, creating jobs, increasing income, and ensuring a stable development process of society. Currently, there is still a big gap between private enterprises in Vietnam and those in neighboring countries; therefore, the matter of great import is how to increase the development of private enterprises, enhance value of products and competitiveness of enterprises. Chinese Business Association in Vietnam – Ho Chi Minh City Branch would offer some recommendations as follows: 1) encouraging and supporting enterprises in technological reform and innovation; 2) exhibiting products to the world to establish international brands; 3) improving supply chain of the industry; 4) Vietnam Government to promulgate preferential policies to reduce the burden on businesses; 5) promoting the work of attracting and fostering talents.*

The private sector is an indispensable important part of social and economic development, which plays an irreplaceable role in enriching the country's economy, creating jobs, increasing income, and ensuring a stable development process of society. Currently, there is still a big gap between private enterprises in Vietnam and those in neighboring countries; therefore, the matter of great import is how to increase the development of private enterprises, enhance value of products and competitiveness of enterprises. Chinese Business Association in Vietnam – Ho Chi Minh City Branch would offer some recommendations as follows:

1. To encourage and support enterprises in technological reform and innovation

Nowadays, the agricultural processing industry in Vietnam have many differences from developed countries, mainly due to small size of enterprises, low fine-processing rate, low product value, very few businesses with investment in hi-tech, etc. We recommend that Vietnam Government should encourage private enterprises to accelerate technological reform and innovation, as well as invest in hi-tech sectors. Simultaneously, private enterprises should cooperate with Chinese enterprises for technical innovation of available products, technology, equipment; for study, exploitation and development of new products and technologies; for application of hi-technologies; purchase of technologies, inventions, machinery and equipment; investment in new production lines to improve value of agricultural and aquatic products; innovation of crop and processing techniques for agricultural and aquatic products, thereby raising enterprises' development level.

2. To exhibit products to the world, to establish international brands

To establish international brands, enterprises should actively participate in international fairs and exhibitions outside Vietnam, through which they can learn, exchange and seek opportunities for cooperation with enterprises in the same industry, thereby raising awareness of product quality improvement. Vietnam Government can cooperate with foreign associations in Vietnam to organize business delegations for such activities, helping the country compete with similar products on international market, and businesses can also learn advanced techniques as well as valuable experiences from the foreign partners to improve competitiveness.

3. To improve supply chain of the industry

At the present time, Vietnamese private enterprises in textile and footwear industry have not had a complete supply chain, leading to an increase in finished product, delay in delivery, and a decrement in business competitiveness. For the purpose of satisfying the increasing requirements after Vietnam entered the TPP Agreement and Free Trade Agreements together with countries and regions around the world, we hope that Vietnam Government will promulgate more open policies to cooperate with Chinese enterprises and arrange business delegations to China for visit, study and work with experienced enterprises in China through Chinese business Association in HCMC. At the same time, supply chain-related enterprises are encouraged to invest, manufacture in Vietnam, or directly cooperate with Vietnamese enterprises for a complete supply chain with high competitiveness, enhancing the development of the entire industry.

4. Vietnam Government to promulgate preferential policies to reduce the burden on businesses

Vietnam Government should support private enterprises more, helping with their stable development, such as: 1) Implementation of preferential tax policies. Based on competence and actual economic situation, tax authorities shall take everything into consideration to reduce some taxes, further enhance the tax preferential policies for businesses, and partly reduce entrepreneur income tax, especially to promote the role of tax reduction for difficult industries and businesses, or allow tax payment by installment; 2) The difficult access to capital is a challenge for businesses expecting to expand their business investment. Consequently, the Government should promote their role as a bridge between credit institutions and businesses through actively seeking new ways to raise capital, expanding lending channels for businesses, reducing difficulties in loan procedure such as lower interest rates, the Government should additionally require credit institutions to increase the proportion of business with loan.

5. To promote the work of attracting and fostering talents

Vietnam Government should introduce policies and methods to attract young talents as overseas Vietnamese or overseas students back to the country. The Government and businesses need to facilitate young talents generation to promote their knowledge and techniques they have learned and trained abroad at maximum. For example, enterprises should have deserved remuneration, or even foster key employees to become part owners in the business, fully implement the insurance policies, to ensure a stable and long-term team of talents, thereby improving the quality of the business. At the same time, they should focus on training the current workforce. The Government should build more schools for specialized techniques, or in cooperation with universities in the country establish intensive training

centers for businesses. Businesses can send staff to training places for skillful staff and management team. Staff with high quality is a solid basis for enterprises to increase their competitiveness.