**SPEECH OF AUTOMOTIVE WORKING GROUP**

*Prepared by*

*Automotive Working Group*

Your Excellency, the Prime Minister Mr. Nguyen Xuan Phuc,

Dear members of Government,

Lady & Gentlemen,

My name is Toru Kinoshita, leader of Automotive working group. Thank you very much for giving me the chance to speak in this forum today.

Firstly, I would like to express our appreciation for the Government’s effort to improve business environment, national competitiveness and support enterprise development in general.

Today, I would like to share the working group’s opinion of how to develop automobile suppliers for long-term development of auto part industry and vehicle industry.

Considering all enterprises need to developunder regional integration trend, we would like to point out some critical issues of automobile industry as follows:

* Firstly, small production volume leads to less competitiveness of both local part & CKD vehicle.
* Secondly, quality/cost/delivery capability is critical for local Vietnamese suppliers as a matter of fact that not many local suppliers meet required QCD standards to participate global supply chains.
* Finally, lack of reasonable measures and policies to develop supporting industry from Government**.**

To develop policy for supporting industry and automobile vehicle, we believe that a comprehensive approach should be implemented with 3 pillars:

* First, policies for maintaining steady market growth; including countermeasures to minimizing negative impact to the market growth.
* Second, policies to narrow production cost gap between local parts and imported parts and between CKD and CBU vehicles, which offer fair, transparent treatment to all makers and suppliers and complies with international commitment of Vietnam.
* Third, policies to enhance and speed up supplier base.

In detail, we have some proposal as follow:

*For Government:*

* First, Government should invite suppliers to join automobile taskforce and hold frequent meetings with clear discussion and then report to PM more frequently.
* Second, Government should promote new foreign entry suppliers to Vietnam and encourage local enterprises to expand its investment in auto part manufacturing.

*For suppliers:*

* Local supplier tier 2 & 3 should not aim to “leapfrog” to become tier 1 in the short term, but ensure to meet the requirements of QCD.
* Besides, suppliers should take part in auto part supplier databases and business matching programs, create attractive business profile.

*For automobile makers:*

* We would continue to provide guidance how we recruits suppliers, what is criteria, list of auto parts that we expect to localize for potential suppliers’ consideration.
* Furthermore, we can help potential suppliers to increase their QCD and obtain technology transfer. Also, we are open to recruit suppliers regardless of whether those suppliers are local or foreign-invested.

Thank you.