



**SPEECH OF VIETNAM CHAMBER OF COMMERCE AND INDUSTRY (“VCCI”)
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**THE NEED IN CONTINUOUSLY SUBSTANTIVE EFFORTS TO IMPROVE VIETNAM’S
BUSINESS ENVIRONMENT AND PROMOTE ENTREPRENEURSHIP FOR DEVELOPMENT**

Creating a stable, strong business environment and encouraging entrepreneurship is an important policy that the Viet Nam Government is set to implement. Over the last five years, the Government has issued Resolution 19/NQ-CP on improving business environment, increasing national competitiveness; and Resolution 35/NQ-CP in 2016 on supporting and developing businesses by 2020, in which multiple tasks and missions have been issued to state authorities and local government in improving business environment and supporting entrepreneurs.

The leadership of the Government and ministries, local authorities in easing conditions for business and investment, reforming of specialized inspection and simplifying administrative procedures has been recognized by enterprises. In general, according to VCCI’s survey, businesses acknowledged substantive changes in business and investment environment. The Viet Nam Chamber of Commerce and Industry compiled a report, which recorded how business community evaluates efforts by the ministries and local authorities in implementation of Resolution 19 and 35 assigned by the Government, with a number of key findings as follows¹ :

- In the areas of Resolution 19, *business establishment and access to electricity* are the 2 of the most improved areas. On the other hand, areas on *business bankruptcy, investor protection and procedures of import export* have been evaluated as having slower improvement;
- The reduction of business conditions has positive signals. However, according to 2017 survey, *58% of businesses have to apply for the Conditional Business License*, of which 42% said that *they had difficulties* during the application for the license;
- Specialized inspection reform has some improvements. The most highlighted improvement is Decree 15/2018/NĐ-CP replacing the Decree 38/2012/NĐ-CP on guiding the Law on Food Safety;
- Business registration procedures have positive changes, there are *13% of the businesses applying for the business registration online*;

¹ Full text can be found at: <http://vibonline.com.vn/chuyen-muc/an-pham>

- The issuance procedure of construction license has initially been interconnected to fire protection; however, the level of interconnectivity needs to be further improved.
- Access to electricity is well evaluated by businesses, including procedure of power connection, and the electrical stability.
- Tax payment of business is much more facilitated, mainly due to the application of information technologies. However, there are still many cases of different interpretation of tax law provisions between enterprises and tax authorities;
- The procedure for registration of real estate, though improved, is still on a case-base, and is without interconnection, coordination with construction procedures, notarization, payment of taxes;
- Judicial reform has made progress in publicizing the judgments and legal precedents, but is slow in implementing simplified procedures and electronic courts. The percentage of businesses willing file a case tends to decrease, mainly on the grounds of lengthy process. Businesses who have sued tend to use more informal dispute resolution than those who have not yet sued;
- Reform of administrative procedures in many provinces has improved, but the implementation of online procedures is still slow and problematic. One-stop-shop mechanism is proving efficient in many provinces;
- Provinces and cities have developed and published a set of Departments, District Competitiveness Index (DDCI), and businesses evaluate the government authorities at district level, which brings obvious effects on improving quality of governance;
- Provinces and cities have electronic portals, but some useful and helpful information for enterprises such as local plans and investment projects are rarely posted;
- The organization of dialogue between the provincial government and enterprises is well implemented. Meanwhile, the mechanism of receiving and responding via email and telephone hotlines has not been effective, especially for small and medium enterprises. The Entrepreneurial Cafe model is widely supported by entrepreneurs;
- All provinces have investment, trade, tourism promotion activities and coaching and training for businesses. However, these activities are of lower effectiveness than those provided by business associations of private organizations;
- Infrastructure has been improved recently. Businesses are satisfied with high quality of infrastructure services such as telecommunication (78%), electric power (74%), clean water supply (67%), internet (62%), industrial zones (46%), and transportation (41%);
- Inspection and examination of businesses have positively changed, the rate of businesses have been inspected or examined twice or more per year was 48% in 2016, down to 40% in 2017. Within this group, 26% of businesses said there was a duplication of content between the inspections in 2016, which was reduced to 13% in 2017.

- The application of Risk management is only implemented in the tax and customs areas, other areas are only in stage of consideration.

Obviously, ministries and local authorities need more substantive and comprehensive reforms to create a favorable business environment for business community. Here are some recommendations to promote business environment and support entrepreneurs:

On the reduction of business investment conditions and specialized inspection: In the process of reduction, there is a lack of consistency between criteria for removal or retaining of regulations. For example, business conditions requiring experience or qualifications are removed in some Decree, but remains in some others. Another example: there are places applying criteria of the compliance history for certain commodity item for retention/exclusion of such item in the specialized checklist, while some other places do not follow the suit. Therefore, it is necessary to soon converge on criteria for introducing entry regulations to ensure the consistency and convenience during the review process.

Administrative procedure reform: It is necessary to study the maximum interconnection options for administrative procedures under the authorization of various agencies. Accordingly, enterprises only need to submit documents at one agency, which will then transfer the documents to other agencies. We need to allow businesses do many procedures simultaneously, and minimize the need to complete one procedure before starting the other. Local authorities, even ministries, should implement the model of the One Stop System for public administration, strengthening the mechanism for monitoring, following and evaluating the officers who receive and handle administrative procedures.

Organization of the dialogue: In the organization of dialogue activities, agenda preparation and invitation of businesses should be handed over to business associations. Research is needed to have a more effective mechanism for more effective addressing of business problems, such as the need for an independent agency or organization to monitor the resolution process, as well as the need for public evaluation of issues addressing by businesses themselves.

Inspection/Examination: Provinces should strictly assign tasks to the provincial inspectorate as the focal point in controlling businesses inspection activities in the province, including central agency inspections. Accordingly, all planned inspections must be notified in advance to the provincial inspectorate for arrangement and preparation in order to achieve three objectives: (1) Reducing the numbers and time of inspections; (2) Avoidance of duplicate inspection; (3) Maximizing the number of interdisciplinary delegations, rather than by single agencies. Application of risk management principle must become one of the breakthrough in business environment reforms. This should be considered as core task of the ministries, rather than being just at the stage of consideration at present.

Information Transparency: Ministries and local authorities should continue to promote information transparency and publicity on websites of government agencies, especially posting full information, such as master plans, public investment projects, bidding, projects calling for investment, public-private partnership projects. Information on feedback, evaluation, responses of complaints and recommendations from businesses should also be posted, such as the assessment of the satisfaction of people and businessmen about the administrative procedures of local authorities. In addition, the list of candidates subject to inspection and examination should also be posted on the website of state agencies.

Regarding Judicial reform: Recently, many businesses evaluate that the speed of judicial reform is slower than the speed of administrative reform. Reforms within the jurisdiction of the Court have taken

a significant progress, but the enforcement stage has not been paid sufficient attention to. In the coming time, measures of judicial reform need be continued, especially the implementation of proposed measures such as procedures for simplified civil proceedings, electronic courts and standardization of application criteria, filing petitions. Civil judgment enforcement also needs to set clear targets such as average enforcement time, the success rate of enforcement comparing to total number of enforcement dossiers.

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