



## **AmCham Statement at the Vietnam Business Forum December 5, 2016**

Good morning and thank you for the opportunity to speak about AmCham's perception of the business environment in Vietnam.

This year, the American Chamber of Commerce celebrates 22 years serving as the "Voice of American Business" in Vietnam and our members remain committed to helping improve business conditions in order to strengthen the private sector and promote economic and social development here.

### **Ensuring Long-Term Stability**

As 2016 comes to an end, companies and investors enjoy a level of stability that many countries in the region envy. The leadership transition was smooth, economic growth has been steady, inflation is manageable, and the currency remains in a tight range. AmCham hopes for continued long-term stability as it remains one of Vietnam's strongest competitive assets.

### **Encouraging a Healthy and Safe Environment**

Continued economic growth and the strengthening of the private sector creates opportunities for job creation, wealth creation and a better standard of living. With fair, uniform and transparent law enforcement, rapid development need not come with risks to the environment and well-being of citizens. Good decision making and new technology can enable Vietnam to tackle the growing environmental concerns and avoid many of the environmental problems that countries like the United States and China experienced during their high-growth phases.

Recent environmental concerns demonstrate the importance of understanding the links between business operations and society, and the importance of conducting business in a way that creates both long-term economic and social value. AmCham members care about the environment in Vietnam and they care about the communities they operate in. Our business community shares best practices in environmental protection and corporate social responsibility.

We encourage all investors to do the same because business needs to operate in a sustainable and responsible manner. When rules and laws are broken, the government should take full action – in a fair and transparent manner. We believe in the rule-of-law and encourage the government of Vietnam to improve and enforce environmental regulations as the economy continues to grow.

## **Enforcing the Law in a Fair and Equal Manner**

Whether a result of corruption, protectionism, or the government trying to pick winners and losers, our members often see areas where inconsistencies, inefficiencies, and unfair practices persist. We believe that it is vital that laws and rules are enforced fairly and equally. Better results in this area will improve the trust that people have in their decision makers. It is also an important issue when considering ways to strengthen the private sector here. Unfortunately, according to the latest Asean Outlook Survey of AmCham members in the region, more American companies in Vietnam feel that the lack of fair enforcement of the law seriously hinders their ability to do business here – more than in any other Asean country.

## **Opportunities for Clean Energy Development**

A shift towards clean energy can help the environment. AmCham encourages the government to consider the regulatory fixes that will enable a stronger “Made in Vietnam” energy plan that places greater emphasis on Vietnam's domestic potential for efficiencies, renewables, and offshore natural gas, to be added to other clean sources of power for consumers and enterprises. We believe that with modern meter schemes and incentives, enterprises and consumers can contribute to the development and use of clean power generation and the handling of waste at all levels. Our member companies are global leaders in this sector and want to help ensure that Vietnam's energy development meets the environmental, health, economic and geopolitical security goals of the country. We want to work with the government and the donor community to build a better and faster system for energy production that meets Vietnam's climate commitments. Essential is a public education campaign that will raise awareness and help attract both domestic and foreign private sector investment in this growing field.

## **Enable and Encourage the Private Sector**

Even in the face of global headwinds and economic challenges, our members remain optimistic about business prospects in Vietnam. In fact, over 70 percent of AmCham members think the business environment is improving here. However, we too-often see initial interest from potential investors that doesn't materialize due to continued challenges dealing with corruption, human resource constraints, and an over-complicated, restricted, and unclear licensing and regulatory environment. Indeed, inconsistent regulatory interpretation, irregular enforcement, and unclear laws remain significant challenges for our members.

To improve the likelihood that these early promising inquiries will materialize into solid investments, we need to see continued and tangible progress on the issues that are discussed at these Vietnam Business Forum sessions. To further strengthen the private sector, we need initiatives that enable and facilitate rather than restrict business opportunities. We continue to see recent legislative action, such as provisions in the Draft Decree Amending Decree 72, which are not moving in the right direction. Another example is State Bank Circular 19 which would force all e-payment transactions to route through the new monopoly state-owned enterprise instead of a variety of existing systems that are innovative, reliable, secure and used around the globe. We share the government's objective of protecting Vietnamese consumers.

Also in this regard, AmCham encourages the Ministry of Health to adopt international standards for the tolerance of both micro and macro nutrients in food products. The Vietnam Food Administration should promptly issue official guidance on this issue to avoid additional negative consequences for this industry. Indeed, inconsistent regulatory interpretation, irregular enforcement, and unclear laws remain significant challenges for our members.

Given the importance the government places on attracting foreign investment, we look to work in partnership with the government and agencies to help resolve challenges and prevent problems. Our member companies are eager to share regulatory best practices when they are given sufficient time and opportunity to comment on proposed new rules.

### **Greater Workforce Development**

The Party Secretary recently talked about improving the quality of the workforce in order to promote long-term economic growth. AmCham agrees that Vietnam has a great opportunity to build a modern, efficient economy. Success will require solving the country's productivity challenge, along with faster development of a skilled workforce. Study after study report that curricula are outdated, teachers overmatched and underpaid, and graduates lack the job-ready skills sought by the private sector. To continue attracting investment and to upgrade the skills of its workforce, the Government should take further action to modernize and upgrade its national curriculum, particularly at the vocational and university levels.

This will strengthen the private sector and help close the gap between the education and experience level provided in neighboring countries while facilitating the growth of the private sector. Modernizing education will ensure that Vietnam has a skilled workforce of managers, engineers and manufacturing technicians that can move up the value chain as the economy grows. AmCham and our member companies are very involved in educational programs in Vietnam and are committed to assisting Vietnam in providing better education for its children and workforce.

### **Securing the Internet**

Cybercrime has emerged as a major threat to businesses everywhere, with the number of companies reporting malicious attacks rising rapidly. The damage done by such attacks that result in a loss of data remains poorly understood – and is much broader than many imagine. With each new attack businesses lose money and consumers lose trust. In Vietnam, economic growth is being held back by the country's poor level of cybersecurity awareness and protection as indicated in this year's Asia Cloud Computing Association (ACCA) Cloud Readiness Index for cybersecurity where Vietnam came in last, again. To combat this growing problem, costing time and money to the private sector, the government needs to work with towards global best practices to protect IT devices and systems and to educate workers and students. AmCham and our member companies will continue our efforts in partnership with the government on this emerging issue including a special conference next year to help share best practices.

### **Transparency, Responsibility, and Accountability**

We urge faster movement with the difficult task of restructuring state-owned enterprises to ensure they are managed with transparency, responsibility, and accountability – and that state-owned and state-supported enterprises operate on a “level playing field” with both foreign and domestic private sector enterprises.

The uncertainty caused by corruption continues to be a top business challenge faced by AmCham members. Corruption has become corrosive and widespread in Vietnam and is dangerous to the economy and society as a whole and can be a barrier between domestic and foreign partnerships.

We urge the Government to implement systems well known globally to reduce the opportunities for illegal payments. A significant step forward would involve actions that greatly limit the use of cash payments and increasing the use of e-commerce. Active Government support and serious

implementation of anti-corruption systems at all levels of society, government and business is essential to tackle this critical issue.

The private sector has a role in fighting corruption. AmCham and the VBF have been working with VCCI to promote anti-corruption programs and we will continue our efforts on this most-important issue.

### **Trade Facilitation Agreement Implementation and Key Infrastructure for Greater Competitiveness**

We highly appreciate the Prime Minister's decisions in October to approve the establishment of a National Committee on Trade Facilitation and a Plan to Prepare for and Implement the WTO Trade Facilitation Agreement (TFA). On a visit to Vietnam earlier this year, the Director General of the WTO predicted that the TFA could reduce trade costs for Vietnam by as much as 20 percent. The TFA would also boost domestic trade flows, support SMEs to start exporting, and will help Vietnam connect to cross-border production networks. AmCham will continue to cooperate with VCCI and other business associations in the Vietnam Trade Facilitation Alliance to provide technical assistance for the implementation of the TFA.

Developing high-quality and appropriate infrastructure is neither fast nor inexpensive. We appreciate forward movement on many key projects but prospective investors are still concerned about a lack of adequate public-private partnerships and we hope faster and more transparent decision-making will move forward key projects.

### **Assuring Easy Access to Strengthen Travel and Tourism**

The Prime Minister wants tourism to represent 10 percent of Vietnam's GDP and we agree that this goal is not only attainable, but is also good for job creation, wealth creation and development of the country. Tourism is an excellent example of the synergies between FDI, domestic enterprises and SMEs. AmCham is encouraged to learn that the government is advancing legislation to allow Vietnamese citizens who meet appropriate criteria to enter domestic casinos. This supports the goal of strengthening the domestic tourism industry. We encourage the government to ensure a level playing field for foreign invested projects currently operating casinos in Vietnam as it selects locations for piloting local gaming.

AmCham is pleased that the government recently started issuing one-year visas to American travelers here. However, we were very surprised that previously available shorter and less-expensive visas are now no longer an option for visitors from the United States. This development has already resulted in significant impediments to business and pleasure travel, and will very likely reduce the revenues that tourism generates. Administrative costs for visitors need to be reasonable, competitive, and consistent. We believe the current cost of the one-year visa is prohibitive for short-term travelers. We urge the government to reinstate a shorter-term, less-expensive visa choice for American passport holders in order to strengthen the travel and tourism sector here, while maintaining the new one-year visa for business and longer-term visitors.

### **Creating a more Attractive, Transparent and Stable Business Environment**

As major investors here, American companies have an interest in Vietnam's continued success. Our members believe that the business climate can best be helped by actions that increase productivity and reduce the costs and risks of doing business in Vietnam, and smoothes the path for the foreign and domestic private sector.

The Government can best ensure growth by maintaining macroeconomic and political stability, building world-class infrastructure, intensifying its effort on upgrading workforce skills and improving the ease of doing business. AmCham works hard to support the success of our members by promoting a healthy business environment in Vietnam and by strengthening US-Vietnam commercial ties. We will continue to play a helpful and constructive role, not just to complain but to also work to identify and implement solutions, and to be a strong advocate for a better business environment and a stronger private sector in Vietnam. Much work remains to be done. We want Vietnam to succeed and AmCham remains committed to working with our partners in the Government and business to help solve problems and to create a more attractive, transparent, and stable business environment here.

In seven weeks, we will have a new Administration in the United States, and while we regret that enthusiasm for the Trans Pacific Partnership Agreement has faltered, AmCham welcomes the opportunity to work with President Trump and the new Administration to increase trade and investment between the United States and Vietnam and continue the dialogue on TPP. We look forward to the important year of APEC 2017 hosted by Vietnam which will highlight economic progress and growth here and AmCham will continue working for strong and deep bilateral commercial relations. American companies and investors are excited about business prospects in Vietnam and we will convene a major conference in Hanoi on March 10 to emphasize the importance of the economic relationship and to hold in-depth discussions on ways in which to promote continued trade and investment between our countries.

I wish good health, happiness and success to the leaders, distinguished guests, and our members here today, and I thank you for this opportunity to address the Vietnam Business Forum.