



SPEECH OF EUROPEAN CHAMBER OF COMMERCE IN VIETNAM AT THE ANNUAL VIETNAM BUSINESS FORUM 2018

*Presented by
Mr. Nicolas Audier
Co-Chairman*

Your Excellency Prime Minister Nguyen Xuan Phuc,

Distinguished Guests,

I am pleased to be here to address the Vietnam Business Forum for the second time in 2018. Over the last 12 months, we have marked some important milestones in the relationship between Europe and Vietnam. In October, EuroCham was honoured to receive a Certificate of Merit from the Prime Minister at the ‘30 Years of Foreign Direct Investment’ conference in Hanoi. In 2018, we also passed one thousand members for the first time: This is concrete evidence that the Government’s reform agenda continues to make Vietnam a more attractive trade and investment environment for European companies.

Our role as the bridge between Europe and Vietnam is now more important than ever, as we enter the final phase of the ratification of the EU-Vietnam Free Trade Agreement (EVFTA).

Last month, EuroCham led a Mission to Brussels with a delegation of almost 20 business leaders to take a positive message about Vietnam to Europe, meeting four EU Commissioners, Cabinet Members and Members of the European Parliament. The following week, EuroCham was honoured that, during his visit, the Prime Minister invited us and leading European enterprises for a luncheon to discuss growing their investment in Vietnam in light of the upcoming EVFTA.

During our Mission, and just before the Prime Minister arrived in Brussels, the European Commission announced that it had submitted the EVFTA to the Council and Parliament for the next stage of ratification. This is a positive step, but it is not the end of the road. Ratification of the EVFTA is not a foregone conclusion: Challenges remain, as we saw during a hearing of the International Trade Committee. The upcoming vote in the European Parliament will be crucial. In particular, we know that the issue of Cyber Security will be of utmost importance in the European Parliament’s discussions.

For MEPs, the EVFTA is judged not just on its merits as a Free Trade Agreement – these are undisputed – but also on its broader social impact. Issues like labour, social and human rights are high on the agenda of the European Parliament, and in our Mission we showcased Vietnam’s positive steps in these areas. EuroCham will continue to highlight the Government’s progressive reforms, and we remain available to help Vietnam implement and adapt to these new standards.

Once the EVFTA is ratified and enters into force, the next challenge will be to ensure its smooth implementation on the ground. EuroCham has contributed to the implementation roadmap, and we will continue to share the insights and recommendations of our 16 Sector Committees to help Vietnam unlock the full potential of the Free Trade Agreement.

In the meantime, alongside the broader issue of market access, our members would like to highlight a number of issues for consideration.

First, in the pharmaceutical sector, our members see two specific opportunities to encourage further FDI and build an even better health care system for Vietnamese patients. Our members applaud the Government's progress in providing a clear, viable legal framework for operations; this will enable the State and private sectors to work together long-term for the benefit of patients and the public. To ensure that this is as effective as possible, our members request a feasible, predictable transition period to ensure companies can maintain high standards and continue to provide the best possible treatment solutions.

On top of high standards in medical care, European companies also promote international standards in their corporate ethics and business practices. The EuroCham Healthcare Forum is proud to have signed a Consensus Framework for Ethical Collaboration in Vietnam with a wide range of health care organisations, and we would like to seek the support of the Government to our international ethical standards to the healthcare sector in Vietnam.

Second, turning to medical devices, EuroCham's Medical Devices & Diagnostics Sector Committee (MDD SC) supports the Government's aim to provide hospitals with modern equipment. The private sector will be crucial to achieving this, and our members are keen to help improve medical examination and treatment for Vietnamese patients. However, a lack of clarity and coherence between various Ministerial documents and long term solutions regarding the model of placing equipment is inhibiting the success of this initiative. In particular, it is creating problems not just in the placement of new equipment, but also in the management of current equipment in hospitals. This risks delaying urgent testing and treatment, and undermining continuity of care in these establishments. To address this issue, MDD SC recommends that the Government examines the public-private model for the health sector and circulate clear, coherent guidance on the placing of equipment in public health establishments.

Third, EuroCham's Mobility Sector Committee welcomes Decision 1254/QD-TTg in which the Prime Minister has asked the Ministry of Transport (MOT) to consider amending and supplementing inspection procedures to the effect that only one vehicle typical of a shipment shall be inspected. In order to maintain quality control and facilitate trade, our members recommend that MOT identifies importers in good standing as regards technical compliance, instructs Vietnam Register to inspect only one, typical type of model, and randomise sampling according to the compliance level of CBU importers.

Turning to Circular 41/2018/TT-BGTVT, while EuroCham applauds the overall aim of this legislation, our Mobility Sector Committee would like to reiterate their concerns around its implementation in practice. In particular, we foresee four outstanding issues: the discrepancies in terminology, a lack of competent vehicle testing centers, an inadequate transition period, and the need to accept ECA documents for vehicles, spare parts and components.

Fourth, EuroCham's Wine & Spirits Sector Committee would like to request that the Government reconsiders its ban on the sale of alcohol over the Internet. This prohibition is inconsistent with e-commerce trends, and does not help to address the problems of alcohol abuse. Indeed, overturning this ban would help the Government to tackle issues like underage alcohol purchases, counter illicit products, increase State revenue and provide better information to consumers, as these are easier to monitor and control on the Internet than in the physical market.

Fifth, our HR & Training Sector Committee would like to raise the issue of work permits for foreigners. Despite the positive move from a paper-based to an online application, this remains a time-consuming procedure due to the complicated process of legalising documents in different countries. Furthermore, multi-national companies also face additional challenges when transferring employees to Vietnam from subsidiaries within the same corporate group. In order to address these issues, our Sector Committee recommends broadening the definition of 'inter-company transferee' and permitting a fast-track procedure for issuing work permits. Turning to statutory Social Insurance contributions for non-permanent foreign workers, our members consider that this requirement could deter companies from bringing the brightest and best international experts who could help to upskill the Vietnamese workforce. Therefore, we recommend an alternative solution in which foreign workers could claim a lump-sum allowance when returning to their home countries.

Last but not least, EuroCham's ICT Sector Committee would like to raise two important issues to make Vietnam a more attractive trade and investment environment. Online copyright infringements need to be more strictly enforced, and this could be achieved through amendments to the Law on Intellectual Property, increasing administrative fines and strengthening the enforcement environment. Meanwhile, the Government should assess the effects of the Cyber Security Law on FDI and the economy more broadly. The Government could consider adopting a data classification system, whereby only national security data should remain in Vietnam, in order for the country to remain competitive in the region.

If Vietnam can address these issues, described in detail in our Position Paper, it will increase the momentum behind ratification of the EVFTA, send a strong and positive signal to the European Parliament that Vietnam is open for business and will make the country a more attractive trade and investment destination for European business.

Thank you.