



An accredited British Chamber of Commerce

BRITISH BUSINESS GROUP VIETNAM (“BBGV”)

SPEECH AT THE MIDTERM VIETNAM BUSINESS FORUM 2018

*Presented by
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Board Member*

The British Business Group Vietnam would like to present our cordial greetings to the Prime Minister, Minister of Ministry of Planning and Investment, Government members, Chairs and Co-chairs of the Vietnam Business Forum and all ladies and gentlemen.

On behalf of our members we would like to bring to the attention of the Government the following issues which have been raised by our members.

1. 15 days of visa exemption for UK visitors

Vietnam has made an amazing progress in the last two years on several initiatives to enhance the travel and tourism sector all of which have contributed to the significant growth to enable us to achieve 13 million foreign visitors and well on track to achieve our 2020 targets and beyond.

Since the granting of Visa exemptions in July 2016 to the UK and the four other European countries, visitor arrival from those countries have shown over 20% growth on average. The UK visitor numbers grew by 15.3% in the period July 2016 to June 2017, and between March 2017 and March 2018 they have grown 19.9%. The average spend is almost double the current average spend of foreign visitors entering Vietnam.

We thank the Government for the early renewal of the Visa exemptions for the UK and the four other European Countries, which we are sure will help facilitate the Government to meet their 2020 goals of average spend per visitor of US\$ 1,080. In order to achieve the 2020 goals Vietnam needs to: attract visitors from higher spending destinations to balance the low cost tours from markets like China; to attract visitors to stay longer; and to attract visitors from Europe to use Vietnam Airlines direct flights and to use Vietnam as a hub for Indochina.

In this light, we would like to request favorable changes by extending the exemptions for **30 days instead of 15 days** and to allow visitors on visa exemptions to return within 30 days.

2. Limitation of overtime within 200 to 300 hours per year

Vietnam Labor Code stated in article 106 the limitation of overtime within 200 hours per year and the Decree 45/2013/ND-CP increased the overtime limit to 300 hours per year for industries manufacturing products for export as garment, textile, shoes, agricultural and sea products and other industries as electricity, water supply, petroleum, telecommunication. This limit is much lower than that in neighboring countries and impedes the achievement of production target of most of manufacturing companies in Vietnam.

Our recommendation to the Government is a focus on productivity enhancements and to provide a roadmap to gradually align with regional competitors.

3. Bureaucratic hiring and firing requirements

The current Vietnam Labor Code stipulates the maximum one-time 06-day probation period for direct labors has put employers in difficulty in evaluating and selecting the targeted labor.

In addition to this, the imposing strict and multi-layered procedure to fire undisciplined employees has become an obstacle for employers to maintain a disciplined working environment. One of the existing critical problems with many companies is to legally terminate those employees who quit job over five days without notice. Employers must send out invitation by post to their home address to get them back to a final disciplinary action meeting. In case those employees do not show up, a required three invitations sent out without feedback will consequently be considered as an acceptable evidence for termination.

BBGV believe the probation period for direct labor should be at least one month.

4. Tax and Customs

Most foreign companies are law abiding corporate citizens and whilst we appreciate the need for audits and inspections these should be carried out in a professional and transparent manner. Several of our members have reported issues with inspections and audits by the tax and customs departments. Inspections and audits have become more confrontational and aggressive with “scare” tactics being used in some cases, giving rise to concern from foreign investors about the tactics and transparency.

We would like to recommend that the Government considers to establish an independent body to review appeals from tax payers where there are major differences in opinions between the tax and customs officers and the tax payers. This body needs to be totally independent with the power to override the decisions or assessments of tax and custom departments.

We express our appreciation for allowing us to submit our issues and recommendations and look forward to your responses.

Thank you very much!