



BBGV Presentation at Vietnam Business Forum 2016
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Presented by
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Chairman

On behalf of the British Business Group Vietnam, I would like to congratulate the new Government on the strong pro-business stance that has been adopted and their statement that they are an enabling Government. Having worked and lived in Vietnam for 26 years, I have seen the significant progress Vietnam has made, but still see the enormous untapped potential, which can only be unleashed through a more transparent and enabling environment.

The issues that I would like to raise from our members are as follows:

1. Tax filing and inspections

Taxation, in spite of the reforms, is still a very time consuming part of business. In many cases tax inspections take place many years after the end of the relevant fiscal year and as the regulations are often open to differing interpretations, even between the General Department of tax in different cities, business is penalized with heavy penalties and high interest for errors and omissions identified up to 10 years later.

There are also many cases of tax offices chasing business for unpaid taxes, which have been paid, because of errors in the tax department. Members have even been asked for copies of on line filings because the tax office cannot find them.

If companies want to reconcile their tax obligations and payments with the tax office there do not appear to be any dedicated people in the tax office who are able to do this.

We therefore recommend either that tax inspections are carried out annually to avoid penalties and high interest charges for genuine errors or if this is not possible that the method of calculating penalties and late payment interest is changes to reflect the inability of the tax office to carry out annual inspections and not to penalize businesses for this.

Furthermore, we recommend that tax offices dedicate people to reconciling differences rather than just chasing companies needlessly for taxes that have already been paid.

2. Education

As we all know only too well, education is the backbone of the country and its development. There needs to be a strong linkage between the business community and the colleges and universities to ensure that universities are well aware of the needs of business and are able to share their perspectives so that better and relevant curricula can be developed; and better language capability in the main business languages.

We therefore recommend that Universities and colleges engage with business leaders in order to develop more appropriate programs that would better equip students to enter the workforce and to encourage some subjects to be conducted in English and possible other commonly used foreign languages, with native speakers from those countries.

3. IT Resources

IT and high tech are high on the Government's development agenda. There is a very strong demand, which is exceeding supply of IT resources. Again education is the key to developing a larger pool of qualified people.

Our members are interested to learn more about the Government's plan to grow the number of trained IT resources in the major cities in Vietnam.

4. Infrastructure and pollution

Many of our members have expressed their increasing concerns over the increase in air pollution, noise pollution, traffic and flooding.

Air pollution is clearly and visibly increasing at an alarming pace and this will start to have an impact on people willing to move families to Vietnam, which in turn could well have a negative impact on FDI. We believe that a major part of the problem is the lack of monitoring and enforcement of the established environmental control regulations, particularly in the industrial zones and of course the increasing traffic emissions.

Noise pollution is also an issue, in particular open Karaoke bars in residential areas that often operate at hideous noise levels late into the night, because the local police have no incentive to close these places down at appropriate hours. Another contributor are loudspeaker systems used in school play grounds early in the morning and construction which is being undertaken 24 hours per day in residential areas. Whilst we understand under current regulations the problem is that trucks are not allowed into the city during the day time and the only option for concrete pouring is at the night time.

Traffic congestion is a growing problem in the cities of Hanoi and Ho Chi Minh City, in particular. Without adequate public transport it is difficult to address the traffic issue, however the growth in the number of small cars as opposed to motor scooters is quite evident and maybe this is something that could be addressed.

Flooding is another serious issue, which has become more prevalent this year, as a result of poor drainage in many areas, resulting in real danger to residents travelling at peak times and severe inconvenience to workers. Some of this is we believe being caused by lack of environmental compliance on construction sites.

We strongly recommend that pollution and in particular air and noise pollution is addressed both quickly and without compromise. We believe the basic rules and regulations if enforced properly would result in immediate improvements. We also recommend that the Government has plans in place to limit traffic in the major cities as soon as the new public transport systems are operational.

There is also a wealth of experience in dealing with these issues and the UK and BBGV have an Urban Development Working Group who would be happy to meet with Government Departments in order to assist in developing appropriate solutions to many of these issues.

5. Visas

This is an issue we have discussed on many occasions and I know is being addressed by the Tourism Working Group. However, visa facilitation is not only important to tourism but also to

the business environment and the growth in Foreign Direct Investment. We believe that visa facilitation should be expedited to cover all major trading and investment partners and citizens of those countries with whom Vietnam has Free Trade Agreements. We understand that the question of reciprocity which is one of the fundamental barriers, however, as we say in English this is just “cutting off your nose to spite your face”.

We strongly recommend that the Government be bold and enabling and increase the number of visa exempt countries as quickly as possible in order to increase trade, investment and tourism.

I wish to thank you for the opportunity to present this paper and wish all the leaders in success in their term of office.

Thank you.