



## **Vietnam after 2 years of EVFTA implementation – toward a green and sustainable economy**

Your Excellency, Mr. Pham Minh Chinh, Prime Minister of Vietnam,

Distinguished guests,

Your Excellency, we would like to thank you for hearing our voices, seeking our support, and requesting our input at such a critical time. We would also like to thank the Ministry of Planning and Investment for organizing and coordinating this, and for serving as the focal point to solve difficulties for businesses during the pandemic.

It's hard to believe that exactly one year ago, cities across Vietnam were under a strict lockdown. The Vietnamese economy was severely disrupted, and the country's once unstoppable GDP growth rate plunged to its lowest point in the past decade.

As soon as vaccination coverage rates allowed, Vietnamese authorities took timely measures to restore economic development, and since then, Vietnam has achieved remarkable progress.

During the first eight months of 2022, EuroCham has worked closely with the Vietnamese government on economic recovery policies and solutions.

Despite this, uncertainty is on the rise. Global inflation, the protracted war in Ukraine, and China's zero-COVID policy have deeply impacted the global economy, and European businesses in particular.

Thus, many European investors are waiting and watching how the situation develops before investing and expanding businesses, including in Vietnam.

Meanwhile, in some sectors, Vietnamese state agencies are reluctant to make decisions, and wait for instructions from higher levels or seek opinions from other authorities. The result is administrative delays, the return of conditional bureaucracy, and a decline in Vietnam's competitive advantage.

However, as mentioned to Your Excellency Prime Minister Chinh this past week, geopolitical conflicts and the policies of neighboring countries present Vietnam with an opportunity to achieve a breakthrough. For this, Vietnam needs to open stronger and more aggressively to impress high-quality investors and secure a top position in the global

supply chain. European investors are, and will continue to be, committed to working with Vietnam towards this end.

In this context, we propose the following recommendations for restoring and accelerating the Vietnamese economy.

## **1. Green infrastructure recommendation group**

To attract new generation, high-quality investment, Vietnam needs to focus on building green infrastructure rapidly and efficiently.

In the **energy sector**, the PDP8 needs to be approved immediately, with an emphasis on maximizing renewable energy. Policies ensuring consumers have access to clean energy through the implementation of DPPAs and a reduction in front-end regulatory barriers to “behind-the-meter” clean energy plants are both essential. In particular, it is necessary to untie procedures for rooftop solar power service providers and sell electricity directly to customers. We are delighted to hear that Your Excellency is directing the construction of a renewable energy land database.

**In the mobility sector**, there is a need for a national electric mobility strategy with clear targets, timelines, and implementation plans, including the development of charging infrastructure and incentives for suppliers, end users, and car manufacturers. Furthermore, the country should adopt mandatory vehicle safety technologies in line with WHO recommendations to minimize road traffic accidents.

To complement the support provided by Vietnam’s international partners, **predictable and sustainable public investment policies** are also needed in key areas such as urban transport, science and technology, and Vietnam’s green transition.

Towards this end, we stand with Vietnam in support of Your Excellency’s COP26 commitments. Together with the EU Delegation and the European Member States, we are intensively preparing to launch GEFE 2022, or the Green Economy Exhibition and Forum, which will take place from November 28<sup>th</sup> to 30<sup>th</sup>. We would like to take this opportunity to thank you, Prime Minister Chinh, for officially accepting an invitation to attend GEFE 2022 this past Monday.

## **2. Group of recommendations on health and protection of people's health**

**In the healthcare sector**, innovation investment is crucial, especially in the post-pandemic period. Policy stability and predictability are needed for fast and sustainable access to new medicines.

In the short term, EuroCham recommends extending the validity of marketing authorizations, similar to Resolution 12, until a solution is adopted to permanently resolve the issue. In the long-term, EuroCham requests support for revising the Pharma Law to remove the marketing authorization renewal process. To reduce unnecessary

administrative burdens for businesses and the Ministry of Health, the Prime Minister's Decision 1661 should be implemented. By doing so, drug shortages and supply disruptions will be prevented.

We also request more resources for the Ministry of Health's regulatory agency. For example, fees for registering new medicines should be adjusted to retain skilled experts and maintain market surveillance.

A special mechanism should also be included for **medical equipment** import licenses and marketing authorizations. To avoid uncertainty for medical device suppliers, legislation should also be revised to include the placement of equipment in public health establishments.

Similarly, **in the cosmetics sector**, we suggest promptly reviewing cosmetics advertising regulations, eliminating CFS requirements for EU cosmetics, and accelerating e-labeling acceptance and implementation.

In the **nutritional foods sector**, to avoid unnecessarily burdening food producers, particularly SMEs and farmers, the government should instruct the MOH not to issue new nutrition labelling circulars that create requirements that go beyond international standards.

### **3. Recommendation group related to Digital Transformation**

Despite Vietnam's past success, it must further increase digitalization to attract foreign investors and create a modern, efficient, and transparent business environment. EuroCham urges the government to further promote the digital economy, ensure a coherent regulatory framework and align Vietnam's regulations with global standards, namely the EU's regulatory framework.

Additionally, we recommend digitizing procedures on the National Public Service Portal and strengthening human resource development in information technology, e-commerce, and digital transformation.

In agriculture, the use of smart farming and digitalization methods should be acquired and strengthened as well, including techniques for optimizing productivity such as GPS, field data, drones, and digital maps.

### **4. Last set of recommendations includes policies to attract investment, tourist and foreign investors and experts**

For many years, Vietnam has used CIT incentives as a top priority for attracting investment. However, with the OECD implementing the global minimum tax rule soon, Vietnam can study and apply policies from European Member States and other countries to directly support investors to offset this. We are looking forward to sharing and strengthening cooperation with the Ministry of Finance on this issue. However, regardless

of supportive policies or the tax rate, the top priority for European investors is still transparency in tax law development and tax inspection.

Regarding **entry visa policies**, all EU countries should be added to the list of visa-exempt countries, and the visa exemption period should be extended to 30 days.

For foreign experts coming to Vietnam for technical support, visa windows should be extended to three or six months. For European high-tech businesses, this is crucial. It is also necessary to simplify **foreign work permit procedures**.

The final point I would like to make is that Vietnam has had steady economic growth for nearly three decades and has recovered rapidly from the pandemic despite the current economic climate.

Due to Vietnam's historical flexibility and willingness to make creative decisions, the European business community is quite optimistic about the country's future. Our firm belief is that this trend will continue. Vietnam will be able to overcome this current situation with similar success, and the nation will certainly rebuild stronger than ever.

In my capacity as a representative of the European business community, I would like to thank you for the opportunity to speak with you today.