



## **PRESENTATION OF SINGAPORE BUSINESS GROUP AT THE PRIME MINISTER'S CONFERENCE WITH FOREIGN BUSINESS COMMUNITY – 17<sup>TH</sup> SEPTEMBER 2022**

*By Vice-Chair Seck Yee Chung*

On behalf of the SG biz community, we appreciate the Government's great effort in recovering and developing Vietnam's economy.

We have compiled a list of key points that we hope can be considered and addressed in order to boost Vietnam's economy.

### **HIGH-LEVEL COMMENTS/ RECOMMENDATIONS TO THE GOVERNMENT ON POLICIES IN GENERAL**

#### **1. Supply chain disruption and increasing production cost**

It is important to developing an onshore support industry in order to reduce reliance on imports and to manage production cost.

Experts have emphasized the importance of developing a domestic support industry in order to reduce reliance on imports.

Investment incentives for productive and innovative businesses, transparent legal procedures, and lower barriers to market entry are three critical steps the government can take as businesses seek to diversify their suppliers and to grow the domestic ecosystem.

#### **2. Labour force and skilled talents**

The government needs to prioritize adapting its industries to a digital future and improving access to on-the-job training programs in these fields. In addition, the vocational education system should increase its commitment to collaborating with the private sector to develop more enterprise-based training programs.

An improved learning ecosystem will enable the country to respond effectively to technological disruptions and opportunities- and to attract and retain much needed talent - both Vietnamese and foreign persons.

#### **3. Chip production**

The current global chip shortage is impacting many industries. This shortage will last for years and demand will continue to grow. Given the opportunities and challenges posed by a chip shortage, the government should consider attracting further investment in chip

production by developing special investment incentives (e.g., cash incentives similar to those used in the United States) so as to attract such large scale investments in this sector.

#### **4. Warehouse, logistics and zoning**

There should also be more certainty in policy, law and process that warehousing and logistics can be carried out within industrial zones.

Warehousing activities (or warehouse services) mean the storage of goods for hire, and, in connection with this operation, may include the loading, packing, sorting, stacking, wrapping, and delivery of those goods. Another type of warehouse is fulfilment centres, a location from which a third-party logistics provider fulfils customer orders for e-commerce retailers. A fulfilment centre exists to get online orders to customers in a timely fashion and relieve e-commerce companies of managing this logistical process.

Due to the growth of trade and e-commerce, and the shift of production to Vietnam, investments into warehouse and fulfilment centres to support such sectors are also growing, and one of the challenges that the investors are facing is finding the appropriate sites for such businesses.

We recommend more allocation for warehousing to be included in the industrial zone, and that land sites (whether inside or outside industrial zones - and near the cities) could be rezoned for such purposes.

We also hope to see further reform with the draft Land Law - in particular, transparency in relation to access to land sites and the auction process.

### **PROPOSED REFORMS AND NEED FOR CLARITY TO IMPROVE THE BUSINESS ENVIRONMENT FOR INVESTMENT AND TRADE, TO SUPPLY CHAIN AND DIGITAL.**

#### **1. The prolonged timeline for obtaining a Business License and on-the-spot import of drugs**

The licensing procedure and timing for FIEs to obtain a sub-license for trade and distribution activities is very burdensome and time-consuming. This involves several rounds of submissions and follow-up questions with the trade authorities. This can take anywhere from 4 to 12 months.

We respectfully request the Government to enact regulations that will shorten the regulatory timeline for these approvals. In the meantime, we also request the authorities to be clearer as to what is expected in the application dossier so as to greatly reduce the number of follow up rounds required.

On a specific note, we also request that foreign invested drug companies be able to obtain made in Vietnam drugs by way of on the spot import method.

## **2. Decree 53 implementing Cybersecurity Law**

We are excited about the growth of Vietnam's digital economy. We appreciate the need for cybersecurity laws and also urge the protection of personal data. It is also important to maintain the free flow of data across borders in a way that is secure, maintains privacy protection, but also in a way that enables legitimate use of data, and data protection regime should not be overly burdensome.

We also see more interest and investments into data centers. and there should be clearer policy and regulatory framework that enables investments into data centers for both domestic and foreign investors.

Finally, we recommend zero-rated VAT for export of services. This will help onshore and domestic tech companies be more competitive in the global marketplace in terms of selling and exporting Vietnam-provided services to offshore customers.

To close, Singapore is a leading investor in and friend of Vietnam, and is committed to remaining so./.