



THE
BUSINESS
CENTRE



VIETNAM UPDATES

Q3 2019

*Prepared by Business Centre
British Business Group Vietnam*

December, 2019



**British
Chambers of
Commerce**

International Affiliate

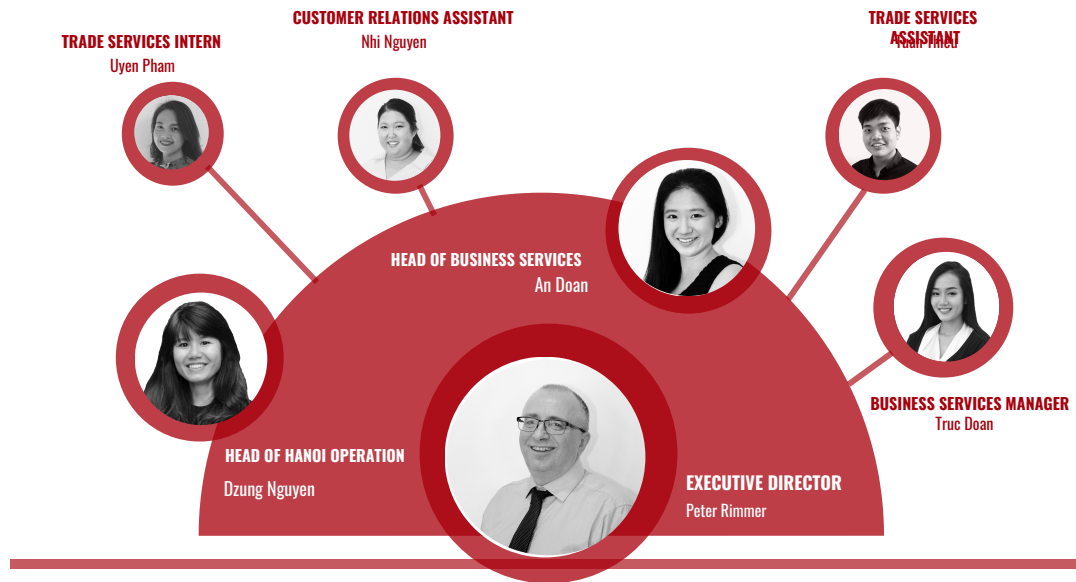
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OUR TEAM



what we do ?

The British Business Group Vietnam (BBGV) was officially established in Ho Chi Minh in 1998 with its Ha Noi branch founded in 2007. BBGV aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, BBGV in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



BUSINESS MATCHING:

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



BUSINESS DEVELOPMENT REPRESENTATIVE:

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



BUSINESS REGISTRATION:

Offer step-by-step support to setting up and registering a company in Vietnam



BUSINESS SERVICES EVENTS:

Organise trade missions, product launches and seminars/workshops



MARKET STUDIES:

Sector reports, competitor analysis and local prospect background research



EXPORT OPPORTUNITIES:

Sector reports, competitor analysis and local prospect background research

CONTACT US

BBGV BUSINESS CENTRE

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OUR ADVOCACY WORKS



The BRITISH ADVOCACY COMMITTEE, comprising of the Heads of some of the largest British companies operating in Vietnam, continue to provide support to BBGV in its engagement of key business issues and was instrumental in the support to gain the full VBF membership.



BRITISH EDUCATION BUSINESS GROUP
– BEBG is a proposed working group of BBGV and its British Advocacy Committee, to work alongside the British Embassy, Department for International Trade and British Council.

Members

DIAGEO



Founding Members

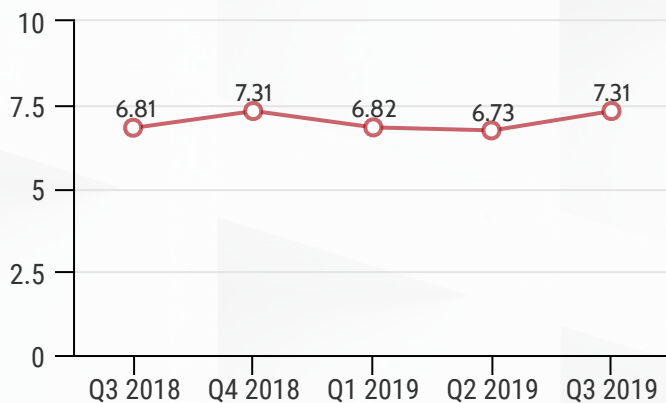


VIETNAM ECONOMY: A QUICK REVIEW

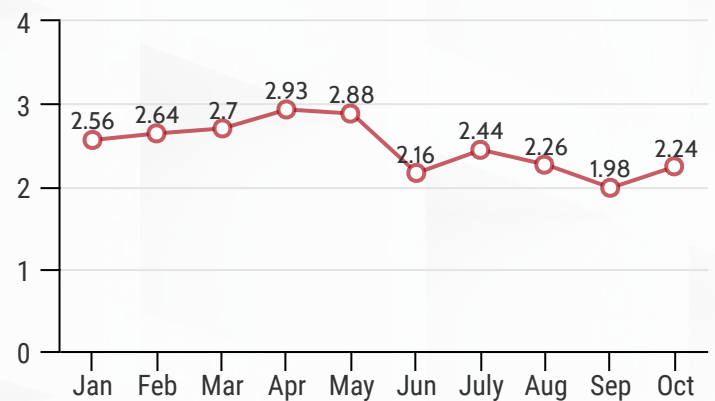
AS OF NOVEMBER 2019



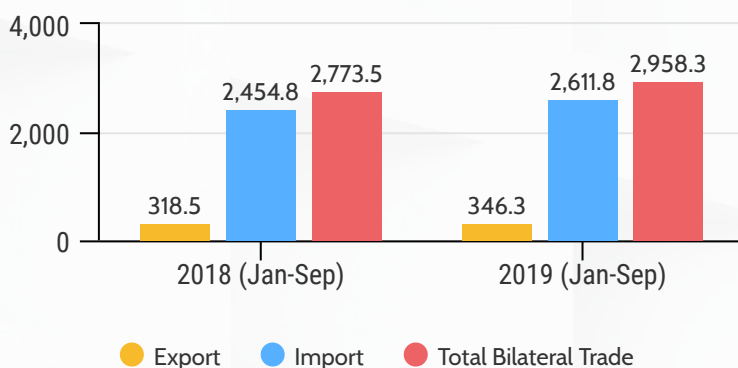
VIETNAM GDP GROWTH RATE (%)⁴



VIETNAM INFLATION (%)⁵



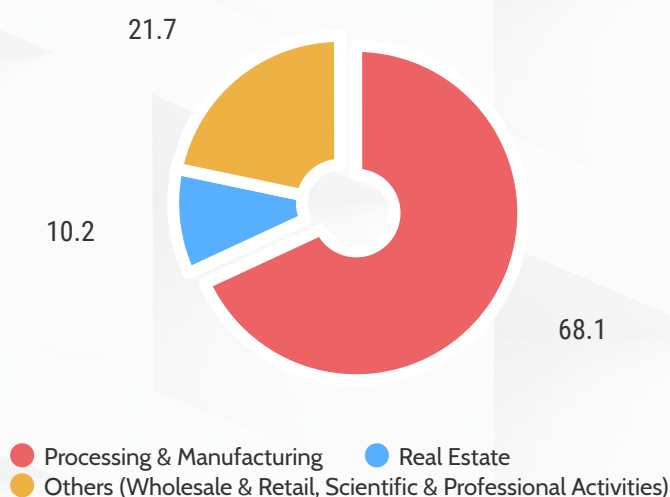
UK-Vietnam Bilateral Trade³ (Unit: Million £)



To date, Vietnam continues to prove its robust position as one of the world's fastest growing economies. Obviously, the country has continuously been a better place for UK trade and investment. In the first 9 months of 2019, it imported a total value of GBP 346.4 million from the UK, posting a 9% y-o-y upgrade. In that same time, 26 British investment projects/companies were registered, planning to disburse GBP 51.97 million to the local economy.

SECTOR IN FOCUS: MANUFACTURING FOR EXPORTS CONTINUES TO PLAY AS THE MAIN DRIVE FOR VIETNAM'S GDP GROWTH

Key FDI Sector First 10 Months Of 2019 (%)²















"Vietnam is so far the biggest winner from the US-China trade war, as manufacturers look to divert their production base to bypass higher tariffs." - The Straight Time

Foreign investors have continued to flock to Vietnam's factory districts as the trade war between the US and China approaches its second year. The tension between the two giants has accelerated the inflow of manufacturing investment. Newly registered investments in the country are up by 7.4% , according to government data.

The trend is only expected to gain momentum in the last quarter of this year as the newly established factories start operating, according to Dezan Shira & Associates.



Vietnam's top manufacturing exports include *mobile phones & their spare parts, textile & garment, computer, electronics & parts, footwear, machinery & equipment, wood & wood products.*

Major Shifts To Vietnam⁶

Company	Nationality	Status	Location in Vietnam	Industry
HANWHA		Moved from China	Hanoi	Aerospace manufacturing
YOKOWO		Moved from China	Ha Nam	Automotive components
HUAFU		Moved from China	Long An	Textiles & garments
GOERTEK		Moving from China	Bac Ninh	AirPods manufacturing
TCL		Moving from China	Binh Duong	Electronics - TV manufacturing
FOXCONN		Under consideration	Bac Giang, Quang Ninh	Electronics - TV hardware
LENOVO		Under consideration	Bac Ninh	Electronics - Computer hardware
NINTENDO		Under consideration	TBD	Electronics - Gaming consoles
SHARP		Under consideration	Binh Duong	Electronics - Camera modules
KYOCERA		Under consideration	Hai Phong	Electronics - Printers, copiers
ASCIS		Under consideration	TBD	Footwear production
PIXEL		Under consideration	Bac Ninh	Electronics – Smartphone hardware

SECTOR IN FOCUS: AVIATION MARKET HEATS UP WITH NEW CARRIERS⁷

TOP 10 FASTEST GROWING COUNTRIES FOR PASSENGERS 2017 -2040 (Over 50 million passengers per annum)

Vietnam	1		7.8%
India	2		6.8%
Saudi Arabia	3		6.2%
United Arab Emirates	4		5.7%
China	5		5.5%
Philippines	6		5.4%
Indonesia	7		5.4%
Colombia	8		5.4%
Mexico	9		5.4%
Malaysia	10		4.8%



AIRPORT

EXISTING

TAN SON NHAT International Airport (HCMC)

Present: **32 million** passengers annually
ACV has plan to upgrade to **50 million** passengers **by 2020**

NOI BAI International Airport (HANOI)

Present: **23 million** passengers in 2017
will be expanded to **30 million** passengers **by 2020** and **60 million** by 2030.

Existing Airlines

	Vietnam Airlines	Jetstar Pacific	VietJet Air	Vietnam Air Services Company (VASCO)	Bamboo Airways
Aircraft In Service	92	20	67	6	10
Aircraft On Order	21		312		77

Proposed Airlines

AirAsia

TMC

 **Vietravel**

 **Vietstar Airlines**

 **VINAVIATION**

COMING



LONG THANH International Airport

is located in Dong Nai Province
(30 km from Ho Chi Minh City)
with expected operation in 2025.

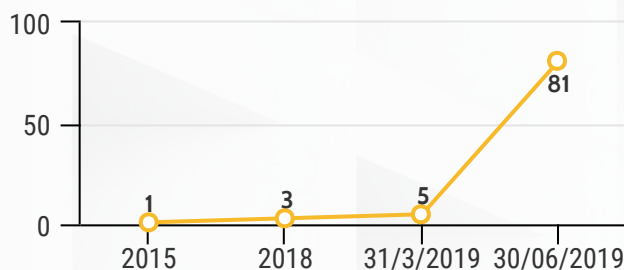
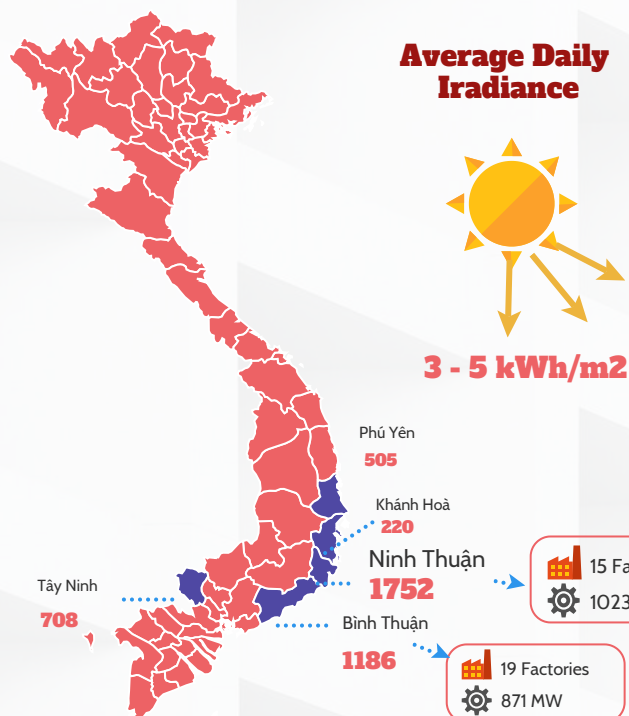
Expected Capacity:

Phase 1 (2025): 1 runway and passenger terminal capable of handling 25 million passengers and 1.2 million tons of cargo per year.

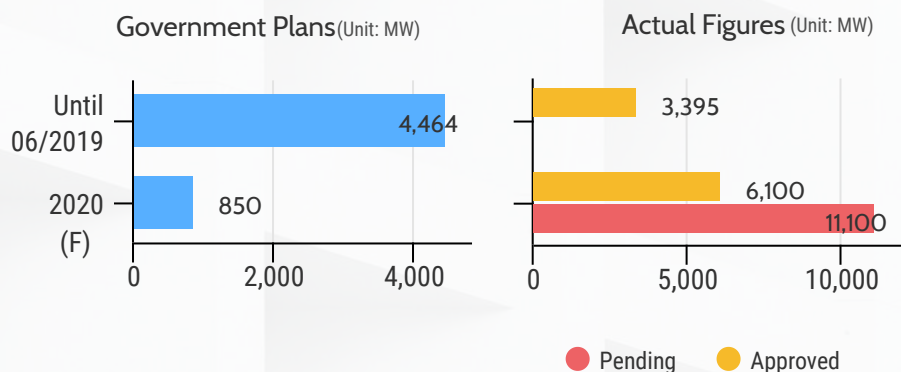
Phase 2 (2035): second runway and passenger terminal to raise capacity to 50 million passengers and 1.5 million tons of cargo per year.

Final phase (2050): 100 passengers and 5 million tons of cargo per year."

SECTOR IN FOCUS: NEW SOLAR PLANTS OVERLOAD VIETNAM NATIONAL GRID⁸



CAPACITY



Feed-in Tariff Program for Solar Power Projects in Vietnam⁹

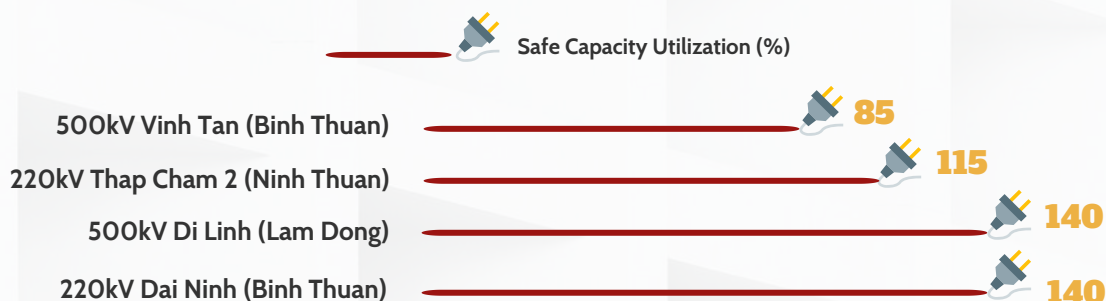
FLOATING: VND 1,758 per kWh

GROUND-MOUNTED: VND 1,620 per kWh

ROOFTOP: VND 2,156 per kWh

OVERLOADED SUBSTATIONS

July 2019



LEGAL UPDATES: MAJOR CHANGES TO TAKE PLACE IN CROSS BORDER E-COMMERCE



Taxation of Foreign E-Commerce Business Introduced¹⁰

On 13 June 2019, National Assembly adopted the new Law on Tax Administration No. 38/2019/QH14 - which will take effect from 1 July 2020. The Law introduced a new taxation regime for foreign service providers including ecommerce business with some notable contents:

- Commercial banks' obligations, rights and liabilities in relation to tax administration: withholding and paying tax on behalf of offshore organisations, individuals doing e-commerce business and deriving income from Vietnam.
- Regarding e-commerce business activities, business conducted on digital platforms and other services provided by offshore suppliers having no permanent establishment in Vietnam, offshore suppliers shall directly or authorise [a third party] to conduct tax registration, tax declaration and payment in Vietnam as guided by the Ministry of Finance.
- Vietnamese contracting party is required to use a tax code issued to an organisation or individual that has no presence in Vietnam and conducts cross-border business activities on a digital platform for the purpose of withholding and paying tax on behalf of that organisation or individual.



Ministry of Finance (MOF) to Develop Legal Framework for Cross-Border e-Commerce¹¹ in Customs Operations

MOF drafted a decree introducing an alternative for e-commerce transactions in customs clearance procedures.

Exporters and importers will conduct customs clearance of goods purchased and sold on e-commerce platforms via an E-commerce Activity Management System ("Management System").

Users are required to register an account to connect with the Management System via <http://www.customs.gov.vn>.

How the system operates?

E-commerce marketplaces and online shopping websites shall provide Purchase Order information, including any changes or updates, if any, to the Management System after receiving payment from customers, or before delivering goods to transportation entities;

Transportation entities, after receiving information from e-commerce marketplaces, and online shopping websites shall provide Purchase Order Information, delivery methods, vessel identification number, delivery route, transportation duration, estimated arrival time, and destination.

The Customs authority shall then receive and process the information for customs clearance purposes. The Customs Declaration Dossier will only include a customs declaration form, import permit, inspection result (where applicable), and the information as provided in the Management System.

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- [11] Baker McKenzie. (October 04, 2019). Ministry of Finance to Develop Legal Framework for Cross-Border e-Commerce in Customs Operations. Retrieved from <https://www.bakermckenzie.com/en/insight/publications/2019/10/ministry-of-finance-customs-operations-framework>