



HANOI
INNOVATION
SUMMIT 19

Cooperation between the European and Vietnamese Business Community



Nguyễn Hải Minh
Vice Chairman of European
Chambers in Vietnam



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QUARTERLY REPORT

CEEC OFFICE IN HANOI
NEW ADDRESS

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CEEC at EVFTA EVENT: “IDENTIFYING THE OPPORTUNITIES OF TRADE AND INVESTMENT IN THE CONTEXT OF EVFTA”



Mr. Minh Nguyen – CEEC Board Member cum Vice Chairman of EuroCham.

On 10 July 2019, at VCCI Hanoi, CEEC participated in the Conference “Identifying the opportunities of Trade and Investment in the context of #EVFTA”.

Mr. Minh Nguyen, CEEC ExCo Member, also the Vice Chairman of EuroCham participated in the panel - discussion. There Mr. Minh had the chance to represent the ideas and recommendations for Vietnam

becoming a hub for EU Trade in the region after the EVFTA has been ratified and implemented.

Mr. Florian Beranek, CEEC ExCo Member, who was the speaker too, presented the key strategy that determines the success of businesses in the context of integration in the global trade.



Mr. Florian Beranek – CEEC Board Member



CEEC SPOKE AT THE CONFERENCE “EVFTA – OPPORTUNITIES AND CHALLENGES FOR BUSINESSES IN ALUMINUM INDUSTRY IN VIETNAM



Mr. Minh Nguyen – CEEC Board Member cum Vice Chairman of EuroCham.

On 23 July 2019, at the Conference “EVFTA – Opportunities and Challenges for businesses in aluminium industry in Vietnam” which was hosted by the Private Economic Development Research Board (Board IV), under Advisory Council on Administrative Procedure Reform (ACAPR) of the Prime Minister, in coordination with the Association of aluminum bar manufacturing for construction and industry in Vietnam, Mr. Minh Nguyen – CEEC Board

Member cum EuroCham Vice Chairman, and Mr. Florian Beranek – CEEC Board Member participated and had their speeches there.

According to Mr. Minh, when the EVFTA is ratified, EU businesses will tend to shift investment to Vietnam, thereby export in ASEAN and towards Asia region. For Vietnam, the movement will increase foreign investment, this is a predictable trend. Moreover, there will be many companies not only Vietnamese but also the foreign-invested companies of third countries which seek to take advantage of this. In addition to the expectation that European businesses will bring more advanced technologies, the greater benefit that Vietnam needs to achieve is that domestic small and medium enterprises can participate in this business supply chain.

Mr. Florian Beranek, Senior Expert on CSR of UNIDO and Board Member of CEEC, said that Vietnamese businesses must be ready to compete.



Mr. Florian Beranek – CEEC Board Member

“Regarding the aluminum industry, the tariff reduction to 0% is relatively lucky. However, we should note that there isn’t the final approval yet and many things need to be done. It’s necessary to consider the routes and make sure everyone is willing to negotiate and accept”, said Mr. Florian.

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CEEC AT THE HANOI SUMMIT 2019



On Thursday, 29th August, the Hanoi Innovation Summit 2019 took place in Hanoi. This is a national and international scale forum, first organized in Hanoi by Schoolab Global Innovation Organization (France), under the auspices of Hanoi People’s Committee, Ministry of Planning and Invest.

Attending the Forum were expected to have over 3,000 delegates, on the side of Hanoi City, there was Hanoi Party Committee Secretary Hoang Trung Hai, Hanoi City People’s Committee Chairman Nguyen Duc Chung; Minister of Planning and Investment Nguyen Chi Dung, Embassies of several countries in Hanoi; more than 100 international and local speakers; domestic and foreign investors, technology corporations, and start-ups; representatives of a number of institutions, universities and research institutes in Hanoi.

Among many honorable speakers, CEEC Board Member and Eurocham Vice-Chairman, Mr Minh Hai Nguyen, gave a speech during which he highly appreciated the innovative spirit of the Vietnamese Government when taking solid steps, thereby creating confidence for European investors. From that, we can see that the capital market for start-ups in Vietnam is has very big potential and can create profits.

However, the start-up ecosystem of Vietnam is still new, so many start-up projects still lack legal experience to connect to investment funds. Therefore, Vietnam needs new investor networks to support more actively as well as import experience for start-up projects.

The Vietnamese government needs more specific activities when creating a platform for start-ups to connect directly with investors to make it more convenient. In addition, Mr. Nguyen Hai Minh made the recommendation to promote tax incentives for start-up investments.

The Hanoi Innovation Summit was organized with the goal of promoting and raising the awareness and spirit of creative start-ups to the community, especially the students, young people and intellectuals in Vietnam and Hanoi City. Furthermore it aimed at simultaneously stimulating the role of connecting domestic and international resources to promote start-up activities and lead the creative start-up ecosystem is “flourishing”.



CEEC MET THE CZECH BUSINESS DELEGATION

CEEC, represented by Monika Jurzak, Executive Director, and Executive Committee Members, Mr. Christoph Schill, Ms. Kadri Lahi and Ms. Nora Bihari, was hosting the Czech Business Delegation on 4th October 2019. The Delegation was accompanied by representatives of the Zlin Region in the Czech Republic – Deputy Governor, Center for Economic Cooperation - Mersinis and some businesses. Firstly, the Director of Mersinis, gave a presentation of the Zlin Region, highlighting its good infrastructure, trained workforce, universities and excellent development.



After that, that, CEEC Board Member, Christoph Schill gave a brief introduction about the Chamber. Following his talk overview, CEEC Executive Member, Ms. Kadri Lahi, introduced her company and shared the legal aspects of market entry and gave a suggestions on what kind of organizational structures to operate in Vietnam would be the best option for the visiting Czech businesses.

Afterwards, Mr. Truyen Nguyen from Raiffeisen Bank in Vietnam, gave a quick overview about Raiffeisen. Later, and Ms. Nora Bihari from the South-East Asia IPR SME Helpdesk introduced the project, gave a general overview, indicating how important for European SMEs it is to know that their brand needs to be register in South-East Asia even if

it is registered in Europe already.

In the final part, CEEC distributed “Doing business in Vietnam” guide to the delegates.



ALPLA FACTORY TOUR



On Friday, 4th October 2019, CEEC had an exceptional opportunity to visit the ALPLA factory.

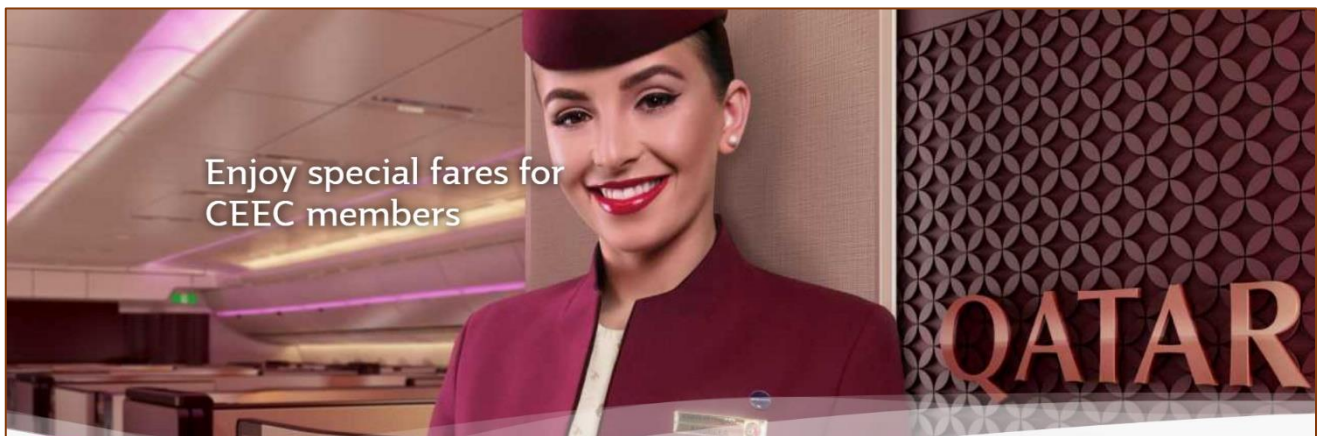
During this tour, we could experience first-hand about the history of ALPLA, about further plans and we could see every step of the rigid plastic packaging production and one segment of the fast-moving consumer goods sector. Participating companies also got first-hand insights in the Q&A session about internationalisation of a family owned business, the green-field investment in VN, supply-chain and HR management or electricity

shortage and recycling processes.

On that occasion we would like to thank Mr. Marco Fritsche and the Management Team of ALPLA Vietnam for the hospitality and all the insights they shared with us.



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SHARE&(L)EARN 13th “Work Permit and Employment in Vietnam”



The 13th Share & (L)Earn event took place on 10th October 2019, with the topics related to work permit and employment in Vietnam.

At the beginning, Mrs. Magdalena Krakowiak, CEEC Vice-Chairwoman warmly welcomed all guests and presenters. After short introduction, Mr. Matthew Lourey, Managing Partner at Domicile Corporate Services, gave a very practical presentation focused on labour law, work permit, employment insurances, employment, payroll and taxation on employment.

Mr. Lourey started with the work permit definition and exemptions. We could learn that a Labour Contract must not be signed without a Work Permit and should not be signed for a longer period than the work permit is issued. We could also find out what exemptions currently there are from work permit obligation and what are the draft amendments proposed which would come into a force most probably July 2020. Mathew pointed out that working without work permit in Vietnam is quite risky. Penalties can embrace both employee and employer (foreign Employee can be Expelled from the country and Employers can pay a fine VND 60m – VND 150m and his operation can be suspended for 1-3 months).

Later, he gave an update on social insurance for foreign and Vietnamese workers. The latest decree, which applies social security contributions to foreign employees having labour contract in Vietnam with term of 1 year or more is already in force from 1 July 2019. Yet, as the full payment is not in force, the foreigner's contribution is still basically small (1,5% - employee and 6,5% employer) comparing to Vietnamese employers rates (10,5% employee contribution, 21,5% employer contribution). This compulsory social insurance will cost burden employers by 17.5% and employees – 8% from 1st July 2022. The same benefits as for Vietnamese will apply for foreigners: short term- sickness, maternity, work accident, long term – pension. Effectively these benefits would be difficult to realize by foreigners, and again it is unclear how process would look like.



At the next part, Matthew was talking about payroll. Key points covered were Taxable Benefits excluded from Payroll Calculations, business trips and Personal income tax, benefits for expatriates and probation period.

Following Matthew's presentation, Dr Hoang Cong Duong, Medical Director of CarePlus International Clinics, introduced the clinic and pointed the importance

of doing the check up for work permit, not only for getting the certificate but also for regular screening of our health status.

Afterwards, two lucky draw winner received a prize from CarePlus.

The presentation was concluded with many questions from the audience and in answering which Mr. Lourey gave several practical examples as well.

2019 Guide to Import to Vietnam By EMERHUB

Why import to Vietnam?

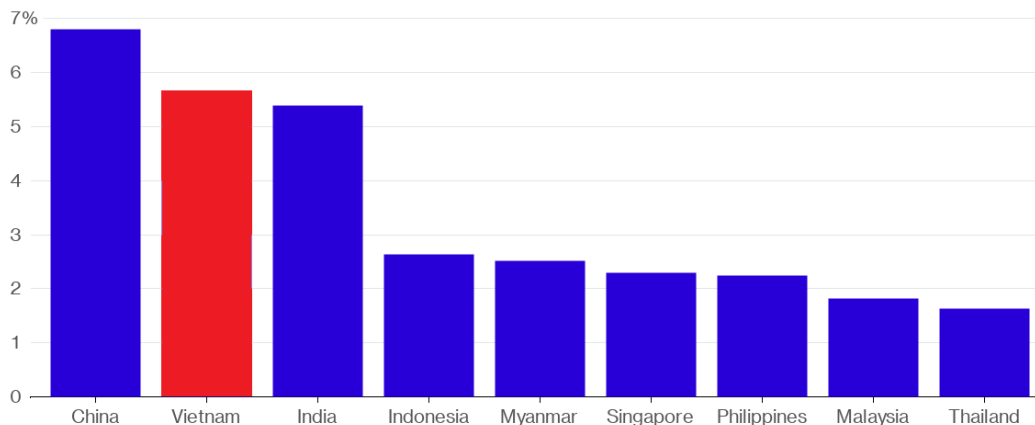
Quickly developing infrastructure

According to the Asian Development Bank, Vietnam invests nearly **6% of its GDP on infrastructure development** which is almost double compared to other emerging markets in Southeast Asia.

Quickly developing infrastructure is alluring foreign investors to set up manufacturing companies which, in turn, encourages the import/export sector.

Vietnam Among Asia's Biggest Infrastructure Spenders

Spending as a percent of GDP



Source: Asian Development Bank
Data includes public and private sector investment

Bloomberg 

Source: Bloomberg

Trade agreements and openness to foreign direct investment

Over the past 30 years, Vietnam has been reforming and transforming itself into a globally minded economy. Vietnam has become **a member of the WTO and is also a part of numerous international partnerships**, including free trade agreements with partners both within and outside the region.

Additionally, Vietnam offers several tax incentives to foreign investors. For example, investors who contribute to specific geographical regions or sectors of particular interest, such as high-tech or health care, can enjoy some tax benefits.

Growing middle class

Vietnam's middle class is growing at a rapid speed. Market research firm Nielsen has even estimated that **Vietnam's middle class will rise to 44 million consumers by 2020**, compared to 8 million in 2012, making Vietnam a nation with one of the fastest-growing middle classes in the world.

Vietnam's middle class is already thought to be responsible for more than 50% of the country's total consumption. We see companies like Chanel, Versace, and Armani opening stores in Saigon.

These companies execute extensive market research before entering the market, indicating that Vietnam has enough of potential purchasing power to attract foreign brands.

And rightfully so, since Vietnam ranks 6th in AT Kearney's latest Global Retail Development Index (GRDI).

Find out more: [Top 11 Reasons to Invest in Vietnam](#)

Understanding Vietnam import regulations

Licenses for importing to Vietnam

To import to Vietnam, you need to obtain an investment license and a business registration certificate from the Department of Planning and Investment (DPI).

There is no separate import license in Vietnam – the investment license already allows you to import or export products. You also don't need additional licenses if you are planning to wholesale your goods to businesses.

However, if you want to sell your products directly to consumers in Vietnam, you need a **trading license**. It will take 6-12 weeks to obtain a trading license, and you can apply for it after the incorporation and once you have paid the capital contribution in full.

Keep in mind that you need to know the products you are planning to import before applying for your investment license. If your company wants to import additional products in the future, you must also change the investment license.

Product registration in Vietnam

To import certain products to Vietnam, government level of approval is necessary, and you cannot import these products unless they are registered. For example, cosmetic products must first be registered with the Drug Administration of Vietnam before any trading can take place.

Read more on [how to import and register cosmetic products in Vietnam](#)

Other products that are subject to registration are, for example:

- drugs and food supplements
- processed products from vegetables, fruit, grain
- wine and cigarettes
- essential oils, perfumes, cosmetics
- milk and dairy products, eggs, honey, and other animal-derived products

Import taxes in Vietnam

Most goods imported to Vietnam are subject to duty. Imported products are subject to import tax and value-added tax (0%, 5%, or 10%). Tax rates vary depending on the type of product.

For example, consumer goods, especially luxury goods are usually subject to higher tax rates than machinery, raw materials or equipment used in production.

However, Vietnam is a member of the ASEAN Free Trade Area and intraregional import taxes for certain products range from 0-5%, including products such as:

- livestock
- meat and fish
- fruit and vegetables
- medicaments and pharmaceutical goods
- agricultural machinery

To demonstrate the import tax calculation, we have provided some simple formulas and illustrative examples in our previous article on how to calculate import tax and duty in Vietnam (import duty calculator included).

Prohibited products

Circular No. 34/2013/TT-BCT of the Ministry of Industry and Trade brings out a list of products that foreign capital companies cannot export from, or import into, Vietnam.

For example, some of the products that you cannot import to Vietnam include:

- cigars
- tobacco
- petroleum oils
- newspapers and journals
- second-hand items (including electronics and automotive)

How to import to Vietnam?

To import to Vietnam, **you must have a legal entity registered in Vietnam**. Therefore, you have two options for importing to Vietnam.

Option 1: Set up a trading company in Vietnam

In general, it takes one month to register a company in Vietnam. If you also want to engage in retail sales and sell the products that you import to Vietnam to direct consumers, you also need a **trading license** which takes 6-12 weeks to acquire.

However, note that you can already start importing your products once your company is registered, but the trading license is still in process.

Setting up a trading company in Vietnam



In general, there is no minimum capital requirement for setting up a trading company in Vietnam. However, the capital you inject must comply with your planned expenses.

More on the requirements in article on [how to set up a trading company in Vietnam](#).

Option 2: Import to Vietnam using an importer of record

If you don't want to set up a legal entity in Vietnam or wish to test the market by importing a few shipments, you can use an importer of record instead.

What is an importer of record (IOR)?

Importing to Vietnam using an importer of record means that **you don't have to acquire any import licenses or set up a company in Vietnam**. Furthermore, with an IOR you can start importing immediately.

Among other benefits of using the importer of record service, you are also exempt from tax liabilities since we will cover the taxes.

Popular products to import into Vietnam

Many sectors rely heavily on imported goods. For example, Vietnam imports over 90% of its medical equipment as well as cosmetic products.

Over the previous years, Vietnam's top imports have been, for example:

- Computers, electrical machinery, and equipment
- Telephones, mobile phones, and parts
- Iron and steel
- Mineral fuels
- Optical, technical, medical apparatus

At the same time, we see a shift in the Vietnamese market structure, taking the lead as a manufacturing country due to increasingly more skilled and cheaper labor force compared to China. Additionally, this increases the demand for raw material, technical and electrical machinery.

Read more:

- [Should You Move Manufacturing from China to Vietnam](#)
- [Cosmetic products registration in Vietnam](#)

Vietnam's biggest trade partners

According to the General Department of Vietnam Customs, Vietnam's main import partners in 2018 were:

	Value in US\$
Country	(percentage of total imports)

1. China	106.7 billion (22.2%)
----------	-----------------------

2. South Korea	65.7 billion (13.7%)
3. United States	60.3 billion (12.6%)
4. Japan	37.8 billion (7.9%)
5. Thailand	17.3 billion (3.6%)
6. Taiwan	16.3 billion (3.4%)
7. Malaysia	11.5 billion (2.4%)
8. Germany	10.7 billion (2.2%)
9. India	10.7 billion (2.2%)
10. Hong Kong	9.5 billion (2%)

Products with the most complicated import regulations

While some products, such as medical devices, can be imported to Vietnam quite easily, others can be listed as complicated products.

For example, products such as:

- Cosmetics
- telecommunication items
- animal feed
- health supplements

These are goods which either require additional licenses or for which the Ministry of Trade only gives out a limited amount of import licenses.

Obtaining necessary licenses for these products is not impossible, but, in some cases getting your hands on the license or outstanding local distributor may turn out to be more expensive, time-consuming and complicated than originally anticipated.

The article source: [Emerhub Vietnam](#)

HEALTH CHECK UP FOR WORK PERMIT

CAREPLUS NEW SERVICE

CarePlus International Clinics are in the list of hospital/clinics that have the authority to give you a work permit health check.

CarePlus is an associate of Singapore Medical Group. We are offering international standard service with outstanding doctors and Enthusiastic medical staffs who all can communicate in English; Time-saving process and Intensive health consultation.

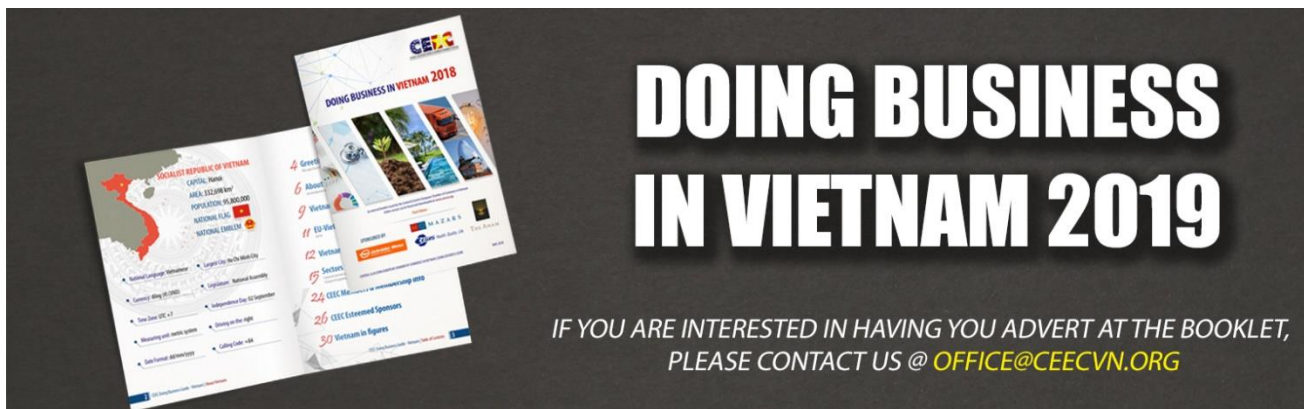
For all items and packages, please follow the link <https://careplusvn.com/en/work-permit-health-check-for-foreigners-2>

To know more about special offers for group registration, please email us at nguyet.nguyen@careplusvn.com or contact our free hotline 18006116 for appointment booking.

CarePlus is look forward to serving you at their international standard clinics!



The advertisement features a blue header with the CarePlus Vietnam logo on the left and the text 'Free Hotline 1800 6116' on the right. Below the header, the main text reads 'WORK PERMIT HEALTH CHECK' in large, bold letters. To the right of this text is a photograph of a modern, brightly lit hospital corridor with wooden floors and glass walls. Below the main text, there are three bullet points, each with a small icon: 'SINGAPORE CLINICS' (building icon), 'TIME SAVING PROCESS' (plus sign icon), and 'INTENSIVE HEALTH CONSULTATION' (person icon).



DOING BUSINESS IN VIETNAM 2019

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“CEEC DOING BUSINESS IN VIETNAM 2019”

The fourth edition of “Doing Business in Vietnam 2019” is under preparation and would be launched shortly.

The guide gives newcomers a better understanding of the Vietnamese market. It is a tool to diverse and to facilitate the outreach to the companies by highlighting the potential in the Vietnamese market in general and with some special focuses on several sectors. The main theme of the guiding book is the overview of the Vietnamese market and its most potential sectors, along with general information about CEEC.

For further information, the highlighted content includes:

- CEEC intro and contact information
- Vietnam political and economic outlook
- EU – Vietnam Free Trade Agreement (EVFTA)
- Vietnam at a glance for business
- Sectors introduction:
 - ICT Vietnam
 - Education
 - Agriculture
 - Healthcare
 - Transport & Logistics
 - Tourism & Hospitality
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Contact us at office@ceecvn.org for further details if you’d like to advertise your company or sector information in the guiding book.

UPCOMING EVENTS

European Night by CEEC, DBAV and GBA On 7th November in HCMC

Book **7th November 2019** at tyour calendar and join European Night by CEEC, DBAV and GBA with the theme **“Race across countries”**. Further information will be updated on CEEC website shortly:
www.ceecvn.org/events/

GBA OktoberFest On 17-19th October in Hanoi



Eurocham Gala Dinner and Business Awards On 25th October in HCMC



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Binh Duong Members Night
On 7th October 2019

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**Further information will be updated on CEEC website: www.ceecvn.org/events/
Please check our website regularly for upcoming interesting events**