

MONTHLY REPORT FROM THE USAID STAR PLUS PROJECT

DECEMBER 2011

Legislative Function and Processes

U.S. Congressional Hearing Process: Professor William Frasure, a USAID STAR Plus expert on government from Connecticut College, addressed a National Assembly Workshop on Hearings of approximately 50 people in Hanoi on December 12 on the use of public hearings in the U.S., especially Congressional hearings. The Workshop participants consisted primarily of members of the Budget and Finance Committee of the National Assembly, the Office of the National Assembly and the Institute for Legislative Studies. The Workshop was part of an on-going UNDP project designed to build the capacity of the Budget and Finance Committee and was chaired by Committee Vice Chair, Professor Dinh Van Nha. Also presenting, among others, was National Assembly Deputy Secretary General, Dr. Nguyen Si Dzung. Professor Frasure's presentation was well received, and National Assembly Deputies appeared to be determined to exercise more rigorous oversight of the Government through public hearings.

U.S. Constitution: On Dec. 22-23, USAID STAR Plus supported MOJ in organizing a two-day technical workshop on the U.S. Constitution for 50 people in Ha Noi. Dean Attanasio from the Southern Methodist University School of Law shared his knowledge and experience with the team. The MOJ and National Assembly teams asked many questions about international and U.S. experiences which may have implications for the planned amendment to Vietnam's constitution. The discussion was very productive and lasted more than 5 ½ hours.

Government Organization: The OOG Legal Department asked USAID STAR Plus to submit a report addressing some important issues identified during the visit of Connecticut College Professor William Frasure and requested that the Project hire a local consultant, former Vice Minister Tien of the Ministry of Home Affairs, to collaborate with Professor Frasure on the report. The Ministry of Home Affairs is responsible for drafting the new Law on Organization of the Government and Vice Minister Tien's input will ensure that the report's recommendations are practical and politically feasible.

Government Responsiveness and Effectiveness: On December 19, USAID STAR Plus held discussions with the OOG's Civil Service Department on the U.S. system and the U.S. experience, primarily at the federal level, in ensuring effective interagency coordination, coherent policy implementation, measures to promote good conduct and minimize corruption. The discussion provided the OOG with useful information on steps they may take to improve government administration.

Role of the Government in the Economy: On Dec. 22-23, USAID STAR Plus supported OOG in organizing a workshop in Thai Nguyen for 40 people on the "Role of the Government in the Economy." This was part of an Office of the Government (OOG) effort to amend the Law on Organization of the Government. USAID STAR expert,

Connecticut College Professor William Frasure and STAR Staff shared the U.S. experience, including the operation of independent commissions in the US with the participants. Many participants expressed the view that the Government should be a regulator rather than owner and/or managers of state-owned enterprises.

Trade and Investment Enabling Environment

U.S. Food Safety Modernization Law: Following the successful workshop on “Pathways to the US Market: Understanding SPS Requirements and the US Food Safety Modernization Act” for 113 participants in Ho Chi Minh City, USAID STAR Plus and the Ministry of Agriculture and Rural Development (MARD) provided the same workshop for over 80 people in Phan Thiet on December 1. Matthew Lantz, a U.S. expert on horticulture and SPS, and key government officials made a visit to an irradiation facility for processing dragon fruit and rambutan for export to the United States. There are currently two irradiation facilities in Vietnam that are certified by the U.S. Animal and Plant Health Inspection Service (APHIS). The irradiation facilities are only working at 10 to 15% of capacity, though. The exporting companies and the irradiation company expect to export more tropical fruit to the US in order to make full use of the facility, but there are several technical barriers that must first be overcome. Matthew Lantz made presentations to government officials and members of the business community on key issues of the U.S. Food Safety Modernization Act (enacted in January 2011). Successful case studies from Mexico and New Zealand on the development of avocado and kiwi fruit exports to the United States provided the participants with a better idea of the steps they can take to boost exports. The participants posed many questions, including several related to recent problems dragon fruit exporters encountered while exporting fruit to the U.S. The FDA's inspection time for containers are vary widely (from two days to seven days), thus causing serious problems since the fruit has a short shelf life. The FDA's decision to destroy dragon fruit when it was found to have pesticide residues (which were far below the EU maximum allowable level) was also a contentious issue because there is currently no U.S. established maximum residue level (MRL) for dragon fruit.

In Binh Thuan, the group visited a dragon fruit farm and packaging facilities for export of dragon fruits and other tropical fruits to the US and other countries in order to see how farming and packaging comply with the requirements of importing countries, especially the US. MARD and the stakeholders are very interested in doing more work on these topics during 2012.

Cooperation with the Ministry of Trade and Industry: USAID STAR Plus staff met with the Domestic Market Department of MOIT to discuss the 2012 work plan. MOIT made specific proposals for training and workshops on the following items:

- Commodity futures trading regulation;
- Implementation of the Law on Food Safety; and
- Regulation of Franchising.

For commodity futures trading regulation, MOIT requested several workshops and a study tour to the USA. We proposed, instead, that USAID STAR Plus begin by training MOIT staff on the basics of commodities trading by hiring an American finance professor to give some lectures via Skype. The next step would be to identify an expert who can come to Vietnam to provide training and advice on the regulatory process for commodity futures trading. For food safety, MOIT is awaiting the two proposed experts on dairy food safety after Tet. MOIT also expressed strong interest in working with Dr. Raymond, the former Under Secretary of Food Safety at USDA and Dr. Neel who came to Vietnam as a USAID STAR Plus consultant last month. MOIT has jurisdiction over more than 8,000 public markets and they would like assistance in developing some low-cost methods of improving food safety in these markets. For franchising, MOIT expressed interest in learning from American franchisors and franchisees about the U.S. franchising system, including the legal and regulatory system for franchising contracts. MOIT would like to arrange for an expert delegation to explain the US franchising system to MOIT and to stakeholders during the second quarter of 2012.

Training of Trainers for DAV: From December 27 to December 29, USAID STAR Plus provided a training course for 20 trainers from the Diplomatic Academy of Vietnam (DAV) on negotiation skills. The participants liked the interactive and case study method. After the course, DAV will design a similar training for incorporation into their formal training program. USAID STAR Plus shared a lot of training materials on this topic with the team and designed several simulation exercises for their future use.

Launch of 2011 MEI: Dec 28, USAID STAR Plus supported the launch of the Ministerial Effectiveness Index 2011 (MEI). The MEI ranked ministries by their performance on legal development and implementation based on a survey of perceptions from more than 200 business associations. The results show that ministries have mediocre performance and the difference between the top and the bottom ranking ministries is small.

Financial Sector Enabling Environment and Fiscal and Monetary Policy

Workshop and Training on Reviewing Implementation of Resolution 11 and Restructuring of Banking Sector: USAID STAR Plus supported a workshop in Lang Son from December 1 to 3 for 25 officials from the Ministry of Planning and Investment, the Ministry of Finance, the State Bank of Vietnam, the General Statistics Office, the National Financial Supervision Committee, commercial banks and research institutes. The objective was to have an open discussion about the current economic situation and challenges arising from Resolution 11 of 2011. The organizers also sought to gather opinions of representatives of various government bodies on stabilization of the economy and restructuring of the banking system. The participants expressed concern about GDP calculations, the efficiency of Government investment, the risk of collapse in the financial sector and the possibility that current Government planning and spending practices are driving increased rates of inflation. Several ideas about how to restructure the financial and banking systems were discussed. Among other conclusions reached, the participants agreed that stabilizing and restructuring the economy, especially the financial

sector is a high priority. They also agreed that reducing the rate of inflation is a long-term process.

Rule of Law

Consumer Protection: On December 15, USAID STAR Plus conducted a workshop in Ha Tinh Province with the Vietnam Competition Authority (VCAD) to train the local Consumer Protection Associations and officials on the main contents of Commercial Protection Law and share experience on handling consumer complaints.

Secured Transactions Forum: On December 26, USAID STAR Plus and the Ministry of Justice (MOJ) hosted a half-day forum for 170 bankers, lawyers, notaries, enterprises and local registration officials to discuss issues in improving security transactions with MOJ, MONRE and SBV officials. The relevant government agencies learned a lot from the business community as to how to improve the regulatory and institutional problems with the current system in order to facilitate better access to finance via secured transactions. Many concerns were raised relating to the transactions involving land use rights, and houses/apartments being future properties. Some guidelines covering these issues are expected to be released by end of the first quarter 2012.

IPR Enforcement: At the request of Vietnam Customs, USAID STAR Plus attended a “Customs and VACIP MOU Signing Ceremony” on December 5 in Ho Chi Minh City. Mr. Nguyen Ngoc Tuan, Deputy Director of the Anti-Smuggling and Investigation Department of the General Department of Vietnam Customs affirmed Vietnam’s commitment to meeting all of the requirements of the WTO TRIPS Agreement. He discussed the dramatic increase in the quantity and value of counterfeit goods seized by Customs between 2009 and 2011 and stressed the importance of the cooperation between rights holders and Customs officials. Customs and VACIP (Vietnam Anti-Counterfeiting and Intellectual Protection Association of Foreign Invested Enterprises) confirmed their willingness to work closely to fight against IPR violations at the border. This is part of a larger VACIP and USAID STAR Plus effort to strengthen the capacity of Customs officials involved with border protection on IPR. A new Unit that is specialized on IPR will help to make IPR enforcement work at the border more effective. The ceremony was also attended by representatives of the U.S. Department of Homeland Security and the Economic Affairs Office of the U.S. Consulate General.

On December 16, USAID STAR Plus, in cooperation with the Ministry of Science and Technology (MOST) and the Vietnam Anti-Counterfeiting and Intellectual Property Protection Association of Foreign Invested Capital (VACIP) (http://www.vacip.org.vn/intro_vn.html) to train local officials on enforcing new IPR rules against counterfeit products which are becoming more popular in the central provinces. The workshop enabled right holders to network and cooperate with enforcement officials.

On December 29 and 30, 2011, USAID STAR Plus and MOST's Inspector General, in cooperation with Phu Tho Province’s Department of Science and Technology, organized

a short training course for people from several villages in Phu Tho Province. The Province has many artisans making traditional products that have been strongly promoted by the local authorities. IPR has become an increasingly important issue as the rights as the IPR holders are being infringed in both the Vietnamese and foreign markets. To a large extent, people making traditional products are unaware of their rights. The training course provided participants with basic information on intellectual property that people from traditional villages need to know to better protect their rights.

Legal Training: Professor Thao and Professor William Bridges of Southern Methodist University School of Law conducted training at the Ho Chi Minh Academy for Political and Administrative Development, the Judicial Academy and the Hanoi Law University on IPR, civil and criminal litigation. Professor Thao, a former Fulbright scholar in Vietnam, is teaching IPR and Civil Litigation. Professor William Bridges is providing instruction on criminal litigation civil and criminal litigation evidence-based legal teaching methods and moot courts. In addition to providing training, they donated \$5,000 worth of law books to the Judicial Academy and \$5,000 worth of books to the Hanoi Law University. (USAID funds were not used).

VISITING INTERNATIONAL EXPERTS

Who	When	To Do What
Professor William Frasure	December 11-January 25	Conduct workshop on Congressional hearing process for the National Assembly, provide advice the OOG on the law development process and provide advice to the OOG Legal Department on government reorganization issues.
Governor Peter Nicholl	TBD (likely February 2012)	Provide advice to the National Financial Supervision Agency and the State Bank of Vietnam on early warning systems and various macroeconomic policy issues of concern to the GVN.
Professor William Bridges	December 2-12	Conduct training programs at Hanoi Law University, the Judicial Academy and Ho Chi Minh Academy on Criminal Procedure Law, Evidence Based Legal Teaching Methodology and Moot Court.
Dr. Randall Lutter, former economist official of the Office of Management and	February 11-18	Advise OOG on efforts to improve the organization of the government to make it more responsive to citizens,

Budget, the FDA and the American Enterprise Institute.		policy guidance from the top levels and to enable multiple ministries to work on complex issues that cross organizational lines.
Professor Xuan Thao Nguyen	December 2-12	Conduct training programs at Hanoi Law University, the Judicial Academy and Ho Chi Minh Academy on intellectual property rights, civil procedure and Teaching Methods.
Dean John Attansio	December 21-23	Conduct training at the Judicial Academy and the Hanoi Law University on constitutional law.
Mathew Lantz	November 27-December 3, 2011	Train MARD, other government officials and members of the business community on key issues of the U.S. Food Modernization Act (enacted in Dec. 2010). Mr. Lantz will also present case studies and explain the steps needed for Vietnam tropical fruit enterprises to export their products to the US markets.
Dr. Cathy Carnevale	February 2012	(1) Train MOIT officials on the concepts and principles of food safety risk assessment. Assist MOIT officials in preparing risk assessments for specific food products in order to identify the highest priority activities for the implementation of the Vietnam Food Safety Law of 2010 through a food safety strategy plan.
Robert Childers	February 2012	Same as Dr. Carnevale above.
Mr. Jeff Weiss, USTR Director for TBT Affairs,	March 2012	Train government officials and members of the business community on TBT issues to assist Vietnam participate more effectively in the TPP negotiations.
Alex Hunt, Branch Chief in the Office of Information and Regulatory Affairs (OIRA) in the Office of Management and Budget (OMB)	February/March 2012	Train government officials and members of the business community on TBT issues to assist Vietnam participate more effectively in the TPP negotiations.

