

**MONTHLY REPORT FROM THE USAID SUPPORT FOR TRADE
ACCELERATION PLUS PROJECT**

MAY 2013

Sub IR 1.1: Improved Fiscal and Monetary Policy

Macroeconomic Policy Roundtable Discussion

The Ministry of Planning and Investment's Academy for Policy and Development and USAID STAR Plus, with the support of a private insurance company, conducted a half day workshop on May 21 at the Ministry of Planning and Investment for over 200 researchers and policy makers. This was considerably more than the 100 to 120 participants that had been expected. The workshop was chaired by Ministry of Planning and Investment (MPI) Vice Minister Cao Viet Sinh and Mr. Dao Van Hung, President of the Academy for Policy and Development (APD) of MPI. Other participants included Vice Minister of MPI and Assistant to Prime Minister Dao Thu, directors of MPI, representatives of the Office of the Communist Party, the Office of the Government, and the State Bank of Vietnam. Mr. Joakim Parker, USAID/Vietnam Mission Director provided opening remarks. Twenty-one research papers were received and four were selected for presentation. Among these was a discussion by Dr. Pham Tra of the International University in Ho Chi Minh City on the findings of her joint research with Professor James Riedel of Johns Hopkins University on the relationship between inflation and growth and the resulting policy implications. The results of the workshop will be reported to the Prime Minister for his consideration.

Economic Needs Test

On April 22, the Ministry of Industry and Trade issued a new circular on trading. Among other things, the Circular exempts retail establishments that are less than 500 m² in size and located in constructed facilities which have been planned for goods sale and purchase activities from the Economic Needs Test (ENT). It also delegates the authority to administer ENT to provincial committees. The need to reduce restrictions on retailing, especially by foreign companies, is an issue that USAID STAR II worked on. It has been a major issue for the business community for several years. The new circular is, at least, a partial victory.

Sub IR 1.2: Effective Capacity to Negotiate New Trade Agreements

Measuring Yarn and Fabric Production Capacity

One of the major obstacles to progress in the TPP negotiations is information regarding the yarn and fabric production capacity in existence in Vietnam. Econometric models, such as the one developed by Professor Peter Petri of Brandeis University, suggest that Vietnam stands to gain tremendously when the TPP goes into effect and many of these gains will accrue to the textile and garment sector as a result of new investments in production capacity. To assist all parties in obtaining production information, USAID STAR Plus undertook a rapid research effort, including a short telephone survey of yarn and fabric producers. Results showed large

discrepancies in Vietnam's General Statistics Office data, trade statistics available from the International Trade Center's Trademap tool and data from Vietnamese textile association websites. The response from the telephone survey was disappointing. Few companies were willing to divulge information without a formal, written request. Nevertheless, a considerable amount of information from public sources was collected and made available to interested parties.

Ho Chi Minh Academy Lecture

Professor William Frasure of Connecticut College conducted a lecture on "International relations in the Asia-Pacific region; roles of big countries such as the U.S., China, Russia, Japan and international organizations such as ASEAN and the East Asia Community" at the Ho Chi Minh Academy for Political and Administrative Development on May 17. The program was in response to a request to the U.S. Embassy from the Academy. Over 70 faculty and scholars from the Academy attended. Professor Frasure highlighted the emergence of China as both an opportunity and a challenge for Vietnam, the region and the United States interests. Participants were interested in the diplomatic options available to Vietnam given the current situation. Professor Frasure stressed the importance of respecting international law and working amicably and collectively to resolve disputes, such as the conflict over the East Sea/South China Sea.

Ministry of Foreign Affairs Training

The fourth annual training program for mid-level diplomats from the Ministry of Foreign Affairs and staff from the Central Committee of the Communist Party was launched on Monday, May 20. The program includes two weeks of training in Hanoi followed by three weeks of intensive training at Connecticut College in New London, Connecticut. In Hanoi, the training was provided by Professors Bill Frasure (political science and law), Rolf Jensen (economics) and Dr. Pham Tra (economics) of the International University in HCMC. The number of participants has been increased from 15 to 18 this year, but last minute complications involving the Ministry and the Central Committee of the Communist Party may limit the number of participants in the US segment of the training..

ASEAN Customs Regional Workshop

The ASEAN Secretariat issued invitations on May 17 to the Regional Workshop on Customs - Business Partnership (CBP). The workshop will be hosted by Vietnam in Dalat from June 10-12 in collaboration with the USAID-ASW Project and USAID Star Plus project. Up to three delegates each are expected from Lao PDR, Cambodia, Malaysia Thailand, and the Philippines. ASEAN will support up to 5 delegates from Vietnam. The objective of the workshop is to increase member states' understanding of the concept of the Customs-Business Partnership (CBP). Topics to be discussed include:

- Legal framework for CBPs
- Mobilization of private sector resources
- Compliance with Customs legislation
- Types of CBP benefits and requirements

- How to set up a comprehensive Customs-Business Partnership program
- How can small and medium sized enterprises (SMEs) participate in a CBP?

Speakers from Australia, the European Union, South Korea, Japan, and the U.S. have been invited to offer their perspectives on CBPs. In addition, each delegation will make a 15-minute presentation on the status of CBP in their country, a profile of participants and challenges they faced in implementing their program

IR 2: Competitive Economic Governance

Hague Conference Membership to Ease Burden on Businesses

As reported earlier, USAID STAR Plus played a key role in persuading Vietnam to join the Hague Conference. That effort is beginning to bear fruit. By the end of 2013, Vietnam will become a member of Hague Convention Abolishing the Requirement for Legalization for Foreign Public Documents. When that happens, Vietnam will agree to recognize public documents certified by an “Apostille” (i.e., a form of authentication issued to documents for use in another country). If a foreign business or person’s home country is also a member of the Hague Convention, this will make the authentication process more convenient when doing business in Vietnam. Businesses operating in Vietnam have long advocated for accession to the Hague Convention and they will welcome this move as a meaningful business facilitation measure. For example, currently businesses in Vietnam must obtain a work permit for each employee from the United States—a costly and time consuming, three step process. Under the new rule, the third step will be eliminated, thereby reducing the time, money, and effort that foreign businesses and foreign employees in Vietnam must spend to comply with bureaucratic regulations.

Sub IR 2.4: Increased Transparency and Public/Private Sector Participation in the Development and Implementation of Business Regulations

Customs Benchmarking

On May 10, USAID STAR Plus conducted a workshop at the General Department of Vietnam Customs headquarters, presenting research and benchmark comparison of customs websites in some ASEAN countries, and providing examples of online e-customs portals in developing and developed countries. Participants include customs officials from the IT Department, the Modernization Board of Vietnam Customs and officials responsible for the E-portal/ websites from the Ministry of Finance. The participants from the GDVC expressed a real interest in improving their capabilities for e-customs. One of the key points emphasized in the USAID STAR presentations is that businesses are expecting and demanding comprehensive e-customs services, and the quality of these services is rapidly increasing around the world.

Workshop on Customs Trader Satisfaction Survey 2013

Following the success of the VN Customs/VCCI trader satisfaction survey in 2012, VN Customs conducted a workshop for 70 Customs officers from headquarters and local customs offices on May 17 to discuss the methodology and plan for conducting a similar survey in 2013. People agreed that the survey results should be made public in 2013 and at least 14 local Customs offices will be evaluated. VCCI and USAID

STAR Plus were invited to work with Customs in 2013 (starting in June 2013) to capture initial reaction to full E-Customs implementation. USAID STAR Plus responded that the current budget is tight and will need to discuss with USAID prior to making any commitments. VCCI pledged to work with customs in 2013 and expressed hope that USAID STAR Plus would be able to join them.

Vietnam Customs Study Tour to Washington, D.C.

The study tour for Vietnam Customs officials to Washington, D.C. which will focus on the U.S. experience with Customs-Business Partnerships has been postponed. U.S. Customs and Border Protection advised that the time required to conduct identity checks on persons that wish to enter their facilities in the Ronald Reagan Building has been increased from 3 weeks to 6 weeks days because of budget cuts. The event will now take place in early August instead of June 17-21 as planned.

Sub IR 3.2: Improved Fiscal and Monetary Policy

Macroeconomic Policy Roundtable Discussion

At the request of the Academy for Policy and Development of the Ministry of Industry and Trade, USAID STAR Plus co-sponsored a half day workshop on May 22 in Hanoi at the Ministry of Planning and Investment for approximately 100 to 120 researchers and policy makers. This was a follow-up to the very successful training on macroeconomics and development strategy conducted in February 2013. Professor Pham Tra of the International University in Ho Chi Minh City presented the findings of her research on the relationship between inflation and growth and the resulting policy implications. Four other researchers presented papers on current macroeconomic issues.

Fiscal Transparency

Dr. Mark Gallagher and two local experts, Dr. Nguyen Ngoc Anh and Ms. Dang Ngoc Dung held meetings with the National Assembly, the International Monetary Fund and the UNDP as the first step in an intensive effort to improve fiscal transparency the week of May 27. The National Assembly's schedule has necessitated changes in the planned activities, but it should still be possible to complete most activities in June. These include training for the Ministry of Planning and Investment, training for the Ministry of Finance on revenue projection, detailed comments on the draft Law on the State Budget and development of a Citizen's Guide to the Budget. There will also be a field trip to Hai Duong and Hai Phong with the National Assembly and the Ministry of Finance to learn about budget practices at the provincial, district and commune levels. Discussions are also underway with Dr. Miles Light of Colorado concerning modification of a Computerized General Equilibrium model he developed for Vietnam to see if it can be adapted to serve as a tool that can be used by the National Assembly to improve their oversight of the State budget.