



**USAID** | **VIETNAM**  
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# NATIONAL ASSEMBLY FINAL REPORT

**RECOMMENDATIONS ON THE ROLE OF THE LEGISLATURE  
IN ADJUSTING LEGAL AND REGULATORY FRAMEWORKS  
TO FOSTER TRADE AND COMPETITIVENESS**

**30 April 2014**

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## EXECUTIVE SUMMARY

By February 2014, Vietnam had joined eight Free Trade Agreements (FTAs), including the ASEAN Free Trade Agreement (AFTA), ASEAN-Japan, ASEAN-ANZ, ASEAN-Korea, ASEAN-China, ASEAN-India, and Vietnam-Chile. The country is currently negotiating five additional FTAs, bilateral and regional, including the Trans-Pacific Partnership agreement (TPP).

Participation in FTAs has been a catalyst for economic, legal, and institutional change in Vietnam and has brought challenges and opportunities to the business community and to the Government of Vietnam (GVN). New challenges and opportunities will arise as Vietnam seeks to implement commitments stemming from FTAs under negotiation. The Government and the National Assembly (NA) will need to propose and enact legislation and regulations consistent with new requirements for harmonization and trade competitiveness. The National Assembly will play an important role in this process of legal and regulatory harmonization. Enhancing awareness and knowledge of NA members on FTAs and the experiences of other countries that have undertaken such reforms and the role their legislatures have played in fostering an enabling environment for trade and competitiveness will provide them with the benefit of lessons learned in these processes.

In response to a request from the National Assembly, the USAID GIG Program provided technical guidance on international practices and experiences through the organization of a series of seminars to assist MPs prepare for the tasks ahead. The seminars focused on an overview of the impact of FTAs in Vietnam and other countries and the role that legislators have played in leading legal and regulatory reforms in their respective countries.

## SECTION 1 - RECOMMENDATIONS

In the framework of the Governance for Inclusive Growth program, the following are recommendations to strengthen the role of the legislature in adjusting legal and regulatory frameworks to foster trade and competitiveness, and to create the policy environment in which to advance these reforms.

### **Recommendation 1: Establish a Competitiveness Committee of the National Assembly**

Specific Objectives:

- Remove regulatory obstacles and barriers for the competitiveness.
- Strengthen the interaction between the National Assembly, the productive sector and the government or State.

A suggestion for consideration is to set up and integrate into the organic structure of the Popular Assembly of Vietnam a sub-committee under the Committee for Economic Affairs to advance and increase competitiveness in Vietnam and decrease, mitigate or/and eliminate rules, regulations and procedures that act as barriers for the establishment, development and management of businesses and trade.

Some of the proposed mandates for such sub-committee may include:

- a. The sub-committee shall identify expensive, obsolete or redundant regulations that might be removed through parliament and will formulate proposals to the government to proceed in the elimination of the procedures in its respective subject area.
- b. The sub-committee shall encourage and enable that business associations contribute to policy initiatives based in their knowledge of the business operation and will invariably inform business associations their own agenda in order to collect their favorable opinion of the measures proposed to be removed or replaced, as well as the new rules and regulations that seek to facilitate businesses and business environment. The consent of the associations validates the sub-committee's agenda and legitimizes its effort to support producers directly.
- c. The sub-committee should make a distinction between matters of general benefit or general interests and that are not exclusionary, of those involving issues that benefit specific individuals, and seek to address only those of universal benefit to a productive sector.
- d. The agenda of the sub-committee could be called “*Agenda for the Competitiveness*” and it is a program of small scale legislative changes but whose impact on the cost of doing business is real and palpable immediately; it is a constantly building agenda that is kept alive with the support of the organized business sector, which is responsible for making policy recommendations and proposals and of building the necessary consensus in the relevant productive sector.



- e. The sub-committee shall provide expedited responses that encourage the participation of business associations and of organized producers, who as from the results of the sub-committee will see its image and positioning reinforce as valid interlocutors within the National Assembly and the Government. This indirectly will result in the creation of an enabling environment of co-responsibility and sense of team that will be useful before the challenges that the three parties will be confronted in international trade negotiations.
- f. The work of the sub-committee will have two parallel objectives (1) scoring management costs and (2) on the one hand and on the other to promote the strengthening of public institutions and the business sector.

This suggestion may be particularly timely because the National Assembly of Vietnam is currently studying amendments to the Law on the National Assembly. Setting up a sub-committee on competitiveness would entail inserting the sub-committee into the organic structure of the National Assembly.

Some follow up items for the GIG Program to consider may include:

- a. To hold meetings with both the Foreign Affairs Committee and the Economic Affairs Committee to advance such recommendation;
- b. To conduct peer-to-peer exchanges in Hanoi on the subject with former or current members of parliament who participated in advancing free trade negotiations;
- c. To document these exchanges in the form of a book or alike; and
- d. To design and organize study tours to countries to – Mexico, for example – to provide Members of the Economics Affairs and Foreign Affairs Committees to observe firsthand the effects of setting up such sub-committees and the results they entail.

## **Recommendation 2: Develop a Capacity Development Agenda that Promotes Competition**

General Objective:

- To provide the business sector knowledge of each productive sector useful for commercial competition and to strengthen the communication between elected representatives and their communities or constituencies.

Some follow up items for the GIG Program to consider may include:

- a. Collaborate with the National Assembly of Vietnam to design, develop and conduct a program of business training given international competition that advances, facilitates, and strengthens the interaction between parliamentarians and businessmen, and produces knowledge in necessary materials or resources that contribute to competitiveness. This may be done through the in-house facility to train MPs or the Center for Elected Representatives of the National Assembly.

On this subject, the Competitiveness Sub-Committee may contribute to defining the contents of the capacity building program and consider observing the situation from two perspectives: a territorial or sectorial, and another of transverse or universal subjects to all sectors.

Please note that in order to prepare for such capacity building program, perhaps a recommended first step is to first draw a map of the National Production that identifies products by region.

It is also encourage that the workshops take place in the regions or provinces with the most relevant type of production for the location.

Some additional subjects that may be covered include:

- a. What are the challenges of fishing or agricultural production, mining or manufacturing faced with international competition?
- b. How to strengthen the sectors in the domestic market facing international products?

Each sector generates its own agenda which can take place with experts that respond or help design plans to work inside the companies, associations or in combination of either with the government or State, to increase the competitiveness of each sector.

Entrepreneurs have knowledge about their needs, challenges and certainly it's justified or not fears, for the integration of the list of training needs. It is recommended that the Assembly convokes or brings to the table the business sector to identify the subjects of the training program to include capabilities from the design of the program itself and during development.

The presence of parliamentarians is essential, whether to moderate or run the workshops and panels for training but in any case be involved alongside their represented who seek views and comments so that their participation is not passive but proactive.



In addition, there is a cross-thematic agenda to all sectors subject to international competition, which consists of new issues for the entrepreneurs, such as banking and securitization, credit access, innovation, defining prices or design own brands.

This agenda is useful to the productive sector in general so it can complement the sectorial workshops or can indicate another way to get the information to the businessmen, always by the hand of the National Assembly and its members.

Workshops, roundtables and seminars, offer a favorable opportunity for effective interaction between the elected representatives and the entrepreneurs of each region, so that the role of dialogue of the members of the Assembly before the government is also strengthened, generating the positive effect that involves communication from the bottom up, from the community to institutions.

A part if the business sector complaint is that the international negotiations have been and are secret and that this puts national producers in a disadvantage because they know the rules after their competitors.

Regardless of whether that is true or not, it is important for parliamentarians and the productive sectors alike-time access to the knowledge of the negotiations, challenges and results so the understanding of the terms, language and real impact on communities can be put in perspective, allowing the political administration of the fears and uncertainty that produces the unknown.

Trade agreements are a balance between winner and loser sectors but the background motivation to enter the country is that no one will win or lose everything.

It is important that the programs of capacity building are address with realism of the ability of sectors to adapt to competition. The National Assembly must provide measures and programs as well as the required budgets to give each sector the opportunity to find benefits of the openness.

### **Recommendation 3: Advance “The Next Room” or the Adjoining Room Concept and Mechanism**

General Objective:

- Incorporate actively the productive sector in trade negotiations and that the Assembly is seen as a benchmark of high-level capacity for dialogue with the negotiating team.

Commercial negotiation itself is an exclusive task of the government or the Executive; however, the active participation of the business sector generates an effect of trust and support to the negotiations that has an effect of great value in the implementation of the treaties or agreements.

A suggestion for consideration is to design, set up and advance a mechanism by which the business sector is represented and present in international negotiation sessions.

The negotiating group could extend an invitation to a representative group of the productive sectors through their associations or chambers, to assist the negotiating forums to participate from a “Side Room” broadcasting a real-time review, about better approaches of rules of origin or by application of the product and opening tariff.

The presence of the participants of the “Next Room” gives the negotiating team detailed and thorough information helpful to raise the best terms of negotiation and builds confidence in the business.

Cooperation between business and government as well as the presence during the trading sessions of a High Level Committee integrating by parliamentarians strengthens the mood for the time of ratification, without breaking the golden rule that those who sit at the negotiating table are members of the government team.



## **Recommendation 4: Develop a Competitiveness Webpage in the National Assembly Web Portal**

Objective:

- Strengthen support of the Trade Agreements through the transparency of negotiation.

A suggestion for consideration is to design and develop an interactive webpage in the portal of the National Assembly to inform the general public, the media and producers regarding the progress and direction of the negotiations. Knowing the international events and discussion of other latitudes generates a perception of being part of a global and relevant process in which Viet Nam plays a role.

Transparency will strengthen debate and sense of co-responsibility among the Government, the National Assembly and the Productive Sector.

Some follow up items for the GIG Program to consider may include:

- a. Meet with the Economics Affairs Committee or the Foreign Affairs Committee to find out who would be interested in owning the concept;
- b. Find similar models (websites) to share with MPs or senior staff of the corresponding departments to provide a comparative perspective; and
- c. Collaborate with the Committees designing such page and training the staff to answer to the questions that will be received.

Note please that when the National Assembly approves the creation of a Competitiveness sub-committee that may be the best place to house the webpage.

## **Annex A – NA001/002 Activity Description and Agendas**

### **Background**

By February 2014, Vietnam had joined eight Free Trade Agreements (FTAs), including the ASEAN Free Trade Agreement (AFTA), ASEAN-Japan, ASEAN-ANZ, ASEAN-Korea, ASEAN-China, ASEAN-India, and Vietnam-Chile. The country is currently negotiating five additional FTAs, bilateral and regional, including the Trans-Pacific Partnership agreement (TPP).

Participation in FTAs has been a catalyst for economic, legal, and institutional change in Vietnam and has brought challenges and opportunities to the business community and to the Government of Vietnam (GVN). New challenges and opportunities will arise as Vietnam seeks to implement commitments stemming from FTAs under negotiation. The Government and the National Assembly (NA) will need to propose and enact legislation and regulations consistent with new requirements for harmonization and trade competitiveness. The National Assembly will play an important role in this process of legal and regulatory harmonization. Enhancing awareness and knowledge of NA members on FTAs and the experiences of other countries that have undertaken such reforms and the role their legislatures have played in fostering an enabling environment for trade and competitiveness will provide them with the benefit of lessons learned in these processes.

The National Assembly requested that the USAID GIG Program provide technical guidance on international practices and experiences and with the organization of a series of seminars to assist MPs prepare for the tasks ahead. The seminar being organized will focus on an overview of the impact of FTAs in Vietnam and other countries and the role that legislators have played in leading legal and regulatory reforms in their respective countries.

### **Purpose and objectives of the assignment**

The purpose of the assignment was to examine the role that legislatures plays in the ratification of FTAs, propose and/or enact legislation consistent with FTA commitments, and provide oversight of their implementation. The methodology for the assignment is peer-to-peer exchanges. Some of the objectives of the assignment include:

1. Examine the implications of FTA commitments for the enactment of legal and regulatory reforms supportive of trade and competitiveness
2. Illustrate from personal experiences the role of legislatures in leading and/or supporting new legislation in response to FTA commitments
3. Derive lessons learned and practical advice from legislators of a different country who played a leading role in the process of improving the legal environment of their countries to take advantage of FTAs and mitigate potential negative impacts through targeted programs.



## SEMINAR ROLES OF NATIONAL ASSEMBLY IN THE NEGOTIATION, RATIFICATION AND IMPLEMENTATION OF FREE TRADE AGREEMENT (FTAs)

*Date: 08h00 – 17h00, Tuesday, April 15, 2014*

*Venue: International Convention Center, 11 Le Hong Phong, Hanoi*

### Chairs:

Mr. **Tran Van Hang**, Chairman, Committee of Foreign Affairs, National Assembly;

Mr. **Ngo Duc Manh**, Vice Chairman, Committee of Foreign Affairs, National Assembly

8:00-8:30	Registration
8:30-8:45	<b>Opening remarks</b> <ul style="list-style-type: none"><li>- Opening remarks: <b>Mr. Tran Van Hang</b>, Chairman, Committee of Foreign Affairs, National Assembly</li><li>- Opening remarks: <b>Mr. Todd Hamner</b>, Director, Office of Economic Growth and Governance, USAID Vietnam</li><li>- Introduction of the seminar: <b>Mr. Ngo Duc Manh</b>, Vice Chairman, Committee of Foreign Affairs, National Assembly</li></ul>
08:45-10:00	<b>Session 1: Introduction of new generation FTAs</b> <ul style="list-style-type: none"><li>- <b>Mr. Tran Quoc Khanh</b>, Vice Minister, Ministry of Industry and Trade, on some issues of FTAs</li><li>- Her Excellency <b>Silvia Hernández</b>, former Senator and Secretary of Tourism, Mexico – USAID expert</li><li>- Q&amp;A discussion</li></ul>
10:00-10:15	Coffee break
10:15-12:00	<b>Session 2: Impacts of new generation FTAs on Vietnam: Opportunity and challenges</b> <ul style="list-style-type: none"><li>- <b>Mr. Nguyen Dinh Luong</b>, former Head of US-Vietnam BTA Negotiation Delegation</li><li>- <b>Mr. Luong Van Tu</b>, Former Vice Minister of Trade, Former Head of the WTO Negotiation Mission</li><li>- <b>Mr. Tran Huu Huynh</b>, Chairman, Vietnam International Arbitration Center (VIAC), VCCI</li></ul>

	- Q&A discussion
12:00-14:00	Lunch ( <i>at International Convention Center, 11 Le Hong Phong</i> )
14:00-15:00	<p><b>Session 3: Roles of National Assembly in the negotiation, ratification and implementation of FTAs</b></p> <p>- Mr. <b>Le Minh Thong</b>, Vice Chairman, Committee for Legal Affairs, NA, “<i>Regulations in revised Constitution on roles of National Assembly in the ratification of international treaties</i>”</p> <p>- Her Excellency <b>Silvia Hernández</b>, former Senator and Secretary of Tourism, Mexico – USAID expert</p> <p>- Mr. <b>Le Dinh Ba</b>, Deputy Director, Department of Legal Affairs, MOIT (<i>to be confirmed</i>)</p> <p>- Q&amp;A discussion</p>
15:00-15:15	Coffee break
15:15-16:45	<p><b>Session 4: Legal changes to enhance trade competitiveness</b></p> <p><b>Moderator:</b> Dr. <b>Fernando Bertoli</b>, Director, USAID Governance for Inclusive Growth Program (USAID GIG)</p> <p>- Ms. <b>Nguyen Thu Trang</b>, Director, WTO Center, VCCI</p> <p>- Mr. <b>Than Duc Viet</b>, Deputy General Director, Garco 10</p> <p>- Q&amp;A discussion</p>
16:45-17:00	<p><b>Closing remarks</b></p> <p>- Ms. <b>Laura McKechnie</b>, Deputy Director, Office of Economic Growth and Governance, USAID Vietnam</p> <p>- Mr. <b>Ngo Duc Manh</b>, Vice Chairman, Committee of Foreign Affairs, National Assembly</p>
17:00	<b>Seminar adjourns</b>

**SEMINAR**  
**ROLES OF THE NATIONAL ASSEMBLY IN THE NEGOTIATION,  
RATIFICATION AND IMPLEMENTATION OF FTAs**

*Date: Thursday, April 17, 2014*

*Venue: National Assembly Office, 165 Nam Ky Khoi Nghia, HCM City*

**Chair:** Mr. **Ngo Duc Manh**, Vice Chairman, Committee of Foreign Affairs,  
National Assembly

8:00-8:30	Registration
8:30-8:45	<p><b>Opening remarks</b></p> <ul style="list-style-type: none"> <li>- Mr. <b>Ngo Duc Manh</b>, Vice Chairman, Committee of Foreign Affairs, National Assembly</li> <li>- Opening remarks: Mr. <b>Todd Hamner</b>, Director, Office of Economic Growth and Governance, USAID Vietnam</li> </ul>
08:45-10:00	<p><b>Session 1: Introduction of new generation FTAs</b></p> <ul style="list-style-type: none"> <li>- Mr. <b>Trần Quốc Khánh</b>, Vice Minister, Ministry of Industry and Trade, on some issues of FTAs</li> <li>- Mr. <b>Vo Tri Thanh</b>, Vice President, Central Institute for Economic Management (CIEM)</li> <li>- Her Excellency <b>Silvia Hernández</b>, former Senator and Secretary of Tourism, Mexico</li> <li>- Discussion</li> </ul>
10:00-10:15	Coffee break
10:15-12:00	<p><b>Session 2: Impacts of new generation FTAs on Vietnam: Opportunity and challenges</b></p> <ul style="list-style-type: none"> <li>- Mr. <b>Luong Van Tu</b>, Former Vice Minister of Trade, Former Head of the WTO Negotiation Mission</li> <li>- Mr. <b>Nguyen Dinh Luong</b>, former Head of US-Vietnam BTA Negotiation Delegation</li> <li>- Mr. <b>Tran Huu Huynh</b>, Chairman, Vietnam International Arbitration Center (VIAC), VCCI</li> <li>- Discussion</li> </ul>
12:00-14:00	Lunch ( <i>at Dining hall, 165 Nam Ky Khoi Nghia, HCM City</i> )

14:00-15:00	<p><b>Session 3: Roles of the National Assembly in the negotiation, ratification and implementation of FTAs</b></p> <ul style="list-style-type: none"> <li>- Mr. <b>Dang Dinh Luyen</b>, Vice Chairman, Committee for Legal Affairs, NA, <i>“Regulations in revised Constitution on roles of National Assembly in the ratification of international treaties”</i></li> <li>- Her Excellency <b>Silvia Hernández</b>, former Senator and Secretary of Tourism, Mexico</li> <li>- Mr. <b>Nguyen Khanh Ngoc</b>, Deputy Director of the International Legislation Dept, MOJ</li> <li>- Discussion</li> </ul>
15:00-15:15	Coffee break
15:15-16:45	<p><b>Session 4: Legal changes to enhance trade competitiveness</b></p> <p><i>Moderator:</i> Dr. <b>Fernando Bertoli</b>, Director, USAID GIG Program</p> <ul style="list-style-type: none"> <li>- Mr. <b>Phung Van Hung</b>, Permanent member of the Economic Committee, NA</li> <li>- Mr. <b>Diep Thanh Kiet</b>, Vice Chairman and Secretary General of Ho Chi Minh City Association of Textile, Garment, Embroidery and Knitting - Vice Chairman of Vietnam Leather and Footwear Association (LEFASO)</li> </ul>
16:45-17:00	<p><b>Closing remarks</b></p> <p>Mr. <b>Todd Hamner</b>, Director, Office of Economic Growth and Governance, USAID Vietnam</p> <p>Mr. <b>Ngo Duc Manh</b>, Vice Chairman, Committee of Foreign Affairs, National Assembly</p>
17:00	<b>Seminar adjourns</b>