

VTFA, Phase I Completion Report: Apr 20, 2015 – Aug 31, 2016

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I. General Information

Grantee Organization Name: American Chamber of Commerce in Vietnam (AmCham) – HCMC Chapter

Grant Activity Title: Vietnam Trade Facilitation Alliance (VTFA)

Grant Number: GUC-101 Date: April 20, 2015

Reporting Period: 4/20/15 – 8/31/16

Date of submission: 9/09/2016/GN; .../NS; 9/30/2016/HC

This report covers the activities of the Vietnam Trade Facilitation Alliance for the period from Apr 20, 2015 through Aug 31, 2016.

II. Summary of the activity objectives and achievements

Objectives

VTFA objectives¹ were to provide technical assistance to help Vietnam meet the commitments in the Trade Facilitation Agreement and other related, similar agreements such as the Trans-Pacific Partnership Chapter 5, Customs Administration and Trade Facilitation, to help develop a new legal and regulatory system in Vietnam for customs and trade facilitation that will provide commerce in Vietnam with the predictability and efficiency that modern trade requires, based on several World Customs Organization (WCO) key governing principles, including:

- transparency and predictability of Customs and Partner Government Agency actions, policies, and regulations;
- standardization and simplification of the goods declaration and supporting documents;
- simplified procedures for authorized persons;
- maximum use of information technology;
- minimum necessary Customs control to ensure compliance with regulations;
- use of risk management and audit based controls;
- coordinated interventions with other border agencies;
- partnership with the trade.

¹ VTFA Concept Paper, Mar 8, 2015, p 4 and http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx

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These objectives were to be achieved over the course of nearly four years, from April 20, 2015 to September 30, 2018, although the grant agreement provided funding for only the first year, from April 20, 2015 to April 19, 2016, extended until August 31, 2016.

The objectives were simplified over the course of the grant, based on actual experience and guidance received from Customs and Border Protection (CBP)/USAID/Business Advisors during meetings in a Mar 21-23, 2016 mission to HCMC and Hanoi, and further focused based on meetings during a CBP Senior Leaders and Business Advisors Mission to HCMC and Hanoi July 28-29, 2016. The simplified objectives² were to help Vietnam

1/ establish an effective National Committee on Trade Facilitation, in accordance with the commitment in TFA, Sec. III, paragraph 23.2³

Substantial progress was made on this objective. Regulatory documents to establish a National Committee on Trade Facilitation were prepared, approved by Deputy Prime Minister Vương Đình Huệ in May 2016, and approved by the Prime Minister on October 4, 2016.⁴ In addition, the Prime Minister approved a national plan to implement the WTO Trade Facilitation Agreement on Oct 13, 2016, with the participation of 19 agencies, including the General Department of Vietnam Customs, the Office of Government, and the Vietnam Chamber of Commerce and Industry.⁵

2/ sign a Customs Mutual Assistance Agreement between CBP and GDVC, a commitment in TFA, Sec. I, Article 12, and TPP Chap 5, Article 2.

The Jul 28-29 Mission of CBP Leaders and Business Advisors resulted in a CBP – GDVC “foundation agreement” on intelligence and information sharing, as a first step toward a full Customs Mutual Assistance Agreement, which was agreed on as a goal to move towards, and a target date for signing the CMAA during the APEC Leaders’ Meeting in Vietnam in 2017;

3/ establish an institutional framework for meaningful Customs-Business Consultations (similar to COAC⁶), a commitment in TFA Sec I, Articles 1 and 2, and TPP Chap 5, Article 11, which does not yet exist in Vietnam.

Achievements

VTFA laid the groundwork with business groups and local departments of customs to help establish an institutional framework for meaningful Customs-Business Consultations. VTFA program managers and senior leaders from AmCham, VCCI (Vietnam Chamber of Commerce and Industry), VITAS (Vietnam Textile and Apparel Association), HAWA (Handicraft and Wood Products Assn of HCMC/Furniture), and local departments of

² <http://www.amchamvietnam.com/nctf-cmaa-customs-business-consultations-in-the-wto-tfa/>

³ “Sec. III, Art. 23.2 National Committee on Trade Facilitation Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.”

⁴ <http://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quyết-dinh-1899-QĐ-TTg-Uy-ban-chi-dao-quoc-gia-co-che-mot-cua-ASEAN-mot-cua-quoc-gia-2016-324598.aspx> VỀ VIỆC THÀNH LẬP ỦY BAN CHỈ ĐẠO QUỐC GIA VỀ CƠ CHẾ MỘT CỬA ASEAN, CƠ CHẾ MỘT CỬA QUỐC GIA VÀ TẠO THUẬN LỢI THƯƠNG MẠI and <http://customsnews.vn/national-steering-committee-for-asw-nsw-and-trade-facilitation-connecting-nsw-and-specialized-inspections-1061.html>

⁵ <http://thuvienphapluat.vn/van-ban/Thuong-mai/Quyết-dinh-1969-QĐ-TTg-chuan-bi-hiep-dinh-tao-thuan-loi-thuong-mai-to-chuc-thuong-mai-the-gioi-2016-325846.aspx> Quyết định 1969/QĐ-TTg chuẩn bị hiệp định tạo thuận lợi thương mại tổ chức thương mại thế giới 2016, Oct 13, 2016 “PHÉ DUYỆT KẾ HOẠCH CHUẨN BỊ VÀ TRIỂN KHAI THỰC HIỆN HIỆP ĐỊNH TẠO THUẬN LỢI THƯƠNG MẠI CỦA TỔ CHỨC THƯƠNG MẠI THẾ GIỚI”

⁶ <https://www.cbp.gov/trade/stakeholder-engagement/coac>

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customs cooperated closely and achieved a good understanding of the TFA commitments, for example the National Committee on Trade Facilitation, Advance Rulings, etc.

We held regular meetings in October and November 2015, and March, April, May, June, and July 2016. Based on our cooperation, VTFA organized very successful, practical business training programs for the Jan 15, 2016 “Walmart-VTFA Women Owned Businesses Supplier Development Conference.” We have similar training programs scheduled with the U.S. Consumer Product Safety Commission in September 2016⁷ and the American Apparel and Footwear Association in November 2016.⁸ And VTFA organized full schedules for two U.S. Government official missions: the Mar 21-23, 2016 CBP/USAID/Business Advisors Mission and the July 28-29 CBP Senior Leaders and Business Advisors Mission.

Some of our achievements include

- good branding and well-received awareness about the “Vietnam Trade Facilitation Alliance” from both central and provincial governments, including almost all key stakeholders in trade facilitation, e.g., Ministries, PM Office (Office of Government), National Assembly, Implementing agencies (Customs, Port authority, etc.), and especially private sector (VCCI, Vietnam & foreign business associations, enterprises, etc.).
- well-established cooperation and partnership with HCMC, Binh Duong and Dong Nai at all levels from People’s Committee to Customs and Departments, from provincial business associations to individual businesses.

These reputational achievements are a firm foundation for VTFA to achieve its objectives in helping Vietnam meet the commitments in TFA in the coming years.

We did not achieve, and did not expect to achieve, all of the objectives in the four-year Vietnam Trade Facilitation Alliance project in 16 months of the first phase.

To achieve the objectives, the following are essential, but not yet fully existent,⁹

A/ “Political involvement, at the ministerial, prime ministerial or presidential level, is often viewed as a manifestation of appropriation and ownership of the trade facilitation reform and an active and dedicated lead agency, team or individual in charge of launching, implementing and overseeing trade facilitation reform.”

USAID’s Virginia Brown, Director of the Office of Trade and Regulatory Reform, said in March 2016 that the “the National Committee on Trade Facilitation is a pre-requisite for technical assistance to support TFA implementation.” VTFA initiated high-level “whole of government” involvement by developing close working relations with VCCI and other business associations, and we arranged a key meeting on July 29 for the CBP Senior Leaders and Business Advisors Mission with Mr. Le Manh Ha, Deputy Minister of the Office of Government, to emphasize the importance of political involvement at the prime minister/deputy prime minister level. This was a good start.

⁷ <http://www.amchamvietnam.com/events/2016-vietnam-buyers-training/>

⁸ <http://www.amchamvietnam.com/events/tpp-workshop-in-vietnam/> and <http://www.amchamvietnam.com/events/vietnam-international-product-safety-and-compliance-conference/>

⁹ https://www.wto.org/english/news_e/pres15_e/pr755_e.htm
https://www.wto.org/english/news_e/pres15_e/WTR_2015_Launch_e.pdf
https://www.wto.org/english/res_e/booksp_e/world_trade_report15_e.pdf

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Substantial progress was made on this objective. Regulatory documents to establish a National Committee on Trade Facilitation were prepared, approved by Deputy Prime Minister Vương Đình Huệ in May 2016, and approved by the Prime Minister on October 4, 2016.¹⁰ In addition, the Prime Minister approved a national plan to implement the WTO Trade Facilitation Agreement on Oct 13, 2016, with the participation of 19 agencies, including the General Department of Vietnam Customs, the Office of Government, and the Vietnam Chamber of Commerce and Industry.¹¹

B/ "Active involvement and adherence of local private sector stakeholders, including chambers of commerce, business associations, and civil society engaged in trade and transport activities."

We clearly achieved the active involvement of the Vietnamese private sector stakeholders, led by VCCI and key industry associations like VITAS, as demonstrated by the large and high-level participation in all the key meetings we organized. Our focus was to build a strong working relationship with Vietnamese organizations first, and later to cooperate closely with foreign business associations as well.

C/ "The involvement, commitment and readiness of the different ministries and agencies operating at ports and border crossings. Customs are not the only government agency involved in trade facilitation. Delineation and coordination of the responsibilities of implementing agencies, including customs, but also airport and port authorities and border control agencies, such as sanitary and phytosanitary and environmental protection departments, can be important to eliminate any incompatible procedures, redundancy and duplication in the design and implementation of trade facilitation measures."

We made the least progress on working with the ministries and agencies at the national level, although we were more successful in achieving cooperation from the local departments of customs and other "state management agencies," or "Partner Government Agencies" as they are called in the U.S. For example, the Principal Deputy Director of the HCMC Customs Department said in his presentation at a consultation on May 31, "... to promote the efficiency of this mechanism [the National Single Window/National Committee on Trade Facilitation], there should be a conductor to command and it is nobody else than **the Prime Minister himself.**"¹²

D/ "Envisaging and preparing a realistic and sustainable funding mechanism to implement the trade facilitation initiative, ranging from domestic funding to external financial support, or a combination of both."

This area has also been a challenge, but we achieved some good success in the beginning and throughout the project from USAID/GIG, AmCham, VCCI, and VITAS, as well as organizations such as Walmart, U.S. Consumer Product Safety Commission, and the American Apparel and Footwear Association, which are supporting VTFA events in September and November 2016. Recently, additional organizations have requested to join

¹⁰ <http://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quyet-dinh-1899-QD-TTg-Uy-ban-chi-dao-quoc-gia-co-che-mot-cua-ASEAN-mot-cua-quoc-gia-2016-324598.aspx> VỀ VIỆC THÀNH LẬP ỦY BAN CHỈ ĐẠO QUỐC GIA VỀ CƠ CHẾ MỘT CỬA ASEAN, CƠ CHẾ MỘT CỬA QUỐC GIA VÀ TẠO THUẬN LỢI THƯƠNG MẠI and <http://customsnews.vn/national-steering-committee-for-asw-nsw-and-trade-facilitation-connecting-nsw-and-specialized-inspections-1061.html>

¹¹ <http://thuvienphapluat.vn/van-ban/Thuong-mai/Quyet-dinh-1969-QD-TTg-chuan-bi-hiep-dinh-tao-thuan-loi-thuong-mai-to-chuc-thuong-mai-the-gioi-2016-325846.aspx> Quyết định 1969/QĐ-TTg chuẩn bị hiệp định tạo thuận lợi thương mại tổ chức thương mại thế giới 2016, Oct 13, 2016 "PHÉ DUYỆT KẾ HOẠCH CHUẨN BỊ VÀ TRIỂN KHAI THỰC HIỆN HIỆP ĐỊNH TẠO THUẬN LỢI THƯƠNG MẠI CỦA TỔ CHỨC THƯƠNG MẠI THẾ GIỚI"

¹² [Statement by HCMC Customs Department Principal Deputy Director Nguyen Duc Thang, May 31, 2016](#), page 6

and contribute to the funding mechanism: the Council of Taiwan Chambers of Commerce, the Vietnam Automotive Manufacturers' Association, and the Vietnam Logistics Association. Part of the difficulty has been that many Vietnamese and Foreign Business Associations believe the reforming the current procedures and institutions is "impossible," or "too political," and say it is "like throwing eggs at rocks." VTFA partners, however, are becoming more confident that we can achieve our objectives with continued close cooperation and effort.

E/ Phased approach: establish and follow proper sequencing. Sufficient time is often needed between the elaboration of the trade facilitation measures and their actual implementation in order to prepare the ground, bring all stakeholders on board and build internal capacity through outreach and training activities and potential additional investment (e.g. infrastructure, IT upgrades, etc.). Trade facilitation reform is often viewed as a long-term, gradual process that should not be too slow, so as not to erode the initiative's momentum, and not too fast, so as not to exacerbate resistance and undermine the reform's sustainability."

Developing a phased approach has been a challenge. Reading today the concept paper we submitted in March 2015, we probably focused on too many detailed technical issues, and assumed the cooperation of the "vested interests." We did not receive any cooperation from GDVC, so revised our approach during the course of the project, and plan to revise it more during a proposed Vietnam Trade Facilitation, Phase Two (VTFA-2). See Lessons Learned and Recommendations, below.

In addition to the achievements mentioned above, we also have a number of administrative achievements. For example, we achieved understanding and support from the HCMC Department of Taxation in the form of an official letter from the Department stating that compensation of the VTFA Senior Advisor was tax exempt,¹³ in accordance with the provisions of Article 5 of the [Agreement between the United States and Vietnam on Economic and Technical Cooperation](#), June 22, 2005:¹⁴ This may be useful to USAID/GIG in future contracts with U.S. citizens in Vietnam.

"... the Government of Vietnam shall exempt from income taxes otherwise imposed in connection with work performed under this Agreement the Government of the United States and any person or entity (including, but not limited to, contractors and grantees) financed by the Government of the United States to furnish assistance hereunder; ..."

III. Summary of Implementation Process, Lessons Learned, Recommendations

Implementation Process

April – June, 2015: Achievements and successes included: (1) very active participation in many review workshops organized and supported by the General Department of Vietnam Customs in cooperation with USAID/GIG and Vietnam Business Forum (VBF) that allowed VTFA to play a leading role in communicating priorities of legal and regulatory reform to GDVC, as well as to provide specific issue-oriented advice on solutions on behalf of business stakeholders; (2) successful negotiations and close coordination with VCCI concerning reporting requirements of the grant agreement and operation of the VTFA Secretariat; (3) reaching out to other private sector organizations to promote understanding of and support for the objectives of the VTFA. In order to increase understanding, conferences were held and discussions initiated with EuroCham, the Council of Taiwan

¹³ Letter from the HCMC Department of Taxation, Mar 29, 2016

¹⁴ <http://www.state.gov/documents/organization/193480.pdf> signed English and Vietnamese versions. If the linked page is gibberish, open a new browser window or tab, copy the link into the URL space.

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Chambers of Commerce, and the Vietnam Logistics Association concerning their participation in VTFA.

In addition, preliminary contacts were established with the Provincial/Municipal Customs administrations in the key provinces/cities of Ho Chi Minh City, Dong Nai and Binh Duong to commence regular consultations to be proposed by VTFA in July in the course of the first formal consultations conference. Such consultations encompass approximately 83% of Vietnam's seaborne import and export trade.

July – September, 2015: Very significant progress was made in achieving grant agreement/implementation goals in terms of achieving the regular business and trade – Customs consultations process being implemented in Vietnam at the Provincial/Municipal level. The publication of a new Customs-Business consultations regulation by the General Department of Vietnam Customs in June necessitated adjustments and modification of implementation timing to conform with the new regulation and this was achieved.

Challenges continued with new efforts required to educate business and trade stakeholders and associations in Vietnam to adopt a novel approach similar to that of Commercial Operations Advisory Committee (COAC)¹⁵ in the United States, involving publication, submission of technical working papers, circulation of minutes and follow-on items and activities to achieve a regular and formal process of reform and rule-making.

An essential element of our persuasion effort was to emphasize that the VTFA is a USG-funded technical assistance program under the WTO Trade Facilitation Agreement, Section II, Article 9¹⁶ to help Vietnam meet the commitments of the TFA. Vietnam's Chief Negotiator at the TPP recognized publicly the importance of such technical assistance.¹⁷ Moreover, the Prime Minister's New Year's Address of 2014, Resolution 19/2014 and Resolution 19/2015 emphasized the importance of meeting the WTO TFA commitments to achieve an efficient customs and increase Vietnam's competitiveness. We also respected and cooperated with the domestic Vietnamese procedures for customs-business cooperation, Decision No. 1674/QĐ-TCHQ, Jun 12, 2014, re Establishing Customs – Trade Working Groups;¹⁸ and Official Letter No. 12430/THQ-NCTHQ-DH, Oct 14, 2014 re Cooperation with Business Associations,¹⁹ which addressed private sector efforts and input to rule-making, in accordance with WTO TFA Section II, Article 9.3.c.²⁰

October – December, 2015: Regular monthly VTFA Expert Working Group (EWG) conferences educated member associations to change from a traditional meetings approach involving general complaints and voicing of opinions, to a focused and documented process of "communication with purpose" as CBP's Ms. Maria-Luisa Boyce explained, the development of working papers, legal analyses, and detailed recommendations to Customs and State Management authorities. This was a meaningful success in terms of achieving grant goals and objectives.

¹⁵ <https://www.cbp.gov/trade/stakeholder-engagement/coac>

¹⁶ <http://www.amchamvietnam.com/30449082/trade-facilitation-agreement-provision-of-technical-assistance-for-capacity-building/> and <http://www.amchamvietnam.com/30449083/hiep-dinh-ve-thuan-loi-hoa-thuong-mai-cung-cap-ho-tro-xay-dung-nang-luc/>

¹⁷ <http://www.amchamvietnam.com/30449205/vietnams-tpp-ratification-to-take-up-to-2-years-lead-negotiator/>
"Other [TPP] countries also pledge to provide technical assistance to Vietnam in fulfilling its commitment."

¹⁸ Ngày 12/6/2014, Tổng cục Hải quan đã ban hành Quyết định số 1674/QĐ-TCHQ về việc thành lập Nhóm công tác Hải quan – Doanh nghiệp. Nhóm công tác có nhiệm vụ là đầu mối tiếp nhận, trao đổi thông tin, tham vấn, đề xuất các hoạt động hợp tác giữa Tổng cục Hải quan và các Hiệp hội doanh nghiệp phục vụ cho nhiệm vụ xây dựng và thực thi pháp luật về Hải quan, tạo thuận lợi cho doanh nghiệp trong xuất nhập khẩu hàng hóa

¹⁹ <http://thuvienphapluat.vn/archive/Cong-van-12430-TCHQ-NCTHQ-DN-2014-hop-tac-voi-Hiep-hoi-doanh-nghiep-vb256863.aspx>

²⁰ "c. ensure that ongoing trade facilitation reform activities of the private sector are factored into assistance activities;"

Due to its novelty, it was challenging, but VCCI leadership expressed its buy-in and appreciation for the new international technical assistance that they received and assimilated. This was very helpful in achieving positive responses from local Customs and state agencies in consultations.

A significant success was achieved through a positive meeting on Oct 15 with a leading member of the Economic Affairs Committee of the National Assembly to discuss VTFA providing technical assistance on “the role of the National Assembly in supervision of implementation of trade agreements,” with particular focus on reform of the legal and regulatory framework necessary for Vietnam to achieve compliance with TFA commitments.

Another success was the growing cooperation in the VTFA between AmCham and Vietnam business associations, in particular VCCI. A growing recognition of AmCham’s expertise in Vietnam’s “international commitments,” “transparent consultations” framework of the U.S. COAC, and “informed compliance and shared responsibility” was coupled with VCCI’s strong relationships and understanding of how to improve Vietnam’s regulatory environment. The preparation in October for the November 27 VTFA – Customs Consultations was representative of that.

Lessons learned during Oct-Dec 2015 included a realization that there seemed to be very few “customs experts” to be part of an “Experts Working Group,” discussion was largely complaints and not “communication with purpose.” As a result, we changed our strategy starting with a Nov 27, 2016 VTFA-Customs Consultations session, which was more “training mode” where VTFA experts from VCCI explained specific TFA topics such as Advance Rulings, Single Window Cooperation with State Management Agencies, and how most Vietnamese legal/regulatory implementation was not in compliance with the TFA commitments.²¹

A very considerable success was achieved with organizing two Woman-Owned Business Orientation sessions that were well-attended (over 100 participants at each), well-received, and resulted in new requests for expansion to a regular program of global trade training for SMEs and WOBs.

We invited presentations by AmCham companies that provide business support services that help Vietnamese companies meet requirements to join global supply chains, for example, D-U-N-S® Number, EDI (electronic data interchange), testing and certification for product quality, safety, and compliance with labor and environmental standards. The first session, on Nov 25,²² was for companies from HAWA (Furniture Association) and VCCI, along with several Women Owned Business Associations. The second, on Dec 11,²³ was for companies from VITAS (Textiles and Apparel) and VCCI, also along with a number of Women Owned Business Associations.

January – March, 2016: We opened the New Year with a focus on providing practical training for businesses to meeting the requirements to join global supply chains by organizing a very successful January 2016 “Walmart – VTFA Women Owned Business Supplier Development Conference.”²⁴ The event mobilized 120 SMEs and 232 mostly woman participants. As a result, 30 WOB SMEs were invited into product trials and supplier assessment with Walmart. This is a critical success for VTFA because it is a solution for

²¹ <https://www.dropbox.com/sh/64vj3lgenmyl65c/AAAdPyu-GWWywwmbt9XBWQEPCa?dl=0>

²² <https://www.dropbox.com/sh/1fqvsa5wi5adj0/AABLZyXEbjt6KB4ZIE-lwm7ia?dl=0>

²³ [link to drop box folder with the Meeting Book](#)

²⁴ <http://www.amchamvietnam.com/january-15-2015/> Women Owned Businesses Supplier Development: e-Book, Media, Photos

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SME development in Vietnam that works: VTFA's role and activities act as the "missing link" between the SMEs and global companies that can help bring them into global supply chains.

After Lunar New Year we prepared intensively for a very successful visit by CBP/USAID/COAC Business Advisors to both HCMC and Hanoi on Mar 21-23, 2016.²⁵ The mission provided a model of purposeful, effective customs and trade regulatory reform and trade facilitation processes to Vietnamese state agencies and business associations.

After one year of effort from April 2015 to March 2016, we had made some progress, with very strong support from VCCI, cooperation from Customs officials in HCMC, Dong Nai, and Binh Duong, commitments by the Government (Cabinet) in Resolutions 19/2014²⁶ and Resolution 19/2015²⁷ to make customs more efficient and responsive to businesses, commitments and a work plan by the Prime Minister and VCCI,²⁸ and also the Fatherland Front.²⁹ Despite seemingly slow but steady progress, we were encouraged by the fact that similar projects in the past in Japan and in Vietnam usually took as much as three to five years to achieve a broad consensus of "informed opinion," in business, media, academia, and government, so that the objectives could be achieved, finally.

April – June, 2016: After fifteen months, we increasingly realized the crux of the matter, which still needs to be communicated to business, government, and political leaders, as well as to the directly related agencies: a lot of technical assistance, provided for by TFA Section II, Article 9, will be needed to build the capacity of Vietnam Customs to implement the commitments that will achieve the expected results and impact of the TFA and TPP, and that will satisfy the provisions of Trade Promotion Authority. Local governments and agencies (Customs, Industry and Trade, Science & Technology, Health, etc.), and political, business, and thought leaders are eager for technical assistance. However, the General Department of Vietnam Customs, and other "State Management Agencies," include many "vested interests" that slow progress.

After the March mission of CBP/USAID/Senior Business Advisors, we followed up with separate consultations in HCMC, Dong Nai, and Binh Duong during April, May, and June with customs, other government departments, and businesses to discuss implementing the Trade Facilitation Agreement in Vietnam, and also providing practical advice to Vietnamese companies, mostly SMEs, about how to qualify to join global supply chains.

In June, GIG, in cooperation with the National Assembly Foreign Affairs Committee, organized a 2.5 day colloquy on the [Role of the National Assembly in Ratifying and Overseeing Implementation of Trade Agreements](#) in Vung Tau. The event was built on the excellent preparation of GIG/NA Foreign Affairs Committee at similar events in July and November 2015, and March 2016. The colloquies are always well-organized, well-attended, very content-rich, and excellent opportunities for us to help the legislators understand better the international commitments that are part of globalization, and examples of how the commitments are ratified and implemented through legislation and oversight by the U.S. Congress. The NA members are very thoughtful, interested, and willing to apply the information that is shared. We look forward to participating in more such events on a regular basis, as well as to opportunities for interaction with key committee leaders in Hanoi and with the NA delegations from HCMC, Binh Duong, and Dong Nai, the three key jurisdictions in the Southern Key Economic Zone.

²⁵ https://www.dropbox.com/sh/0swgrvktcyvrki9/AABRrYh246_FceXyM2leLn0Ca?dl=0

²⁶ <http://www.amchamvietnam.com/30443758/government-sets-metrics-to-improve-business-conditions-and-national-competitiveness/>

²⁷ <http://www.amchamvietnam.com/30447259/government-pushes-for-reforms-to-improve-business-environment/>

²⁸ <http://www.amchamvietnam.com/30445141/prime-minister-urges-customs-improvements/>

²⁹ <https://www.youtube.com/watch?v=z5tlv-UNzpl&feature=youtu.be%C2%A0>

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By presentations and informal follow-up conversations, we were able to help them understand the key elements and steps to “entry into force” of the TPP Agreement, the clear linkages between the WTO Trade Facilitation Agreement and TPP Chapter 5 Customs and Trade Facilitation, and how the two reinforce each other.

July– August, 2016: The organization and hosting of major U.S. governmental missions by appropriate agencies along with business and trade stakeholders such as COAC and other associations in a mutually-reinforced and cooperative approach provides much-needed examples to both political and business leaders, and governmental officials, of how customs and trade facilitation reforms and modernization can be conducted and achieved.

The example of the “public-private” cooperation on the U.S. side provides a template for action on the Vietnam side, which is welcomed by the private sector, but resisted by many in the public sector, especially at the national level. We continued to experience challenges with the almost “no-notice” participation in GDVC and other public workshops on very important changes in laws and regulations, without the opportunity to have a reasonable time to review proposed changes and to provide comprehensive and detailed recommendations from business and trade stakeholders. These forums instead involve brief, hurried and very limited opportunities for the private sector to provide oral remarks and ask questions but are not conducive to any in-depth legal and regulatory reform. Their primary purpose is to provide the appearance of prior notice and opportunity to comment to fulfill formal requirements.

The July 28-29 U.S. CBP Senior Leaders and Business Advisors provided an opportunity to reach out to a larger, “whole of government” audience. In addition to official meetings between CBP with GDVC, VTFA scheduled key meetings with thought-leaders in the political, donor and business community, including a Roundtable with over 75 leaders of Vietnam Customs, Business Associations, and leading companies in HCMC, the People’s Committee of HCMC, AmCham (HCMC) Board of Governors, World Bank and Hanoi Business Associations, VCCI Chairman Vu Tien Loc, the Office of Government Deputy Minister Le Manh Ha (former Vice Chairman of the HCMC People’s Committee), and members of the National Assembly Committees on Foreign Affairs, Social Affairs, Economic Affairs, together with key NA and ministry staff. Details are available at [Jul 28 CBP Roundtable with Vietnam Customs and Business Associations, Jul 28 – Meeting Book and at Jul 28-29 Meeting Scenarios \(BG Lunch, People’s Cmte, World Bank, VCCI Chairman, Office of Govt Deputy Minister, National Assembly Foreign Affairs Committee Deputy Chairman and others\)](#)

In a July 29 wrap-up meeting with Mr. Le Manh Ha, Office of Government Deputy Minister, the Executive Assistant Commissioner of CBP reported that both CBP and GDVC had had very productive meetings [over five hours] and had agreed to

1. A “foundation agreement” on intelligence and information sharing, as a first step toward a full Customs Mutual Assistance Agreement, which was agreed on as a goal to move towards;
2. U.S. CBP would share with GDVC “lessons learned” about implementation of a “National Single Window” (called [“Automated Commercial Environment” ACE](#) in the U.S.), including [technology requirements](#);
3. “Public-Private Partnerships” [and [Stakeholder Engagement](#) such as Customs [Commercial Operations Advisory Committee](#), and [User Fee Advisory Committee](#)] in consultations on technical requirements and implementing the systems; this public-private partnership helps both government and business benefit from sharing perspectives of what works to lower costs, improve efficiency and competitiveness;
4. coordinating operations with “Partner Government Agencies” [“Specialized State Management Agencies” in Vietnam], through the U.S. version of the National

Committee on Trade Facilitation, [which is called the “Border Interagency Executive Council”, and established by Executive Order.]³⁰

5. guidance on TPP and TFA, especially Rules of Origin and government procedures, this is important since transparency and predictability in government helps both business and government;
6. technical assistance on risk management by sharing customs enforcement techniques that protect revenue and safety.

At the same meeting and throughout all meetings, both the CBP Senior Leaders and the Business Advisors emphasized that it was essential to have the Prime Minister or a Deputy Prime Minister in charge of establishing and implementing an effective National Committee on Trade Facilitation (NCTF) with “whole of government” authority to establish/implement the TFA commitments.

The meetings we scheduled were designed to create broad, top-level support for the changes needed by the “whole of government,” not limited to the GDVC bureaucracy. We believe that the meetings were very effective.

Lessons Learned

1. **“Communicate with purpose” and focus on a few key institutional arrangements as first priority**, not the details of the regulations. For example, our shift of focus to focus on **three objectives** after the March CBP/USAID/COAC Mission.

1/ establish a meaningful, effective National Committee on Trade Facilitation, in accordance with the commitment in TFA, Sec. III, paragraph 23.2³¹

2/ conclude a Customs Mutual Assistance Agreement between CBP and GDVC, a commitment in TFA, Sec. I, Article 12, and TPP Chap 5, Article 2.

3/ establish an institutional framework for meaningful Customs-Business Consultations (similar to COAC³²), which does not now exist in Vietnam but is required by TFA Sec I, Articles 1 and 2, and TPP Chap 5, Article 11.

2. **Communicate with top political, business, and civil society leaders**, who have authority to make changes, and not just with the middle-level bureaucrats, who don't. Maintain relations and dialogue, but don't expect much cooperation from the “vested interests;” focus on interactions with “change agents” in political and business leadership positions to manage the changes inside their system. To take an example from another AmCham effort, to help the U.S. Government achieve visa reciprocity by persuading Vietnam to issue multiple-entry, one-year validity visas instead of single entry, three month validity, the focus on the Ministry of Foreign Affairs and the Vietnam Immigration Department, but instead on the political leaders in the HCM City Party Committee and the People's Committee. As a result, AmCham helped achieved the objective after about 18 months' effort together with the implementation work by the State Department.³³

³⁰ [Executive Order 13659 — Streamlining the Export/Import Process for America's Businesses, Feb 19, 2014](#) [Tiếng Việt](#) and [U.S. Border interagency Executive Council Description](#) [Tiếng Việt](#)

³¹ “Sec. III, Art. 23.2 National Committee on Trade Facilitation Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.”

³² <https://www.cbp.gov/trade/stakeholder-engagement/coac>

³³ <http://www.amchamvietnam.com/background-on-agreement-between-the-u-s-and-vietnam-on-visa-reciprocity/>

Include a wide variety of senior advisors from key institutions and organizations that will help build a “climate of opinion” that supports and facilitates the changes needed. Make sure that funding resources are adequate to compensate these leaders and their staffs for their time and efforts.

3. **Execution/implementation is key.** Having the nation’s top leaders set goals for implementing the TFA commitments is necessary but not sufficient. The objectives in the Resolutions 19 (issued in 2014, 2015, 2016) and Resolution 35 must be implemented by real government-business consultations and cooperation, not *pro forma* meetings, which continue. As Senator Hatch³⁴ has stated,

“It is essential that the Obama administration work to reach country-specific plans identifying the changes that our trading partners must and will make to their laws, regulations, and practices in order to meet their key TPP obligations. These country-specific implementation commitments would provide a valuable tool for resolving shortcomings and ambiguities in the agreement, while helping to build confidence in the Congress that TPP will be implemented fully and faithfully by our trading partners. Put simply, these country-specific implementation commitments can be an essential component to developing the political support necessary for the Congress to pass TPP implementing legislation.”

4. **Recognize that the existing structure has created “vested interests”** and difficult challenges that make change difficult. Below are some examples:

- The lack of an operational “National Committee on Trade Facilitation,” a Vietnamese equivalent to the U.S. “Border Interagency Executive Council,”³⁵ which was established under the authority of Executive Order 13659 – “Streamlining the Export/Import Process for America’s Businesses.”³⁶ An Office of Government Notification to concerned ministries and agencies in Vietnam was issued on Apr 16, 2015,³⁷ to establish a “National Steering Committee for the ASW (ASEAN Single Window) and NSW” under the “Customs Administrative Procedures Reform.” But it seems that not much progress has been made. As recently as January 20, 2016, it was reported that the “National Steering Committee for ASW and NSW will play the role of NCTF to implement commitments to facilitate trade in the WTO Trade Facilitation Agreement.”³⁸ But the organization seems to lack “whole of government” authority and decision-making power. [Note: As mentioned above, regulatory documents to establish a NCTF have been prepared and will be promulgated soon.](#)
- The lack of a Customs Mutual Assistance Agreement with U.S. Customs and Border Protection. Vietnam is the only significant trading partner in the TPP member countries that does not have a CMAA with U.S. CBP,³⁹ although Vietnam accounts for 25% of all ASEAN exports of goods to the U.S. Note: CBP and GDVC reached a “foundation agreement” on intelligence and information sharing, as a first step toward a full Customs Mutual Assistance Agreement;

³⁴ <http://www.amchamvietnam.com/tpp-country-specific-implementation-commitments-are-essential-statement-by-senate-finance-committee-chairman-orrin-hatch/>

³⁵ <http://www.cbp.gov/trade/border-interagency-executive-council-biec>

³⁶ <https://www.gpo.gov/fdsys/pkg/DCPD-201400104/pdf/DCPD-201400104.pdf>

³⁷ <http://36mfjx1a0yt01ki78v3bb46n15gp.wpengine.netdna-cdn.com/wp-content/uploads/2016/05/150416-OOG-Notification-No.-137-TB-VPCP-Decision-of-the-PM-re-Administrative-Reform-in-Customs-signed-V.pdf>
http://vanban.chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=2&mode=detail&document_id=179584 and
<http://www.amchamvietnam.com/wp-content/uploads/2016/05/150416-OOG-Notification-No.-137-TB-VPCP-Decision-of-the-PM-re-Administrative-Reform-in-Customs-signed-V.pdf>

³⁸ <http://www.baohaiquan.vn/Pages/Ban-chi-dao-quoc-gia-ve-ASW-se-thuc-hien-cac-cam-ket-tao-thuan-loi-thuong-mai.aspx>

³⁹ <https://www.cbp.gov/border-security/international-initiatives/international-agreements/cmaa>

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- According to the USAID-supported 2015 Vietnam Provincial Competitiveness Index,⁴⁰ 66% of Vietnamese companies reported that they paid bribes, some as much as 10% of revenue. Also, 85% of FDI companies report that they paid bribes, and 59% reported that they paid bribes to Vietnam Customs officials;⁴¹
- A \$20 billion difference between China-Vietnam trade statistics, with China reporting \$60 billion of exports to Vietnam and Vietnam reporting \$40 billion of imports from China;⁴²
- Thousands of containers abandoned in Hai Phong;⁴³
- Smuggling of 229 kg of heroin from Tan Son Nhat, Vietnam's largest international airport, to Taipei in Nov 2013, escaped detection in Vietnam, caught in Taipei;⁴⁴
- The U.S. International Trade Commission has voted to institute an investigation of certain carbon and alloy steel products from China. The complaint alleges “... the false designation of origin or manufacturer,” and **illegal transshipments from Vietnam**,⁴⁵ along with other countries.

Recommendations

1. **Emphasize the concepts of “informed compliance” and “shared responsibility”** that underly a modern trade facilitation system. The aim is to increase voluntary compliance with customs laws and improvements to customs enforcement. These concepts are premised on the idea that to maximize voluntary compliance with Customs laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, there is a greater obligation on Customs to provide the public with improved information concerning the trade community's responsibilities and rights under Customs and related laws. In addition, both the trade and Customs share responsibility in carrying out import and export requirements.
2. **Continue to focus on training at the local level for business associations** and their members, on practical steps to join global supply chains, especially TPP supply chains. Examples are the [Walmart-VTFA Women Owned Business Suppliers Development Conference](#), the [Consumer Product Safety Commission Vietnam Buyers Training](#), the American Apparel and Footwear Association [TPP Workshop](#) and [International Product Safety and Compliance Conference](#).

In addition, specific “certificate programs” should be prepared and offered, for example a “Certified Customs Specialist Program,” which would provide training in key topics of the principal acts involved in the import and export of goods, Customs Brokers licensing requirements and agency agreements, the Harmonized System of Tariff Classification, Tariff treatments and trade agreements, Valuation and Classification, Informed Compliance, Advance Rulings, Assessment of Duties, Marking of Imported Goods, Drawback and Refunds, Special Requirements, Antidumping and Countervailing Duties, Foreign Trade

⁴⁰ http://eng.pcvietnam.org/tailieu/PCI2015-Report_EN.pdf, pp 18-19

⁴¹ http://eng.pcvietnam.org/tailieu/PCI2015-Report_EN.pdf, pp 91-92

⁴² <http://english.vietnamnet.vn/fms/business/139480/agencies-cannot-explain--20-billion-discrepancy-in-china-vn-trade-figures.html>

⁴³ “Nguyen Nhat, Vinamarine director, said some containers at the Hai Phong seaport had been kept in storage for the last five to 10 years. More than 1,000 containers out of 5,000 at the seaport had remained in storage since 2006.” <http://splash247.com/abandoned-containers-causing-chaos-at-vietnam-ports/>

⁴⁴ <http://tuoitrenews.vn/society/15592/4-security-executives-suspended-in-229-kg-of-heroin-case> and <http://tuoitrenews.vn/society/15497/probe-into-how-229kg-heroin-passed-airport-undetected>

⁴⁵ <http://www.amchamvietnam.com/wp-content/uploads/2016/05/20160426-US-Steel-Complaint-Under-Section-337-of-Tariff-Act-of-1930-Transshipments.pdf>

Zones, and Recordkeeping. This practical training will help educate the businesses and agencies to what the TFA commitments are, and help meet their “informed compliance” requirements.

3. Continue also to focus on training for customs and other government officials, using materials and best practices from U.S. CBP, WCO, and NAFTA. Examples of programs include

U.S. CBP International Visitors Program

<https://www.cbp.gov/border-security/international-initiatives/international-training-assistance/ivp> VTFA consultants could help facilitate Vietnam’s customs officials’ participation in the International Visitors Program (IVP), which consists of specially arranged briefings and visits to Customs and Border Protection (CBP) operations in the United States by foreign high-level customs and other law enforcement officials who perform or manage functions similar to those encompassed within CBP’s area of responsibility and expertise. Typically, an IVP program visit may last anywhere from one day to two weeks in duration.

VTFA could also support training programs for Vietnam’s customs officials, using WCO-developed materials, such as

World Customs Organization Training Programs

<http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/learning.aspx>

Supporting the WCO Capacity Building Policy

http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/learning/cb_learning.aspx

4. Develop a broader outreach program to build understanding and support from senior political, business, and civil society organization leaders, including outreach to organizations such as the National Assembly, the Office of Government, other key ministries such as the Ministry of Planning and Investment, Ministry of Foreign Affairs, Vietnamese and Foreign Business Associations, Civil Society Organizations, Fatherland Front, People’s Committees and local business/industry associations. To manage this additional effort, add to the VTFA team additional program managers, and Vietnamese senior advisors, for example

Senior Advisor for Legal and Regulatory Affairs, to work with the VCCI Legal Departments in HCMC and Hanoi, National Assembly Committees, Office of Government, and the National Committee on Trade Facilitation, and take a more pro-active approach to developing and proposing laws and regulations and operational procedures to implement the Trade Facilitation Agreement, rather than waiting passively for the bureaucrats to provide their versions of the laws and regulations for comments that are seldom, if ever, taken into account.

Senior Advisor for Business Liaison and Outreach, to help manage technical communications and consultations on regulations between Vietnam customs entities at the national and local level and the customs/logistics managers of VTFA companies.

Senior Advisor for SME Development and TPP Supply Chain, to liaise with Small and Medium Enterprises, Women Owned Businesses and associations, help Vietnam SMEs and WOBs understand how become “qualified” to join TPP supply chains.

Senior Advisor for Communications and Public Relations, to help manage the message and deliver it to key stakeholders.

Experts to provide the training mentioned in 2 and 3 above, and to help on specific projects, such as to establish a Customs Bond system in Vietnam, with expertise in customs, risk management/performance bonds, banking, etc.

5. Link internal government reform initiatives directly to TFA commitments.

Resolution No. 35/NQ-CP, 16 May 2016 on “Supporting and Developing Enterprises by 2020”⁴⁶ is the most recent reform initiative, coming after Resolutions [19-2014](#), [19-2015](#), [19-2016](#). It was promulgated after an April 29, 2016 meeting in HCM City between the Prime Minister and other key ministers together with Vietnam’s business community, led by VCCI and including Vietnamese business associations and also foreign business associations. Resolution 35 requires that every People’s Committee in Vietnam sign an MOU with VCCI containing an “Action Plan” to improve the business environment. It would be good to include TFA commitments in such action plans, for example to establish a Provincial Committee on Trade Facilitation, as a local analogue to the National Committee on Trade Facilitation that would cooperate in implementing the decisions of the NCTF.

6. Now that a solid basis of cooperation has been established between AmCham and VCCI, VITAS, HAWA, etc. reach out to additional Vietnamese and Foreign Business Associations to get their participation, cooperation, and political/financial support.

IV. Summary of Project Impact and Results

Annex 6 of the Grant Agreement provides for Monitoring and Evaluation of the Implementation Plan. There are four indicators: (1) TFA Commitments: whether or not the TFA commitments are implemented in Vietnam’s laws and regulations – measures results; (2) Number of Activities, meetings, seminars, training sessions, etc. – measures level of effort; (3) Value of private sector contributions – measures confidence of private sector, both domestic and foreign, business associations, and enterprises in the prospects for success of the project and whether the project is sustainable after the grant is over; (4) Key Performance Indicators – World Bank Ease of Doing Business/Trading Across Borders and Logistics Performance Index/Customs Clearance Process Efficiency.

1. Results – whether or not TFA commitments have been implemented

To date, none of the important TFA commitments have been fully implemented. For example,

- National Committee on Trade Facilitation (Sec III, Article 23.2); Substantial progress was made on this objective. Regulatory documents to establish a National Committee on Trade Facilitation were prepared, approved by Deputy Prime Minister Vương Đình Huệ in May 2016, and approved by the Prime Minister on October 4, 2016.⁴⁷ In addition, the Prime

⁴⁶ <http://news.chinhphu.vn/Home/Governments-resolution-on-business-development/20165/27468.vgp> “III. Implementation 3. In the third quarter of 2016, Chairmen of the People's Committees of provinces and centrally-run cities shall sign commitments with the Viet Nam Chamber of Commerce and Industry, with the witness of the Steering Committee for Innovation and Enterprise Development on the creation of a favorable business environment for enterprises. ... 5. VCCI c) ... Synthesize implementation progress of commitments signed between the People's Committees of provinces and centrally-run cities with the Viet Nam Chamber of Commerce and Industry, and provide quarterly reports to the Prime Minister and publicize on the Viet Nam Chamber of Commerce and Industry's e-portal.”

⁴⁷ <http://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quyet-dinh-1899-QD-TTg-Uy-ban-chi-dao-quoc-gia-co-che-mot-cua-ASEAN-mot-cua-quoc-gia-2016-324598.aspx> VỀ VIỆC THÀNH LẬP ỦY BAN CHỈ ĐẠO QUỐC GIA VỀ

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Minister approved a national plan to implement the WTO Trade Facilitation Agreement on Oct 13, 2016, headed by Deputy Prime Minister Vương Đình Huệ with the participation of 19 agencies, including the General Department of Vietnam Customs, the Office of Government, and the Vietnam Chamber of Commerce and Industry.⁴⁸

- no Customs Mutual Assistance Agreement (Sec I, Article 12 Customs Cooperation); however, on July 29, 2016 CBP and GDVC concluded a “foundation agreement” on intelligence and information sharing, as a first step toward a full Customs Mutual Assistance Agreement, which was agreed on as a goal to move towards;
- no meaningful customs-business consultations (Sec I, Article 2);



[WTO Director-General Roberto Azevêdo visited Vietnam April 15, 2016](#). On his left are Prime Minister Nguyen Xuan Phuc, Deputy Prime Minister and NCTF Chairman Vương Đình Huệ, and Office of Government Deputy Minister Lê Mạnh Hà. VTFA arranged a meeting for the CBP Senior Leaders and Business Advisors Mission with Mr. Lê Mạnh Hà on July 29, 2016.

Now that some progress has been made on the first two objectives, it is more likely that progress can be made on the third key objective, and on the detailed TFA commitments, such as

- the Advance Ruling system, which does not yet comply with the TFA commitment (Sec I, Article 3);
- the Trade Facilitation Measures for Authorized Operators do not yet comply with the TFA commitment (Sec I, Article 7.7), discriminate against SMEs, in violation of Sec I, Art. 7.7.2(b)(ii), by setting minimum turnover levels in order to qualify, and have no supply chain security considerations as provided for by Sec 1, Art 7.7.2(a)(iv);
- and more, but the above are indicative of key commitments that have not yet been implemented.

CƠ CHẾ MỘT CỬA ASEAN, CƠ CHẾ MỘT CỬA QUỐC GIA VÀ TẠO THUẬN LỢI THƯƠNG MẠI and [Prime Minister's Decision regarding the National Steering Committee on ASEAN Single Window, National Single Window, and Trade Facilitation, No. 1899/QĐ-TTg, Oct 4, 2016](#)

⁴⁸ <http://thuvienphapluat.vn/van-ban/Thuong-mai/Quyết-dinh-1969-QĐ-TTg-chuan-bi-hiep-dinh-tao-thuan-loi-thuong-mai-to-chuc-thuong-mai-the-gioi-2016-325846.aspx> Quyết định 1969/QĐ-TTg chuẩn bị hiệp định tạo thuận lợi thương mại tổ chức thương mại thế giới 2016, Oct 13, 2016 “PHÊ DUYỆT KẾ HOẠCH CHUẨN BỊ VÀ TRIỂN KHAI THỰC HIỆN HIỆP ĐỊNH TẠO THUẬN LỢI THƯƠNG MẠI CỦA TỔ CHỨC THƯƠNG MẠI THẾ GIỚI” and [Prime Minister's Decision approving the plan to prepare and implement the WTO Trade Facilitation Agreement, No. 1969/QĐ-TTg, Oct 13, 2016](#)

2. Number of activities

We have submitted regular, and very granular, monthly detail reports of activities.

In summary, over the past **16 months**, VTFA organized **15 events** in total (including 14 conferences and 1 training courses) over the period April 20, 2015 – August 31, 2016. On average VTFA organized **1 major event per month**, in addition to small management and coordination meetings for planning and review.

We have held monthly activities with provincial government agencies and businesses. In addition, VTFA organized five days of extensive, high-level meetings for senior U.S. Government officials in the Mar 21-23, 2016 CBP/USAID/Senior Business Advisors Mission⁴⁹ and the Jul 28-29, 2016 U.S. CBP Senior Leaders and Business Advisors Mission.⁵⁰

It is important not to confuse activities and results,⁵¹ a critique of some technical assistance programs. However, we believe that VTFA has shown results, by some changes in attitude, and progress toward establishing a NCTF as mentioned above.

3. Value of Private Sector Contributions

We have received about \$80,000 in private sector contributions, less than the anticipated \$120,000 from the six founding business associations. AmCham, VCCI, VITAS, Walmart have contributed; but HAWA/Furniture, LEFASO/Footwear, LBC/Leading Business Club have not, mostly because some may have thought that the VTFA efforts would be “too political” and some may have believed that it was a hopeless task to achieve the objective of implementation of the TFA commitments. We did not actively approach foreign business associations in Phase I, because we wanted to establish a close working relationship with Vietnamese organizations first, which we have done.

In FY2017 (Oct 1, 2016 – Sep 30, 2017), we will turn to more Vietnamese and Foreign Business Associations and companies for support, and have received commitments from the Council of Taiwanese Chambers of Commerce, the Vietnam Automobile Manufacturers' Association (VAMA), and inquiries from the Vietnam Logistics Association, Korean Chamber of Commerce, and EuroCham, as well as a number of Vietnamese companies.

4. World Bank Indicators: Ease of Doing Business, Logistics Performance Index

Below is a summary of the results for Vietnam (Ease of Doing Business) over the past few years, which shows very little improvement, even retrogression in the indicator, “trading across borders.” The last two rows are the Transparency International's “Corruptions Perception Index,” which shows Vietnam's ranking improving, but the CPI score is unchanged at 31.

⁴⁹ [CBP/USAID/COAC Business Advisors Mission to Vietnam, Mar 20-23, 2016](#)

⁵⁰ [CBP Senior Officials and Business Advisors Mission to Vietnam, Jul 28-29, 2016](#)

⁵¹ <http://oig.usaid.gov/sites/default/files/audit-reports/5-440-13-004-p.pdf> “The lack of custom indicators ... makes it difficult for mission officials to track ... progress. For example, the most significant activity conducted ... was organizing and funding capacity-building workshops for Vietnamese officials and other counterparts. Since the project's inception through July 2012, it supported 147 workshops”

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| | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| Ease of Doing Business | 98 | 99 | 99 | 78 | 90 |
| Starting a business | 103 | 108 | 109 | 125 | 119 |
| Construction permits | 67 | 28 | 29 | 22 | 12 |
| Getting electricity | 135 | 155 | 156 | 135 | 108 |
| Registering property | 47 | 48 | 51 | 33 | 58 |
| Getting credit | 24 | 40 | 42 | 36 | 28 |
| Protecting investors | 166 | 169 | 157 | 117 | 122 |
| Paying taxes | 151 | 138 | 149 | 173 | 168 |
| Trading across borders | 68 | 74 | 65 | 75 | 99 |
| Enforcing contracts | 30 | 44 | 46 | 47 | 74 |
| Resolving insolvency | 142 | 149 | 149 | 104 | 123 |
| TI/CPI Rank (1 - 175) | 123 | 116 | 119 | 112 | |
| TI/CPI Score (0-100) | 31 | 31 | 31 | 31 | |

WB Logistics Performance Index: Efficiency of customs clearance process

This indicator evaluates efficiency of customs clearance processes (i.e. speed, simplicity, and predictability of formalities) on a rating ranging from 1 (very low) to 5 (very high). Scores for Vietnam are 2.65, 2.68, 2.81, and 2.75 in 2010, 2012, 2014 and 2016. The target for 2016 was **3.2**, which was not achieved. The Customs indicator actually declined to **2.75**. See table below.⁵²

DATA TABLE

 Download XLS

(Toggle Rank and Score for Subindicators) 

| Country | Year | LPI Rank | LPI Score | Customs | Infrastructure | International shipments | Logistics competence | Tracking & tracing | Timeliness |
|---------|------|----------|-----------|---------|----------------|-------------------------|----------------------|--------------------|------------|
| Vietnam | 2014 | 48 | 3.15 | 2.81 | 3.11 | 3.22 | 3.09 | 3.19 | 3.49 |
| Vietnam | 2012 | 53 | 3.00 | 2.65 | 2.68 | 3.14 | 2.68 | 3.16 | 3.64 |
| Vietnam | 2016 | 64 | 2.98 | 2.75 | 2.70 | 3.12 | 2.88 | 2.84 | 3.50 |
| Vietnam | 2010 | 53 | 2.96 | 2.68 | 2.56 | 3.04 | 2.89 | 3.10 | 3.44 |
| Vietnam | 2007 | 53 | 2.89 | 2.89 | 2.50 | 3.00 | 2.80 | 2.90 | 3.22 |

V. Discussion of How Chemonics Grant Contributed to the Objectives of the Program

The USAID/GIG (Chemonics) Grant was essential to the success of VTFA efforts in phase one. It demonstrated the support of the U.S. Government for our efforts. It had a “pump-priming” effect on other partner business associations that did not see how, at the beginning, our efforts could be successful. The Grant to a private sector organization, a cooperative venture between the Vietnam Chamber of Commerce and Industry and the American Chamber of Commerce in Vietnam demonstrated the importance of cooperation between businesses and government, between U.S. and Vietnamese organizations to achieve mutually beneficial objectives, in line with our mission: “to help make Vietnam the best business and investment destination in Southeast Asia.” One challenge of the grant was the need to provide almost every single piece of paper to support the financial reporting and reimbursements. Ironically, it was the sort of excessive paperwork requirements that we are seeking to reduce in the customs administration and trade facilitation sector. Perhaps it was necessary in the beginning as we became familiar with the budgeting and reporting procedures.

⁵² <http://lpi.worldbank.org/international/scorecard/radar/254/C/VNM/2016/C/VNM/2014/C/VNM/2012/C/VNM/2010/C/VNM/2007#chartarea>

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VI. Final Financial Report

A final financial report is submitted separately and a summary below of totals expended by category in accordance with the Grant Agreement paragraph 21 Reporting Requirements, c) Grantee Completion Report, • Final Financial Report.⁵³

| Name of Organization: | AmCham HCMC | | | |
|--|--|---|----------------------------------|------------|
| Project Title: | Vietnam Trade Facilitation Alliance | | | |
| Period of Performance: | Apr 20, 2015 - August 31, 2016 | | | |
| Cost Category | Approved budget Apr 20, 2015 - Apr 19, 2016 (B) | Actual Expenditure Apr 20, 2015 - Aug 31, 2016 (C) | Budget balance D= B-C | |
| I Total Salaries | 6,287,889,300 | 6,667,168,408 | 379,279,108 | 6% |
| II Total Equipment | - | - | - | |
| III Total Travel, Transportation, and Allowances | 399,453,600 | 243,171,309 | (156,282,291) | -39% |
| IV A Subtotal, General / Operational Costs | 1,650,767,904 | 1,427,771,087 | (222,996,817) | -14% |
| Grand Total | 8,338,110,804 | 8,338,110,804 | 0 | (0) |

Drafted by: GNguyen, 9 Sep 2016
 Reviewed by: CT, LN, AN, XM, HMH
 Approved by: HCochran, 30 Sep 2016, v3 on Oct 19, 2016

⁵³ “21. Reporting Requirements c) Grantee Completion Report, including • A final financial report summarizing total expended by category. Any variation of more than 10% per major expense category must be accompanied by Chemonics’ written approval to exceed a major expense category by more than 10% (reference Clause 13, Allowable Costs of this Agreement).”