



**Asia-Pacific
Economic Cooperation**

2013/SOM1/EC/016

Agenda Item: 6

**APEC Ease of Doing Business Phase 2 – Diagnostic
Trip Report on Capacity Building Program for
Trading Across Borders for Government of Viet Nam**

Purpose: Information
Submitted by: Singapore



**First Economic Committee Meeting
Jakarta, Indonesia
1-2 February 2013**



APEC Ease of Doing Business Phase 2 – Capacity
Building Program for Trading Across Borders for
Government of Vietnam

Diagnostic Study Report

Jan 2013

Final

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1. Acknowledgements

This report would not have been possible without the support and inputs of numerous persons and institutions. The consultants would like to thank the following agencies and entities that had help to organise and facilitate the meetings and interviews during the Diagnostic Trip:

- Singapore Ministry of Trade & Industry:
Ms. Evon Lim
Ms. Eileen Lee
- Vietnam Ministry of Planning and Investment, Central Institute for Economic Management:
Dr. Vo Tri Thanh
Ms. Pham Lan Huong
Mr. Nguyen Anh Duong
Ms. Dinh Thu Hang
- Vietnam General Department of Customs:
Mr. Dao Ngoc Phu
- Vietnam Ministry of Industry and Trade:
Mr. Le Trieu Dzung
Ms. Nguyen Thi Hanh
Ms. Nguyen Yen Ngoc
- Vietnam Chamber of Commerce and Industry:
Mr. Dau Anh Tuan
- Vietnam Ministry of Agriculture:
Mr. Tran Van Cong
- Hai Phong Economic Zone Authority:
Ms. Nguyen Thi Tuyet Lan
- NoiBai Cargo Terminal Service:
Mr. Ta Manh Hung

Ms. Bui Thi Le Hang

- Hai Phong Port Holding Limited:
Mr. Truong Van Thai
Mr. Nguyen Dinh Thang
Mr. Cao Hong Phong
- Vietnam Aviation Business Association:
Mr. Bui Doan Ne
Mr. Nguyen Giang Tien
- Vietfracht Transport and Chartering Corporation:
Mr. Tran Binh Phu
- The World Bank:
Mr. Pham Minh Duc

2. About APEC Ease of Doing Business

2.1 Background

Asia-Pacific Economic Cooperation (APEC) is a forum for 21 Pacific Rim economies that seeks to promote free trade and economic cooperation throughout the Asia-Pacific region.

In 2009, APEC launched an Ease of Doing Business (EoDB) Action Plan to improve the business environment in the Asia-Pacific region by promoting regulatory reforms that make it cheaper, faster and easier to do business.

The Action Plan takes as a starting basis the World Bank's Doing Business report. Based on inputs from the business sector and member economies, five priority areas were identified from amongst the 10 areas covered by the World Bank's report to help focus APEC's efforts. The five areas deemed to pose the greatest regulatory barriers for businesses in the APEC region were:

1. Starting a Business
2. Getting Credit
3. Trading Across Borders
4. Enforcing Contracts
5. Dealing with Permits.

In this regard, six APEC economies stepped forward to co-champion capacity building efforts to help APEC member economies improve their performance in the five priority areas above. The six Champion Economies are Hong Kong, China; Japan; Korea; New Zealand, Singapore, and United States.

In the area of Trading Across Borders, Singapore and Hong Kong, China would be the Champion Economies providing assistance to Learner Economies.

The APEC Ease of Doing Business Action Plan is to take place in two phases:

Phase 1 - Singapore, in cooperation with Hong Kong, China, organised a two-day workshop that took place in Sendai, Japan from 18-19 September 2010. The objective of the workshop was to impart knowledge as well as share experiences with the Learner

Economies.

Phase 2 - Singapore will work closely with Learner Economies to arrange for Diagnostic Trips to the Learner Economies, after which a customized Action Plan will be drawn up based on the Diagnostic Trip Report produced.

3. Introduction

This report is based on the one-week Diagnostic Trip by the Singapore consultants to Hanoi, Vietnam, to consult with stakeholders in the international trade area. The key agenda of the meetings was to understand the current business and regulatory environment in Vietnam as it relates to Trading Across Borders, and identifying the constraints and areas for improvement that would help Vietnam in its Trading Across Borders performance.

This report of the Diagnostic study shall address:

- key issues in Vietnam to address in improving Trade Across Borders
- specific recommendations or strategies
- brief assessment of the expected costs and benefits of such reform

At the kick-off meeting with National Competiveness Council and Deputy Ministry of Foreign Trade's APEC Directorate teams, the consultants were to identify and recommend reforms in the public sector, and to focus on concrete reforms with the following guidelines in mind:

1. Who is responsible for the reform?
2. What type of reform is needed?
3. How to carry out the reform?
4. What is the cost for the reform?
5. Who will finance the reform?
6. Timeline for the reform?
7. General framework for the reform?

The Diagnostic Trip was conducted from 9 to 13 April 2012.

The table below shows various stakeholder meetings conducted during the diagnostic trip:

Date	Institution of the Vietnam Government / Private Sector
9 April	Ministry of Planning and Investment, Central Institute for Economic Management (CIEM)
	Vietnam Aviation Business Association (VABA)
	General Department of Vietnam Customs, Customs Supervision and Control Department
10 April	Vietnam Freight Forwarder Association
	Ministry of Planning and Investment, Central Institute for Economic

	Management (CIEM)
	The World Bank
11 April	Noi Bai Cargo Terminal Services JSC (NCTS)
	Ministry of Industry and Trade (MoIT), Multilateral Trade Policy Department
	Vietnam Chamber of Commerce and Industry (VCCI)
12 April	Ministry of Agriculture and Rural Development, International Cooperation Department
13 April	Haiphong Port Holding Limited Liability Co.
	Hai Phong Economic Zone Authority (HEZA), Management Division of Trade and Import-Export Activities

In addition to information collected during the trip, information received from stakeholders via email after the trip, and information gathered during research are also taken into consideration and presented in this report.

4. Vietnam's Trade Facilitation Indicators

4.1 What is Trade Facilitation?

Trade facilitation seeks to improve the regulatory interface between government bodies and traders at national borders. It looks at how procedures and controls governing the movement of goods across national borders can be improved to reduce associated cost burdens and maximise efficiency while safeguarding legitimate regulatory objectives.

There are many definitions of trade facilitation. The three commonly known definitions are by World Trade Organisation (WTO), United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and International Chambers of Commerce (ICC).

WTO defines trade facilitation as:

The simplification and harmonisation of international trade procedures.

UN/CEFACT defines it as:

The simplification, standardisation and harmonisation of procedures and associated information flows required to move goods from seller to buyer and to make payment.

ICC defines it as:

The adoption of a comprehensive and integrated approach to simplifying and reducing the cost of international trade transactions, and ensuring that the relevant activities take place in an efficient, transparent and predictable manner based on internationally accepted norms and standards and best practices.

In broader usage, trade facilitation can include measures taken by public and private sectors, reduction in nontariff barriers, and improvements in physical facilities to smooth the movement of shipments by reducing time in transit. Thus, it may encompass both hard and soft infrastructure that facilitates trade.

4.2 International Measures for Trade Facilitation

Ability to compete in the trade logistics is critical for developing countries to harness global trade and reap the benefits of globalization. Success in integrating global supply chains starts with the ability of firms to move goods across borders rapidly, reliably, and cheaply.

There are many factors that can hinder or facilitate trade. Many countries are unaware of these factors, and how international organizations and private sectors assess their logistics and trade systems and processes. Thus, many countries are not able to identify the problematic areas and devise solutions to improve them.

However, there are many cross-country assessments and rankings of the logistics and trade facilitation systems and processes. Two of the most highly regarded assessment and international rankings are:

- Trading across Borders by World Bank
- Logistics Performance Index by World Bank

4.2.1 Trading Across Borders (TAB)

A critical component of a country's ability to compete internationally is its capacity to move goods, people, and conveyances across its borders in a secure and facilitative way. In the modern global market, economies can only flourish if the commercial enterprises can import and export without excessive regulations, procedures, costs, and delays while simultaneously ensuring that opportunities for exploitation by terrorists and other criminals be minimized or eliminated.

Doing Business is an annual survey conducted by the World Bank and International Finance Corporation. Now in its sixth series, this annual survey analyses and presents quantitative indicator data in the following 10 areas:

- Starting a business
- Dealing with construction permits
- Employing workers
- Registering property
- Getting credit
- Protecting investors
- Paying taxes
- Trading across borders
- Enforcing contracts
- Closing a business

For trade facilitation purposes, the most relevant indicator is the Trading Across Borders (TAB) indicator. Trading Across Borders looks at the procedural requirements for exporting and importing a standardised cargo of goods. Every official procedure is counted -- from

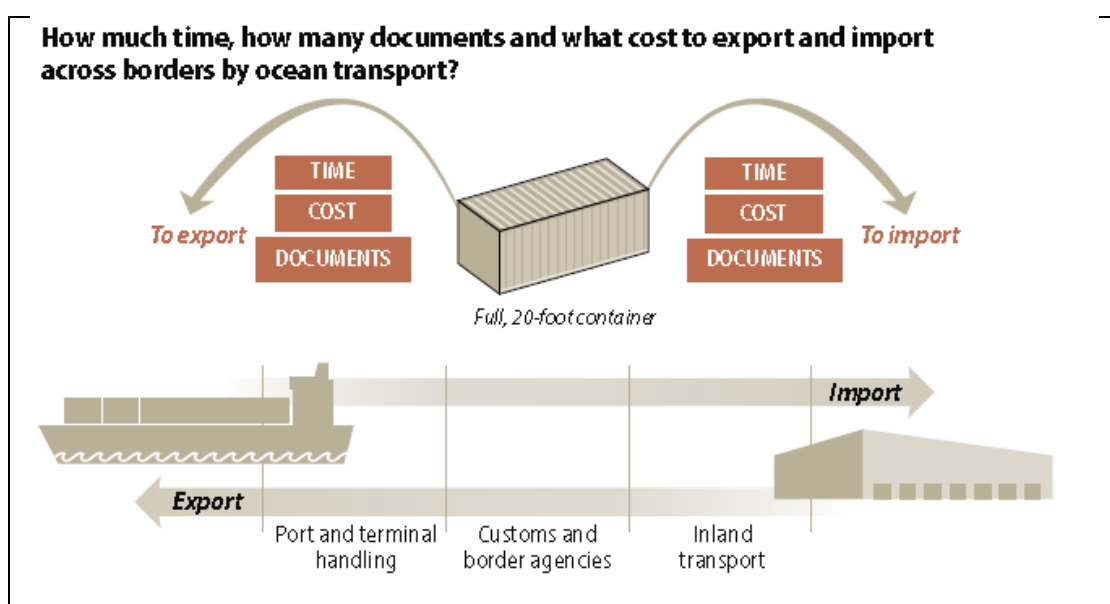
the contractual agreement between the 2 parties to the delivery of goods -- along with the time necessary for completion. The sub-indicators under Trading Across Borders are:

- Number of all documents required to export/import goods
- Time necessary to comply with all procedures required to export/import goods, and
- Cost associated with all the procedures required to export/import goods

The table below shows what the Trading Across Borders measures:

What does Trading Across Border measure?	
Documents required	<ul style="list-style-type: none"> • Bank documents • Customs clearance documents • Port and terminal handling documents • Transport documents
Time required (exclude transport time beyond the borders)	<ul style="list-style-type: none"> • To obtain, filling out and submitting all the necessary documentation • For inland transport and handling • For Customs clearance and inspections • For port and terminal handling
Cost incurred (exclude non-official costs)	<ul style="list-style-type: none"> • To obtain all the necessary documentation • For inland transport and handling • For Customs clearance and inspections • For port and terminal handling

For import, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For export, the procedures measured range from the packing of the goods at the factory to the departure from the port of exit.



4.2.2 Logistics Performance Index (LPI)

The Logistics Performance Index (LPI) is an in-depth cross-country assessment of the logistics gap among countries. The survey was designed and administered by the World Bank (International Trade and Transport Departments) in cooperation with the Turku School of Economics in Finland (TSE, Finland). It provides a comprehensive picture of supply chain performance - from customs procedures, logistics costs, and infrastructure quality to the ability to track and trace shipments, timeliness in reaching destination, and the competence of the domestic logistics industry using a 5-point scale.

LPI is based on a survey of the logistics professional worldwide (global freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade.

Using a 5-point scale, LPI is the simple average of the country scores on the seven key dimensions:

- Efficiency and effectiveness of the clearance process by Customs and other border control agencies
- Quality of Transport and IT infrastructure for logistics
- Ease and affordability of arranging shipments
- Competence in the local logistics industry (e.g., transport operators, customs brokers)
- Ability to track and trace shipments
- Domestic logistics costs (e.g., local transportation, terminal handling, warehousing)
- Timeliness of shipments in reaching destination

The LPI suggests that policymakers should look beyond the traditional "facilitation agenda" and focus on trade-related infrastructure and application of information technology in customs.

4.3 Vietnam's Ranking in Trade Facilitation

In this section, Vietnam's latest Trading Across Borders and Logistics Performance Index rankings are assessed.

4.3.1 Trading Across Borders

The table below depicts Vietnam's Trading Across Borders (TAB) indicators over the last 8 years from 2006 to 2013. It shows that Vietnam's ranking in 2013 is 74 out of the 185 global

economies surveyed. The import and export indicators of number of documents, cost, and time have not changed much over the years. In fact, the cost of export has increased steadily since 2006..

Year	Vietnam's Trading Across Borders Indicators						
	TAB Rank	Docs to export (number)	Time to export (days)	Cost to export (US\$ per container)	Docs to import (number)	Time to import (days)	Cost to import (US\$ per container)
2006	..	6	24	468	8	23	586
2007	..	6	24	468	8	23	586
2008	..	6	24	468	8	23	586
2009	..	6	24	533	8	23	606
2010	..	6	22	555	8	21	645
2011	..	6	22	555	8	21	645
2012	74	6	22	580	8	21	670
2013	74	6	21	610	8	21	600

A breakdown of the 2013 measures is shown in the table below.

Name of Procedures	Export		Import	
	Duration (Days)	Cost (USD)	Duration (Days)	Cost (USD)
Documents preparation	12	160	12	130
Customs clearance and technical control	4	100	4	95
Ports and terminal handling	3	150	4	175
Inland transportation and handling	2	200	1	200
Totals	21	610	21	600

Documents	Export documents:	Import documents:
	<ol style="list-style-type: none"> 1. Bill of lading 2. Certificate of origin 3. Commercial Invoice 4. Customs export declaration 5. Packing list 6. Technical standard/health certificate 	<ol style="list-style-type: none"> 1. Bill of lading 2. Cargo release order 3. Commercial invoice 4. Customs import declaration 5. Inspection report 6. Packing list 7. Technical standard/health certificate 8. Terminal handling receipts

4.3.2 Comparative Analysis of Vietnam's TAB Indicators

This section will attempt to do a comparative analysis of Vietnam's 2013 TAB Indicators with her neighbours in the Association of South East Asian Nations (ASEAN) as well as against the average figures for East Asia and Pacific region. The purpose of this analysis is to determine whether the TAB indicators of Vietnam is the norm within the region, or is there any measure which stands out as much worse off.

When compared to the average for East Asia & Pacific economies Vietnam's number of documents and time needed for export and import are about equal to the average. While its cost is much lower than the average.

However when compared against its neighbours in ASEAN, it is highly noticeable that the number of days it takes to export and import is one of the highest in the region. Vietnam's 21 days to export is almost equal to that of Cambodia, who is 118 in TAB ranking. Its 21 days to import is much higher than countries such as Malaysia or the Philippines.

Besides the time taken to export and import, Vietnam's number of documents needed are also slightly more than its neighbours. For example, 8 documents are needed for import versus 6 for Malaysia and 5 for Thailand.

Economy	TAB Ranking	Export			Import		
		Documents (number)	Time (days)	Cost (USD)	Documents (number)	Time (days)	Cost (USD)
East Asia & Pacific		6	21	\$923	7	22	\$958
Singapore	1	4	5	\$456	4	4	\$439
Malaysia	11	5	11	\$435	6	8	\$420
Thailand	20	5	14	\$585	5	13	\$750
Indonesia	37	4	17	\$644	7	23	\$660
Brunei Darussalam	40	6	19	\$680	6	15	\$745
Philippines	53	7	15	\$585	8	14	\$660
Vietnam	74	6	21	\$610	8	21	\$600
Cambodia	118	9	22	\$755	10	26	\$900
Lao PDR	160	10	26	\$2,140	10	26	\$2,125

4.3.3 Time to Export and Time to Import Analysis

This section attempts to drill down in greater detail what causes Vietnam's the time to export and time to import to be much higher than its ASEAN neighbours. The tables below

show the documents which are needed for Export and Import.

The table below shows the detail for export:

	Export				
	Documents Preparation	Customs Clearance and Technical Control	Ports and Terminal Handling	Inland Transportation and Handling	Total
Singapore	1	1	1	2	5
Malaysia	5	1	2	3	11
Thailand	8	1	3	2	14
Indonesia	11	1	2	3	17
Brunei Darussalam	11	2	3	3	19
Philippines	8	2	3	2	15
Vietnam	12	4	3	2	21
Cambodia	14	3	3	2	22
Lao PDR	15	2	4	5	26

It is noted that the number of days needed for Customs Clearance and Technical Control is much higher than its ASEAN neighbours. In addition, the days needed for Documents Preparation is also quite significant as compared to Thailand and Malaysia.

The table below shows the detail for import:

	Import				
	Documents Preparation	Customs Clearance and Technical Control	Ports and Terminal Handling	Inland Transportation and Handling	Total
Singapore	1	1	1	1	4
Malaysia	3	1	2	2	8
Thailand	8	2	2	1	13
Indonesia	13	4	4	2	23
Brunei Darussalam	11	1	2	1	15
Philippines	8	2	3	1	14
Vietnam	12	4	4	1	21
Cambodia	15	3	5	3	26
Lao PDR	13	7	2	4	26

Similar to export, it is noted that the number of days needed for Customs Clearance and Technical Control is higher than its ASEAN neighbours. In addition, the days needed for

Documents Preparation is also quite significant as compared to Thailand and Malaysia.

Therefore, upon very brief analysis, it seems that in order for Vietnam to improve in its TAB ranking, it has to focus on improving export/import document preparation, and customs clearance and control processes.

4.3.4 Logistics Performance Index

For Vietnam's Logistics Performance Index assessment, the World Bank survey showed Vietnam with the following score and ranking:

	Vietnam	
	Score	Rank
Customs	2.68	53
Infrastructure	2.56	66
International shipments	3.04	58
Logistics competence	2.89	51
Tracking and tracing	3.10	55
Timeliness	3.44	76
Overall LPI	2.96	53

Overall, Vietnam ranks 53 out of 155 countries in the survey, which is a healthy sign.

The following tables provide the 2010 Logistics Performance Index assessment for Vietnam, vis-à-vis selected ASEAN economies and the East Asia & Pacific's regional average.

Country	Rnk	LPI	Customs	Infrastructure	Int. shipments	Logistics competence	Track & trace	Timeliness
East Asia & Pacific (regional average)		2.73	2.41	2.46	2.79	2.58	2.74	3.33
Singapore	2	4.09	4.02	4.22	3.86	4.12	4.15	4.23
Malaysia	29	3.44	3.11	3.5	3.5	3.34	3.32	3.86
Thailand	35	3.29	3.02	3.16	3.27	3.16	3.41	3.73
Philippines	44	3.14	2.67	2.57	3.4	2.95	3.29	3.83
Vietnam	53	2.96	2.68	2.56	3.04	2.89	3.1	3.44
Indonesia	75	2.76	2.43	2.54	2.82	2.47	2.77	3.46
Lao PDR	118	2.46	2.17	1.95	2.7	2.14	2.45	3.23
Cambodia	129	2.37	2.28	2.12	2.19	2.29	2.5	2.84

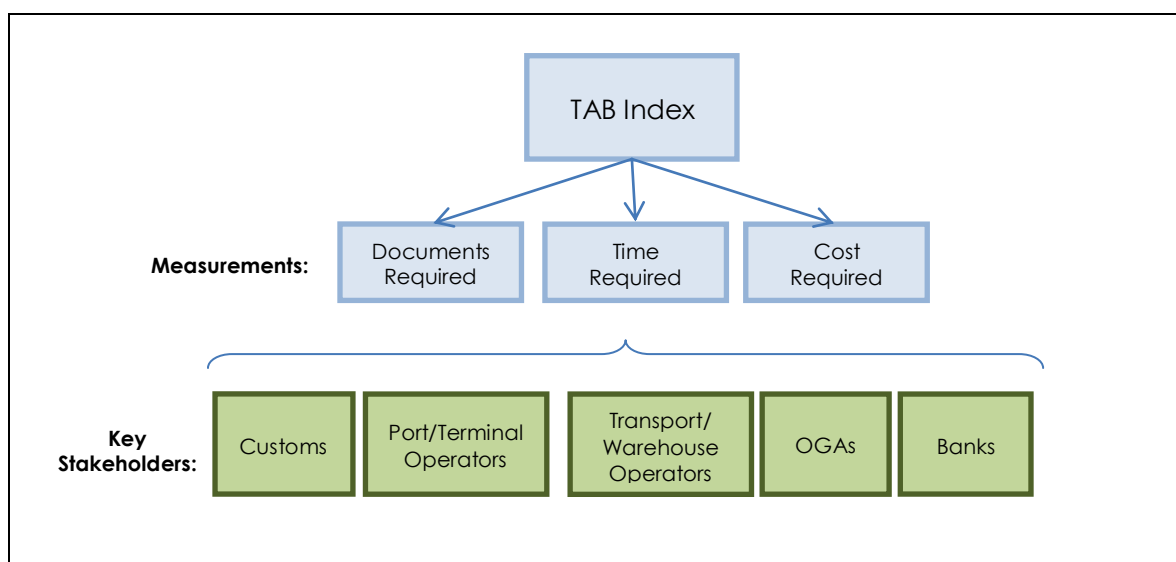
Against its neighbours such as Malaysia and Thailand, the weakest measurements for Vietnam are Customs and Infrastructure.

However, Vietnam's overall LPI rankings and indexes are above the average for East Asia & Pacific economies. Meaning that they are better than that of many countries in the region, but there is still room for improvement if it wants to get into the top 50 ranking in the indexes, or to be comparable with countries in the Organisation for Economic Co-operation and Development (OECD).

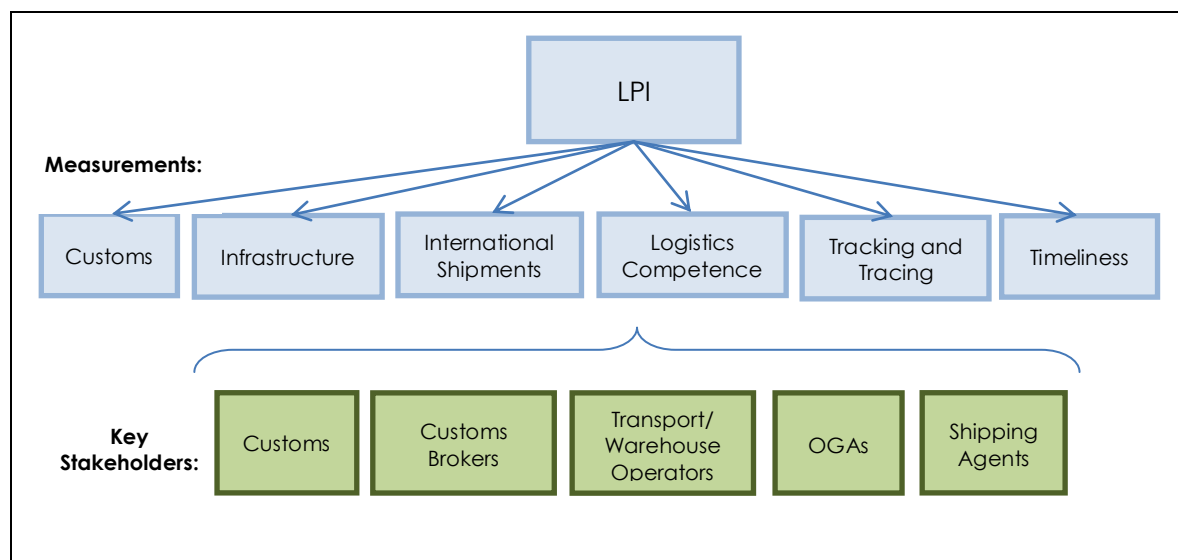
4.4 Key stakeholders

In order to identify the key stakeholders that will impact Vietnam's trade facilitation effort, there is a need to know what measurements are taken into account when compiling the Trading Across Borders index, and the Logistics Performance Index.

In the case of Trading Across Borders, the key stakeholders who can affect Vietnam's ranking are Customs, port and terminal operators, transport and warehouse operators, government agencies that issue import/export permits, and banks.



For Logistics Performance Index, the key stakeholders are Customs, government agencies that handles infrastructure, shipping agents and local logistics industry which includes transport and warehouse operators, and customs brokers.



The identified stakeholder groups are then mapped to the actual stakeholders in Vietnam:

Trade Facilitation Stakeholders	Stakeholders specific to Vietnam
Customs	Vietnam Customs
Port/Terminal Operators	Sea Ports: Haiphong Port Holding Air Ports: NoiBai Cargo Terminal Services
Transport/Warehouse Operators	-
Other Government Authorities and Agencies	Ministry of Planning and Investment Ministry of Industry and Trade Vietnam Chamber of Commerce and Industry Ministry of Agriculture and Rural Development Hai Phong Economic Zone Authority
Banks	World Bank
Customs Brokers	-
Shipping Agents	Vietnam Freight Forwarder Association
Traders	Vietnam Aviation Business Association

Therefore the diagnostic trip's visits were arranged such that the consultants would visit the above stakeholders.

4.5 Vision & Trajectory

The goal of the Diagnostic Trip is to focus on ways in which Vietnam could make it faster, cheaper and easier to trade across borders. Specifically, it seeks to achieve

recommendations on the following points:

- Ways to improve coordination amongst relevant government regulatory agencies;
- Ways to tackle reforms holistically and ensure smooth transitions to new systems and processes;
- Ways to take advantage of information technology (IT) to speed up service delivery, such as by developing paperless or Single Window systems to allow services to be delivered in a more seamless manner;
- Assess and recommend how best to involve the private sector as service providers in the design, development and/or implementation of new processes, such as via Private-Public Partnerships (PPP); and
- Recommend solutions that are cost-efficient, and also sustainable in the medium to long term.

The long term vision of Vietnam government is to improve its trade procedures and processes thus improving its economy's competitiveness. A clear indicator that Vietnam has achieved this would be to improve Vietnam's ranking in both TAB and LPI indicators.

5. Current Profile and Reforms

This section lists the current trade profile of the country as well as the reforms which the Vietnam government has already embarked on. Specifically, there will be emphasis on issues related to import and export procedures as well as matters which may either improve or hinder trade facilitation effort by the Vietnam stakeholders.

5.1 Country Trade Profile

Vietnam joined the World Trade Organization in January 2007 following more than a decade-long negotiation process. Vietnam became an official negotiating partner in the developing Trans-Pacific Partnership trade agreement in 2010. Agriculture's share of economic output has continued to shrink from about 25% in 2000 to about 22% in 2011, while industry's share increased from 36% to 40% in the same period¹.

Information from the World Trade Organization (WTO)² shows that Vietnam's GDP in 2011 grew at 6% year-on-year, which is less than the 7% per annum average achieved during the last decade. In 2011, exports increased by more than 33%, year-on-year, but the trade deficit, while reduced from 2010, remained high, prompting the government to maintain administrative trade measures to limit the trade deficit.

The table below shows the breakdown in Vietnam's total exports as well as imports:

Breakdown in total exports (2011)		Breakdown in total imports (2011)	
	%		%
By main commodity group (ITS)		By main commodity group (ITS)	
Agricultural products	22.90	Agricultural products	12.30
Fuels and mining products	11.60	Fuels and mining products	15.90
Manufactures	64.00	Manufactures	68.90
By main destination		By main origin	
United States	19.70	China	23.80
European Union (27)	15.80	Korea, Republic of	11.50
China	10.70	Japan	10.60
Japan	10.70	Taipei, Chinese	8.20
Korea, Republic of	4.30	European Union (27)	7.50

¹CIA World Factbook (<https://www.cia.gov>)

² World Trade Organization (<http://www.wto.org>)

5.2 Country Infrastructure

As Vietnam becomes richer it faces challenges in adapting its infrastructure policies and institutions. While the old challenges of providing basic services to all remain, new challenges are emerging.

In terms of transport infrastructure, Vietnam's economic growth requires efficient multimodal and logistics services to support both international trade and internal distribution. The transport sector has contributed positively to the economic growth of Vietnam over the past decade and has helped reduce poverty directly through better linkages to markets, education and health facilities and indirectly through its contribution to growth.

Vietnam's road system includes national roads administered by the central level, provincial roads managed by the provincial level, district roads managed by the district level, urban roads managed by cities and towns: and commune roads managed by the commune level. The total length of the Vietnam road system is about 222,179 km with 19.0% paved, mainly national roads and provincial roads. The national road system length is 17,295 km with 83.5% of its length paved. The provincial road system is 27,762 km of length with 53.6% paved³. The main highway in Vietnam is the Highway 1A which runs the length of the country from north to south.

The Vietnamese railway network has a total length of 2,632 kilometres, dominated by the 1,726 kilometres single track North-South Railway running between Hanoi and Ho Chi Minh City. The national railway network uses mainly metre gauge, although there are several standard gauge and mixed gauge lines in the North of the country. There were 278 stations on the Vietnamese railway network as of 2005, most of which are located along the North-South line. The Vietnamese railway network is owned and operated by the state-owned enterprise Vietnam Railways (VNR), which operates a number of different subsidiaries involved in construction, communications, training, and other activities connected to railway maintenance⁴.

Along her 3,200km-long coastline, Vietnam has a total of 114 seaports, 14 of which are relatively large and named as the keys to economic development. However, most ports are relatively small with obsolete facilities and poor supporting services. The main sea ports

³ Vietnam Road Administration, 2004

⁴Wikipedia

of Vietnam are Cam Pha Port, Da Nang, Hai Phong, Ho Chi Minh, Phu My, and QuyNhon. The largest is the Ho Chi Minh, then followed by Hai Phong, and third is Da Nang port.

Vietnam operates 24 civil airports, including three international gateways: NoiBai serving Hanoi, Danang serving Danang City, and Tan Son Nhat serving Ho Chi Minh City. Tan Son Nhat is the largest, handling 75 percent of international passenger traffic. Vietnam Airlines, the national airline, has a fleet of 30 aircraft that link Vietnam with 19 foreign cities.

As of early 2012, the Internet penetration in Vietnam is about 34% of the population, or about 30 million Internet users in Vietnam. However, a high percentage of these users of these could be smartphone owners instead of having access to broadband Internet via a fixed line.

5.3 Recent Customs Reforms

The General Department of Vietnam Customs (GDC) had placed great emphasis on customs modernization in recent years. This was initially done with the help from the World Bank and more recently with help from the Japan International Cooperation Agency (JICA).

The first Customs Modernization Project with the World Bank aimed to facilitate trade and increase revenue collection, improve the production of foreign trade statistics, and enhance community protection and national security by improving the effectiveness, efficiency, accountability and transparency of the Customs Administration.

In addition, the project would be a key factor in facilitating Vietnam's entry to the World Trade Organization and help secure the gains from greater integration into the world trading system. The project was expected to meet these objectives by:

- a. Introducing modern Customs systems and procedures based on internationally agreed standards and best practice;
- b. Improving the organizational structure and strengthening the human, financial and physical resource capacity of the Customs Department; and
- c. Introducing appropriate information and communication technology to improve effectiveness, increase transparency, and lower transaction costs.

The Technical Assistance project from the World Bank included consulting services, training, technical assistance and appropriate infrastructure to support three key operational components, and one support component:

- a. Component one deals with the core technical systems, and procedural aspects of the reform program.
- b. Component two improves the organizational and resource management of the new systems.
- c. Component three provides the information and communication technology (ICT) support to achieve world class standards of performance in Customs administration.
- d. Component four provides the technical and managerial support required to achieve effective implementation and long term sustainability of project objectives.

The project ran for 5 years, from November 2005 till June 2011 and was valued at US\$77 million⁵.

More recently, the General Department of Vietnam Customs and Japan International Cooperation Agency (JICA) on 9 April 2012 signed a deal for a technical assistance worth US\$6.6 million to develop electronic customs clearance procedure (eCustoms) in Vietnam. The deal was to help Vietnam build an e-customs system and implement a one-stop customs system. It will facilitate the implementation the Vietnam Automated Cargo and Port Consolidated System and Vietnam Customs Information System (VNACCS/VCIS) which will be based on Japan's Nippon Automated Customs Clearance (NACCS). The project also helps to draw up mechanisms and policies to ensure the security of information as well as procedures to operate and manage the VNACCS/VCIS system and the necessary human resources. The project will be implemented within three year.

5.4 Current Key Trade Facilitation Strategies

There are four key strategies which the Vietnam government is embarking on right now in order to improve trade⁶:

- a. Customs development strategy of Vietnam 2011 – 2020
- b. Export-import strategy of Vietnam 2011- 2020, vision to 2030
- c. Sea transport development strategy of Vietnam 2011 – 2020, vision to 2030
- d. Road development strategy 2011 – 2020, vision to 2030

Apart from the Customs development strategy, which is already briefly discussed in section 5.3 above, the other strategies are highlighted below:

⁵The World Bank

⁶ National Committee for International Economic Cooperation

Export-Import Strategy

The strategy targets an export growth of 11-12% a year to 2020 and for imports growth of 10-11%.

The trade deficit would be reduced to less than 10% of the total export turnover by 2015, to reach a trade balance by 2020 and a trade surplus from 2021 onwards.

To meet the targets, the strategy requires ministries and agencies to restructure and issue policies to encourage the development of export commodities whose competitiveness, growth rate and added value are high. The commodities include construction, materials, petrochemicals, rubber, plastics, electronics and mobile phones.

Policies would encourage and attract investment in the support industries of mechanical engineering, electronic-information, automobile manufacturing, textiles and garments, footwear and high-tech sectors.

As part of the strategy, the Prime Minister instructs relevant bodies to streamline standards and regulations related to quality, hygiene and the environment in the agriculture, forestry and fisheries sectors, especially key export staples of rice, coffee, rubber and seafood, to meet international rules.

The strategy also targets Vietnam-made products in the domestic market to help reduce the trade deficit by improving the link between domestic producers and local consumers.

Policies that encourage the use of locally made machines, equipment and materials in bids for State projects would also be enhanced.

Under the strategy, trade associations are required to enhance market and price forecasts and provide members with periodic information on markets and policies of importing countries to help business improve performances and reduce risks in periods of volatility.

Sea transport development strategy

The Ministry of Transport has committed itself to implement the national plan on developing sea transport till 2020, with orientation to 2030. The ministry has to take effective measures to prevent the congestion of cargoes at seaports.

Under the plan approved by the Prime Minister in 2009, Vietnam's shipping fleet will handle 110-126 million tons of cargoes and 5 million passengers by 2015; about 215 - 260 million tons and 9-10 million passengers by 2020. The respective figures in 2030 will increase by 1.5-2 times and 1.5 times against 2020.

Vietnam will focus on developing specialized blue sea vessels, such as container ships and oil tankers, and heavy ships. Its fleet will have total tonnage of 8.5-9.5 million DWT by 2015, and 11.5-13.5 million DWT by 2020.

The country also plans to build some international transshipment ports, ports in key economic zones and some deepwater ports specialized in handling containers.

5.5 The ASEAN Economic Community Blueprint

In November 2007, the leaders of the ASEAN Member Countries signed a Declaration on the ASEAN Economic Community (AEC) Blueprint at the 13th ASEAN Summit held in Singapore.

The AEC Blueprint is a master plan that guides ASEAN towards achieving an AEC by 2015 by clearly identifying economic integration measures and detailing commitments, targets and timelines for their implementation.

The end-goal of the AEC 2015 is the realisation of a single market and production base, in which there is a free flow of goods, services, investments and skilled labour, and a freer flow of capital, with equitable economic development and reduced poverty and socio-economic disparities.

In the AEC Blueprint, this is translated into four key pillars⁷ - (i) a single market and production base; (ii) a highly competitive economic region; (iii) a region of equitable economic development; and (iv) a region fully integrated into the global economy. Under each pillar are economic measures to further ASEAN's goal towards an AEC.

The rollout of the AEC Blueprint will be based on staggered timelines. Targets for 2009 will cover prioritised actions to be implemented in the very short term. By 2011, other measures already identified in various existing Plans of Action at ASEAN and national levels to give effect to previous commitments are expected to be realised. For the final phase, between

⁷Singapore Ministry of Foreign Affairs

2012 to 2015, relevant sectorial bodies and stakeholders could come forward with necessary proposals of what can be further achieved to realise the vision of the AEC Blueprint.

In October 2012, Economic Research Institute for ASEAN and East Asia (ERIA) published a Mid-Term Review of the Implementation of AEC Blueprint⁸. The report highlights the progress of ASEAN economies in achieving the AEC by 2015 target.

Specifically, Dr. Vo Tri Thanh headed the team from Central Institute for Economic Management (CIEM) which contributes to the Mid-Term Review. They have made good observation and recommendation on how Vietnam could move forward in various aspects at regional and national level, including transport, investment, conformance etc. Among the recommendations made was a section for trade facilitation:

1. Further accelerate the process of administrative reform in the customs.
2. Minimize customs clearance based upon value and type of products, low value threshold.
3. Further expand the range of products that are eligible for green line throughput.
4. Carry out the complete electronic customs solutions and move it from pilot phase to a live system. Enable all the market participants to use e-customs solutions in order to reduce paper work and speed up import and export process.
5. Implement a unified and linked (EDI) infrastructure for custom to increase supply chain quality and ease customs procedures such as temporary imports.
6. Invest more into the ITs systems so that EDI linkage and e-customs can work properly.
7. Standardize the processes between different customs zones in order to save time, works and money for both importers and exporters.
8. Strengthen the information supplied to the traders.

It is beneficial for us to keep the above recommendations in mind in addition to the observations and recommendation made in this report.

⁸Economic Research Institute for ASEAN and East Asia [website](#)

6. Stakeholders Observation

6.1 General Department of Customs

The General Department of Vietnam Customs (GDC) comes under the jurisdiction of the Ministry of Finance.

According to the GDC representative, as of the year 2011, customs collection contributes to about 32% of the state revenue, or around 190 trillion Dong. Of the revenue collected, 39% was from export import taxes and special consumption tax, whereas VAT collection contributes about 60%. The remaining 1% is from other types of collection as well as from fines and violations. Vietnam's VAT percentage is usually 10%. But some goods have 5% VAT, while a smaller portion is 0%.

6.1.1 Observation

The customs modernization project, called the eCustoms programme, is a key priority for GDC. GDC has embarked on their eCustoms programme with the help from the World Bank as well as JICA (please see Recent Customs Reforms for more information).

Under the World Bank funding, GDC planned to roll out ASYCUDA++ system as part of its eCustoms project. eCustoms is currently under pilot. From the year 2005 to 2009 it was pilot in 10 to 13 sites. In July 2011, the pilot was expanded to 20 sites. The sites were selected based on transaction volume and the infrastructure available. We were told that the government is now preparing a decree on the implementation of eCustoms and a task force will be formed to manage the entire project.

As for the JICA funded project, GDC will be receiving the NACCS system to replace the ASYCUDA++ system. Therefore the eCustoms decree could be extended to cover the planned 2014 implementation of the NACCS system.

There are currently two types of declaration submissions to Customs:

1. Distant Declaration where electronic declaration form is submitted first, then followed by paper submission. More than 80% of total declaration received by GDC is still Distant Declaration.
2. Electronic Declaration where electronic declaration is fully automated. Currently less than 20% of total declaration is submitted with this mode.

With the implementation of eCustoms, the GDC wanted all declarations will be submitted via the Electronic Declaration method, which will make hardcopy submission a thing of the past. In addition, supporting documents can also be scanned and uploaded with Electronic Declaration method.

The GDC representative revealed the current percentage of declarations for each lane:

- a. Red lane – 30 to 40% of all import declarations goes through the red lane.
- b. Yellow lane – 60% of all import declarations, but half of yellow will be directed into the red lane.
- c. Green lane – 20 to 30% of all import declarations.

According to the representative, most consignments that are assigned to the green lane will be cleared without further inspection. However a high percentage of yellow and red will need to get permit for their shipment. Restricted goods will usually be assigned to the red lane for inspection. Classification of declaration under yellow or red lane is done automatically via the customs system (ASYCUDA++).

There are currently a few companies that provide the declaration FrontEnd to the customssystem. In Hanoi, Thaisonis the company, whereas in Ho Chi Minh and other major cities, there are other companies providing this service. These are private companies who offer other value added services to the traders too.

Apart from eCustoms project, we were told by the GDC representative that some of the initiative which customs are currently involved in are:

- a. Implementing trade policies of import/export of goods
- b. Modernization of Customs policies and processes through the use of information technology
- c. Streamlining of Customs procedures to remove bottlenecks
- d. Reviewing Customs laws with regard to electronic Customs procedure framework and introducing them as a decree.

With regards to improving the Trading Across Borders indicator on the number of days for export and import, Customs is working on several ways to reduce this. The initiatives include:

- a. The reduction of customs declarationsthrough Distant Declaration, and promoting the use of Electronic Declaration.

- b. The adoption of eManifest programme. Where the eManifest initiative will first be implemented like the Distant Declaration. Carriers and forwarders have to submit electronic copy of manifest followed by hardcopies. But eventually the programme will be fully automated and only electronic format will be accepted.
- c. The acceptance of electronic payment instead of cash payment to customs.

Another initiative by Customs is to reduce the number of documents to be submitted for export and import, whereby Customs allows enterprise to submit some documents at a later stage. For example the Certificate of Product Quality can now be delayed. Trader will just need to show that the activity is planned.

Lastly, the representative told us that Vietnam recently implements the AEO program, but this is different from international AEO program. Vietnam's AEO program is trade facilitation focus whereas the international version is more security focused. He said that the international version is limited in Vietnam because of infrastructure and time constraints.

6.1.2 Recommended Best Practices

It is encouraging that GDC is embarking on customs modernization project to introduce fully electronic submission and approval of customs declaration as well as manifest.

Meanwhile, GDC should also note some of the best practices which include the recommendation below: the adoption and implementation of WCO SAFE Framework of standards, and the adoption of AEO Programme. The benefit would be:

- Lower the inspection rate for cargo which is rather high right now (60% assigned to yellow and red lanes). This will reduce bottle neck at customs.
- Closer corporation with other customs administration within the region.
- Strengthen the relationship between customs and businesses
- Facilitate the clearance of goods

Adopt and Implement WCO SAFE framework of standards in phases

The World Customs Organization (WCO) has, in June 2005, endorsed strategy to secure the movement of global trade in a way that does not impede but, on the contrary, facilitates the movement of trade. It is known as the WCO SAFE Framework of Standards to secure and facilitate global trade (hereafter referred to as the "SAFE Framework"). The SAFE Framework sets forth the principles and the standards and presents them for adoption as a

minimal threshold of what must be done by WCO Members.

The SAFE Framework aims to:

- Establish standards that provide supply chain security and facilitation at a global level to promote certainty and predictability.
- Enable integrated supply chain management for all modes of transport.
- Enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century.
- Strengthen co-operation between Customs administrations to improve their capability to detect high-risk consignments.
- Strengthen Customs/Business co-operation.
- Promote the seamless movement of goods through secure international tradesupply chains.

As GDC is a member of WCO, it is thus a recommended best practice for GDC to adopt and implement the SAFE Framework in phases, as part of its capacity building programme. The Framework consists of four Core Elements and two Pillars as detailed below:

Four Core Elements of SAFE Framework -

1. First, it harmonizes the advance electronic cargo information requirements on inbound, outbound and transit shipments.
2. Second, each country that joins the SAFE Framework commits to employing a consistent risk management approach to address security threats.
3. Third, it requires that at the reasonable request of the receiving nation, based upon a comparable risk targeting methodology, the sending nation's Customs administration will perform an outbound inspection of high-risk containers and cargo, preferably using non-intrusive detection equipment such as large-scale X-ray machines and radiation detectors.
4. Fourth, the SAFE Framework defines benefits that Customs will provide to businesses that meet minimal supply chain security standards and best practices.

Two Pillars of the SAFE Framework –

The SAFE Framework, based on the previously described four core elements, rests on the twin pillars of Customs-to-Customs network arrangements and Customsto-Business partnerships. The two-pillar strategy has many advantages. The pillars involve a set of standards that are consolidated to guarantee ease of understanding and rapid international implementation. Moreover, this instrument draws directly from existing WCO

security and facilitation measures and programmes developed by Member administrations.

Implement the Authorized Economic Operator (AEO) Programme

One of the driving forces for development of the AEO initiative is the rising momentum in the international community to secure trade while facilitating legitimate trade, as is addressed in the adoption of the WCO SAFE AEO guidelines in 2006. The AEO programme is essentially a trade facilitation instrument, with the aim to enhance security through granting recognition to reliable operators (AEO) and promote best practices at all levels in the international supply chain.

The AEO has its origins in the revised Kyoto Convention, which contains standards on “authorized persons”, and national programmes. The AEO also shares some elements with other Customs compliance programmes, which are focused on fiscal rather than security criteria. The WCO SAFE Framework defines an AEO as:

“a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs Administration as complying with WCO or equivalent supply chain security standards. AEOs include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors”.

The AEO programme is intended to include all economic operators to enhance security along all points of the supply chain.

As of July 2010 the WCO AEO Compendium informed that 30 AEO programmes in 56 countries (27 EU Member states have a single, uniform programme) have been instituted. Within the APEC, five AEO programmes have been in place (Japan, China, Korea, New Zealand, Singapore, Malaysia, United States, and Canada). In the Asia Pacific regions, the following countries have already launched their AEO programme: China, Japan, Korea, Malaysia, New Zealand, and Singapore.⁹

6.2 Ministry of Industry and Trade

The Ministry of Industry and Trade (MOIT) handles a large portfolio of responsibilities, one of which is issuing licenses and permits for the import and export of controlled goods. This is through its Export-Import Department. Examples of goods which the MOIT controls are

⁹Mariya Polner, 2010, WCO Research Paper No. 8, Compendium of Authorized Economic Operator (AEO) Programmes

petrol/oil, sugar/salt/tobacco raw material/poultry egg, fertilizer, sport gun etc¹⁰.

Another procedure handled by the ministry is the granting of preferential Certificate of Origin.

6.2.1 Observation

We were told by the ministry's representative that there is currently no high level committee for trade facilitation matters. Customs (GDC) currently plays that role alone, and most trade facilitation initiatives are from them.

Nonetheless, there is a National Steering Committee for Single Window (SW) which is headed by the Ministry of Finance and consists of all related government bodies, for example Ministry of Industry and Trade and Ministry of Transport. There are technical working groups under this steering committee.

On the topic of Vietnam Nation Single Window (NSW), the pilot for it is planned for the year 2014, and implementation is scheduled for year 2015. Crown Agent has been engaged as the consultant for the NSW initiative. The consultancy is to be carried out in 7 months, from January 2012 to July 2012.

The NSW project will include electronic Certificate of Origin (ECO) and there will be data exchange between MoIT and GDC. There are 2 phases of development for the NSW:

- The 1st phase is between year 2012 and 2013, which will involve Ministry of Industry and Trade, Ministry of Transport, and Ministry of Finance (lead agency).
- The 2nd phase is planned to start in year 2014, and it will involve the rest of the ministries.

In addition to the NSW, the ASEAN Single Window (ASW) is also viewed as an important project for the team, with the ASEAN Trade Repository for storing procedures of customs and trade to be created by 2015. And the exchange of ATIGA (ASEAN Trade and Goods Agreement) between the ASEAN nations carried out after that.

The ministry's representative shared with us what he thought are the improvements that can be carried out in the area of trade facilitation:

- a. Infrastructure improvement to lower the cost of transport for goods movement.

¹⁰ Ministry of Industry and Trade website (www.moit.gov.vn)

- b. Implementation of eCustoms to implement to paperless submission.
- c. Simplifying the administration procedures for licenses (Program 30). This program is headed by a Deputy Prime Minister. One of its priority sector is trade, export and import.
- d. Harmonization of APEC procedures needed for TPP for FTA with USA.
- e. Amending the law for National Single Window and also for self-certification. There are currently 2 pilots for self-certification, one between Vietnam and Singapore/Malaysia/Brunei/Thailand and one between Vietnam and Philippines/Indonesia/Lao.
- f. Change management and training have to be provided to officers and personnel on the new initiatives such as the NSW and ASW.

The application for Certificate of Origin is carried out through a system known as ECOSYS online.

6.2.2 Recommended Best Practices

The Asia Pacific region is changing at a fast pace and some countries in the Asia Pacific region had begun the trade reform process. Countries which the World Bank Regional Profile: APEC (2012) report cited are Chile, Russian Federation, Brunei, Indonesia, Philippines, and Thailand. Of previously mentioned countries, Thailand set up a National Competitiveness Committee to provide the leadership in trade facilitation. The Thai experience is largely successful and is introduced here as a best practice case study. (Do note that this high level committee is different from the steering committee for the National Single Window, which will be discussed in later sections.)

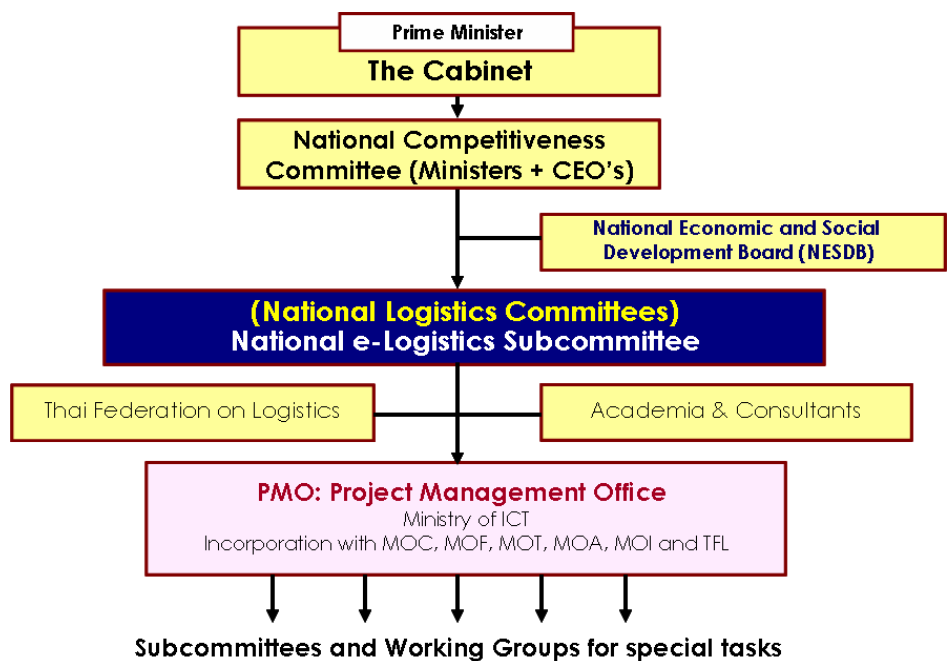
On the topic of self-certification of Origin, it is a growing trend among ASEAN countries. As Vietnam is carrying out pilots for self-certification, it will be useful to serve as reference what it means and how this initiative is implemented in other countries.

Set up a high level committee to take charge of trade facilitation

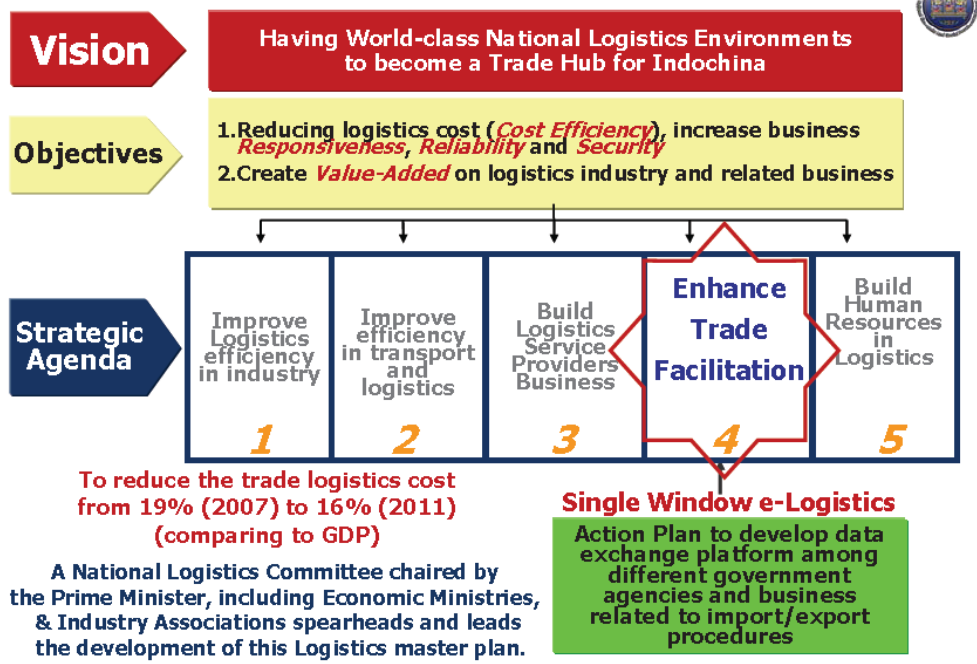
The diagram below depicts Thailand's National Institutional Framework¹¹ to develop their Efficiency in Logistics for National Competitiveness. The key body – the National Competitiveness Committee is a high level body which comprises public-private strategic committee, chaired by the Prime Minister and comprised of economics-related Ministers and key private leaders (e.g. Chambers of Commerce, Bankers' Association, and Industry

¹¹ Thailand Single-Window e-Logistics- Roadmap & Architecture, Somnuk Keretho, Presentation at the APEC Symposium on the Assessment and Benchmark of Paperless Trade 2005, Beijing China

Federation etc.). This National Competitiveness Committee initiated a task force to develop a Logistics Development Master Plan for national logistics competitiveness, and established the National Logistics Committee



Logistics Development Master Plan (2007 -2011) endorsed by the Cabinet on Feb 2007

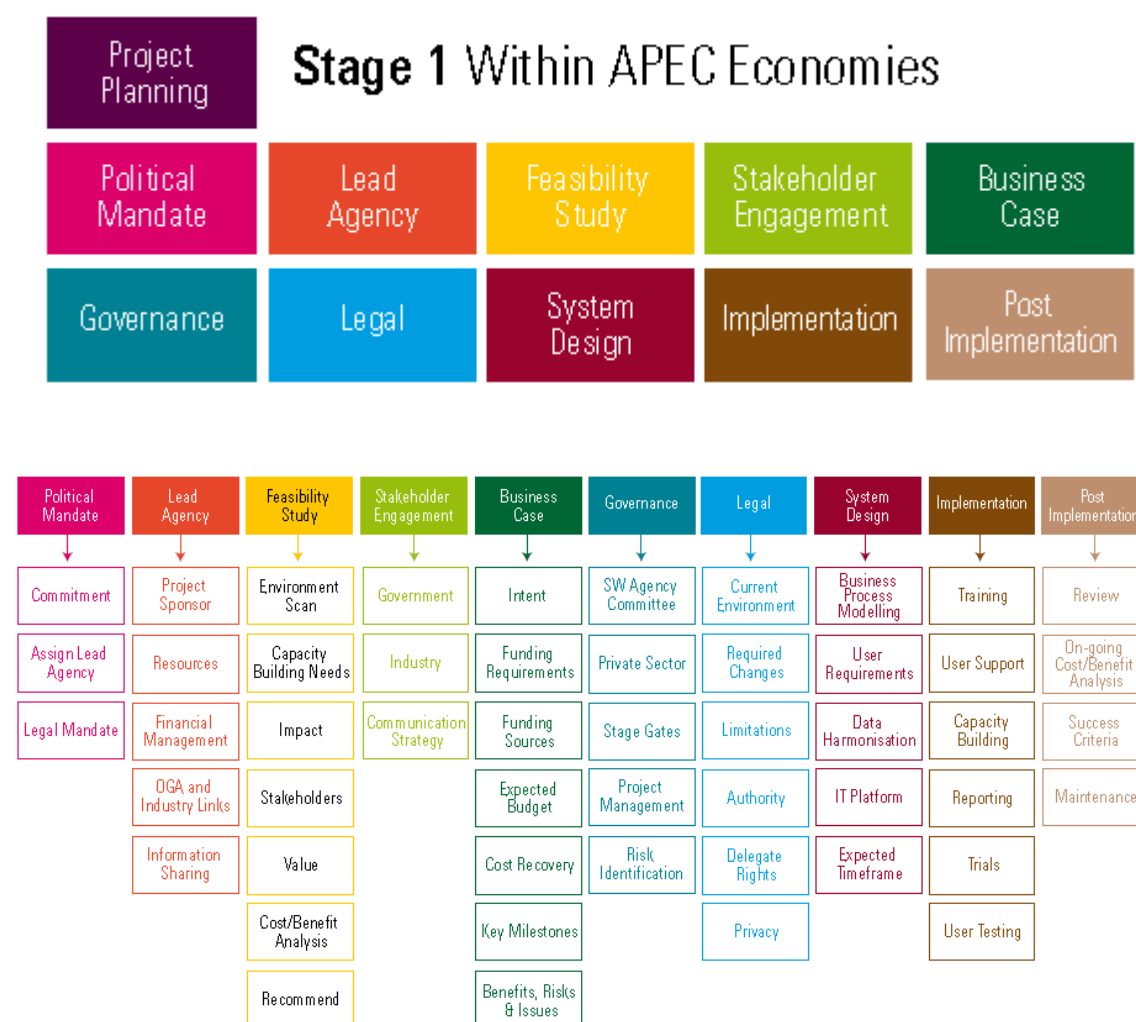


Vietnam currently lacks a sufficiently high level national committee to pursue the “whole-of-government approach” the trade facilitation or logistics agenda.

It is recommended Vietnam establish a national trade facilitation committee, vested with appropriate authority to drive the country's trade facilitation efforts (considering both exports and imports, as well as considering all transport modalities) and enhancement of trade logistics in the country.

The committee should preferably be chaired by top political masters, supported by an overall lead agency such as the MoIT. This will signal to both public and private industries that there is commitment at the highest level of the government.

The suggested roles and responsibilities of the national trade facilitation committee can follow the APEC Single Window Implementation guidelines, which is depicted in the following diagrams.



Of interest to MOIT, is the development of the business case for the various trade facilitation reforms and initiatives. It is proposed that support the National Trade Facilitation Committee, various working committees should also be established to study in greater details the issues and to determine the cost / benefits of the reforms needed. These working groups would also oversee the implementation of the reforms in each of their own areas and ensure that the outputs of the initiatives meet the desired outcomes.

Implement self-certification of Origin

Self-Certification of Origin is an alternative to the authorized Certification of Origin system. How it works is that exporter and manufacturer self-certify that the said product qualified as originating good under specific Free Trade Agreement. This is to be done based on knowledge that the product meets the requisite rules of origin. The certificate is then issued on the company's letterhead, invoice, or prescribed format of declaration

This self-certification of Origin is practiced in:

- New Zealand - Singapore Closer Economic Partnership 2001
- European Free Trade Association - Singapore FTA (ESFTA) 2003
- US - Singapore FTA (USSFTA) 2004
- Panama - Singapore FTA (PSFTA) 2006
- Trans-Pacific Strategic Economic Partnership Agreement (TPSEP) in 2006.

Apart from the above, there is an initiative on ASEAN Self-Certification of Origin Pilot. It is a one-year ASEAN Self-Certification Scheme piloted by Singapore, Malaysia and Brunei as part of a wider plan to roll out the scheme in all ASEAN member states by 2012.

The pilot self-certification project was launched on 1 November 2010, and it involves 22 certified traders exporting from Singapore. The scheme enables certified exporters to self-certify the origin of their exports to enjoy preferential tariffs under the ASEAN Free Trade Area.

With the new self-certification scheme, certified exporters can simply self-declare the economy of origin for their goods on the commercial invoice or, if the invoice is not available at the time of export, any other commercial document such as a billing statement or delivery order.

The benefit is that the exporters save time and money in doing self-certification as compared to applying for Certificate of Origin through MOIT or VCCI.

6.3 Vietnam Chamber of Commerce and Industry

Founded in 1963 in Hanoi, the Chamber of Commerce and Industry of Vietnam (VCCI), promotes trade between Vietnam and the rest of the world. Today, the VCCI has about a hundred thousand members across the country. Members of VCCI are usually private and joint venture companies. It has offices in all major cities in Vietnam.

VCCI helps get opinion on draft regulation and law from businesses, as well as bring Vietnamese delegations abroad. Foreigners could get information on Vietnam's small and medium enterprises (SME) via VCCI information centres.

VCCI also issues non-preferential Certificate of Origin for exporters.

6.3.1 Observation

The VCCI representative told us that Vietnam has a master plan to promote SME from the year 2011 to 2015. This master plan includes the following activities:

- a. Setup of Vietnam SME administration centre.
- b. Provide training.
- c. Setup of information centres.
- d. Provide credit and capital advises.
- e. Provide Technology assistance.
- f. Link SME to foreign enterprises.

VCCI also highlighted some pressing issues faced by the local SME:

- a. Poor transport infrastructure.
- b. Poor labour quality.
- c. The need for administrative procedure reform.
- d. The general high cost of doing business.
- e. Capacity issues.
- f. The lack of capital.

VCCI issues non-preferential Certificate of Origin (CO) and there are 2 modes of application – online through its website, or by paper submission. VCCI uses the same system as MOIT to process online CO, the ECOSYS. With online CO application, the certificate can be processed and obtained in 1 hour.

In addition to issuing CO, VCCI has several initiatives with GDC, including information

sharing (for example survey results), arranging meeting between its members and GDC, and helping GDC to reach out to its members.

The VCCI representative has also told us that there is no champion or lead agency in trade facilitation in Vietnam though many government agencies are involved. And there is no private-public partnership project in this area either.

6.3.2 Recommended Best Practices

The Certificate of Origin is one of the key documents in international trade, and it is especially important where the CO is required as part of bi-lateral or multi-lateral agreement.

The implementation of online submission of application for CO is indeed a best practice which has been implemented in many countries. It is thus important for Vietnam to continue to encourage its traders to apply for CO online instead of through paper application. The online CO can eventually be used for electronic data exchange.

Singapore even went as far as issuing a CO which can be printed on normal A4 size paper on any laser printer. Singapore's online CO system is thus presented below as a case study and a recommendation.

Implement the full-featured Electronic Certificate of Origin

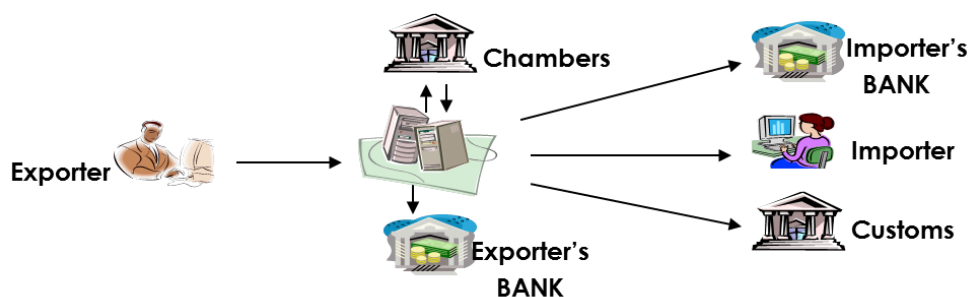
The Singapore Electronic Certificate of Origin (ECO) system was launched in 2001. The system allows the exporters and their agents to apply for CO online. At the same time, it also allows the authority to certify the CO online, after which the CO data can then be sent to interested parties, such as banks, customs authorities, or even the importer.

The following are the key features of the ECO system:

- The system is built on the PKI Security Framework.
- The system interfaces with financial institutions (banks) and third party Agents.
- The system is built on workflow for both the exporter and the approving authority.
- The system has Electronic CO printing option, which the exporter can print the CO via a normal laser printer on an A4 size paper.
- In the case of self-printing of CO, the system has built in security features such as water marking, transactional micro-printing, as well as print control built in.
- The system allows the printing of CO by exporters or designated trading partners.
- The system allows anytime, anywhere access of CO by bank, overseas buyers and

designated trading partners.

- The system interfaces with other systems from interested parties so that the CO data can be reused and shared. For example, interface with the banks' systems, customs authorities' systems, as well as any other service providers.



Benefits of the ECO system to the Singapore exporters are:

1. Singapore trading community has an estimated savings of about US\$1.6 million a year.
2. For an exporter with an average of 10 CO applications per month, he will have 54% cost saving from the electronic procedure as compared to manual CO application and printout.
3. The entire process from application to transaction of CO was reduced from hours, and perhaps days, to within minutes.

6.4 Ministry of Agriculture and Rural Development

The Ministry of Agriculture and Rural Development (MARD) is a government ministry responsible for rural development and the governance, promotion and nurturing of agriculture and the agriculture industry, in Vietnam. The purview of the Ministry includes forestry, aquaculture, irrigation and the salt industry; it is also involved in water management and flood control¹². The Ministry maintains 64 provincial department offices throughout Vietnam. The Ministry itself is located in Hanoi.

The coordination of trade is carried out by the Department of Processing Trade of Agriculture Product within the MARD, while the Department of International Cooperation deals with integration of market access and the development of new markets.

The MARD issues licenses and permits for the import and export of controlled goods,

¹²Wikipedia

including agricultural products like rice, coffee, pepper etc., as well as forestry and fishery related matters such as fishery certificates and Sanitary and Phytosanitary (SPS) certificates. In fact three departments issue SPS certificates:

- a. Department of animal health for livestock production
- b. Department of plant protection
- c. NFIQAD issue food safety and fishery certificates

Furthermore information can be found in the food safety law, which states clearly the department and ministry in charge of what type of food.

6.4.1 Observation

The ministry's representative said that Circular 13 & 25 provides guideline to the license which traders need for import of product into Vietnam. There are controlling bodies for various types of goods, such as rice, coffee and rubber. Export of certain goods will require SPS certificates from Vietnam. The country is in discussion with ASEAN countries whether SPS is needed. This depends on country, in general no problem for ASEAN. The Ministry thus is coordinating both internal and external access.

Prior to goods clearance, a hardcopy of the permit has to be brought to the Ministry's office to be stamped.

There is some level of coordination between offices and officers across the country's borders in order to restrict goods flow.

Problem face in terms of export:

- a. There are 13 million farmers in Vietnam and it is difficult for them to synchronize their agriculture production, thus they are not able to tap on the volume.
- b. Quality is not high. MARD is trying to create environment so that farmers can benefit from rice production etc.
- c. Products also need to be certified – GAP to increase quality of produce in agriculture and livestock. To allow both public and private companies to participate.
- d. Cost of production is high – This is due to high interest rate (> 15% for borrowing), and high inflation. Policies exist to help farmers to get credit without collateral. There is a pilot project to give farmers guarantee.
- e. Poor infrastructure such as road, rail and warehouses.

There is an electronic network that can let Department of Animal Health access license/permit that were issued at the border. However the ministry representative said that most IT in use at MARD is email. Good IT network and infrastructure will be needed for effective Intranet setup.

6.4.2 Recommended Best Practices

Implement online application and approval for licenses and permits

If a Vietnamese trader needs to import or export specific commodities controlled by the relevant departments at MARD, the trader has to apply for the license manually with the MARD. Physical hard-copies of the application form and supporting documents are required by OGA before they approve the application and issue the relevant license.

If the goods in a consignment are controlled by more than one Ministry, the customs agent will have to apply multiple times to different Ministries to get license or permit. These multiple windows and multiple forms for submissions increase the cost and time for customs clearance, which is one of the reasons that Documents Preparation in the TAB index is quite high for Vietnam – 12 days.

It is recommended that license and permit application with all related Ministries should be online and supporting documents should be scanned and uploaded to the relevant Ministries for processing. Once approved, the permit reference number can be shared with the trader and customs.

Such computerisation of the Ministries will take a lot of infrastructure development as well as IT investment; however, the benefit will be reduction of document preparation time and reduction of cost for traders.

Implement automated risk assessment for government agencies

In tandem to online license and permit application, there should also be automated risk assessment system for agencies which handle import and export permits. The reason is because this will speed up the clearance of controlled cargo at the ports of entry and exit, as the agencies' inspectors need not inspect all cargo, but rather focus on those flagged as high risk by the system. Another key reason is that the system will enable faster response time by agencies across the country in preventing any cargo from entering. It will be more effective than email communication.

The automated risk assessment can be a module inside the automated license and permit

system mentioned previously, or it could be a module in the National Single Window, which will be discussed later in this report.

6.5 Hai Phong Economic Zone Authority

There are 16 economic zones and as many Economic Zone Authorities in Vietnam.

In the last 3 years, the VN government has established several economic zones and industrial zones. Hai Phong Special Economic Zone is one of them. It consists of 5 industrial zones and 1 free tariff zone.

The function of the zone authority is to manage the different zones in Hai Phong. It was planned that by 2020, Hai Phong will have 60 industrial zones, but as of now, there are only 5. There are about 60 large enterprises in the zone.

6.5.1 Observation

The Hai Phone Economic Zone Authority (HEZA) representative told us that the key incentives to operate within the economic zone are:

- a. Reduction of corporate income tax.
- b. Reduction of personal income tax

Most items produced in the zone are from imported goods, before they are re-exported. Benefits for the manufacturers are that the goods are not taxable during import; while the manufacturers need to pay tax on export, these amount paid can be refunded.

The representative does not think that there is bottleneck or problem moving goods in and out of the zone.

In answer to the question of why are there not more enterprises in the zone, the representative said:

- a. Because the cost of relocation is high.
- b. Some enterprises still do not know what HEZA does and what the benefit of being located in the SEZ are.

For exporters, it is not difficult to get the ASEAN Trade In Goods Agreement (ATIGA) Certificate of Origin (CO) Form D which HEZA issues in the economic zone. Companies just need to apply online through the ECOSYS. The supporting documents needed are:

- a. CO application form
- b. Transport document
- c. Customs declaration
- d. Commercial invoice
- e. Bill of Lading

The ATIGA Form D application can be either by paper or electronic, but most applicants prefer paper. Form D can be issued within 8 hours of submission of application and supporting documents.

One problem highlighted by the HEZA representative is that exporters have to go to many places to get CO. Form D has been outsourced to the zone authority, but not other CO forms.

- a. ATIGA Form D at HEZA
- b. Non-preferential CO at VCCI
- c. Preferential CO at MOIT

The HEZA representative said that perhaps MARD could allow the zone authority to issue more than just the Form D, and to train their personnel to handle the different types of CO too.

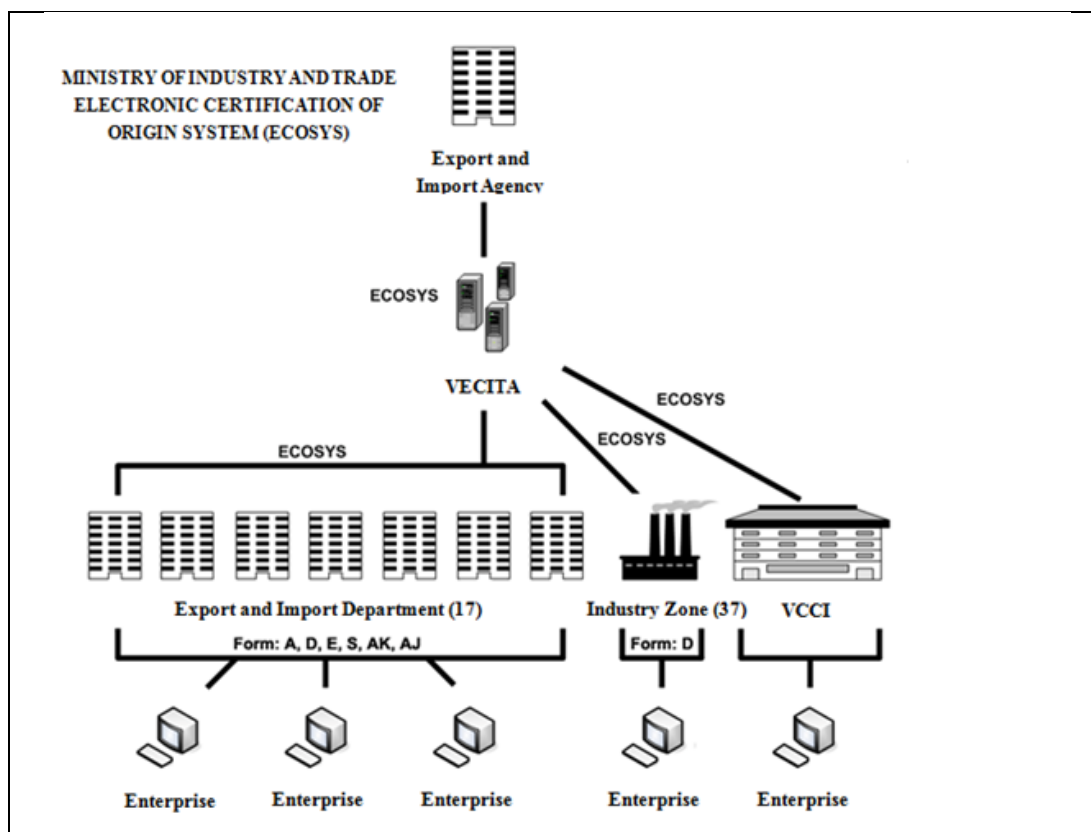
We were told that there is a monthly dialog between GDC and HEZA. The local enterprises deal directly with GDC, who then involve HEZA whenever it is necessary. In addition to dialogs, customs report any violations to HEZA.

6.5.2 Recommended Best Practices

Implement the full-featured Electronic Certificate of Origin

The diagram below¹³ shows the usage of ECOSYS. The ECOSYS system is hosted by the Ministry of Industry and Trade, and different CO forms can only be accessed through the MOIT Export and Import Department, the Industry Zone Authorities, or the VCCI.

¹³Provided by MOIT



The recommendation here is the same as that in section 6.3.2, where all types of CO should be applied online the certificate can be self-printed. This will avoid the problem of the trader traveling to multiple authorities for different types of CO, thus saving time and cost.

As ATIGA Form D is a document which is needed for the Free Trade Agreement within ASEAN, it is recommended that traders are encouraged to apply for it online instead of by physical presence. By applying online, the CO data can eventually be reuse and sent via the ASEAN Single Window (ASW) to the importing country.

6.6 Vietnam Aviation Business Association

6.6.1 Observation

The Vietnam Aviation Business Association (VABA) representative said that the key difference between air and sea cargo clearance process is the safety checks. For sea freight, handover of cargo to the carrier at the port is fast. But for air freight, it is slower.

For Export cargo, the CO is sent to Customs via EDI link. Other documents needed are

Packing List, Commercial Invoice, Declaration, and Dangerous Goods forms if needed. The VABA representative told us that the trade declaration EDI link is with GDC only. Response from customs usually takes about half an hour.

Declarant fills in the declaration form via a FrontEnd software before sending to Customs electronically. The process of making a declaration is as follows:

- a. Send declaration data
- b. Customs approval is done manually (not auto)
- c. Clearance lanes is then assigned, but it can be changed manually after risk assessment

The VABA representative told us that there are two companies supplying the declaration Frontend software to connect to eCustoms. Thaison and another company which operates in Ho Chi Min. The declaration Frontend software is not free from Thaison, but cost US\$100 per installation, there is also a charge for an account setup, plus \$20,000 Dong per declaration.

Submission of supporting documents such as the import permit from the Ministry of Health is through scanned attachment to the declaration.

The representative told us that there is no central agency in charge of Trade Facilitation in Vietnam. Trade promotion is carried out by Ministry of Industry and Trade (MOIT). Textile quota is also controlled by MOIT.

One problem that was mentioned with regard to cross border road transportation is that Vietnam drivers drive on different sides of the road than its neighbour countries, so truck can't go into other countries and this hamper the cross-border road transport.

Some improvements that the representative thought can be carried out in Vietnam are:

- The formation of an organization like the Korea International Trade Association (KITA). The current Vietnam equivalent to KITA is the VCCI, however VCCI does not have the capacity nor reach of KITA yet.
- Make trade processes and procedures simple and transparent.
- Facilitate more dialogs between the government and enterprises. Currently different customs offices interpret customs laws differently, so meetings can help enterprises understand how customs apply the customs law. And to prevent Customs from interpret HS Code and customs law differently.

- There is a need for a “one-stop shop” or authority for both import and export that traders can refer to.

6.6.2 Recommended Best Practices

Setup of a One-stop Shop for businesses and the trading community

We were told that there is no centralized trade agency to oversee both import and export issues in Vietnam. The question is which agency can play this role? Should Ministry of Trade and Industry play that role, or should it be left to the private sector, such as the Vietnam Chamber of Commerce and Industry?

In the case of Hong Kong, the Hong Kong government setup an agency called the Trade and Industry Department (TID) to lead, support and facilitate the development of its trade and industry. TID is responsible for conducting Hong Kong's international trade relations, implementing trade policies and agreements, as well as providing general support services for SMEs. It has representative offices in several countries. As an one-stop agency taking the lead in trade and trade related matters, TID is involved in both export as well as import facilitation.

As Vietnam's trade volume increases, there is a need to a “trade development” body to bring about One-stop Shop for businesses and the trading community to access information and work closely with the government on import and export matters.

6.7 Vietnam Freight Forwarder Association

6.7.1 Observation

The Vietnam Freight Forwarder Association (VFFA) representative told us that the breakdown of cargo volume in Vietnam is as follows:

- f. 60% sea cargo – about half of them from Hai Phong, where 40% are containerised and the rest are bulk cargo.
- g. 30% air cargo
- h. 10% multi-modal

The representative shared with us what he thought may be the impediments to trade facilitation in Vietnam:

- a. Little investment from the government on trade related infrastructure. For example, at some border posts, there is no facility for loading/unloading of cargo.
- b. The procedure for import/export and clearance of cargo is not harmonized between different customs offices, and between the government agencies, thus slow down the clearance process.

Thoughts on improvement which could be made for sea cargo:

- a. Infrastructure improvement
- b. Port improvement
- c. Road improvement

The sea ports usually provide 5 days of free storage, but big companies may extend this without incurring additional charges. Container cargo for Vietnam is FCL in general.

There is regular meeting between VietFracht and Customs to exchange idea and clarify issues. However, there is no working committee setup to tackle issues. The meetings are between leaders of the association and Customs, as well as members and Customs.

There are 170 members in VietFracht, but no transporters. There is currently no association for customs brokers, as they are part of freight forwarders. Brokers have to be registered as a business, so no need for separate license.

General air freight information given:

- a. Main air freight centres are Hanoi and HCM.
- b. Many airlines, not just Vietnam Airlines.
- c. Air freight volume is increasing faster than sea freight.

The representative also made some recommendation on the strategy for air freight:

- a. Upgrade airport for Ho Chi Minh to be a hub for the south Vietnam.
- b. Expand Hanoi airport as the hub for the north of Vietnam.

Payment options available to traders in Vietnam are:

- For small amount, payable by cash at the customs cashier
- For large amount, have to go through bank. As clearance through bank will take time, this affects the cargo clearance time too – therefore sometimes for faster clearance, the importers will pay by cash even for large amount.

- Process for bank payment: Trader's account -> State Bank -> Customs account
- The State Bank will issue document proof of payment.

Cargo inspection method varies from location to location. It may be carried out at the same time by both Customs and Other Government Agencies (OGA) if they are co-located. If they are not located in the same premise, then the inspection will be carried out separately.

There is no special regime for air courier as all declarations are the same regardless of transport mode.

In eCustoms, after submitting the electronic copy, lane information is obtained. The declarant will get the receipt number and the declaration number. 2~3 hours of queuing only. For distant declaration, after submitting the electronic declaration, hardcopy has to be sent in for stamp. Problem is the latency of network. Declaration processing time could be as fast as 15~30 mins and as slow as a few hours.

Import and export permit processing times varies between the ministries:

- a. 5 working days for Ministry of Health
- b. 7~10 working days for Ministry of Agriculture
- c. 3 working days for MoIT

It is important to note that all permits application is carried out with paper forms and not electronically.

Regarding CO application through Chambers, there are two ways to apply. First is electronic application through the website. Second is to submit a hardcopy CO application form. Both methods will require manual collection of CO.

- a. For urgent – 1 day approval
- b. For normal – 3 days approval

Suggested improvements to be made in the trade area:

- More investment on equipment and telecommunications network for Customs.
- Re-engineer the procedures to minimize the steps and documents needed for clearance.
- Apply harmonize system within Asia and Vietnam Customs.

Main complains about cargo clearance from traders:

- a. Long time to get cargo clearance. This is caused either by slow telecommunications network, or because of the long processing times from Customs.
- b. Road congestion to and from the port areas.
- c. High cost of transport, shortage of trucks and high incidence of cargo damage.

Freight Forwarder Association has no software for companies to use. Freight Forwarder Association system is not compatible with Customs system.

6.7.2 Recommended Best Practices

Set up trade facilitation task force for airport and seaport

There seems to be some bottleneck at the airport and seaports. It is not possible for this consultancy to pin-point the problem and offer solutions given the short onsite period. Therefore it is advisable for the key stakeholders like the trading community, terminals operators and customs to explore coming together to form task force to look into and resolve some of the issues.

The multi-party task force can help resolve the issues at hand, and recommend necessary policy intervention and institutional adjustments to facilitate trade.

Ultimately, the solution will need to come from discussion and stronger collaboration with stakeholders so that road blocks need to be identified and cleared together.

6.8 NoiBai Cargo Terminal Services

The NoiBai Cargo Terminal Services (NCTS) was established in 2005. Its shareholders include Viet Air, NASCO and VietFracht. It has about 600 staffs.

NoiBai Airport has about 180,000 tonnes per year in capacity. In 2011, import and export are 110,152 tonnes.

NCTS handles the following products for export includes electronic goods, shoes, food, and pharmacy products etc. Products handled for import includes food, electronic goods, pharmacy products, and shoes etc.

6.8.1 Observation

NCTS representatives said that the difficulties they face include:

- c. Limited space for handling cargo. There is already a bottleneck at the airport and the cargo volume is expected to go up to 250K tonne a year soon, which is more than the airport can handle. NCTS foresee that it will have difficulty handling break bulk cargo with this overcrowding.
- d. Computer system for the handling of cargo and documents are not connected with customs (thus re-key of information wastes time). In addition, the system used by NCTS are also not linked to freight forwarders or carrier systems, so Master Air Waybill, House Air Waybill, Health Cert, Air Manifest data all have to be re-keyed.
- e. High cost due to various delay and bottleneck as this incur charges.

In the expectation of increased air cargo volume, the NoiBai Airport is carrying out expansion plans. The second phase expansion is to be completed in 2012 while a third phase expansion will complete in 2013. With these expansion plans, air freight capacity will be increased to 260K tonne. Another road to the airport is also being built and due for completion in 2014.

Currently, manifest is submitted to customs in hardcopy. Customs will perform inspection on goods that are coming in.

There is no long term storage area at the airport though there are 3 off-airport warehouses which are utilized by the logistics community:

- a. NoiBai Industrial Zone (30%)
- b. My Dinh (5%)
- c. Gio Lam (7%)

There is no special regime for perishables. Clearance time and speed depends on customs officers' availability. Time to clear customs vary depends on the goods as well.

Three companies in the south and 1 in the north are setup for air courier cargo processing. This is processed separately from the main bulk of air cargo.

There is some effort by NCST to link their in-house developed IT system to carriers and customs. But this is still in early stages.

Applicable charges that NCST bill their customers are cargo handling charge, facility charge, and storage charge.

Meeting frequency between the stakeholders of the airport:

- a. Annual meeting between NCTS and shareholders.
- b. Monthly meeting between NCTS and Airlines
- c. Ad-hoc meeting between NCTS and Customs.
- d. Annual meeting between immigration, customs and civil aviation authority.

6.8.2 Recommended Best Practices

Implement Advanced Clearance for Air/Express Cargo

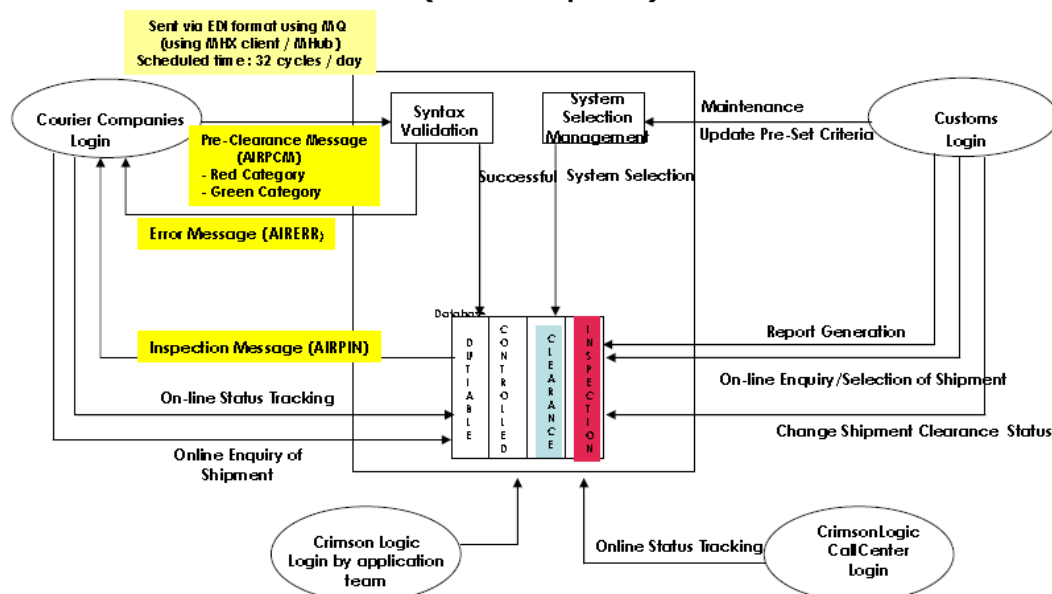
There is currently no special regime for high volume, low value goods, such as those carried by the air express companies like DHL, FedEx, UPS etc. As the volume of air freight grows, and with the growing popularity of eCommerce and online purchases, such cargo volume will increase and it will easily cause congestion in the cargo clearance facility. It is thus recommended that GDC provides for advanced clearance to be extended for the air cargo, in particular for express cargo.

In the case of Singapore, the Advanced Cargo Clearance for Express Shipments System (ACCESS) was established as a collaboration initiative between Air Express Companies (AEC) and Singapore Customs. The ACCESS allows the AECs to submit pre-clearance shipment information for the air express shipments via EDIFACT messages. The Singapore Customs shall provide pre-determined business rules to the ACCESS system to determine whether the express cargo needs inspection. Upon submission of the pre-clearance information, the return status from Singapore Customs shall be generated within 20 minutes.

The ACCESS enables for

- Faster clearance of cargo through streamlined shipment documentation process.
- Real-time information provides the latest shipping information and an accurate calculation of duty payment at customs checkpoints.
- Increased visibility of cargo ensures that controlled and dutiable shipments are identified for inspection.
- Reduced paperwork through elimination of multiple forms preparation to different parties involved in the clearance process.
- Less congestion at customs checkpoint with faster cargo clearance.

Advance Clearance of Courier Express Shipments System (ACCESS System)



6.9 Haiphong Port Holding Limited Liability Co.

The Port of Haiphong is the largest sea port and has the biggest cargo throughput in the North of Vietnam.¹⁴ It has the system and modern equipment and infrastructure suitable for different modes of transport and international trade. Haiphong Port Holding (HPPH) operates more than 20 berths in the Haiphong port area.

In addition to HPPH, there is more than 35 other port related business in the Hai Phong. Many are start-ups and provide intense competition to the established port operators.

A deep sea port is being planned by the government of Vietnam - Hai Phong International Gateway Port. The first 2 berths will start construction in July 2012.

6.9.1 Observation

The representatives from HPPH told us that the Vietnam Maritime Bureau is the maritime policy maker. Sea port management in Vietnam is different from other countries – the Port Authority gives permit to enter the port and set legal framework only. It acts like a Harbour Master. The Port Authority does not own the port or lease the land to the port operators.

The Haiphong port handles 50% of containerized cargo that are unloaded in Haiphong.

¹⁴Haiphong Port Holding brochure

Improvement to the port and supporting infrastructure which the HPPH representatives recommended are:

- a. Road – most of the improvements should be focused on the road infrastructure, so that transit cargo can take advantage of the proximity of the port to Kunming and Yunnan, China. Also, currently goods can't be transported to Laos by land due to the inadequate road infrastructure.
- b. Rail – There is not enough facility to handle cargo by rail and it need additional investment.
- c. Inland Water Way – Mostly no facility to handle cargo in inland river ports. Priority given to sea vessel, while no priority given to inland waterway vessel.

Other information which was shared:

- There is an imbalance between import vs. export. Import is much more than export, so there is wastage of time by the operators.
- There is no issue at the port with Customs procedure. Customs clear cargo out of the port gates. Inspection is done randomly and there is little delay in cargo movement.
- Some containers are stored in the yard before loading, while some move straight to the berth. The port operator gives 10 days free storage in the port area. After that a flat daily charge is applied.

Transfer of information by the carriers – Manifest is sent to port operator in electronic format. However, there is no exchange of information with other authority such as GDC or the ministries. The port system which is being used by HPPH is from Japan.

Meetings between the port stakeholders are only on-demand basis. There is a Saigon area regular meeting and the Vietnam seaport association meets once a year. HPPH is a member of the ASEAN seaport association.

6.9.2 Recommended Best Practices

Implement electronic linkage between port operators, customs, and Ministries

Haiphong Port Holding (HPPH) and other port operators should be encouraged to link their IT systems, with the eCustoms and the new NSW. This interfacing of HPPH system will enable better information and data sharing between them, and thus better risk assessment and visibility of the goods passing through the Haiphong Port. Eventually it will also save time and cost for the port users through the introduction of advance clearance regimes.

With system linkages between the port operators and the authorities, carriers and freight forwarders can submit manifest just once to the eCustoms and this information can be shared to HPPH and other Ministries. This model is also used in Singapore to link critical systems with TradeNet via TradeXchange.

6.10 The World Bank

The World Bank has worked on customs modernization in Vietnam for many years. They have a grant of US\$66 million from 2004~2010. However, the grant was cancelled because the Vietnamese government does not want to use the grant for Commercial Off The Shelf (COTS) products. The work carried out by the World Bank so far included:

- a. Review of regulatory framework (based on Kyoto convention)
- b. Automate customs processes (main part of the grant)
- c. Introduce risk based measurement

6.10.1 Observation

The World Bank representative told us that the Technical Assistance (TA) Report on Customs Modernization can be obtained from Customs. The other parties involved in the TA are:

- a. Mr Scott Winston for Diagnostic Audit
- b. Mr Maxwell stamp for HR analysis and planning
- c. Booz Allan for Business Process Reengineering

The second part of the Technical Assistance includes deep analysis on the Trade and Transport Facilitation Assessment (TTFA). Mr Joan Arnold was the person who worked on it. Outcome of that exercise is the trade and logistics facilitation action plan. A follow-on activity will be a loan for infrastructure investment.

The representative told us that the World Bank is looking at the entire trade and logistics supply chain, in both hardware and software aspect. There are 14 major stakeholders in the trade facilitation area, including Ministry of Finance, Ministry of Industry and Trade, Ministry of Transport, and Ministry of Agriculture.

We were told that the NCCAS system is to be implemented in Vietnam with a US\$20 million grant from Japan. The World Bank representative has concerns regarding the grant from Japanese government. He said that the terms of contract are “rigid”. In addition, how to

keep the NCCAS operational and to sustain its operation is not clearly defined yet.

World Bank representative listed the following challenges in trade facilitation in Vietnam:

- a. Engagement framework is not well defined. For example, Customs and OGAs can't coordinate because there is no clear channel for the officers to follow for inbound/outbound goods.
- b. The various ministries set their own policies in silo and there is lack of coordination among the ministries. Implementation is also not uniform for the same agency.

We were told that Vietnam has 2020 strategy, but there is no perspective on trade facilitation, or the strategy to improve trade facilitation matters. Customs setup the National Single Window, but the focus was mainly in IT systems instead of trade process and procedures.

It is recommended by the World Bank representative that central body for trade facilitation be setup, coupled with strategy and action plans. This will raise awareness and change the local mind set.

6.10.2 Recommended Best Practices

Introduce Public-Private Partnership for sustainability

As countries are moving to provide streamlined paperless services, and providing the trading community with Single Entry Window access to government trade-related services, the existence of value-added services provider (either by private / public organization) is a well-established best practice.

In the case of Singapore, the operator of TradeNet, CrimsonLogic, while fully owned by government-linked entities, is operated as a private company with its profit & loss obligations. Beyond the start-up capital, it does not receive any funding or subsidies. It sustains itself by creating revenue through developing new products and services and looking for new markets.

Similarly in Hong Kong, a commercial entity - Tradelink Electronic Commerce Limited (Tradelink) was set up by the Hong Kong government, to be the operator of the trade facilitation platform for the Hong Kong Government and trading community. Operations of Tradelink are sustained primarily by revenue from fees charged.

Likewise, in the case of Chinese Taipei, TradeVAN was established by in 1990 as a customs clearance network to speed up the movement of inward and outward sea and air cargo. The system resulted in a reduction of processing time for customs clearances from 4 hours to 15 minutes, the online payment of duties and a facility to submit inquiries regarding the clearance processes. TradeVan processed 9 million customs declarations in the year 2000.

In some instances, where there is no existing value added service provider for trade facilitation, a Special Purpose Vehicle (SPV) can be setup to offer the valued add services. In 1986, when Singapore was planning for its TradeNet, there was no service provider available in the country. It was decided that a special purpose vehicle – Singapore Network Services (now CrimsonLogic) was to be established to build and operate the Singapore TradeNet. This SPV is established with the Trade Development Board, and agencies in charge of maritime, aviation and telecommunications as shareholders.

By setting up a SPV, the government would be able to reduce the cost and risk in development and operating the Single Window. The SPV should be allowed to charge transaction fees so that the operations of the Single Window will be self-sustaining. The SPV will also be responsibility for the mass adoption of the Single Window services, so that the trading community are fully abreast with the benefits of the Single window.

Some of the SPVs set up in various countries to operate the trade facilitation platform is depicted below.

Government Owned SPV

- Singapore - CrimsonLogic
- Japan - NACCS
- Chinese Taipei – TradeVAN



Public or Public-Private SPVs

- Hong Kong – TradeLink
- Korea – KNet
- Ghana - GCNet
- Mauritius – MNS
- Madagascar - GasyNet

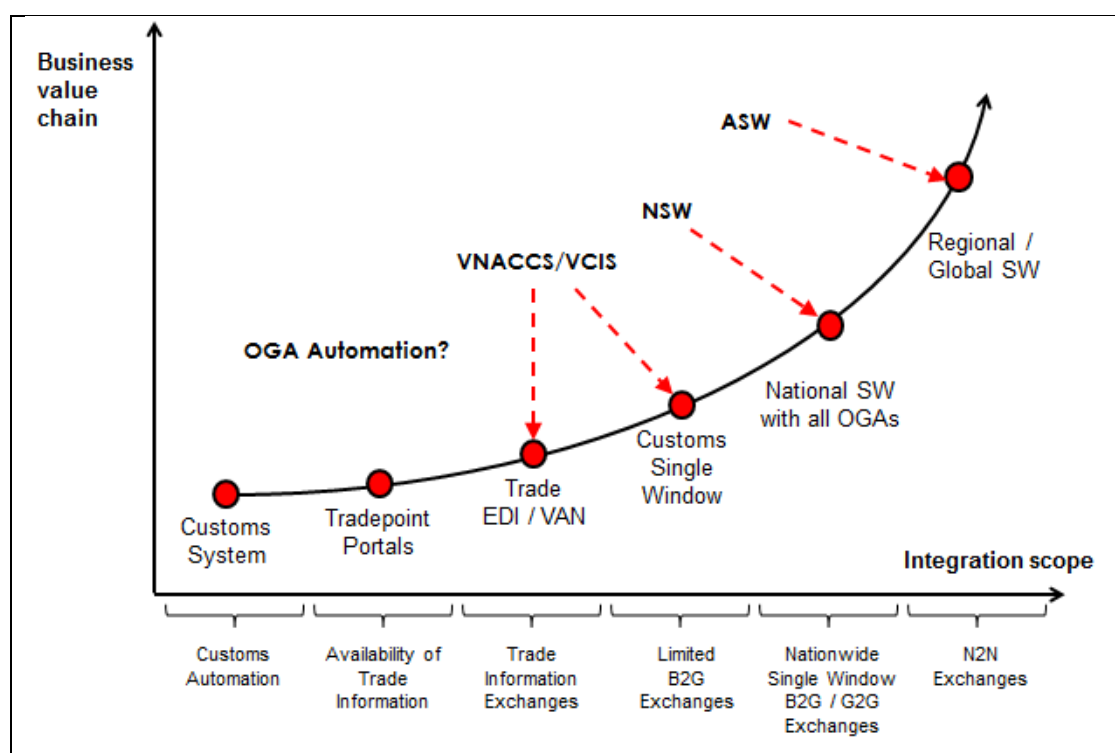


7. Information Technology Observation

Vietnam government's IT infrastructure is going through lots of changes at this period of time. It is implementing a slew of IT systems which will have great impact on trade facilitation.

Take for example the diagram below, which shows in general how a National Single Window evolves. However, in Vietnam's case, instead of implementing one system at a time, the government is doing all at once. The building of VNACCS and VCIS with the help from JICA, and the building of NSW and ASW with leadership from the Ministry of Finance are all important national IT systems.

The sections shall attempt to provide some best practices and recommendation for these systems.



7.1 The Single Window Concept

7.1.1 What was the initial idea behind the SW concept?

Global trade expanded rapidly during the 1980s and 1990s. The resulting complexity and

speed of the modern supply chain and the number of parties involved greatly increased the requirements for information controlling the flow of goods. But despite the breakneck developments in information and communications technologies (ICT) and trade data-exchange standards during the same time, trade documentation exchanges remained mostly paper-based. However, in the modern trade environment such paper-based exchanges cannot satisfy the need for efficiency and security.

One omnibus means of addressing this problem that has gained considerable momentum over the past years is the so called “Single Window” facility.

The UNECE Recommendation Number 33 defines the “Single Window” as a “facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit/transshipment-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.

The idea of a “Single Window” implies at the national-wide approach of streamlining control of the movement of goods, and necessitates the close cooperation between all involved governmental authorities and agencies, and the trading community.

7.1.2 Different forms of “Single Window”

According to the World Bank’s Trading Across Border 2012 report, out of 150 economies surveyed, 49 have introduced a Single Window, of which only 20 have a Single Window system that links all relevant government agencies. The remaining 29 have a Single Window that has not yet linked the government agencies.

Single Window facilities are being established at an increasing rate in all five continents. From recent issues of Single Window tenders, it appears that most are in developing countries.

Practice	Economies ^a	Examples
Using electronic data interchange	130 ^b	Belize; Chile; Estonia; Pakistan; Turkey
Using risk-based inspections	97	Morocco; Nigeria; Palau; Suriname; Vietnam
Providing a single window	49 ^c	Colombia; Ghana; Republic of Korea; Singapore

a. Among 159 economies surveyed for electronic data interchange, 152 for risk-based inspections and 150 for single window.

b. Twenty-six have a full electronic data interchange system, 104 a partial one.

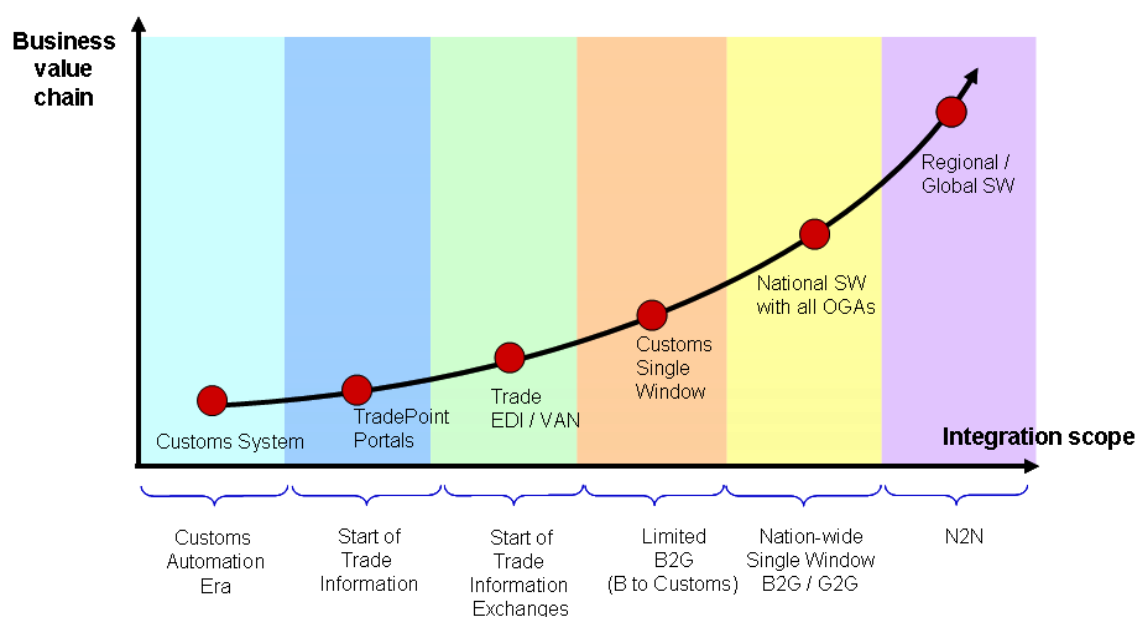
c. Twenty have a single-window system that links all relevant government agencies, 29 a system that does not.

Source: *Doing Business* database.

Indeed, many developed countries do not have a national Single Window or have only recently started to work on Single Window implementation. Most countries of the European Union, for example, have no national Single Window. On the other hand, many countries in Africa, Asia and Latin America have started or completed their national Single Windows.

Governments have introduced a range of inter-agency collaborative systems to manage export- and import-related procedures. These systems perform certain functions and meet certain criteria of the Single Window, as described in UNECE Recommendation 33.

The figure below depicts the typical evolution of Single Window development.



7.1.3 Single Window – The Case of Singapore TradeNet

The Singapore TradeNet is a nationwide electronic trade clearance as well as an electronic data interchange (EDI) network system to facilitate trading community in exchanging structured trade documents and information electronically.

It provides a single window access for the trading community to connect to the Singapore Customs and 35 Government controlling units. Through Government mandate, 100% of the trade declarations are submitted electronically via TradeNet. It receives trade

information from the trader in different message format, translates the message format and routes to the relevant controlling units for processing (approval/rejection) based on the business rules, through one single process. TradeNet processes some 9 million trade permit applications per year, of which 90% are processed within 10 minutes and some 70,000 Certificates of Origin yearly.

Trade documentation in Singapore has a high degree of paperless transaction - more than 80%. The legal framework that allows for paperless environment was also enacted quite early. The Evidence Act was amended in 1997 to allow the use of electronic records as evidence in the courts. In July 1998, the Electronic Transactions Act (ETA) was enacted to provide a legal foundation for electronic signatures, and gives predictability and certainty to contracts formed electronically. The Singapore ETA follows closely the UNCITRAL Model Law on Electronic Commerce, which is setting the framework for electronic commerce in many countries.

7.1.4 Operating Model for Single Window – Cases of Singapore, Hong Kong and Chinese Taipei

As countries are moving to provide streamlined paperless services, and providing the trading community with Single Entry Window access to government trade-related services, the existence of value-added services provider (either by private / public organization) is a well established best practice.

In the case of Singapore, the operator of TradeNet - CrimsonLogic), while fully owned by government-linked entities, is operated as a private company with its profit & loss obligations. Beyond the start-up capital, it does not receive any funding or subsidies. It sustains itself by creating revenue through developing new products and services and looking for new markets.

Similarly in Hong Kong, a commercial entity - Tradelink Electronic Commerce Limited (Tradelink) was set up by the Hong Kong government, to be the operator of the trade facilitation platform for the Hong Kong Government and trading community. Operations of Tradelink are sustained primarily by revenue from fees charged.

Likewise, in the case of Chinese Taipei, TradeVAN was established by in 1990 as a customs clearance network to speed up the movement of inward and outward sea and air cargo. The system resulted in a reduction of processing time for customs clearances from 4 hours to 15 minutes, the online payment of duties and a facility to submit inquiries regarding the

clearance processes. TradeVan processed 9 million customs declarations in the year 2000.

In some instances, where there is no existing value added service provider for trade facilitation, a Special Purpose Vehicle (SPV) can be setup to offer the valued add services. In 1986, when Singapore was planning for its TradeNet, there was no service provider available in the country. It was decided that a special purpose vehicle – Singapore Network Services (now CrimsonLogic) was to be established to build and operate the Singapore TradeNet. This SPV is established with the Trade Development Board, and agencies in charge of maritime, aviation and telecommunications as shareholders.

By setting up a SPV, the government would be able to reduce the cost and risk in development and operating the Single Window. The SPV should be allowed to charge transaction fees so that the operations of the Single Window will be self-sustaining. The SPV will also be responsibility for the mass adoption of the Single Window services, so that the trading community are fully abreast with the benefits of the Single window.

Some of the SPVs set up in various countries to operate the trade facilitation platform is depicted below.

7.2 Vietnam's Single Window

7.2.1 Observation

Vietnam is still in the beginning stages of implementing its National Single Window. It would be difficult to make recommendation on the Single Window System itself. However, the implementation of the Single Window has been a topic widely discussed in trade facilitation, thus the following best practices can be considered during the implementation of Vietnam's National Single Window.

7.2.2 Recommended Best Practices

Allow one-time submission of electronic documents for import and export

One-time submission to a Single Window is a basic premise of the Single Window Environment. Trade and transport actors submit data at different points in time in the course of a transaction in international trade. A Single Window may require submission of only the incremental data to reflect a change or progression in the transaction. The Single Window should avoid re-submission of data to the extent that such data was part of an earlier submission. The ability to link-up individual submissions of data by a trader is part of key aspect of a Single Window. Hence, it is essential, besides permits and licences, the NSW should be expanded to be the single entry point for goods manifests as well as customs declarations data. In effect, the NSW should serve as the single facility where trade documents are electronically submitted. The NSW should receive, validate and route the trade submissions to various parties such as the eCustoms and other government agencies for subsequently processing and approvals. The NSW should also serve as the catalyst for increased paperless trade document.

Provide Risk Management functionalities to OGAs

Another important facility for the NSW to provide is the Risk Management functionalities that can be used by the other government agencies. While the eCustoms already incorporates risk management functionality, this is only available for Customs use. For e.g. Ministry of Agriculture and Rural Development (MARD) conducts manual inspection for all animals, plants and by products. Risk management techniques should be available to all other government agencies so as to reduce the number of inspection required by these agencies needed at the ports and borders. Incorporating the risk management techniques in the NSW to be accessed by government agencies such as MARD is a means to achieve this.

Interface and link NSW with other government systems

It is recommended that the NSW should be interfaced with the various stakeholders besides eCustoms. The critical external systems that NSW should interface include:

- Backend Systems used by the other government agencies with oversight on trade
- Port terminal operator systems
- Bank payment gateways

Consider forming a Special Purpose Vehicle for NSW

It is noted that the NSW is currently fully funded by the government. There will be considerable capital and recurrent charges as the NSW is expanded to provide for the effective Single Window. As NSW services are provided free of charge, there is no means for any recoup of the investments poured into NSW. In the long run, this may not be sustainable. The Government of Vietnam may wish to study into the various operating models (the case of Singapore, Hong Kong and Chinese Taipei has been highlighted in the preceding section). It is recommended that the continual operations and support of the NSW to be managed by a dedicated entity. This entity should operate as a commercial concern, and be allowed to charge for the NSW services so that it can maintain NSW as a self-sustaining operation. By having an entity that manages and operates NSW as a “commercial concern” instead of an extended department of a government ministry allows the offerings of NSW to be more nimble and responsive to trading community’s needs and focus on bringing value to its customers. A Service Level Agreement (SLA) can be imposed onto the NSW operator to ensure quality service performance.

Allow Value Added Services by private sector

The Government of Vietnam should consider allowing for various service providers that can offer value-added service offerings in addition to the NSW services. These value added service provider (VASP) can act as an intermediary between the trading community and NSW, and offer specific value added services that NSW does not provide such as data transformation between formats (EDI to XML, EDI to EDI, etc.). The VASPs can service a given vertical or industry and shall greatly enhance the capability for the government trade agencies and the port community to exchange proprietary-based message formats with any entity in Vietnam and globally.

Adopt the Single Window Implementation Framework

It is also recommended that Vietnam consider the adoption of the United Nations Economic Commission for Europe - UNECE’s Single Window Implementation Framework (SWIF) for the NSW development. When implementing a Single Window, Government officials need to

manage many interlinked issues coming from very different disciplines such as trade policy, trade procedures, change management, laws and regulations, standards and technology. The success of NSW project depends on the ability of the policy and project managers to address and resolve these issues efficiently in a manner that is supported by all stakeholders. To support government project managers of Single Window projects, UNECE developed the Single Window Implementation Framework (SWIF), which provides the managerial tool to plan and implement Single Window projects. SWIF combines the latest standards and best practice for designing efficient enterprise architectures for large-scale, collaborative interagency information systems with the knowledge of and lessons learned by experienced implementers. The guiding principles underpinning the SWIF are phasing and alignment. Single Window implementations need to align various information systems and business strategies within the national but also international setting and developments for the long-run success. Adopting the SWIF for the NSW provides a coordination mechanism between the overall Programme and sub-projects.

7.3 Vietnam's Customs Management System

7.3.1 Observation

As Vietnam General Department of Customs (GDC) are still in the process of implementing its eCustomspilot programme, it would be difficult to make recommendation on the Customs Management System itself. However, the implementation of Unique Consignment Reference (described below) is still a best practice which GDC can consider if it has not done so.

7.3.2 Recommended Best Practices

Implement Unique Consignment Reference (UCR)

The fundamental consideration behind the UCR concept derives from the need for Customs authorities to facilitate legitimate international trade, while, at the same time, enforcing necessary instruments for efficient and effective audit-based controls.

There is an increasing trend for Customs authorities to maintain a comprehensive audit trail from the origin to the destination of the total trade transaction. In the context of security and trade facilitation, the concept of the UCR provide for a limited amount of transactional information required to be presented to Customs by enabling Customs to carry out risk assessment prior to the importation of the goods. In the long term, the UCR paves the way for the increased use of authorized trader regimes such as the AEO scheme. From the Customs point of view, the UCR is intended to provide continuity of the

audit trail from source to destination to facilitate the move to more audit-based controls.

The UCR has the capability to replace the traditional Cargo and Goods declarations and to provide or give access to the necessary data for the accomplishment of all obligations pertaining to a given consignment. However, this can only be contemplated by Customs on the condition that the 'end-to-end' audit trail is complete. For this reason, the allocation of the UCR at source is strongly encouraged.

7.4 Vietnam's Port System

7.4.1 Observation

There is currently a lack of an electronic platform for the Vietnam port industry, represented by the Vietnam Maritime Bureau, the port operators as Haiphong Port Holding, port users and other trading association, to interact and exchange critical information, e.g. cargo manifest, dangerous cargo declaration, etc., between themselves and to government bodies such as Customs, etc. In a nutshell, the Vietnam sea port industry lacks an electronic platform for:-

- Business-to-Government exchanges
- Business-to-Business exchanges
- Real-time document and container tracking

7.4.2 Recommended Best Practices

Implement a B2B and B2G Port Community System

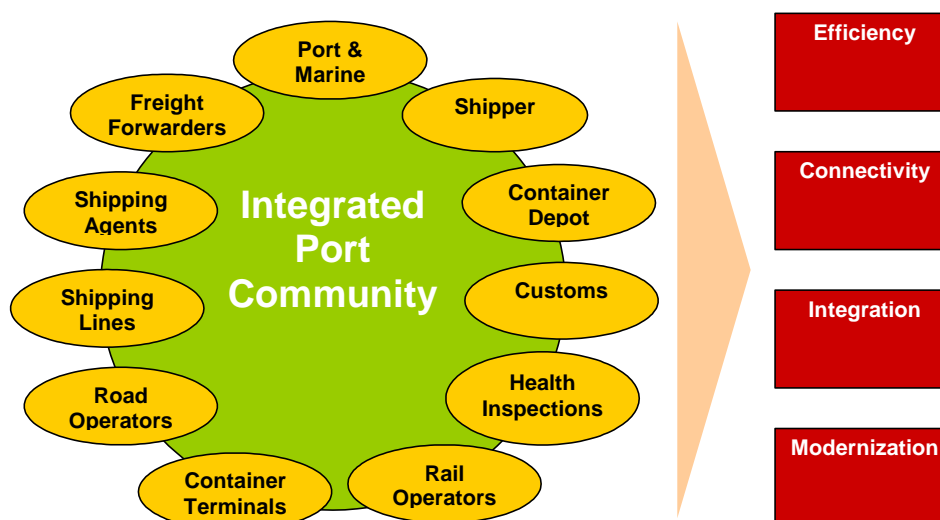
A port is a complex, multi-stakeholder and multi-actor organizational environment that hosts operational activities. It involves the interaction and information exchange between the various units within the terminal such as documentation, planning, yard and gate operations as well as the port users, namely shipping lines / agents, trucking companies, freight forwarders, shippers and consignees, stevedores, etc. Within each of these groups, there is constant exchange of information.

The various stakeholders rely heavily on the availability of timely and accurate information to make operational and strategic decisions. These decisions will in turn convert into productive activities which will lead to the overall efficiency of the terminal and individual stakeholders. A simple example of operational decision will be the nomination of empty containers stored in the terminal for stuffing or shipment. With accurate information on dwell time of empty containers in the terminal, shipping lines will be able to achieve a balanced re-cycling of containers by nominating the long staying containers first. At the

strategic level, timely reports on the analysis of throughput of the shipping lines and average dwell time of its containers versus the terminal's total and average will allow management to re-look at its current strategies and craft out plans to reinforce its strengths and overcome its weaknesses. The manual process of port and trade documentation and processing entails a lot of operational inefficiency and incurs tremendous unproductive time and resources.

A Port Community System (PCS) or Port Single Window facilitates end-to-end information workflow and creates value for port authority, terminal operator, port users, trade and logistics businesses and other government agencies. A primary outcome of the PCS would be to achieve excellent level of enterprise integration for different players, thereby increasing the business value for all the players in the Port Community.

The implementation of a Port Community System enables the ports to improve their competitiveness, which will in turn help to reduce costs and increase the speed of cargo movements.



7.5 ASEAN Single Window

The agreement to establish and implement the ASEAN Single Window (ASW) was signed by the ASEAN Ministers of Economy in December 2005. Since then, the countries had agreed that Brunei, Indonesia, Malaysia, Philippines, Thailand and Singapore will implement their National Single Windows (NSW) by 2012; while Cambodia, Laos, Myanmar and Vietnam will implement their NSW by 2015. All the ASEAN countries are committed to

the ASW implementation by 2015.

ASW Technical Guide, clearly states the vision and perspectives of the ASEAN Single Window:

“The ASEAN Single Window (ASW) is a trade-facilitating environment operating on the basis of standardized information parameters, procedures, formalities, international best practices as relevant to the release and clearance of cargoes at entry points of ASEAN under any particular customs regime (imports, exports, and others). It pursues a more accelerated release of cargoes being shipped to, and from ASEAN in order to reduce transaction costs and time required for customs clearance in the region. The ASW should also be seen as part of the global supply chain and of the logistics industry working for the effective realization of the ASEAN Economic Community.”

7.5.1 Observation

In September 2008, the Vietnamese Prime Minister signed the decision on the establishment of ASW National Steering Committee (NSC) 2008-2012. This stipulates the functions, missions and organization of the NSC. Chairman of the NSC is the Minister of Finance. Three counterparts are Deputy Minister of Finance, Deputy Minister of Commerce and Industry, Deputy Minister of Transportation and 12 members from government agencies

The Organization Chart for the ASW NSC is below:

- Chairman: Minister of Finance
 - Vice-Chairman Deputy Minister of Industry and Trade
 - Vice-Chairman Deputy Minister of Finance
 - Vice-Chairman Deputy Minister of Transport
 - Government Office
 - Ministry of Culture, Sport and Travel
 - Ministry of Defence
 - Ministry of Agriculture and Rural Development
 - Ministry of Justice
 - Ministry of Foreign Affairs
 - The State Bank of Vietnam
 - Ministry of Health

- Ministry of Police
- Ministry of Natural Resource and Environment
- Vietnam Chamber of Commerce and Industry
- General Department of Vietnam Customs

Under the NSC is an Assistant Committee consisting of representatives of key stakeholders in the industry. It will manage and coordinate the working level activities on behalf of the NSC, while NSC will focus on big and strategic issues.

There are two working groups formed to work with the Assistant Committee:

1. Technical Working Group is responsible for:
 - Researching and building the model of NSW and ASW deployed in Vietnam
 - Researching and suggesting solutions to the IT system
 - Systematizing business processes
 - Suggesting solutions to implement pilot system
2. Legal Working Group is responsible for:
 - Researching, reviewing legal framework and suggesting the amendment and revision in accordance with NSW and ASW

7.5.2 Recommended Best Practices

The launch and implementation of ASW hinges on two key prerequisites: The implementation of National Single Window, and the exchange of electronic Certificate of Origin (ATIGA Form D).

Implementation of AHTN in the National Single Window

The best practices of implementing the National Single Window have already been mentioned in the previous sections. What's important for ASW is that the commodity codes used in the NSW has to be aligned with the ASEAN Harmonized Tariff Nomenclature (AHTN).

The AHTN is an 8-digit commodity nomenclature agreed to be adopted in principle by the ten (10) ASEAN member countries on 01 January 2002. It is based on the Harmonized System (HS) and involves the alignment of the national tariff nomenclature of each member country with the AHTN. Adhering to the 6-digit level of the WCO HS Code, the seventh and eighth digit codes are assigned to ASEAN subheadings that comprise about 10,800 tariff lines. These would cover the requirements of the ten ASEAN Member States.

The advantages of AHTN are:

1. It establishes uniformity of application in the classification of goods in ASEAN
2. It enhances transparency in the classification process for goods in the region
3. It simplifies the tariff nomenclature system of ASEAN Member States to facilitate trade in the region

8. Summary of Recommendations

8.1 Table of Recommendations

In section 6 and section 7, there are several best practices and recommendation made based on what the key stakeholders have told us and some of the observations which we had made. The table below attempts to aggregate these recommendations:

No.	Recommendation	Section
1	Adopt and Implement WCO SAFE framework of standards in phases	6.1.2
2	Implement the Authorized Economic Operator (AEO) Programme	6.1.2
3	Set up a high level committee to take charge of trade facilitation	6.2.2
4	Implement self-certification of Origin	6.2.2
5	Implement the full-featured Electronic Certificate of Origin	6.3.2 6.5.2
6	Implement online application and approval for licenses and permits	6.4.2
7	Implement automated risk assessment for government agencies	6.4.2
8	Setup of a One-stop Shop for businesses and the trading community	6.6.2
9	Set up trade facilitation task force for airport and seaport	6.7.2
10	Implement Advanced Clearance for Air/Express Cargo	6.8.2
11	Implement electronic linkage between port operators, customs, and Ministries	6.9.2
12	Introduce Public-Private Partnership for sustainability	6.10.2
13	Allow one-time submission of electronic documents for import and export	7.2.2
14	Provide Risk Management functionalities to OGAs	7.2.2
15	Interface and link NSW with other government systems	7.2.2
16	Consider forming a Special Purpose Vehicle for NSW	7.2.2
17	Allow Value Added Services by private sector	7.2.2
18	Adopt the Single Window Implementation Framework	7.2.2
19	Implement Unique Consignment Reference (UCR)	7.3.2
20	Implement a B2B and B2G Port Community System	7.4.2
21	Implementation of AHTN in the National Single Window	7.5.2

8.2 Suggested Ways Forward

Based on the recommendations tabulated in the previous section, we will categorize them into short, medium and long term action plans.

8.2.1 Short-term Action Plan – Low hanging fruits

Short term action plans means that these recommendations should be implemented within 24 months, or by the end of the year 2014.

No.	Recommendation	Section	Time Frame	Difficulty	Degree of Impact
3	Set up a high level committee to take charge of trade facilitation	6.2.2	Short	Medium	High
4	Implement self-certification of Origin	6.2.2	Short	Medium	Low
5	Implement the full-featured Electronic Certificate of Origin	6.3.2 6.5.2	Short	Low	Low
8	Setup of a One-stop Shop for businesses and the trading community	6.6.2	Short	Low	Low
9	Set up trade facilitation task force for airport and seaport	6.7.2	Short	Low	Medium
13	Allow one-time submission of electronic documents for import and export	7.2.2	Short	Medium	Medium
18	Adopt the Single Window Implementation Framework	7.2.2	Short	Low	Low
19	Implement Unique Consignment Reference (UCR)	7.3.2	Short	Low	Low
21	Implementation of AHTN in the National Single Window	7.5.2	Short	Low	Low

8.2.2 Medium-term Action Plan - Leveraged opportunities

Medium term action plans means that these recommendations should be implemented between the year 2015 ~ 2017.

No.	Recommendation	Section	Time Frame	Difficulty	Degree of Impact
1	Adopt and Implement WCO SAFE framework of standards in phases	6.1.2	Medium	High	High
2	Implement the Authorized Economic Operator (AEO) Programme	6.1.2	Medium	Low	Medium
6	Implement online application and approval for licenses and permits	6.4.2	Medium	High	High
7	Implement automated risk assessment for government agencies	6.4.2	Medium	Medium	High
10	Implement Advanced Clearance for Air/Express Cargo	6.8.2	Medium	Medium	Medium

14	Provide Risk Management functionalities to OGAs	7.2.2	Medium	Low	Medium
15	Interface and link NSW with other government systems	7.2.2	Medium	Low	Low
17	Allow Value Added Services by private sector	7.2.2	Medium	Medium	Medium

8.2.3 Long-term Action Plan – Strategic investments

Long term action plans means that these recommendations should be implemented between the year 2018 ~ 2020.

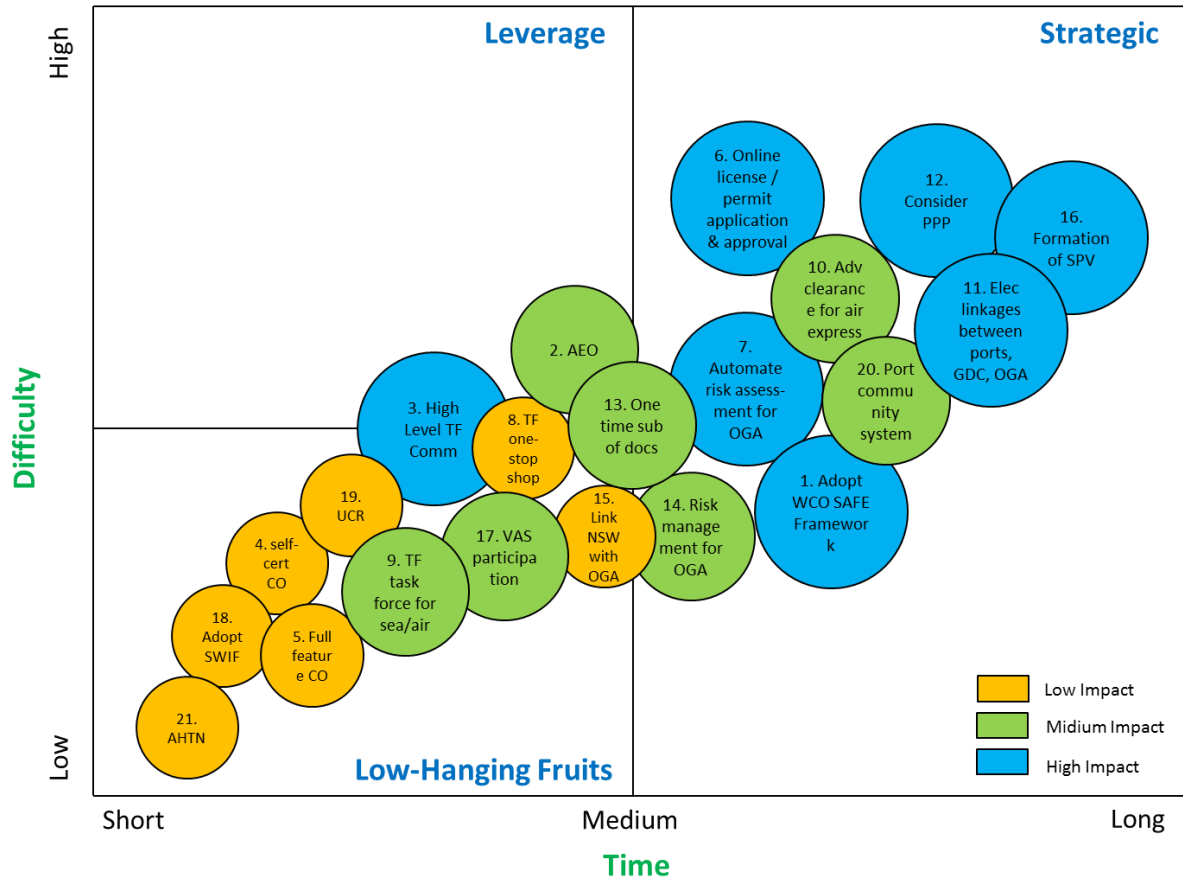
No.	Recommendation	Section	Time Frame	Difficulty	Degree of Impact
11	Implement electronic linkage between port operators, customs, and Ministries	6.9.2	Long	Medium	High
12	Introduce Public-Private Partnership for sustainability	6.10.2	Long	High	High
16	Consider forming a Special Purpose Vehicle for NSW	7.2.2	Long	High	High
20	Implement a B2B and B2G Port Community System	7.4.2	Long	Medium	Medium

It is recommended that planning for the execution of these recommendations be proceeded in the near term, and planned for completion and realisation of impact between 5 to 8 years time.

8.2.4 Portfolio Analysis

The recommendations can be visualized in a 3-dimensional Portfolio Analysis diagram by plotting the Difficulty level against the Time, with the size of the bubbles corresponding to the degree of impact.

From the Portfolio Analysis diagram, the Vietnamese government can then consider to implement the recommendations from the bottom-left items towards the top-right items.



9. Improving Trade Facilitation Indicators

The Diagnostic Study had looked into various issues and proposes a total of 21 recommendations in the preceding section.

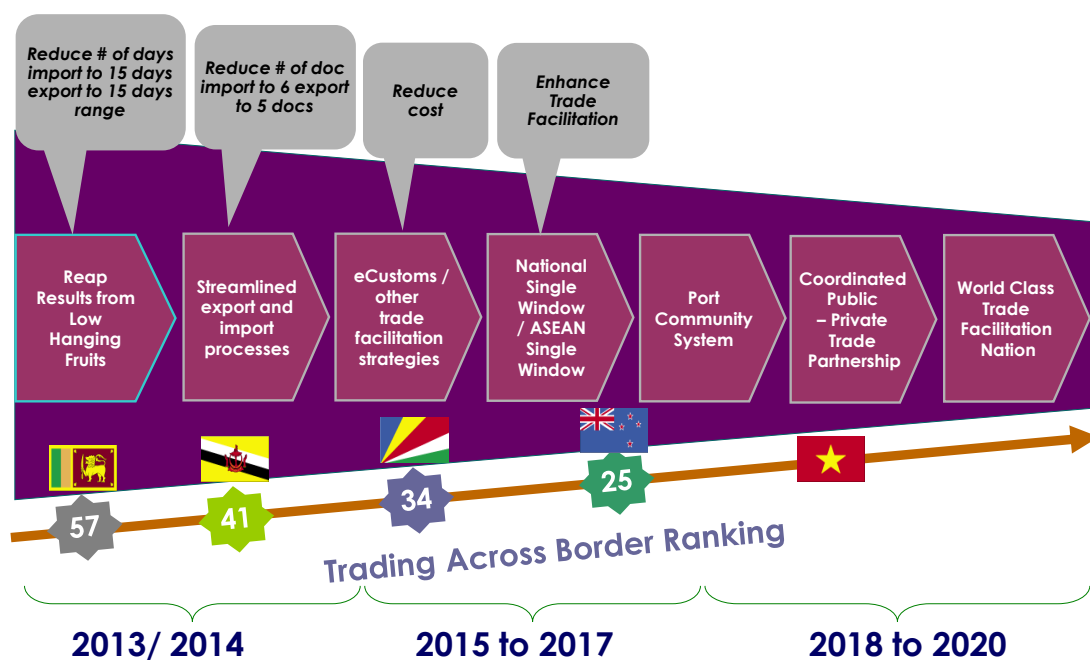
The current ranking of Vietnam in TAB 2013 is 74 out of 185 global economies. While, Vietnam has set and implemented many trade facilitation strategies in recent years, there are still considerable improvements to be made, especially in comparison with neighbouring ASEAN economies. Vietnam's LPI current indicators also point to some areas that can be improved.

It is important to note that while Vietnam improves her trade facilitation status, there are also efforts in other countries, particularly the APEC countries, to improve their trade facilitation as well. Therefore the absolute improvement ranking in TAB is less important than the comparative improvement, benchmarked against neighbouring and fellow economies in ASEAN and APEC.

The TAB ranking by the World Bank is nonetheless, indicative of perception of Vietnam's trade facilitation and logistics climate. It would make an impact of on foreign direct investments (FDIs), for potential investors, and shipping lines in establishing a presence in Vietnam.

The below diagram postulate the improvement of Vietnam's TAB ranking if concrete actions are taken immediately as per the recommendations proposed in the preceding section.

The Roadmap for Excellence



If the low hanging opportunities are well executed, there should be impact realisation that should be reflected in the number of days from import and export, as well as reducing the number of paper based documents. The diagram below postulates a reduction of the days to import and export to improvement of 5 to 6 days.

If this is achieved, Vietnam's TAB ranking (assuming the rank of other countries remains they are in the 2013 survey) would be similar to that of Sri Lanka's, at #57, an improvement of 17 rungs.

As the short term initiatives start to bear fruits, the total number of paper-based documents for import and export is expected to be reduced, and it is hoped that as document preparation is considerably reduced, so will the cost for import and export. In the medium term, it is hope that Vietnam attains the level similar to Brunei at rank #41, by 2015.

With the impact of various infrastructure trade facilitation projects, such as the sea and road transport development strategy, as well as the export-import strategy, it is foreseeable that it can reduce the cost of import and export to match that of Seychelles at rank #34.

As the strategic initiatives, such as the Customs (by NACCS), National Single Window and ASEAN Single Window, starts to make the significant impact in the next 5 years, as expected of them, it is hope that considerable improvements in Vietnam's TAB index would match that of New Zealand's level, who is currently ranked #25.

This requires the concerted execution of strategy, full support of the private sector, and equally if not, more important, the political will to see the reforms through.

Regardless of the TAB ranking, it is important that Vietnam continues to enhance her trade facilitation status and attain the efficiency and effectiveness that is needed to support her ever increasing trade volume which will continue to grow exponentially as Vietnam persevere on her stride towards economic growth and prosperity.

----- End of Report -----