

Chapter 11

Viet Nam

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1. Introduction

The Association of Southeast Asian Nations (ASEAN) Seamless Trade Facilitation Indicator (ASTFI) is an effective tool for measuring trade facilitation in the ASEAN region. With this indication, the ASEAN Trade Facilitation Joint Consultative Committee aims to deliver a comprehensive periodic study about the overall trade environment, the ease of doing business, time and costs of trade transactions, and trade facilitation at the regional and national levels. Following ASTFI I in 2018, the ASTFI II consists of surveys of trade-related government agencies in each AMS conducted during August–October 2020.

The survey result for Viet Nam is consolidated to analyse the national trade environment and trade facilitation performance.

Overall, Viet Nam has developed a strong legal basis to facilitate trade in line with the World Trade Organization and its bilateral and multilateral free trade agreements. Furthermore, Viet Nam has made significant progress in implementing the ASEAN Customs Transit System. Viet Nam Customs partnerships with neighbouring countries include the Computerized Transit Guarantee Mechanism for exchanging trade-related data and information; exemption of presentation of goods; exemption from written signatures; ratification of the ASEAN Framework Agreement on the Facilitation of Goods in Transit; and institutional and operational coordination with border agencies.

Despite the progress, weak coordination and reluctant participation of several ministries and government agencies regarding National Single Window (NSW) and the Viet Nam Trade Information Portal (VTIP) has resulted in delayed updates of legal documents and overlapping control mechanisms. That is one major reason Viet Nam has not made positive changes in trade facilitation, regarding for Transparency and Information on Laws, Regulations, and Procedures and Import/Export Formalities and Coordination.

Communication with and Active Engagement of the Private Sector is one of the most successful story of trade facilitation in Viet Nam, as the result of customs-business partnership enhancement, including technical assistance and legal consultation in customs procedures. To assess administrative burdens, Viet Nam conducts annual business surveys and organises face-to-face dialogues with the private sector. Based on the responses, reforms are then introduced to improve the trade environment.

The time release study of exported and imported goods in 2020 of the General Department of Viet Nam Customs (GDVC) showed that administrative procedures were time-consuming and costly because of a lack of documentation standards and information and communication technology-driven communication instruments, and weak coordination with other agencies.

Viet Nam is proposing NSW and VTIP, focusing on information and communication technology-driven collaboration between GDVC and other ministries and government agencies. It is also strongly recommended that the GDVC strengthen partnerships with business community and other relevant border authorities.

2. Overall Trade Facilitation Environment

2.1. Overview of Trade Facilitation Environment

2.1.1. Institutions and reforms

To modernise and standardise administrative procedures, Viet Nam emphasised information and communication technology (ICT)-driven solutions and measures under Resolution No. 26 / NQ-CP dated 15 April 2015, and Resolution No. 36-NQ/TW of 1 July 2014. Regarding implementation, a national programme from 2016–20 was introduced under Decision No. 181 / QD-TTg dated 26 October 2015. This required all ministries and government agencies to apply ICT in their operations. In addition, Viet Nam aims to integrate and connect ICT systems and databases on a national scale to create a widespread information-sharing environment across agencies on the basis of its e-Government Architecture Framework. Resolution No. 36a/NQ-CP dated 14 October 2015 states the goal of promoting e-government.

A wide range of ICT-driven solutions and measures are prioritised such as artificial intelligence, block chain, internet of things, big data, and open application programming interfaces. As part of Viet Nam's digitalisation efforts, since 2016, National Single Window (NSW) and Association of Southeast Asian Nations (ASEAN) Single Window (ASW) have successfully been implemented. Via these modern systems, many administrative procedures and specialised inspections of exports and imports are completed seamlessly (GDVC, 2019).

On a broader scale, Viet Nam has been a member of the World Trade Organization (WTO) since January 2007 and notified its acceptance of the WTO's Trade Facilitation Agreement (TFA) in December 2015. Previously, in July 2014, the country notified the WTO of the 15 Category A provisions that would be implemented once the TFA came into force. Viet Nam's preliminary TFA assessment conducted in 2015 classifies 14 provisions as Category B and nine provisions as Category C and provides an action plan that identifies a period of implementation. In November 2018, Viet Nam sent B and C notifications to the WTO. In 2020, six provisions of Viet Nam's Category

A had been in full compliance with the TFA, with the remainder needing to be validated as being in full compliance in 2021. Viet Nam is staying on track to put the provisions of Category B and C in full compliance with the TFA. Tables 11.1-11.3 illustrate Viet Nam's TFA compliance status through 2020:

Table 11.1. Viet Nam in Full Compliance with WTO TFA

Ref.	Article/Measure	Category	Independent assessment
1.4	Notification	A	Fully compliant
6.2	Specific disciplines on fees and charges for Customs processing imposed on or in connection with importation and exportation	A	Fully compliant
9	Movement of goods intended for import under Customs control	A	Fully compliant
10.5	Pre-shipment Inspection	A	Fully compliant
10.6	Use of Customs brokers	A	Fully compliant
11	Freedom of transit (paragraphs 1–4)	A	Fully compliant
1.1	Publication	B	Fully compliant
5.2	Detention	B	Fully compliant
6.3	Penalty disciplines	B	Fully compliant
7.2	Electronic payment	B	Fully compliant
7.6	Establishment and publication of average release times	B	Fully compliant
7.9	Perishable goods	B	Fully compliant
11	Freedom of transit (paragraphs 16–17)	B	Fully compliant
12.1–12	Customs cooperation	B	Fully compliant
5.3	Test procedures	C	Fully compliant

Table 11.2. Viet Nam Likely in Full Compliance with WTO TFA – Validation Required

Ref.	Article/Measure	Category	Independent assessment
2.1	Opportunity to comment and information before entry into force	A	2020
2.2	Consultations	A	2020
4	Procedures for appeal or review	A	2020
10.2	Acceptance of copies	A	2020
10.7	Common border procedures and uniform documentation requirements	A	2020
7.3	Separation of release from final determination of Customs duties, taxes, fees and charges	B	12/2022
7.5	Post-clearance audit	B	12/2021
10.3	Use of international standards	B	12/2021
10.8	Rejected goods	B	12/2022
7.1	Pre-arrival processing	C	12/2024
10.9	Temporary admission of goods and inward and outward processing	C	12/2024
11	Freedom of transit (paragraphs 5–10)	C	12/2024

Table 11.3. Viet Nam Not in Full Compliance with WTO TFA – Action Required

Ref.	Article/Measure	Category	Independent assessment
1.3	Enquiry Points	A	2020
6.1	General disciplines on fees and charges imposed on or in connection with importation and exportation	A	2020
7.8	Expedited shipments	A	2020
10.1	Formalities and documentation requirements	A	2020
5.1	Notifications for enhanced controls or inspections	B	12/2021
7.7	Trade facilitation measures for authorised operators	B	12/2022
1.2	Information available through internet	C	12/2022
3	Advance rulings	C	12/2022
7.4	Risk management	C	12/2024
8	Border agency cooperation	C	12/2024
10.4	Single window	C	12/2021
11	Freedom of transit (paragraphs 11–15)	C	12/2022

Source: GDVC, 2021.

As mentioned, all the measures in full compliance with WTO TFA are contributing to the improvement of Release and Clearance Formalities, Cross-Border Coordination and Transit Facilitation and Transport Facilitation in the ASTFI II.

2.1.2. Performance

Surveys conducted by GDVC and Viet Nam Chamber of Commerce and Industry (VCCI) in 2020 asked Vietnamese traders to assess the effectiveness and performance of the NSW. Responses show positive assessment about the time spent on receipt and handling of documents, better streamlined and simpler procedures, and lower costs to obtain documents. In particular, time and costs of doing customs clearance for exports and imports, cross-border transitions of goods are assessed favourably. In 2018–19, GDVC announced a reduction of about 9.22 hours and \$9.28 for an export declaration and \$28.32 for an import declaration (GDVC, 2019).

However, many difficulties and bottlenecks remain, including frequent NSW errors, submission of paper documents in parallel, unnecessary or overlapping requirements, lack of transparency for certain administrative procedures, and missing information about administrative procedures on the NSW Portal.

Trade facilitation efforts prompted by COVID-19 pandemic (if any), including measures implemented by the government that could possibly restrict trade

Amidst the spread of the coronavirus disease (COVID-19), the Ministry of Finance and Viet Nam Customs have implemented numerous solutions to enhance border governance, expand customs revenue and, ultimately, facilitate trade in goods. The customs clearance system is in operation around the clock, including holidays. Customs control has been carried out through the Viet Nam Automated Customs Clearance System/Viet Nam Customs Intelligence System (VNACCS/VCIS), cargo management and automation systems, including the NSW. Other solutions are also introduced, such as Circular No. 47/2020/TT-BTC of the Ministry of Finance and General Department of Customs to accept certificates of origin (C/O) with e-signature and e-seal and a copy or scan of the original.

To mitigate the impact of COVID-19 on socioeconomic development, Viet Nam issued Resolution No. 105 dated 9 September 2021 on 'supporting enterprises, cooperatives and business households amid the Covid-19 pandemic'. The Resolution highlights the importance of collaboration between ministries, central authorities, and provincial authorities. Subject to the appointed mission and solutions of the Ministry of Finance and GDVC, it focuses on (1) speeding up customs clearance for goods serving emergency needs, including aids, donations from foreign countries, or goods imported by domestic organisations and individuals for epidemic control, medical examination,

and treatment; (2) allowing enterprises, cooperatives and household businesses to submit scanned documents with digital signatures instead of physical documents (declarants shall submit physical documents for inspection after customs clearance is granted); (3) instructing provincial departments and sub-departments of Customs to provide adequate resources to grant clearance continuously and safely to manufacturers and processors of electronics components, enterprises, cooperatives and household businesses importing essential goods; and (4) working with the State Bank of Viet Nam to resolve difficulties of loans related to trade in rice, especially those in the Mekong Delta.

To implement Resolution No.105, Viet Nam has imported many solutions and good practices into Customs clearance. For example, in the peak period of COVID-19 in southern Viet Nam (from 1 May to 9 November 2021), Ho Chi Minh City Customs assigned the Rapid Response Team to actively work with local government agencies and hospitals. In addition, Ho Chi Minh City Customs instructed its sub-departments to cooperate with port, warehouse, and yard operators at Tan Son Nhat International Airport to reduce storage costs for aid consignments (Le Thu, Ngoc Loan, 2021). Other Customs departments of Hai Phong, Quang Ninh, and Lang Son have mobilised and optimised all resources to quickly clear and facilitate movements of goods across main national border gates by sea and land transportation. Following the suspension of entry and exit of passengers via the land border gates with neighbouring countries, Viet Nam Customs has coordinated with relevant authorities to allow trucks and drivers to pass in special areas that are located near the border. These activities require efforts of all parties concerned, especially the importers, exporters, and transporters. The time spent at the borders is longer than expected because of some additional actions and measures taken to ensure all persons involved are safe from COVID-19. Utilising close surveillance, drivers are not required for quarantine when returning to Viet Nam after staying abroad less than an hour. In addition, the Customs departments have increased working hours and assigned staffs to do customs procedures for various specific clearances of goods and vehicles at border gates (Quang Hung, Thanh Thuy, 2021).

According to the Ministry of Industry and Trade, in 2021, the export and import management agencies nationwide granted nearly 1.23 million preferential C/O, for \$69 billion worth of goods exported to the markets of Viet Nam's free trade agreement (FTA) partners like the European Union, Republic of Korea (henceforth, 'Korea'), Japan, and China. In particular, nearly \$8.1 billion worth of exports to European Union countries was accommodated with 208,600 sets of the C/O form EUR.1 under the EU- Viet Nam Free Trade Agreement (EVFTA). Also, more than \$16.3 million worth of exported goods had obtained self-certified C/Os in order to utilise preferential tariffs under this trade deal. Thanks to Viet Nam's FTA implementation, trade facilitation solutions of the Ministry of Information Technology, and C/O management agencies, the top export markets getting the highest FTA utilisation rates are Korea, Japan, and China with 50.82%, 38.36%, and 33.74%, respectively.

3. Trade Facilitation Environment – Customs Authority

3.1 Review of policy and institutional reforms and changes since 2018

3.1.1. Formulating customs management mechanisms and policies

Since 2019, the GDVC has furnished legal documents that conform to Viet Nam's regulatory frameworks. Electronic and modern customs procedures are promoted, including Decree No. 85/2019 / ND-CP dated 14 November 2019 on implementing administrative procedures through NSW, ASW, and specialised inspections of import and export goods; Decision No. 23 /QD-TTg dated 27 June 2019 replacing Decision No. 15/2017/QD-TTg dated 12 May 2017, on the updated list of imported goods subject to procedures at the import border; Circular No. 07/2019/TT-BTC of 15 February 2019 amending and supplementing Circular No. 72/2015/TT-BTC of 12 May 2015, on the application of priority regimes for customs procedures, customs inspection, and supervision on export and import activities; Circular No. 62/2019/TT-BTC dated 5 September 2019, amending and supplementing Circular 38/2018/TT-BTC dated 20 April 2018 of the Ministry of Finance, on determining the origin of exported goods import and export; Circular No.80/2019/TT-BTC of 15 November 2019, guiding the implementation of Decree No. 14/2018 /ND-CP of 23 January 2018, on border trade activities; Circular No. 81/2019 /TT-BTC of 15 November 2019 on risk management in customs operations; etc.

GDVC plays a key role ratifying legal frameworks and action programmes for trade such as regulations on goods in transit under the ASEAN Customs Transit System (ACTS) and regulations guiding the temporary detention regime according to the Istanbul Convention.

3.1.2. Promoting ICT applications in customs clearance procedures and formalities

Over the past 25 years, the GDVC has built more than 20 ICT systems to support most of the key areas of customs management such as implementation of electronic customs procedures, electronic payment, automatic port cargo management, risk management, post-clearance audit, violations, public services, NSW, ASW, and internal network management. These systems are relatively stable and smooth.

3.1.3. Modernising customs management methods

Viet Nam Customs is one of the most active forces amongst government agencies in reform and international integration. Viet Nam Customs defines modernisation and standardisation of its procedures as the core pillar of trade facilitation. In the Customs development plan through 2030, GDVC highlighted tasks including: (i) developing a risk management ecosystem in Customs operations following World Customs Organization (WCO) standards, international practices, and national socio-economic development; (ii) strengthening post-clearance audits and customs controls; and (iii) organising helpdesks, hotlines, and an online contact centre for cross-border trade inspections and controls. In this manner, GDVC can evaluate the performance of Customs control and supervision, assess the workload as well as the effectiveness and efficiency of Customs administration, and detect shortcomings and limitations of policies, laws, regulations, and structural organisation. GDVC periodically publishes data on customs release times, and results of surveys assessing the satisfaction of the private sector with customs operations and customs-business partnership.

3.1.4. Coordination with other agencies to improve specialised inspections in export-import customs clearance

As the focal point of Viet Nam's WTO TFA implementation, GDVC is actively coordinating with other agencies by (i) reviewing regulations on specialised management inspections in exports and imports; (ii) reviewing and defining Harmonized System codes to the lists of goods subject to specialised management and inspection; and (iii) unifying customs management principles and procedures for merchandise goods.

3.1.5. Developing Customs-business cooperation

To develop customs-business partnerships, GDVC conducts annual surveys and hosts dialogues, organises workshops on policy and law enforcement, supports enterprises, promulgates regulations in order to strengthen Customs-business cooperation, and assesses cross-border trade control and supervision. Evaluation covers the time and cost of doing customs clearance, cooperation on formalities with business associations at national and local levels, control and supervision, tax exemption, and obstacles to clearance. As such, GDVC is seen as the most active trade facilitation force in Viet Nam.

3.1.6. Implementation of the National Single Window

Through the NSW, enterprises can complete administrative procedures without going directly to each line agency in charge. Consequently, monetary and time cost of doing business declines, transparency is improved, and the competitiveness of the private sector is enhanced. GDVC actively coordinates and cooperates with other agencies to update trade-related information on the NSW and ASW.

3.2. Results from surveys and indicators

According to GDVC, VCCI and USAID's Report on business satisfaction and time needed to carry out administrative procedures through the NSW in 2019, amongst 188 Administrative Procedures integrated into the NSW portal, the most difficult and cumbersome are under the Ministry of Health (General Department of Viet Nam Customs, Viet Nam Chamber of Commerce and Industry, USAID, 2020). Regulations issued by other ministries include quality; technical safety and environmental protection certificates for imported motor vehicles; quality, technical safety and environmental protection certificates for special-use vehicles of the Ministry of Transport; and quality examination of imported goods of the Ministry of Science and Technology. By contrast, progress has been seen for procedures under the Ministry of Industry and Trade, and the Ministry of Agricultural and Rural Development, namely export-import permissions, goods quality inspections, food safety, SPS approvals and legal compliance announcements. Once again, GDVC gets high satisfaction ratings regarding customs-operated information systems, with easy access, updated regulations and laws, speedy interchange and information sharing, and effective communication channels and helpdesks (GDVC, VCCI, USAID, 2020).

A. Transparency and Information on Laws, Regulations, and Procedures

According to both surveys, Viet Nam achieves the highest scores for Customs Website/Trade Portal and Information, trade information from regulatory agencies, and implementation of interactive information channel. The VTIP, NSW, and ASW provide complete information on export and import formalities in both Vietnamese and English.

For the sustainability of the information portals and the effectiveness of contact centres, it is recommended for Viet Nam to strengthen role of GDVC as the focal point for VTIP and NSW. GDVC is currently reviewing the VTIP legal framework and working with member agencies to update and enrich information. It also continues to work with different stakeholders and international experts regarding the information provided by other regulatory agencies in Viet Nam.

B. Communication with and Active Engagement of the Private Sector

GDVC is the lead coordinator of the National Trade Facilitation Committee (NTFC). Communication and trade-related information are effective thanks to the ICT-based customs clearance system. In particular, VTIP has an enquiry section. In addition, GDVC has dedicated staff to answer enquiries at check points. The central and provincial customs departments receive enquiries in person through phones and websites. The service is free of charge. Finally, other agencies and other relevant authorities have their own systems and regulations to respond to enquiries.

In the future, GDVC will be required to standardise customs dossiers and documents from all relevant border agencies in line with regional and international documentary formations. Because of the bilateral cooperation between GDVC, local customs departments, and business associations (typically with Japan and Korea business associations), this is one of the most successful performance of trade facilitation in Viet Nam.

C. Release and Clearance Formalities

The ASTFI II survey shows a positive change for 'Release and Clearance Formalities.' Thanks to GDVC and great efforts to fulfil the core missions with a wide range of technical operations such as Advance Rulings for Classification and Valuation; Pre-arrival processing; Best Practices of Risk Management; Electric Payment; Post Clearance Audits. Further details are as follows:

Pre-arrival processing

The Viet Nam Customs law sets time limits for customs declarations subject to modes of transportation. Details are specified in Decree 59/2018/ND-CP and Circular 50/2018/TT-BTC. The import customs declaration must be submitted before goods arrive at the checkpoint or within 30 days from the day on which goods arrive at the checkpoint.

In general, regulations on pre-arrival processing are stated clearly in various legal documents. However, these regulations are outdated, since they do not consider the development of digitalisation and best practices of risk management. In fact, GVDC should require the applicants to submit business transaction information earlier to improve the effectiveness of risk management programmes and reactive treatments for particular shipments.

Best risk management practices

Viet Nam has a legal framework of risk management specified in Customs Law 2014 and other Ministry of Finance and GDVC decisions such as Decree 08/2015/ND-CP for the application of Customs risk management including evaluation of compliance criteria and the classification of risks, and Circular 81/2019/TT-BTC for levels of compliance assessment for customs declarants.

Since 2011, GDVC has put in place a risk management system that supports customs clearance. In principle, risk management in customs operations shall include the collection and processing of information; establishment of criteria for and evaluation of customs declarants and classification of risks; and implementation of appropriate measures for customs management. In the customs operations, the risk management results can be scrutinised by Customs staff at the clearance point. The Customs officer would need to submit a proposal and get approval from the sub-department lead to adjust the controlling channel (green, yellow, or red), and a record will need to be included in the customs dossier. Customs officers are required to provide inspection results to the risk management system. In some cases, the feedback has to be conducted manually if the inspection results need more investigations or information provided by the declarant. The collection and sharing of relevant information for the analysis of risks at GDVC and provincial level is not always timely or effective; as a result, the classification of compliance determined in the system is not always accurate.

Some of the data used to analyse risk are not up to date. More and better sources of information need to be included to feed the system, including more complete feedback from the provinces. In addition, alerts and notifications of fraud threats need to be included in the risk management system in a timely fashion. Furthermore, risk criteria are established on the VCIS system to channel goods being declared via the VNACCS system. However, the e-manifest, which must be analysed at the port prior to the arrival of the goods, is not connected to VCIS or VNACCS for automated processing and risk classification. In addition, carriers and agents often provide insufficient information on the e-manifest to Customs.

In future, GDVC risk management practices can work more efficiently and effectively if there is an integrated and consolidated ICT-driven system of risk management from spokes at sub-departments and local customs to the central hub at GDVC.

Exchange of certificate of origin and self-certification

Viet Nam has achieved significant progress in handling C/O form D under Asean Trade in Goods Agreement (ATIGA). Viet Nam officially handled C/O issuance to four ASEAN countries (Singapore, Malaysia, Thailand, and Indonesia) since 1 January 2018; and to 31 December /2018 Viet Nam received 59,053 C/O D forms from four ASEAN countries and backward certified 98,820 copies. In 2019, Viet Nam continued to expand its network with Brunei Darussalam and Cambodia, and accumulated a total of 156,878 C/O D forms received from six ASEAN countries and 194,058 issued backward via the ASW (GDVC, VCCI, USAID, 2020). As of 25 February 2020, Viet Nam has officially exchanged C/O via NSW with all nine ASEAN member states (as Philippines was the last member to connect with the Viet Nam system). In 2021, the total number of C/O that Viet Nam exchanged to other AMS via NSW was 203,663. Viet Nam is currently preparing to exchange C/O via NSW to some major partners such as the Eurasian Economic Union (EAEU), and Korea in the near future.

Together with new trade-related procedures connecting on ASW, GDVC shall accept other self-certifications for phytosanitary e-certificates and quality conformity, as well as e-declarations made by foreign traders and declarants.

Trade facilitation measures for trusted traders or authorised economic operators

According to the survey of ASTFI II, there is no change for Trade Facilitation Measures for Trusted Traders or Authorised Economic Operators (AEOs) comparing with the previous. As indicated in Viet Nam Customs Law 54/2014/QH-13, Articles 42–45, the GDVC defines criteria for a trader to be qualified as an AEO, which includes record of compliance, minimum export and sales value; utilisation of e-customs, e-tax procedures, and an ICT programme connected with the customs network; banking payments; and obedience of accounting and auditing regulations. To follow up, Decree 08/2015/ND-CP, Articles 9–12 state that the prescribed export and import value required to become an AEO is \$100 million a year for foreign products, \$40 million for domestic products, and \$30 million for agricultural and aquatic products manufactured or cultivated in Viet Nam. Regarding customs brokers, the number of annual declarations forms to be filled must equal 20,000 sheets per year. In addition, Circular No. 72/2015/TT-BTC stipulates the application of priority policy in customs procedures.

Eligible AEOs are entitled to various benefits such as (i) exemption from examination of relevant documents and physical inspection, except in cases which law violation is detected or random inspection is required (not exceeding 0.5% of total declarations); (ii) submission of an incomplete declaration or a substitute document while having a grace period of 30 days to submit the complete declaration/relevant documents; (iii) priority for tax formalities; and (iv) goods clearance at trader's premises. In 2015, the WCO conducted a gap analysis between the AEO requirements of the SAFE Framework and concluded that the AEO programme in Viet Nam meets about 80% of the framework's requirements (GDVC, 2016).

The GDVC has an AEO division under the Post-Clearance Audit department. At the Customs departments of Viet Nam's provinces and cities, AEO units are under the Post-Clearance Audit branches. Every 6 months, Customs evaluates the AEO programme.

According to GDVC, through 30 December 2019, the number of AEOs in Viet Nam is low. In total, there are approximately 70 enterprises, 23 of whom are from Viet Nam. These enterprises constitute only 1% of the number of enterprises, but account for 34.4% of trade volume equivalent to \$165 billion. Small and medium-sized enterprises, however, are excluded from the AEO programme. Without different stakeholders and enterprises in sectors of logistics, port authority, transportation, etc., Viet Nam's AEO programme limits overall benefits of the entire international supply chain and cross-border trade system. Thus, GDVC is recommended to adopt international best practices, to expand the AEO programme with loosen criteria of trade volume, and to give equal opportunities to more qualified enterprises. Viet Nam is under negotiation with Korea to conclude a bilateral Mutual Recognition Agreement on AEOs (GDVC, 2019).

Simplified or expedited clearance

Simplified or Expedited Clearance still tops performance in terms of trade facilitation in the ASTFI II survey. Viet Nam has established a legal basis for customs formalities pertaining to goods delivered by express delivery services, including time limit for submitting customs documents (at least 2 hours before the exit of vehicle); locations for customs procedures; release of goods by customs authorities when requirements are satisfied; modes of inspection, supervision and control; release of goods pending customs valuation or result of analysis and classification under which customs declarants are responsible for paying taxes subject to a guarantee for the self-declared and self-calculated tax amount; dossiers of pre-identification of customs value, origin and code of classification of goods. Especially, imports and exports shipped on express delivery valued at Vietnamese dong (D)1 million or less or incurring the sum of (regulated) taxes payable of less than D100,000 are exempted from duty and tax. Express shipments are categorised according to modes of exports and imports, trading value, and regulations on specialised controls.

Viet Nam should raise the *de minimis* value (D1 million or tax-binding less than D100,000) for gaining exemption of customs duties and taxes, which is lower than the average amongst Asia-Pacific Economic Cooperation economies (of \$100) and US *de minimis* (of \$800). The main problem with expedited shipments is the specialised inspection requirement for goods in group 2 (known as yellow channels), which includes documents and printed materials, textiles and commercial samples, and materials requiring a license and/or testing. For a specialised inspection, issuance of a testing certificate can take between 5 to 7 days. To conduct customs clearance, economic operators create their own system to sync with the VNACCS/VCIS. This linked system varies case by case, burdening enterprises. Viet Nam Customs needs to enhance standardisation and harmonisation in customs procedures for expedited and express shipments.

Import / Export Formalities and Coordination

According to the ASTFI II survey, there has been no improvement on 'Import/Export Formalities and Coordination' in terms of trade facilitation.

Viet Nam NSW is operating efficiently. After the examination of submitted documents and data, the applicants are notified through the portal in a timely manner. Most of the Ministries, and other agencies participating in the NSW, have conducted administrative procedures for receipts, approvals, acceptance and validity of E-documents, E-permissions, E-certificates subject to Electronic Transaction Law of Viet Nam. Therefore, customs dossiers and regulated documents, certificates shall be submitted, verified and accepted via the NSW and available for customs clearance.

As the leading player, GDVC focuses on simplification, standardisation, and avoiding redundancy by reviewing formalities and documentation requirements to reduce paperwork and other restrictive measures of other agencies. That is why 'Documentation Requirements' and 'Border Agency (Customs, Immigration, Quarantine / CIQ) Coordination (Domestic)' have become the most successful stories.

As reported in Vietnamese businesses' survey feedback, sometimes the NSW portal operations are poor and unstable, particularly before or after the Lunar New Year holidays. Accessibility is either impossible or very time-consuming for unknown reasons. Many complaints are about slow task processing and frequent errors that result in multiple attempts before completion, and extra submissions of documents.

Cross-border coordination and transit facilitation

In the ASTFI II, Viet Nam receives highest satisfaction rates for 'Border-crossing operational coordination with the neighboring countries', 'Computerized System for Transit', 'Transit Guarantee Mechanism', and 'Simplified Procedures for Authorized Transit Traders (ATT)'. 'Border Agency Institutional Coordination' (With bordering countries) ' has remained unchanged since the first survey.

Under Protocol 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit, ACTS is connected to custom clearance systems of member countries in ASEAN to process electronic transit procedures, movements of goods across the territory, customs duties, and guarantees of customs payments. As a focal point for implementation, GDVC operates a separated system connecting to ACTS to handle transit procedures in Viet Nam with a department in charge and helpdesk. However, the Viet Nam-operated system under ACTS is working independently with the VNACCS/VCIS. Merging the two systems shall make transit information sharing and exchange smooth and seamless. Furthermore, Viet Nam should foster border agency coordination with neighbouring countries by setting up a technical working group to simplify operations and avoid duplication efforts and to install an effective information sharing mechanism.

Transport facilitation

Viet Nam has made great progress in terms of 'Land Transport Facilitation.' In line with the ACTS initiative, under Protocol 7 of the ASEAN Framework, Decree 08/2015/ND-CP and Decree 46/2020/ND-CP (which both came into effect on 1 June 2020) facilitate transport and transit. Goods in transit will be processed by the ACTS as an ICT connectivity instrument for electronic transit procedures, controlling the movement of goods across all member territories, assisting national customs authorities in calculating customs duties and guarantee amounts, and exchanging information for recovery of customs debts.

To enforce the sharing of information prior to arrival and departure, Viet Nam should have regulations on road transportation through land border checkpoints. More efforts should be delivered to improve efficiency of 'Procedures for Issuance of ASEAN Goods Vehicle Cross Border Permit' and 'Electronic Data Interchange (EDI) and Port Community'. GDVC is recommended to adopt best practices regarding pre-arrival processing, for example: (1) to require customs declarations for vehicles in a reliable time prior to landing, instead of 12/24; and (2) to accept a preliminary declaration prior to arrival that allows the payment of duties and taxes. Upon arrival, the preliminary declaration changes to the 'official declaration', and the shipment is cleared and released. If amendments are required, no penalties should be included apart from exceptional circumstances. Finally, Viet Nam should have a highly inclusive leadership with a roadmap and master plans for implementation the ASEAN Framework Agreement on the Facilitation of Inter-State Transport and the ASEAN Framework Agreement on Multimodal Transport with respect to land transport facilitation (GDVC, 2019).

E-commerce

Since 2006, e-commerce activities in Viet Nam are seen as traditional cross-border transactions with a difference in operating manners. E-commerce is mainly governed by Law of E-Transaction and basic legal sources like Viet Nam Commerce Law, Viet Nam Competition Law and international conventions, customs, and best practices. There is no official government document for trade facilitation on e-commerce, especially regulated tasks, operations and scope of works for GDVC and other agencies. Recently, GDVC has drafted a decree on customs control for cross-border e-commerce transactions. The scores for the 'Legal Framework and Operationalisation for Inter-Operable, Mutually Recognised, Secure, Reliable and User-Friendly E-Identification and Authorisation (SVG1)', and 'Revenue Collection Framework for Cross-Border E-commerce Trade (SVG2)' are expected to improve if this document is officially issued and enforced.

However, 'Time release publication' is still questioned by Vietnamese businesses. Even though GDVC conducts an annual time release study (TRS) in line with WCO methodology and at the government's request, the results of the study are only submitted to some international organisations such as USAID and ASEAN; they are not made accessible to the general public or the private sector in particular. To improve 'Dwell Time Publication' and 'Time Release Study', Viet Nam should conduct dwell time studies on a regular basis and inform the private sector about the results.

3.3. Analysis of main issues / challenges going forward

As the focal point in the TFA implementation, GDVC continues fostering trade facilitation of Viet Nam through the utilisation of various tools.

First, VNACCS/VCIS is used for import/export customs clearance. It is originally a system developed by Japan from the customs clearance module of the NACCS/CIS system and non-refundable aid for Viet Nam. This is a high-quality software product in terms of processing speed as well as stability. However, the upgrade, modification, and addition of functions for this component on the Vietnamese side cannot be actively implemented. This causes significant Customs difficulties for Viet Nam.

Second, GDVC continues highlighting standardisation, modernisation, simplification and transparency in order to fulfil the TFA commitments and implementing roadmap.

Third, GDVC fosters international standards and best practices to facilitate and secure cross-border trade vis-à-vis the COVID-19 pandemic.

Lastly, GDVC maintains a vital role in border agency cooperation between customs, other border agencies, and governmental authorities in Viet Nam.

4. Trade Facilitation Environment – Major Agencies (including Quarantine)

4.1. Review of policy and institutional reforms and changes since 2018

With respect to the contributions of ministries and government agencies to trade facilitation progress in Viet Nam, the greatest benefit stems from an ICT-based inter-agency mechanism connecting NSW and VTIP.

4.2. Viet Nam Trade Information Portal

VTIP, the official source for all regulatory trade information for Viet Nam, is available at www.vntradeportal.gov.vn.¹ VTIP is a product of the World Bank to support Viet Nam through the GDVC facilitating trade and implementing the WTO's TFA. VTIP provides an accessible, logical, helpful window for traders to access regulatory and procedural information. VTIP has a rich database and the right side-bar menu features search options for commodities (defined by Harmonized Service code), legal documents, procedures, forms, measures, standards and other requirements. VTIP is also an important step towards improving the predictability and transparency of the country's trade-related regulations and processes. That explains one of the best performance falling into 'Customs Website/Trade Portal and Information' and 'Implementation of Interactive Information Channels/Customs Contact Center' in both ASTFI surveys.

4.3. Viet Nam National Single Window

The Viet Nam NSW officially started on 11 November 2014, following a period of careful preparations by the Government, the Ministry of Finance, and GDVC. Through 28 February 2022, 244 Administrative Procedures have been integrated into the NSW Portal, which fall within the management domain of 13 different ministries and agencies. According to the survey on 'Business satisfaction with administrative procedures carried out through the National Single Window' (GDVC, VCCI and USAID, 2019), the most frequently carried out procedures on NSW are subject to five Ministries: Ministry of Industry and Trade, Ministry of Transport, Ministry of Agriculture and Rural Development, Ministry of Science and Technology, and Ministry of Health. The two procedures related to entering and exiting seaports are inter-agency procedures.

Overall, the implementation of the NSW reduces the time needed to carry out Administrative Procedures. The time spent by businesses has reduced for 10 out of 12 Administrative Procedures. The number of days saved in comparison with the traditional approach is between 1 and 3 days, and the number of days for handling procedures is generally within the time limit prescribed in legal documents. The implementation of the NSW also reduces costs for enterprises for almost all procedures compared to the previous traditional approach. Costs have reduced by more than half for eight Administrative Procedures, with the highest reduction for 'issuing certificates of chemical declaration' (93% reduction), 'registration for quality examination and verification of imported animal feed' (82% reduction), or 'issuing licenses to export/import industrial precursor chemicals' (73% reduction).

¹ Note that the site address belongs to the government and is official.

However, this change does not occur evenly across the procedures and line ministries. A considerable number of firms do not observe progress of the two Ministry of Health procedures pertaining to import licenses for medical equipment and appliances and receipt numbers for the notification of imported cosmetic products. The average number of days for approval of the former is still as long as 30 days, and as many as 35% of firms reported experiencing difficulties obtaining the license. Meanwhile, the latter costs businesses an average of 1 extra day compared to the direct filing of documents to the Ministry of Health previously. The cost of obtaining the latter increased by 19% on average compared to that of the traditional approach. 29% of firms reported difficulties completing the procedure. More than half of the surveyed businesses did not get the last two procedures handled within the time limit set out in legal documents.

In addition, the evaluation of time spent in each stage of a specific Administrative Procedure shows a time consumption trend as follows (in ascending order): (i) filing information, (ii) conformity assessment by the private sector, (iii) conformity assessment by the State, and (iv) receiving and processing records. This has reinforced the need for reforming the information and record receipt and processing of line Ministries.

In terms of institutional reforms, the NSW has made significant improvements on three components of Administrative Procedures, namely 'information about the processing progress,' 'reduction in the number of records' and 'clarity of templates/forms'. Amongst the procedures being surveyed, procedures of the Ministry of Trade and Industry and Ministry of Agriculture and Rural Development are easier to carry out than those of three other Ministries (Ministry of Health, Ministry of Transport, and Ministry of Science and Technology). The two most common procedures for businesses, as measured by the number of applications per firm and the total number of firms applying the procedure, are the issuance of preferential C/Os and phytosanitary certificates for plants imported, in transit, and domestically transported. They are also the easiest procedures, and only about 15% of businesses reported difficulties. Using the threshold of 25% of businesses facing difficulties as the reference value, the two procedures of the Ministry of Transport, namely 'Issuing quality, technical safety and environmental protection certificates for imported motorised vehicles' and 'Issuing quality, technical safety and environmental protection certificates for special-use vehicles' both have 28% of enterprises encountering difficulties. Similarly, 26% of businesses had difficulty with the procedure for 'Quality examination of imported goods.'

Findings pointed out the main bottlenecks as follows:

First, procedures are not fully electronic; therefore, the declarants are asked to combine both electronic and manual approaches. It is highly time-consuming and causes delays.

Second, the report on processing status is not fully informative, is returned without clear explanations, and has errors, so the traders and declarants have to withdraw and replace other documents many times before such documents are accepted.

Lastly, it takes more time and money to obtain the final approval due to unreasonable delays and postponements from the Ministries. The document processing progress at site of the Ministries is delayed, often for no discernible reason.

4.4. National Trade Repository and ASEAN Trade Repository

With respect to National Trade Repository and ASEAN Trade Repository, VTIP is currently under GDVC management and affiliated with NTFC. It is based on trade and expertise of this agency with commodity coding and classification, along with a database of trade statistics. However, VTIP is losing ground and becoming increasingly less relevant as information is not updated sufficiently as a result of a lack of attention and investment. VTIP users have to search, collect and verify trade-related information from other GDVC websites and private service providers. Lack of connectivity between VTIP and other functional websites of GDVC, MOIT, and VCCI results in poor operation and low attractiveness for users. Without a technical working team in charge of VTIP and an inter-agency agreement to share information for updating VTIP, there is a great threat to its existence. Therefore, NTFC should issue an inter-agency decision requiring agencies to send updated information to VTIP.²

Viet Nam should think about renovation of and investment in VTIP in alignment with themes and importance of National Trade Repository and ASEAN Trade Repository.

² The Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) inquiry points/offices all have inter-agency coordination MOU but they found that often the agencies were too busy doing their things and not paid enough attention to send documents to the offices. They have to use private legal service subscription to supplement the official channel. VTIP may need to rely on both the government channel and private subscription. One possibility is to use the private subscription notification and ask for official documents from the agencies in charge.

5. Conclusions and Recommendations

Trade facilitation under major agencies other than Customs is slow-moving. This is due mainly to bottlenecks in border agency cooperation and trade-related information availability. Most of the good performance reflect results of institutional and operational reforms and innovations in fields of customs controls and supervision such as risk management, post clearance audit, and time release study. Indeed, GDVC has proved to be an active focal point in implementations of international and regional agreements on trade facilitation.

5.1. Recommendations for Ministries and other agencies

First, enforce inter-agency connectivity, validity, and usefulness of the VTIP. This requires a comprehensive assessment on operating effectiveness and key performance, and then a development or investment plan primarily focusing on coordination mechanism amongst GDVC and other agencies under moderating role of a VTIP Working Group.

Viet Nam also needs a detailed programme with a specific roadmap for updating the VTIP software. VTIP should deliver more trade-related information and instruments such as monthly disaggregated trade statistics, a database of rulings searchable by Harmonized System code, information for exporters, and an online trade facilitation forum. Also, Viet Nam should pay more attention to mass media communication for VTIP using an awareness campaign, capacity building and training for to the users, SMEs, business associations.

Second, if Viet Nam assigns a VTIP Working Group as the key coordinator, it should start with a comprehensive assessment of ICT infrastructure, readiness, and availability of this portal. The VTIP Working Group should adopt international standards and best practices to set up criteria measuring, ranking, and assessing quality, performance, and effectiveness of all Administrative Procedures on the VTIPs. The main indicators should be designed for taking account of functions and tasks of every agency, rules, and standards on documentary template and operating manners, time limit for procedure processing, history of records receiving/processing, appeal mechanism, and online helpdesk.

Last but not least, Viet Nam should continue to foster institutional reforms, develop public-business partnerships, and reduce compliance costs for businesses. It is necessary to completely eliminate 'semi-manual' practices in handling Administrative Procedures on the NSW portal to promote a paperless business environment.

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