



**VIET NAM - EU TRADE FORUM 2023 Speech**

**Ho Chi Minh City, November 27, 2023**

**Speech by EuroCham Chairman Gabor Fluit**

*“Positioning Viet Nam in a sustainable value chain with EU partners, amid investment shift and supply diversification”*

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Quý vị lãnh đạo, và thành viên của cộng đồng doanh nghiệp;



Toi xin phép noi tiep bang Tieng Anh, vi hom nay co su tham du cua cac ban quoc te rat nhieu!

Thank you for inviting me to this forum to represent the European Chamber of Commerce in Vietnam, or EuroCham. As background, EuroCham was founded in 1998 and now represents over 1,400 European companies across Vietnam's economy. Our core mission is to raise the voices of our members, conduct constructive policy dialogues with the government, and support European and Vietnamese sustainable development - with the EU-Vietnam Free Trade Agreement at the center.

Today, I would like to share EuroCham's insights on the rapid transformation underway in global supply chains and Vietnam's strategic role within this evolution.

Global supply chains have undergone a major transformation in recent years, driven by uncertainty in the global economy. As the vulnerabilities of single-source supply chains have become more and more apparent, the need for resilient, diversified approaches has increased. The growing popularity of terms like nearshoring, friendshoring, reshoring, onshoring, China+1, and China+X in policy discussions and investment decisions illustrates this change. And it also goes without saying that the COVID-19 pandemic has completely and totally changed the way we all think about international logistics.

Sustainability has also become another priority in supply chains, fueled by advancements in AI, blockchain, and the Internet of Things. These advancements have led to better data collection, real-time tracking, predictive analytics, and collaboration. The same technologies that make supply chains more intelligent and efficient also enable enhanced sustainability and resilience.





The rapid shift towards diversified, sustainable supply chains naturally puts Vietnam in the spotlight. And by making the most of its unique strengths, Vietnam is becoming a key player. Its strategic location in the heart of Southeast Asia makes it a natural gateway for international businesses seeking regional expansion. Proximity to major Asian markets and key shipping routes, combined with a young, skilled, cost-competitive workforce, further boost its appeal.

On top of this, Vietnam has tirelessly pursued integration into global markets through free trade agreements such as the EVFTA, a deal that all of us in this room are very familiar with. In 2022, 146 new EU investment projects were registered in Vietnam, bringing in an impressive \$15 billion in newly invested capital, a significant \$13 billion increase from 2021. EuroCham's most recent Business Confidence Index survey confirmed this trend - 31% of EuroCham members listed Vietnam among their top three global investment destinations, while over half of those surveyed plan to increase their FDI in Vietnam by the end of 2023. This boom in investment, particularly in high-tech manufacturing, highlights the effectiveness of Vietnam's FTAs in attracting high-quality, sustainable FDI and establishing it as a strategic destination for businesses from around the world.



Vietnam's commitment to responsible environmental management and sustainable energy also gives Vietnam a competitive edge. This is evident through its initiatives and pledges, including those made at COP26. Particularly, Vietnam has made significant advances in renewable energy, despite setbacks in the release and implementation of Power Development Plan 8. For example, over 20,000 megawatts of solar and wind capacity have been added since 2019, accounting for 26 percent of total capacity. This action, along with Vietnam's countless sustainability initiatives, will help lock in its position in global value chains.

Additionally, Vietnam's commitment to robust sustainability standards is a key driver of FDI, especially from Europe. By setting comprehensive green benchmarks in response to the growing demand for eco-friendly commodities and products, Vietnam becomes a more dependable export market. This, in turn, encourages fresh European capital inflows and business opportunities in Vietnam while simultaneously fostering consumer trust. This route also promises to create jobs and long-term prosperity.

Within this framework, adherence to EU regulations like the Carbon Border Adjustment Mechanism, or CBAM, and the Corporate Sustainability Due Diligence Directive, or CSDDD, is key to strengthening Vietnam-Europe economic ties. Vietnam's embrace of carbon pricing policies in line with CBAM will keep its exports competitive. Moreover, adhering to the CSDDD directives demonstrates Vietnam's commitment to transparent, sustainable business practices. With compliance in place, Vietnam will safeguard its existing trade relations with the EU and open the door for new ones.



We are all aware, however, that this regulatory compliance requires substantial investments in infrastructure modernization, green technology advancement, and human capital development. This includes attracting skilled talent, implementing training programs, adapting educational programs, and establishing rigorous standards for emissions reduction, environmental monitoring, and compliance enforcement. Collective efforts in these areas, along with investments in data tracking systems, are critical for Vietnam's success.

"To bridge the gaps and unlock the full potential of the EVFTA, EuroCham remains steadfast in empowering European and Vietnamese enterprises. We actively foster alignment with critical regulations like CBAM and CSDDD, ensuring businesses are well-equipped to thrive in this evolving landscape. Our knowledge-sharing platforms provide businesses with the skills and expertise to seize complex opportunities, maintain global competitiveness, and navigate the ongoing sustainability transformation. This year, we partnered extensively with the Ministry of Foreign Affairs to organize CBAM and EU Deforestation Regulation capacity-building trips across the provinces, a testament to our commitment to empowering businesses for success.



Additionally, the forthcoming 15th edition of EuroCham's Whitebook stands as an invaluable resource. Through analysis and actionable recommendations, the Whitebook provides guidance to the Vietnamese government on addressing issues raised by EU investors and enterprises. By advocating for improvements within the EVFTA framework and fostering constructive dialogue, we firmly believe that the Whitebook will continue to enhance Vietnam's business climate. The publication will be unveiled in Hanoi on January 16, 2023, during a day of insightful discussions with government officials. We eagerly anticipate your presence at this important event.

EuroCham also plays a pivotal role in fostering dynamic platforms for dialogue and collaboration among the European and Vietnamese business communities, policymakers, and international organization representatives. Through these open exchanges of ideas and expertise, we bridge divides, promote understanding, and pave the way for mutually beneficial partnerships that advance sustainable economic growth and shared prosperity.

A key aspect of our efforts lies in hosting regular high-level forums focused on sustainability. In November 2022, we held the Green Economy Forum and Exhibition (GEFE 2022) in Ho Chi Minh City, with distinguished guests such as Vietnam's Prime Minister and European Commissioner Sinkevicius, alongside nearly 6,000 attendees.



Most recently, we organized the 2023 Green Economy Forum, or GEF, in Hanoi, bringing together influential shapers of the sustainability agenda from both regions. This event was honored by the presence of Excellency the Prime Minister of Vietnam, Dutch Prime Minister Mark Rutte, European Commission Executive Vice President Valdis Dombrovskis, high-level Vietnamese officials, and 500 attendees. We extend our heartfelt gratitude to all who joined us in Hanoi for GEF!

Looking ahead, we are thrilled to announce the return of GEFE to southern Vietnam in November 2024, with ambitious plans to expand its scope and reach even further. We eagerly anticipate your participation as EuroCham continues to champion sustainability and reinforce vital ties between Europe and Vietnam.

As we conclude, let us not simply celebrate our past achievements but maximize the potential of the EU-Vietnam partnership. Our journey is not about simply continuing; it is about acceleration, gaining speed with every step we take. I am confident that many more milestones lie ahead, and I look forward to further strengthening the unbreakable bonds between Vietnam and Team Europe.