

Chapter 9

Policy Measures

9-1. Introduction

Some of the policy directions proposed in chapters 4-8 are presented with concrete targets and action plans below. While all proposed policy directions in previous chapters are desirable, only 12 of them are included here. This selectivity comes from the need to execute and follow up each proposed policy measure adequately under the currently limited human resources, budget and institutional preparation for policy implementation.

A number of action plans may require external assistance including foreign expertise and financial support. Vietnam should explore the possibility of such assistance whenever necessary. Active cooperation of motorcycle manufacturers in Vietnam is particularly important. Official assistance from bilateral and multilateral donors should also be sought. Some action plans may be outsourced from the private or non-government sector for efficiency and effectiveness.

9-2. Measures, targets and action plans

Measure 1. Incentives for investment and training in supporting industries (chapter 4)

<Overall objective>

Introduce incentive measures for promoting supporting industries in assembly-type manufacturing industries, in which the motorcycle industry is expected to take a leading role.

<Target and action plans>

Target 1-1. Introduce incentive measures which are sufficiently competitive vis-à-vis other East Asian countries from the viewpoint of potential foreign investors in supporting industries. Incentive measures are initially targeted at pressing, casting, forging, welding and production of dies and molds.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	For targeted activities, introduce corporate tax exemption for 6 years after the first year of profit	MOF
2008	For targeted activities, introduce 100% import tariff exemption for machinery import	MOF
2008	For targeted activities, introduce 50% subsidies for training of Vietnamese managers, engineers and workers	MOF

Measure 2. Create a new mechanism to receive and utilize foreign experts more effectively (chapter 4)

<Overall objective>

At present, knowledge of visiting foreign experts in the manufacturing sector are sometimes not fully utilized due to the lack of sufficient preparation, needs-matching, timely dispatch, and review and followup. Effectiveness of foreign expert dispatches in the manufacturing sector should be enhanced by creating a receiving mechanism which minimize these problems and maximize learning from foreign experts. At the same time, there should be an effort to link retired or retiring Japanese experts with Vietnamese companies that want to receive them.

<Targets and action plans>

Target 2-1. A new mechanism should be set up in Vietnam to coordinate demand and supply of foreign expert dispatch services.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	A report on the assessment of the current situation and proposal for improvement	MOI, MPI
2009	Establish a new foreign expert receiving mechanism, preferably in the form of public-private cooperation	MOI, MPI, donors

Target 2-2. Establish a mechanism to receive retired Japanese managers and engineers with high skills in manufacturing to level up Vietnamese factories (this may coincide with the mechanism mentioned in Target 2-1 above).

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	A report proposing concrete targets and actions	MOI, MPI
2009	Establish a new mechanism for this purpose, preferably in the form of public-private cooperation	MOI, MPI, donors

Measure 3. Strategic FDI marketing for strengthening supporting industries (chapter 4)

<Overall objective>

Vietnam should become a favored destination for foreign SMEs with high-tech capability in supporting industries.

<Target and action plans>

Target 3-1. Draw up and effectively implement a strategy to absorb narrowly targeted foreign enterprises to strengthen Vietnam's supporting industry base. The strategy should include improvements in procedure, focused vision and targets, better FDI marketing and production-related infrastructure and services.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draw up a strategy for receiving FDI part suppliers in specific sectors or from specific foreign regions	MPI, MOI
2009	Prepare industrial parks or rental factories specifically designed to receive targeted FDI part suppliers (Hoa Lac High-tech Park may be considered as one candidate)	Designated locality
2009	Activate FDI marketing based on prepared strategy and receiving locations	Designated locality

Measure 4. Building a supporting industry database in conjunction with business matching service between FDI assemblers and local suppliers (chapter 4)

<Overall objective>

To narrow the information and perception gap between FDI assemblers and Vietnamese suppliers, a supporting industry database should be created, and FDI-local business matching service should be initiated. Moreover, these two activities should be synchronized and integrated as one.

<Targets and action plans>

Target 4-1. Create and maintain a supporting industry database. It should be designed and operated to attract both buyers and sellers in a sustainable way.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	A report on the effective design and implementation of a supporting industry database combined with business matching service	MPI, MOI, VCCI
2008	Establish a supporting industry database on a pilot basis	Designated organization
2009	Review initial operation, make revisions as necessary, and expand the database to include more companies	MPI, MOI, VCCI

Target 4-2. Establish business matching service between FDI firms and local suppliers in close coordination with the supporting industry database.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Establish business matching service on a pilot basis	Designated organization
2009	Review initial operation, make revisions as necessary, and expand the service to include more companies	MPI, MOI, VCCI

Measure 5. Creating pilot institutions for practical technical and vocational education and training (chapter 4)

<Overall objective>

Upgrade a small number (2 or 3) of technical colleges and vocational schools to become pilot institutions which can deliver adequate education and training in response to the actual requirements of the industrial labor market, especially the labor market for supporting

industries. Targeted fields include, but are not limited to, pressing, casting, forging, welding, and production of dies and molds. For this purpose, a close and continuous cooperative mechanism between training institutions and manufacturers that may hire students upon graduation should be established.

<Targets and action plans>

Target 5-1. Formulate and implement the National Policy Framework for Development of a Profession-Oriented Education System at technical colleges and vocational schools.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	A National Policy Framework for Development of a Profession-Oriented Education System is drawn up and approved	MOET
2009	Establish a coordinating unit for overseeing and assisting a consortium of pilot institutions to achieve the project aim	MOET
2009	Review the requirements of targeted manufacturing labor market and reflect the results in policy	MOET

Target 5-2. Implement profession-oriented education and training at selected colleges and schools, including collaborative training programs between training and businesses, learning "best practices," mobilizing foreign experts and targeted firms' managers and engineers, and improving facilities and equipment. Disseminate their methodology and materials to other education and training institutions.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Select a small number of pilot institutions	MOET, MOI
2008	Set up a committee consisting of educational experts and targeted businesses to advise on improvements	Pilot institutions
2009	A report on current assessment on teaching staff, curriculum and materials based on graduates' competency in targeted businesses, with proposals for improvements and revisions	Pilot institutions
2009	Begin to introduce proposed programs in steps	Pilot institutions
2011	Review initial results and begin to disseminate project results to other technical institutions	MOET & pilot institutions

Measure 6. Testing centers for assembly-type manufacturing industries (chapter 4)

<Overall objective>

Vietnam should have testing centers that serve the needs of the motorcycle industry.

<Target and action plans>

Target 6-1.

Existing testing centers should be strengthened and, if necessary, new testing centers should be established to conduct testing of products, parts and materials related to the motorcycle industry through provision of necessary equipment and technical assistance.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2009	Establish a sufficient number of testing centers that conduct testing services for the motorcycle industry	MOI, MOST, STAMEQ?

Measure 7. Introduction of time-based parking fees on roads and sidewalks in urban centers (chapter 5)

<Overall objective>

Traffic order should be restored and traffic congestion should be ameliorated in urban centers while at the same time revenue is collected for further traffic management.

<Target and action plans>

Target 7-1.

Time-based fee collection on street parking of motorcycles and automobiles should be introduced in Hanoi and HCMC.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draft a plan for a time-based parking system and pre-announce to people and businesses	MOP, Hanoi HCMC
2008	Introduce this system on a pilot basis in Hanoi and HCMC	MOP, Hanoi, HCMC
2009	Review initial results, make revisions as necessary, and expand the system to larger areas	MOP, Hanoi, HCMC

Measure 8. Vehicle entry regulation in Hanoi's Ancient Quarter (chapter 5)

<Overall objective>

Reduce traffic hazard and congestion and restore safe and tranquil atmosphere in the Ancient Quarter of Hanoi for the purposes of cultural preservation, tourist attraction and better living condition.

<Target and action plans>

Target 8-1.

In steps, the Ancient Quarter of Hanoi should become an area mainly of pedestrians and non-motorized vehicles, except minimum residential and commercial traffic. The policy should cover vehicle entry, speed limit, parking, and resident and business exemptions.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draft a study on traffic management in Hanoi's Ancient Quarter	Hanoi PC
2009	Begin to enforce new traffic management in Hanoi's Ancient Quarter in steps	Hanoi PC

Measure 9. Revising regulation on motorcycle drivers' licensing and motorcycle riding (chapter 6)

<Overall objective>

Improve motorcycle riding to restore order and reduce traffic conflicts and accidents, with an aim to become a model country of orderly use of motorcycles.

<Target and action plans>

Target 9-1.

New traffic management should be introduced and strictly enforced for motorcycle riding in Vietnam.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draft a study on regulating motorcycle riding covering licensing, helmet use, riding manner, road use, and so on (see chapter 6)	MOTransp, MOP
2009	Enforce new regulation in steps	MOTransp, MOP
2009	Initiate stepped-up public education on safety driving through joint effort of relevant authorities and businesses	MOTransp, MOP, businesses

Measure 10. Prepare necessary conditions for implementing the EURO roadmap (chapter 7)

<Overall objective>

Improve fuel quality, the vehicle inspection and maintenance system, and the ambient air quality monitoring system as pre-conditions for effectively implementing the EURO roadmap on air pollution regulation for both automobiles and motorcycles, starting with EUROII and moving up to higher levels.

<Targets and action plans>

Target 10-1.

Establish and enforce fuel quality control in a way consistent with the proposed EURO roadmap.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	A survey on the fuel quality of imported oil products and retail market	MOTransp, STAMEQ, GdoCs
2009	Design and begin to implement higher standards of fuel quality in line with future EURO roadmap	MOTransp, MOST, STAMEQ

Target 10-2.

Strengthen the vehicle inspection and maintenance system in a synchronized way with the EURO roadmap.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Initiate on-road site emission testing	VR, MOP
2008	Draft a plan for periodic inspection of motorcycle emissions and compulsory maintenance (initially for Hanoi and HCMC)	VR, MOP, MOTransp
2009	Implement periodic emission inspection and maintenance of motorcycle, with effective administrative measures for noncompliance	VR, MOP, MOTransp

Target 10-3.

Strengthen the urban air quality monitoring system.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Establish an air quality monitoring system in Hanoi and HCMC for continuous monitoring	MONRE

Measure 11. Establishment of an industry association comprising all motorcycle manufacturers in Vietnam (chapter 8)

<Overall objective>

Establish an industry association that serves the interests of motorcycle assemblers and suppliers in Vietnam.

<Target and action plans>

Target 11-1.

Create an industry association that provides information service, surveys, technology transfer, coping with social issues, dialogue with policy makers, international cooperation, and so on, for motorcycle assemblers and suppliers in Vietnam. MOI should support its creation.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draft a plan to establish an industry association through close consultation among producers in the motorcycle industry in Vietnam, with MOI assistance	MOI, related businesses
2009	An industry association should be established	Related businesses
2009	Proposed activities, including monitoring of this master plan (see section 9-3 below) and international cooperation, should be started	Industry association

Measure 12. Eradication of illegal motorcycles and illegal parts in Vietnam (chapter 8)

<Overall objective>

Vietnam should fully protect industrial property rights related to motorcycles.

<Target and action plans>

Target 12-1.

Vietnam should become a country free of illegal motorcycles by 2015. This shall be achieved by joint effort of authorities and producers in strategy formulation, institutional improvement, public education, and strict policing and persecution.

<i>By</i>	<i>Action</i>	<i>Actor(s)</i>
2008	Draft a strategy to eradicate illegal motorcycles and parts	VR, MOP, MOI, businesses
2009	Initiate joint effort of authorities and producers in public education, policing, and persecution	VR, MOP, MOI, businesses
2010	Domestic production of illegal motorcycle parts should be eliminated	VR, MOP, MOI, MPI
2015	Any production, import, sale or use of illegal motorcycles, both old and new, should be eliminated	VR, MOP, MOI

9-3. Monitoring

Overall progress in implementing these measures should be monitored and reviewed jointly by the government and the industry. On the government side, the Ministry of Industry (Department of Mechanics, Chemicals and Metallurgy) shall take the responsibility for this task. On the industry side, the proposed industry association of motorcycle manufacturers will take the responsibility. Until the time such an association is established, MOI shall take the responsibility of monitoring and review, in cooperation with manufacturers, industrial experts and academic institutions as necessary.

The first progress review shall be conducted one year after the approval of this master plan. The second progress review shall be conducted three years after the approval of this master plan. Each review should produce a report which contains the current status of implementation of each action plan, overall progress assessment, and proposals for policy revision if any.