

Monitoring Health of French Businesses in Vietnam

Survey carried out by CCIFV
With technical support from Indochina Research

Introduction

Introduction

- ▲ With the pandemic situation worsening in Vietnam, and the negative impact on the economic growth, CCIFV has recently measured **the health of French businesses**.

These enterprises, created by French people living in Vietnam, are established under Vietnamese law, and they don't have any capital links with France. While businesses established in France can receive financial support from the French government, French companies abroad are facing major difficulties due to the impact of Covid-19.

- ▲ In March 2020, CCIFV surveyed more than 110 companies, most of which medium-sized enterprises. Among the participants, over 50% conveyed their financial difficulties. The decline in activity already worried 1 in 3 companies, which considered at the time, that their survival was at risk.
- ▲ After witnessing a period of reduced economic activity for the past several months, CCIFV has recently conducted a new survey with a view to evaluating **the difficulties and limitations of businesses** navigating the challenges of the fourth wave.

The role of CCIFV

Inform

Vietnamese authorities

Embassy and Consulate General of France

Senators of French citizens living abroad

Deputy of Eleventh constituency
for French residents overseas

French Foreign Trade Advisors

Business France

Consular Council

Assembly of French Citizens Abroad

EuroCham

Share

Working sessions with CCIFV experts

Best Practice Workshops

Synthesis and Communication of useful
information

Methodology



Methodology

Questionnaire compiled by CCIFV



Time of survey

12 - 17 August 2021



Participants

Sample of 63 companies



Survey tool

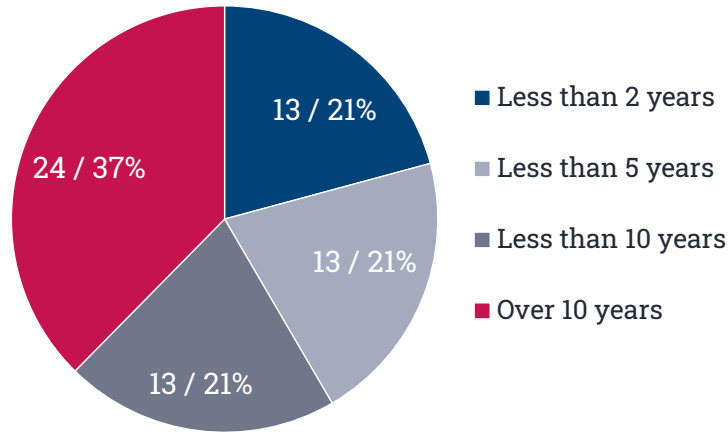
Online survey managed by
Indochina Research



*Any personal information will not be used outside of this survey.
Your answers to the questions will be anonymous.*

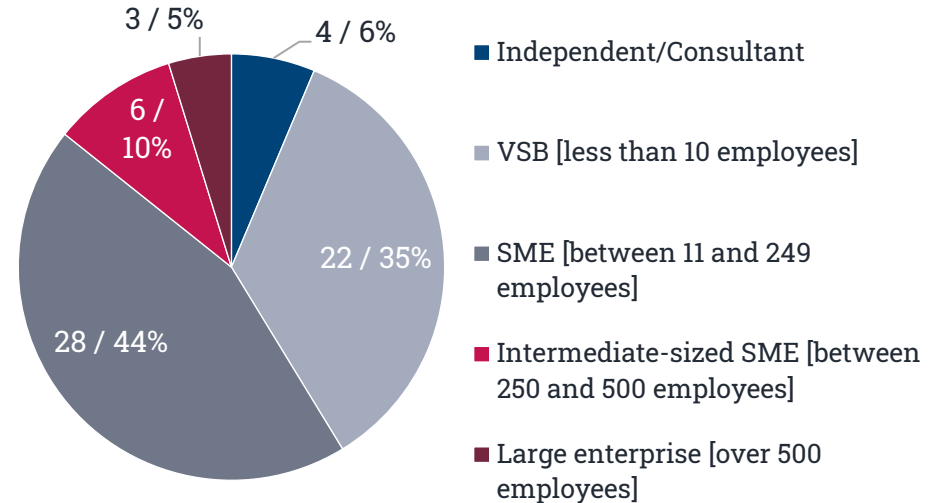
Profile of Participating Companies

Number of years in operation



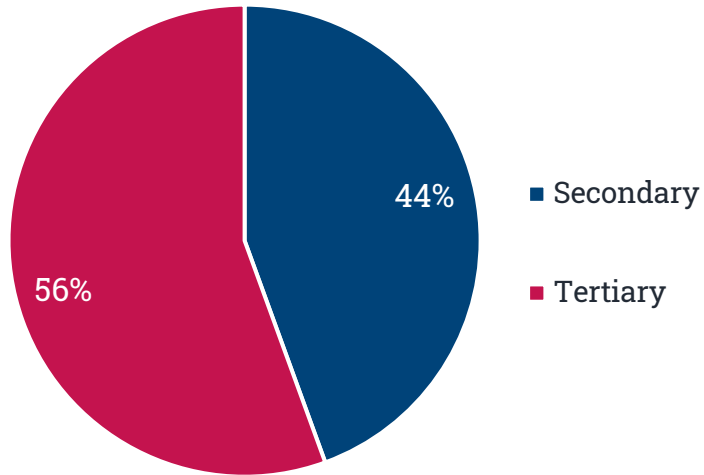
▲ 37% of the surveyed enterprises have been established in Vietnam for more than 10 years.

Company size



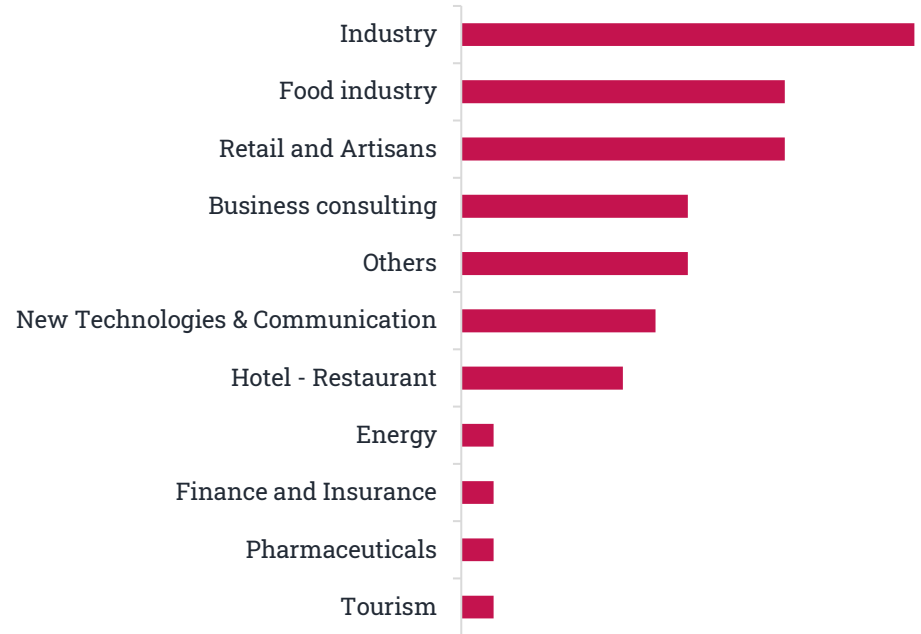
▲ A vast majority of the participating enterprises are VSBs and SMEs.

Economic Sector



Most participants are operating in the Tertiary (service) and Secondary sectors.

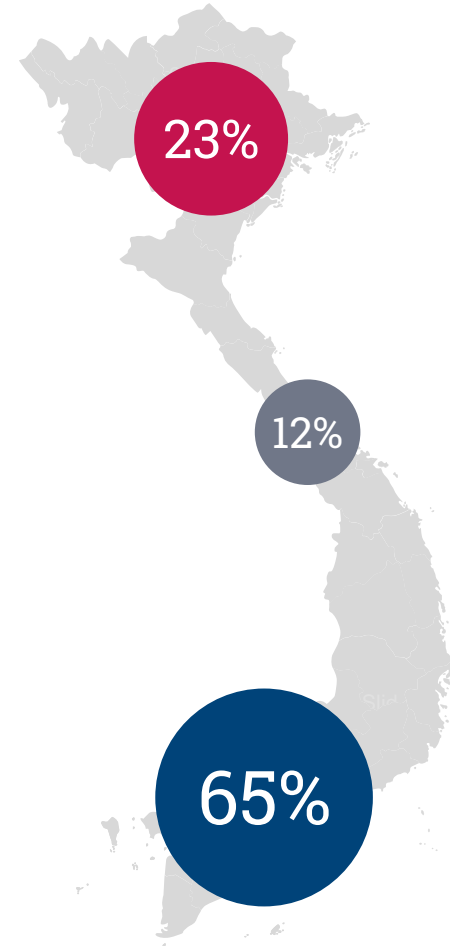
Specific activities



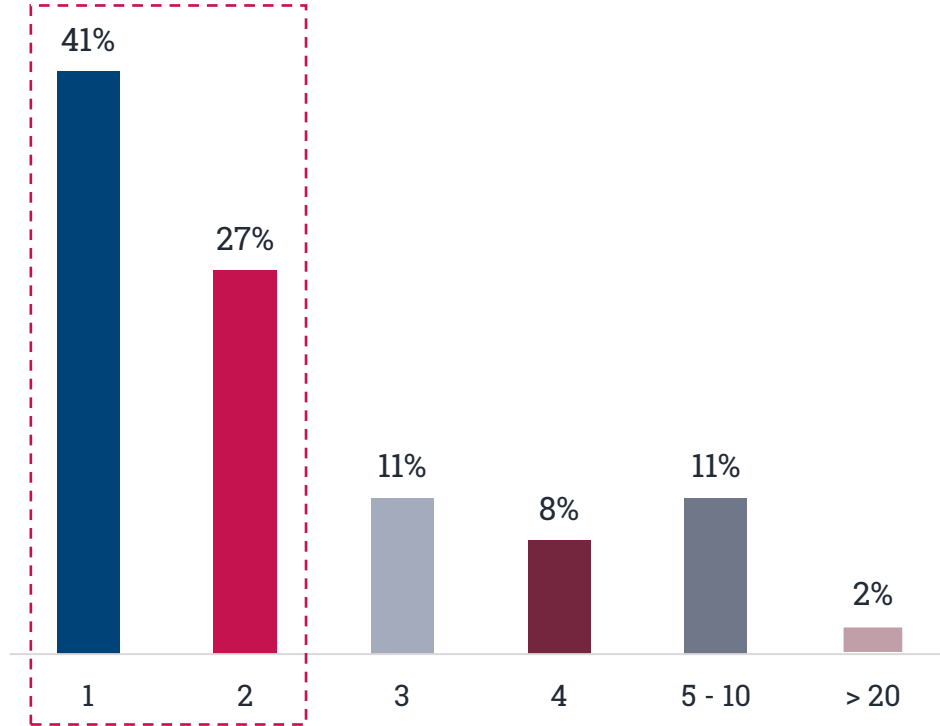
Most sectors of activity are represented in the sample.

Location

- ▲ The majority of companies are based or have operations in South Vietnam (65%).
- ▲ 23% have operations in North Vietnam



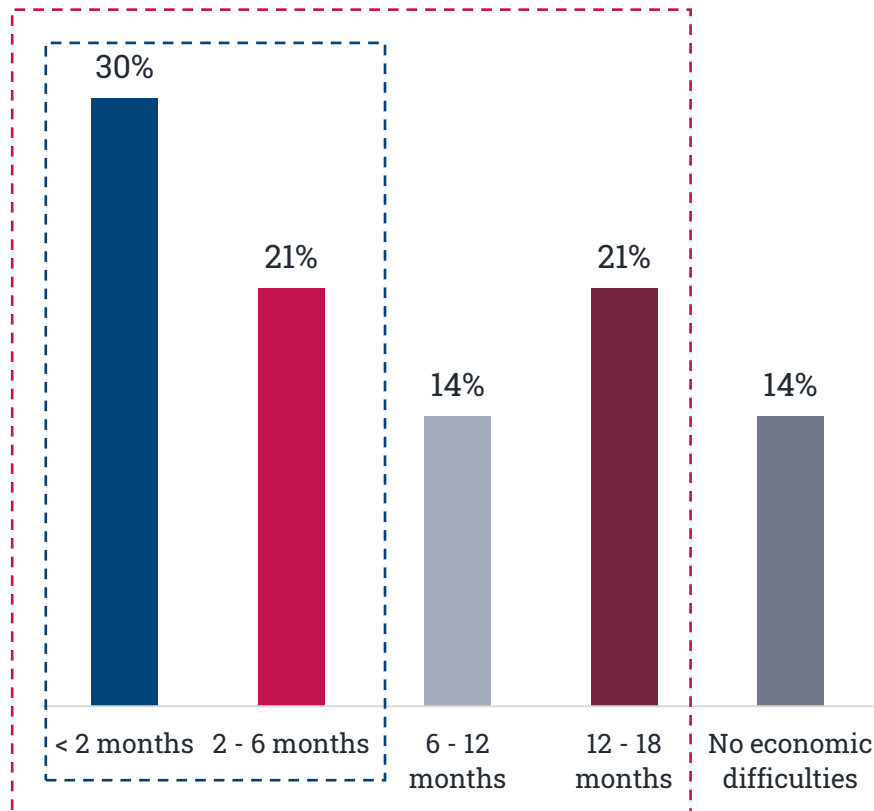
Number of French employees



68% of these enterprises have 1 or 2 French employees.

Impacts on business activities

How long have your activities been impacted?



86% of businesses had to face difficulties over the past 18 months.



Among them, almost **60%** had difficulties in the last 6 months.

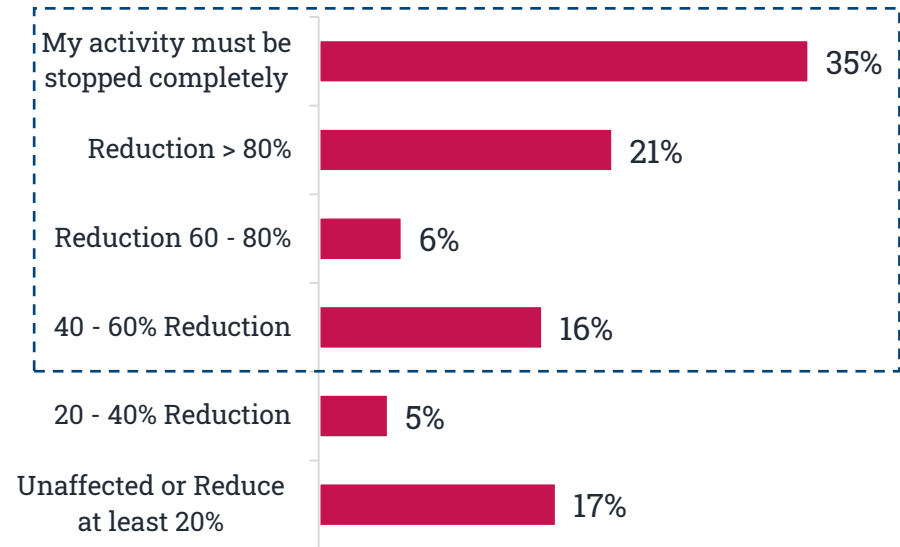
Reduction in your activity in the last 2 months

▲ **78%** of businesses have reduced their activity by at least 40% over the past 2 months.

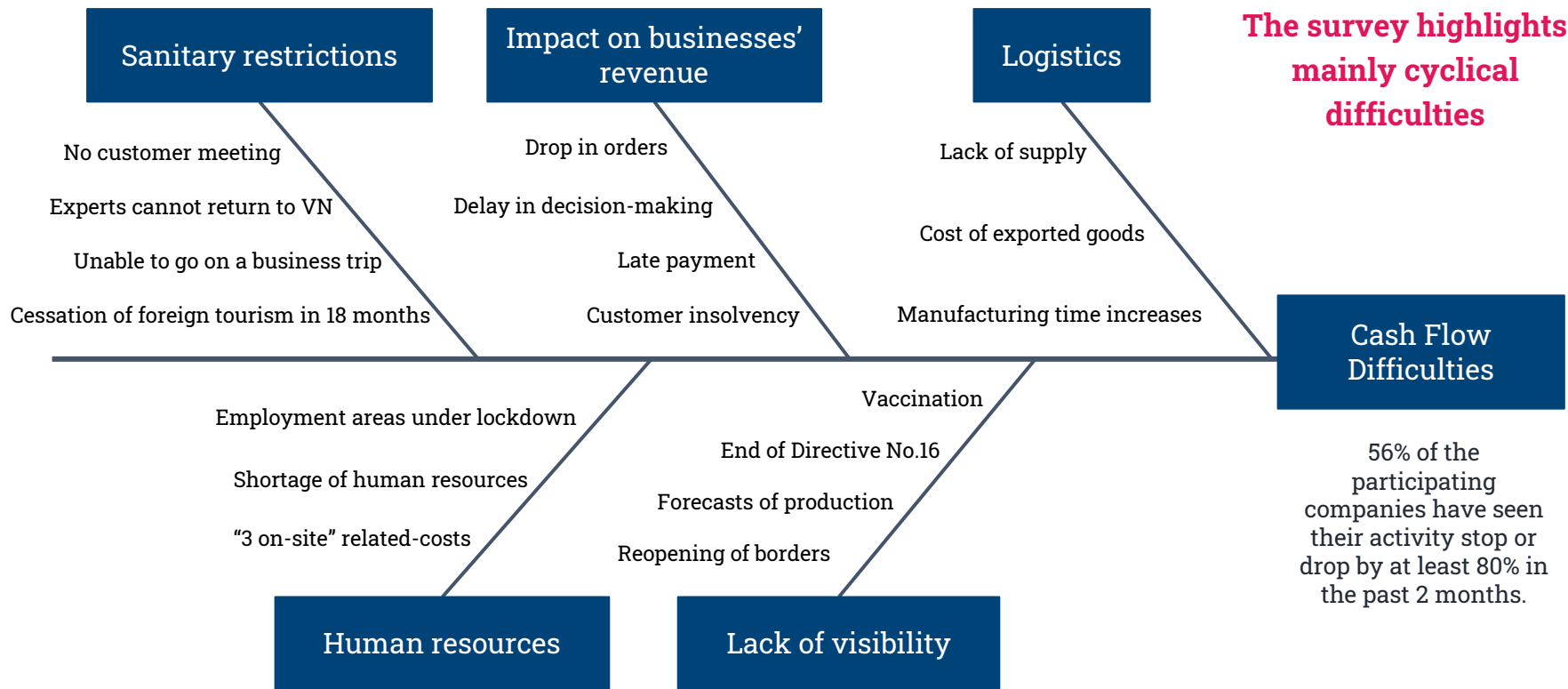


72% of them have seen their activities stop or decrease by at least 80%.

▲ **17%** consider themselves only slightly or unaffected by the crisis.



Encountered difficulties



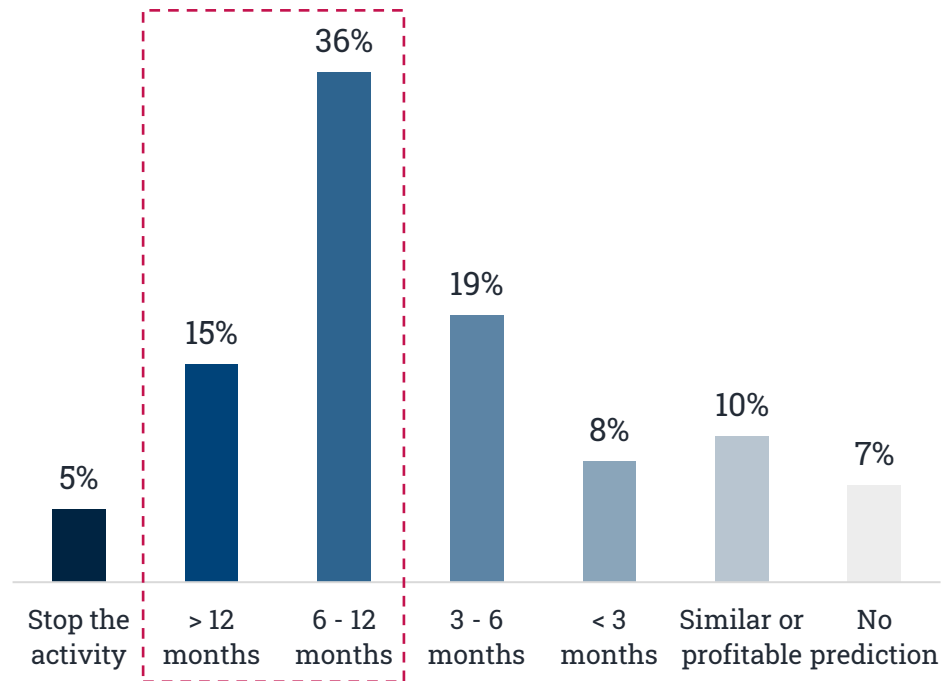
Outlook

Forecast

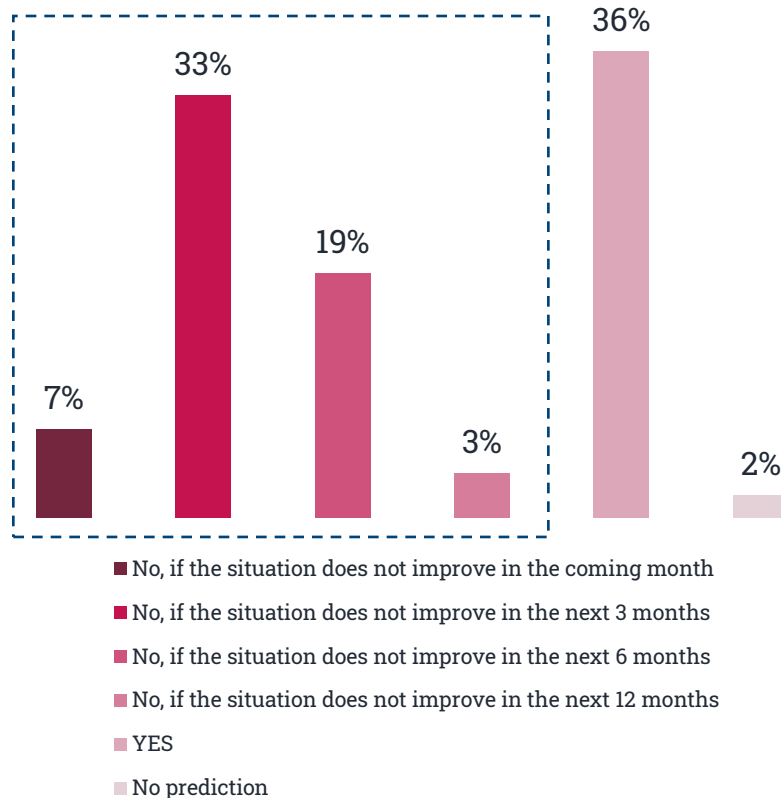
to return to pre-pandemic activity level or break-even point

▲ **51%** do not expect any business recovery for at least 6 months.

▲ Only **10%** are not affected by the crisis.



Business Continuity

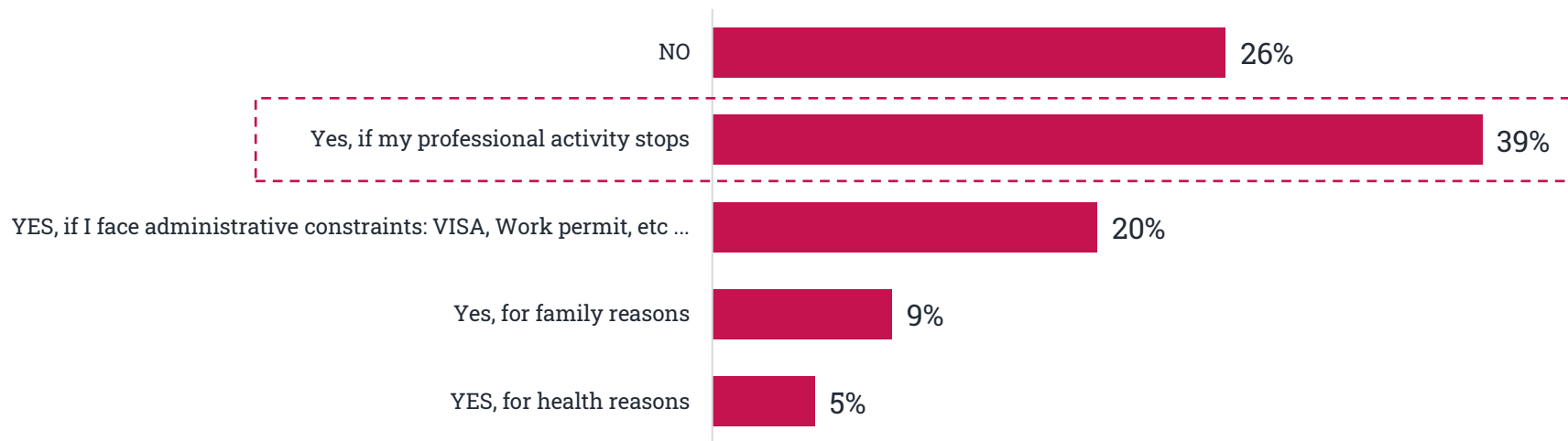


62% will stop their activity if the situation does not improve within the next 12 months.



65% of them will stop their activity if the situation does not improve in the next 3 months.

How will the French business community in Vietnam be affected ?



▲ **62%** will have to terminate their activity within 12 months if the situation does not improve.

➡ The survey shows that **nearly 75%** of these **French entrepreneurs** would leave Vietnam.

The Companies' expectations

Expectations

| Financial support | Vaccination | Consular | Logistics |
|---|--|---|--|
| Direct help Suspension of taxes Support for the payment of salaries | Vietnam Acceleration of the free campaign | Facilitation of procedure for the return of experts and business travel | Guarantee of regular product flow |
| Reduction of fixed charges Payment delay of charges Suspension of Rent Reduction or deferral of Tax | Authorization of a private vaccination campaign | Facilitation of visa procedures for spouses and children | Rationalization of the conditions for export |
| Loans Local bank French bank Solidarity Fund | France Extension of the vaccination campaign to French companies staff | Authorization for the return of vaccinated foreign tourists | Easing restrictions, including "3 on-site" |

Following the survey, **15 companies** wish to be contacted for a qualitative individual meeting, with CCIFV volunteer experts.

Conclusion

Conclusion

The survey of 63 French companies in Vietnam reveals the following:

- The crisis is impacting many entrepreneurs, despite their reorganization and adaptation for 18 months;
- The crisis is translating into a significant drop in activity for entrepreneurs, present in Vietnam for many years;
- Logistical constraints have not only persisted but intensified over the past 6 and more specifically over the past 2 months;
- Without improvement in the next 6 months, many companies could be forced to cease operations;
- Stopping the activity of these companies would entail the return of their employees to France as well as the dismissal of hundreds of Vietnamese employees;
- The decrease in the number of French businesses would weaken the French business community in Vietnam;
- Besides, this could lead to a long-term decrease in the presence of French people as well as the influence of France in Vietnam;
- In order to limit the negative consequences of the risk of French companies disappearing in Vietnam, the respondents underline the temporary need (6 to 12 months) for cashflow facilities.

Annex - Testimonies about constraints and expectations

Decrease of sales

A small business in the event industry whose activity has been at a standstill for more than a year: "... Cancelled sales or on standby, clients and prospects unable to make decisions, requests are close to zero..."

"... Unpaid bills from customers is linked to the closure of their activity (particularly in the Horeca sector). Fear of significant bankruptcy of customers, which implies a reduction of the market when it will reopen."

Lack of visibility

An industrial SME, settled in Vietnam for more than 10 years: "The big difficulty to come is the unknown, how long will this situation last? This is the fourth wave, and the hardest financially. It's now about maintaining jobs and morale of our employees."

"We are unable to have a vision for even partial reopening following the lockdown. The concern of a very sporadic local vaccination with no apparent strategy which seems to be slow and ultimately collateral damage to the population and the economy which may take a long time to recover. The lack of visibility in my fields of activity pushes me to reconsider staying in Vietnam."

Financial support

"... We are waiting for tax payment delays: VAT, import taxes,..."

"... More flexibility on the part of the tax authorities would be welcome in a context where many companies may not be able to recover. "

An SME in the food industry in Vietnam for more than 10 years: "Loans at reduced interest rates with a grace period of 1 year from the date of the start of the recovery (end or control of the Covid) and repayment on 4 or 5 years. "

"Tax exemption (CIT), support for the payment of wages, support for the payment of rents."

"Financial support commensurate with the needs of our company of more than 250 employees, the duration of this pandemic is increasingly critical for us."

Annex - Testimonies about constraints and expectations

Vaccination

An Intermediate SME in the food industry:
"Accelerating vaccination with prioritization of front line workers across the retail chain (retail sales staff, delivery people and carriers)."

"Access to vaccines is very limited. we are impatiently awaiting the vaccination of our teams."

Consular

"Allow and facilitate the arrival of vaccinated experts on Vietnamese territory without the cost becoming prohibitive, rather than tightening the visa renewal for foreign residents."

"Support foreign companies that bring current growth to Vietnam by simplifying the administrative procedures in this complicated period (visa, administrative procedure, transfers of foreign funds, IRC change ...) .."

Logistique

"We are hoping for an easing of the movement of goods to maintain production."

An SME in the food industry: "... Impossible to fit in raw materials and product packaging, which are not considered 'essential'. As for the finished products, it is impossible to get them out of the factory if they are not in the "essential" category. For us, it's total closure but still the rent has to be paid!"

Annex - Survey Questions

1. How long have your business been established and has operated in Vietnam?

Less than 2 years / Less than 5 years / Less than 10 years / Over 10 years

2. What is your business economic sector? *Single choice*

Primary (mining and quarrying natural resources) / Secondary (Industry et manufacturing of raw materials) / Tertiary (services)

3. More specially, what is your main activity? *Single choice*

Food industry / Retail and Artisans / Business consulting / Energy / Finance and Insurance / Hotel - Restaurant / Industry / New Technologies & Communication / Pharmaceuticals / Tourism / Others

4. What is the size of your company? *Single choice*

Independent/Consultant / VSB : less than 10 employees / Small Medium Enterprises : from 11 to 249 employees / Intermediate-sized SME: between 250 and 500 employees / Large enterprises : over 500 employees

5. Including yourself, how many French employees are there in your company?

1 / 2 / 3 / 4 / Between 5 and 10 / Between 11 and 20 / More than 20

6. In which region is your activity located in Vietnam ? *Multiple choice*

North / Center / South

Annex - Survey Questions

7. Is Covid-19 having a negative impact on your business? If yes, how long does it take? *Single choice*

No economic difficulties / Yes, < 2 months / Yes, 2-6 months / Yes, 6-12 months / Yes, 12-18 months / Others

8. Have the social distancing measures in the past 2 months negatively affected your business? *Single choice*

No, my activity is unaffected / Yes, reduce at least 20% / Yes, 20-40% reduction / Yes, 40-60% reduction / Yes, 60-80% reduction / Yes, more than 80% activity / Yes, my activity had to stopped completely

9. What difficulties is your business facing? *Multiple choice*

Employment restrictions / Sanitary restrictions (closed operations) / Late payment / Lack of supply / Constraints on transport / Drop in orders / Covid-19 preventive measures related-costs / No particular difficulty

10. Would you like to share any additional details about your current difficulties?

11. How long do you expect your business be able to return to your pre-crisis level or a break-even? *Single choice*

My activity has remained similar or profitable / Within 3 months / Between 3 and 6 months / Between 6 and 12 months / In 12 months or more / I consider shutting down my business / Others

Annex - Survey Questions

12. Do you think you can continue operating your business? *Single choice*

Yes / No, if the situation does not improve in the coming month / No, if the situation does not improve in the next 3 months / No, if the situation does not improve in the next 6 months / No, if the situation does not improve in the next 12 months / No, I am currently shutting down my business / Other

13. Does the Covid-19 crisis challenge your expatriation in Vietnam? *Multiple choice*

No / Yes, if my professional activity stops / YES, if I face administrative constraints: VISA, Work permit, etc ... / Yes, for family reasons / YES, for health reasons / Other

14. What private initiatives will help you overcome the difficulties of your professional activity?

15. What government measures (European and / or Vietnamese) will help you overcome the current difficulties of your business?

16. Would you like to have a direct dialogue with expert members of CCIFV? *Single choice*

Yes / No