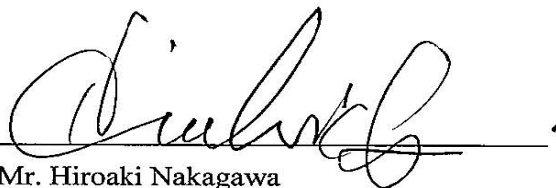


MINUTES OF MEETING
BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY
AND
AUTHORITIES CONCERNED OF THE GOVERNMENT
OF THE SOCIALIST REPUBLIC OF VIETNAM
ON JAPANESE TECHNICAL COOPERATION PROJECT
FOR
CAPACITY BUILDING FOR ENFORCEMENT OF COMPETITION LAW AND
IMPLEMENTATION OF COMPETITION POLICY
IN VIETNAM

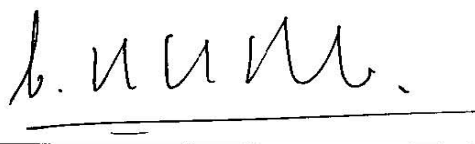
The Government of the Social Republic of Vietnam (hereinafter referred to as “the Government of Vietnam”) officially requested the Government of Japan to implement the project named “Capacity Building for Enforcement of Competition Law and Implementation of Competition Policy in Vietnam” (hereinafter referred to as “the Project”) in August 2007. In response to the request, the preparatory study team (hereinafter referred to as “the Team”) organized by the Japan International Cooperation Agency (hereinafter referred to as “JICA”) was dispatched and had a series of discussions with the authorities concerned of the Government of Vietnam from 30th June to 10th July, 2008 for the purpose of working out the details of the contents of the Project.

The both parties agreed on the matters referred to in the document attached hereto.

Hanoi, June 11th, 2008



Mr. Hiroaki Nakagawa
Resident Representative
Vietnam Office
Japan International Cooperation Agency
Japan



Mr. Bach Van Mung
Director General
Vietnam Competition Administration Department
Ministry of Industry and Trade
The Socialist Republic of Vietnam

THE ATTACHED DOCUMENT

1. General nature of the Project

Both Japanese and Vietnamese sides confirmed the following general features of the Project as a basis for further exchanges of opinions.

(1) Background of the Project

The Competition Law (hereinafter referred to as “the Law”) came into effect on 1st July 2005 and the outline of Vietnam Competition Administration Department (hereinafter referred to as “VCAD”) in implementing the Law was designed by the Decree 06/2006. The young VCAD is in operation for only 3 years but has been making efforts to address and enforce the Law across the country. But the limitation of VCAD’s capacity in terms of number of staffs, technical know-how and budget have prevented VCAD from implementing the Law in a more strategic and effective way.

The Vietnamese economy continues to grow. The Vietnamese government and the corporate sector have come to realize that the domestic market should be open and transparent to all the participants. Against this backdrop, it is clearly acknowledged that the Law needs to be implemented properly and sufficiently. VCAD is therefore expected to perform its functions and duties fully in accordance with the relevant laws and decrees. VCAD is aware of the situation and the challenges that they face, and understands the necessity, the purposes and the overall goal of the Project.

(2) Ownership and Outputs of the Project

It was confirmed that the Project would be conducted as an integral part of strengthening the capacity of the organization and its staff and as a part of VCAD’s long term vision and the model plan to be established in 2010. It was stressed that JICA is the technical cooperation agency and not a funding organization. The Japanese expert(s) would be playing as an advisor and therefore VCAD bears the ownership of the Project. VCAD understands that the Project is designed by the following outputs:

- The functions of investigation of VCAD are enhanced
- The knowledge regarding Competition law and policy is promoted and disseminated among governments, enterprises, consumers and academics

The Project purpose is to be achieved through output-oriented activities conducted by the joint work of VCAD and Japanese expert(s), rather than resources solely input by JICA. Through such joint works, substantial and tangible outputs shall be produced in the course of the Project implementation.



(3) Purpose and target service of the Project

Both sides agreed to set the Project purpose as follows: “The framework of VCAD is established for effective enforcement of the Competition Law and policy”. The Project will focus on the capacity building of VCAD’s investigators in handling the competition cases and on raising the awareness of the Law among the businesses and the people in Vietnam. The two pillars are considered the major and most important activities of VCAD. VCAD acknowledges that the resident Japanese expert would be the key resource in accomplishing such objectives.

2. Contents of R/D, PDM and PO

Based on the above general recognition, both sides roughly formed common understanding on the draft of Record of Discussion (hereinafter referred to as “R/D”), Project Design Matrix (hereinafter referred to as “PDM”) and Plan of Operation (hereinafter referred to as “PO”) as attached. The detailed contents of these documents are subject to change based on further internal consideration within both Vietnamese and Japanese sides and mutual negotiations. With regard to the specific contents of the R/D, PDM and PO, the following points were confirmed by both sides.

(1) Project duration

The termination of the Project will be set at the end of June 2010. However, VCAD is a fast growing organization in terms of number of staff and complaint files lodged and since there are foreseen reforms in its work environment, both sides agreed to seek for a possibility of extending the duration for another one year by the time the initial term ends, provided that the Project purpose(s) are not partially met and/or some more arrangements should be made in order to make the Project sustainable.

(2) Orientation of respective Outputs

With regard to the Outputs in the PDM, while they are equally important for achieving the project purpose, both sides confirmed that the level of tangibility and the working modality for each Output considerably vary as indicated below.

Output 1: “The function of investigation of VCAD is enhanced.”

As the consequence of the rise in the level of awareness of the Law (as described in Output 2 below), it is predicted that VCAD may receive many more complaint files, with diverse cases. While the Law provides precise schedules to be met for investigation, VCAD must enhance the knowledge and skills of VCAD investigators who are expected to handle more cases at one time.

At the beginning of the activity, the Japanese expert will need to examine and scrutinize the current situation of VCAD with regards to investigation procedures together with VCAD counterparts so as to find out challenges and necessities for VCAD. The Project will then jointly consider methods for such improvement. As VCAD requested, the Japanese expert is expected to



provide advice to VCAD investigators based on the actual cases (on-the-job-training). These activities should be useful methods of technical cooperation. It is noted however, that even if VCAD were to lose at a court case, the Japanese expert(s) will not be responsible for such consequence and will be exempted from any matters that may occur in relation to such cases.

The Project will develop guidelines and manuals for investigators while most of VCAD investigators lack experience. The investigators would need to comprehend the investigation procedures from the Law/Decrees level into their actual practice and to clarify the interpretation of provisions in Law/Decrees based on their actual cases. The guidelines and manuals developed should be useful and will be updated by VCAD as necessary. The guidelines and manuals will also be utilized in the training programs.

VCAD thinks that market survey is important for the purposes of (1) analyzing market share of targeted sectors to grasp the current market structure and (2) overcoming conflicts between competition policy and sector policy. Since such market survey would be helpful for the promotion of competition policy, the Project will implement the market survey in the targeted market to find out the issues in competition.

The methods of collecting the information to define the relevant market is strictly determined in the Decree 116. Therefore, VCAD thinks it necessary to collect such data prior to the case. The Team pointed out that there are questions regarding the objective, value of utilization of such data at a stage prior to the case, while the time, cost and man-power necessary for such collection seem not easily spared in the current circumstances. The Japanese expert(s) will however, provide information of the actual practice on the definition of the relevant market in Japan and try to find out how effectively and efficiently the data collection is done in Vietnam. Also, JICA may dispatch an expert in this field as and if necessary.

VCAD has established CCID in April 2008. With a view to improving the CCID's capacity from the viewpoint of investigation, the Project will launch the working group and the working group will review the suitable function of CCID and conduct required activities, if necessary, within available resources.

VCAD also has a plan to establish the Training Center for investigators. The Team understands the concept and the objectives of the aforementioned two Centers which will contribute to the capacity development of VCAD investigators and staff, but still, the physical set up of the Centers and feasibility studies are considered out of the scope. The Japanese expert(s) will however provide VCAD with advice on the concept and necessary functions of the Centers, with a view to promoting the training programs and advocacy activities. It is noted that training programs in the Project will be conducted appropriately regardless of the set up of the Training Center.

VCAD is recruiting more staff; it is expected that the number of staff would be 120 by 2010. Therefore it is clear that the level of knowledge and experience largely varies among investigators. VCAD and the Team agreed to develop training programs that will consist of stage levels (e.g. beginner, intermediate, advanced). The contents of the training program will focus on



the issues that are identified through the activities mentioned above. The components would be evaluated and feedback to the investigators so that the program will reflect the needs of the investigators. The experienced investigators may function as trainers of other investigators. Therefore, training programs for such trainers shall be conducted as well and necessary mechanism shall be introduced so as to make the training program sustainable.

Output 2: “The knowledge regarding Competition Law and policy is promoted and disseminated among governments, enterprises, consumers and academics.”

The major issue in this regard is that many people and enterprises do not know about the Competition Law since it was introduced only 3 years ago. It is clearly understood that the activities under this output is very much necessary in order to promote fair competition in the Vietnam market. The team emphasized the difference of nature between the Project and the previous development study. JICA will dispatch one long-term expert who will provide advice and support the activities conducted by the initiative of the Project Director and the Project Manager.

For its sustainable framework of advocacy activity, the Project will form the working group including the Japanese expert to discuss and develop the effective methods of competition advocacy such as seminar or workshop for businesses, revision of leaflet provided by the development study in 2006, improvement VCAD website in English in accordance with its necessity and availability.

3. Implementing structure of the Project

(1) Joint Coordination Committee

To ensure smooth collaboration among relevant organizations of the Vietnamese side and the Japanese expert(s), and to monitor the progress of the Project, the Joint Coordination Committee, chaired by VCAD, shall be held in a timely manner. The Committee shall be composed of representatives of the Vietnamese concerned parties, Japanese expert(s), JICA Vietnam Office and other relevant organizations. VCAD will consult the Ministry of Industry and Trade and decide the members on the Vietnamese side before the signing of the R/D.

(2) Working group

To conduct the Project smoothly and efficiently, and to realize effective technology transfer for the counterparts in the course of the Project implementation, the working group shall be organized by VCAD. The working group shall be composed of the staff of concerned departments of VCAD head office, branch(es) and center(s) in order to actively contribute to the achievement of the Project purpose as well as to provide data and information necessary for the implementation of the Project inclusive of the followings:



- a. Policy issues
- b. Investigation procedures
- c. Market data/statistics
- d. Data of specific enterprises as necessary
- e. Human Resources Development

(3) Coordination with other international donors

The Project will be implemented paying due attention to coordination with other international donors for the purpose of avoiding any duplication and maximizing complementary effects. The Project will share information with those concerned parties as and if necessary.

4. Logistic arrangements

(1) Work space for Japanese expert(s)

VCAD agreed to provide the Japanese expert(s) with an adequate office space with enough furnishing, telephone line(s) and access to the Internet that would be needed to carry out the Project.

(2) Counterpart budget

Based on the Decree 131/2006/ND-CP on Management and Utilization of Official Development Assistance, VCAD will ensure sufficient allocation of counterpart budget required for the implementation of the Project activities.

5. Training in Japan

Both sides basically agreed to carry out the training program in Japan. However, the Team stressed that the main activities of the Project will be and could be implemented in Vietnam with support of the Japanese long-term expert. The necessity of the training in Japan shall be considered if certain subjects are agreed that it would be better to be conducted in Japan. Detailed contents and the number of participants will be discussed during the course of the Project.

6. Administration of the Project

Director General of VCAD, as the Project Director, will bear overall responsibility for the administration and management of the Project.

The Project Manager will be nominated after the internal discussion within VCAD but before the signing of the R/D.

7. Sustainability of the Project

The Vietnamese side will take necessary measures to ensure that the self-reliant operation



of the Project will be sustained during and after the period of the Japanese technical cooperation, through the full and active involvement in the Project by all related authorities and institutions so that the technologies and knowledge acquired by VCAD staff will ultimately contribute to the economic and social development of Vietnam.

8. Joint Evaluation

Both sides confirmed that the evaluation of the Project will be conducted jointly by JICA and the Vietnamese side before the completion of the Project duration, in order to examine the level of achievements of the Project purpose(s).

Annex 1: Draft of Record of Discussions

Annex 2: Draft of PDM

Annex 3: Tentative Plan of Operation

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