MEKONG CLUB

FIGHTING THE BUSINESS OF SLAVERY

Vietnam

Private Sector Assessment

A Preliminary Scoping Study

The primary objective of the study is to provide a broad-based overview of the private sector in Vietnam as a stakeholder in combating modern slavery in the country

The Mekong Club

The Mekong Club is a catalyst for change – engaging, inspiring and supporting the private sector to eradicate slavery from their business. Given that the majority of modern-day slavery exists in the private sector, these companies are ideally placed to help turn the tide of this global epidemic.

The only organisation of its kind, The Mekong Club steers away from the approach taken by other players in this space, which is to 'name and shame' companies – ousting bad behaviour or issues related to this subject. Instead, we believe in starting and ending with collaboration.

In fact, The Mekong Club originally formed as a direct response to the growing number of companies looking to develop strategies to address forced labour risk through a professional forum. Divided into industry-specific working groups, these networks meet regularly to learn, share best practices, and network with other like-minded professionals. Member companies also work together to achieve an annual deliverable which will work towards producing tangible results in the fight against forced labour.

1. Contents

2. Objectives of the Study

The primary objective of the study is to provide a broad-based overview of the private sector in Vietnam as a stakeholder in combating modern slavery in the country. More specifically the study aims to generate a knowledge base from which The Mekong Club can approach the private sector in order to create awareness and offer cooperative solutions for the eradication of modern slavery in corporate supply chains; the core focus of the Mekong Club's mission.

The following secondary objectives specify the details of the data that need to be gathered in order to fulfil the scope of the study:

- Give an overview of the demographic landscape and economic conditions in Vietnam
- Detail the characteristics of the labour force Vietnam by looking at factors such as size, average income, distribution, key issues
- Provide a detailed analysis of the private sector in terms of size of industries, number of workers and key players
- Provide in-depth reports on the Banking/finance, Manufacturing, Construction, Agriculture and Retail and hospitality industries
- Identify the current state of modern slavery in Vietnam

3. Definition of Terms

Throughout the report the following definitions will apply to the use of the terms human trafficking, forced labour, bonded labour and contract slavery, as specified by The Mekong Club.

HUMAN TRAFFICKING	FORCED LABOUR	BONDED LABOUR AND CONTRACT SLAVERY
An act (1) carried out by a third party, through different means (2), for the purpose of exploitation (3). For children under age 18 it is sufficient to demonstrate the act of moving a child for the purpose of exploitation.	All work or service which is extracted from any person underthe menace of any penalty and for which the person has not offered themselves voluntarily.	Bonded labour begins when a worker borrows money from an employer and commits themselves to work for the employer in return. Contract slavery involves deceiving or illegal contracts signed by victims who cannot understand them,and used to justify forced labour.
1. Act of: • Recruitment • Transportation • Transfer • Harbouring • Receipt **2. By means of:** • Threat • Force or coercion • Abduction • Fraud • Deception • Abuse of power • Abuse of vulnerability **3. For the purpose of:** • Exploitation • Slavery or similar practices • Servitude • Prostitution • Removal of organs • Forced labour and service	**Threat of penalty** • Physical and/or sexual violence. • Imprisonment or physical confinement. • Withholding of wages, unreasonable fees or financial penalties. • Withholding of identity documents. • Unfair dismissal or exclusion from future employment. • Deprivation of food or shelter. • Exclusion from community, social life or denunciation to community/family. • Intimidation and other threats. **Lack of Valid Consent** • Worker deceived about the wages they would receive. • Worker cannot leave employment as they must remain for an undefined period to repay debts to employer. • Worker made to work by family. • Deception or fraud during recruitment stages.	**Common features of Bonded Labour** • The employer manipulates interest rates or charges excessive rates. • The employer imposes high charges for food, accommodation, transportation, or tools. • The employer charges workers for shortfalls in business output or days missed due to worker sickness. **Common features of Contract Slavery** • Contracts are in a language the victim does not understand. • Contracts are presented to victims who cannot read. • Victim is told fines and penalties will follow if he breaks the contract.
HUMAN TRAFFICKING → emphasizes the movement of victims	**FORCED LABOUR** → is often a consequence of human trafficking and emphasizes the exploitative condition the victim suffers	**BONDED LABOUR** **CONTRACT SLAVERY** are two forms of forced labour

4. Demographic Overview & Key Social Trends

4.1. Summary

Population	94 million
Rural	66%
HDI	0.683
Poverty Rate	7%
GINI	35.6

4.2. Population Distribution

The total population of Vietnam was estimated at 94 million in 2016[1] and is slightly skewed to females at 51%. The majority of the population (66%) are found in areas that are classified as rural. The population is evenly spread across the country although population density is skewed to three areas, namely the Red River Delta, the Northern Central area and Central coastal area and the Mekong River Delta. Ho Chi Minh City is the biggest city, harbouring 8 million people, while Hanoi is home to approximately 7 million people.

Population Figures by gender and area of residence (2015)[2]

	2014	Prel. 2015
Total	90,728,900	91,713,300
Male	44,758,100	45,234,100
Female	45,970,800	46,479,200
Urban	30,035.40	31,131.50
Rural	60,693.50	60,581.80

Population Distribution by gender and area of residence (2010 – 2015)[3]

	Total	Male	Female	Urban	Rural
2010	100	49	51	31	70
2011	100	49	51	32	68
2012	100	49	51	32	68
2013	100	49	51	32	68
2014	100	49	51	33	67
Prel.2015	100	49	51	34	66
Unit	Percentage (%)				

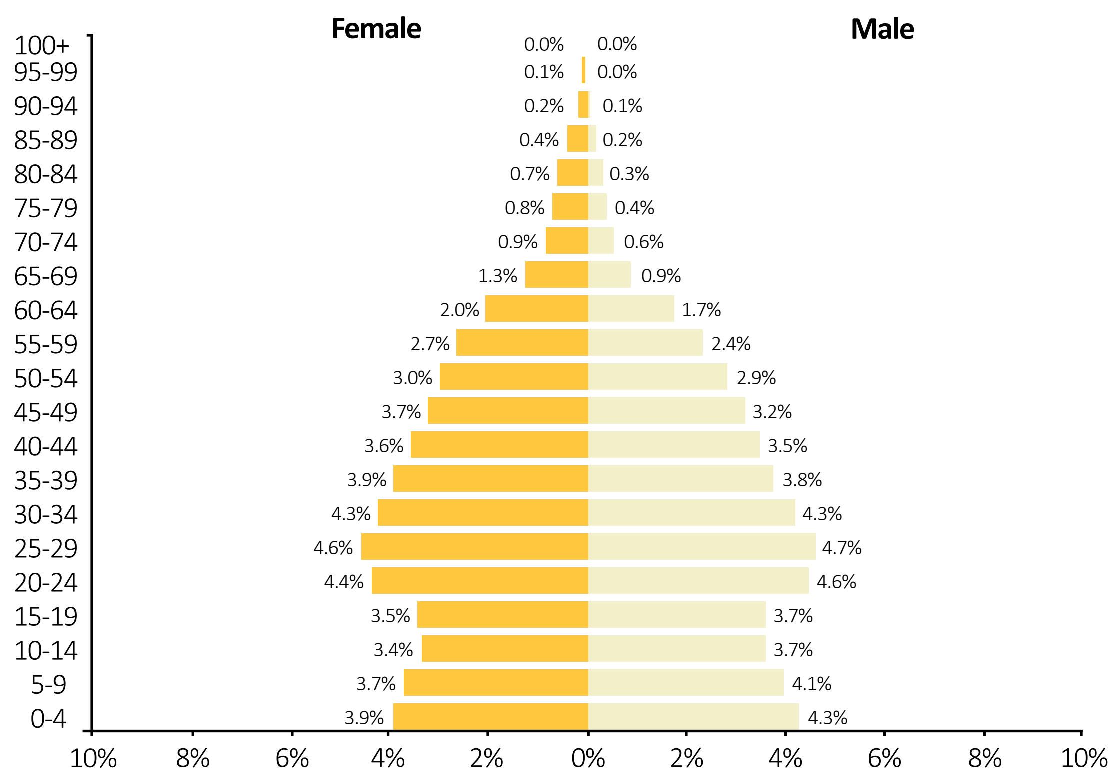
1. https://www.populationpyramid.net/viet-nam/2016/
2. General Statistics Office of Vietnam
3. Ibid.

Population Distribution by Province in 2015

Whole Country	91,713
Red River Delta	20,926
Northern Central area and Central coastal area	19,658
Mekong River Delta	17,590
South East	16,128
Northern midlands and mountain areas	11,804
Ho Chi Minh city	8,146
Ha Noi	7,216
Central Highlands	5,608

The Vietnamese population is slowly transforming from a youthful population to a mid-range population, as more of its youth enter the labour force. If unemployment is contained, especially among labour market entrants, this will lead to lower dependence on the economically active population. If unemployment escalates out of control, more pressure will come to bear on labour market entrants that are desperate to earn an income in a fast-changing world.

Population Pyramid 2016



4.3. Social Indicators

4.3.1. Human Development Index (HDI)

According to the UNDP Human Development Report of 2016[4], ***"Vietnam's HDI value for 2015 is 0.683—which puts the country in the medium human development category—positioning it at 115 out of 188 countries and territories."*** The Human Development Index (HDI) is a statistic measuring human development based on life expectancy, education, and per capita income indicators[5].

Vietnam's overall development has increased consistently since 1990. Although progress in health and schooling have been slow, income per capita has doubled since 2000.

Vietnam Human Development Index (HDI)

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP$)	HDI Value
1990	70.5	7.8	3.9	1,410	0.477
1995	72	9.3	4.6	2,020	0.531
2000	73.3	10.6	5.4	2,615	0.576
2005	74.3	11.3	6.4	3,423	0.617
2010	75.1	12	7.5	4,314	0.655
2011	75.3	12.2	7.6	4,513	0.662
2012	75.5	12.3	7.8	4,707	0.668
2013	75.6	12.5	7.9	4,899	0.675
2014	75.8	12.6	7.8	5.098	0.678
2015	75.9	12.6	8.0	5.335	0.683

In South East Asia, Vietnam outranks the Philippines, Cambodia and Myanmar (see table) on the HDI. Although Vietnam does well in ensuring a higher life expectancy through healthcare and provides adequate education, the country lags significantly in generating above average GNI per capita when compared to its neighbours. Even though the government is successful in providing basic services, pressure on citizens to procure an adequate income is becoming more pronounced as the state embraces a free market economy. This increases the conditions under which modern slavery can flourish.

When the HDI is corrected for inequality, Vietnam "looses" less in human development than other South East Asian countries, indicating more equal access to basic services and income generation across the population[6].

4. UNDP: Human Development Reports - Vietnam
5. Wikipedia; see also UNDP
6. Ibid

Vietnam's HDI Value and component measures compared to countries in the region

	HDI Value	HDI Rank	Life Expectancy at birth	Expected years of schooling	Mean Years of Schooling	GNI Per Capita (PPP USD)	IHDI Value
Vietnam	0.683	115	75.9	12.6	8	5,335	0.562
Philippines	0.682	116	68.3	11.7	9.3	8,395	0.556
Thailand	0.740	87	74.6	13.6	7.9	14,519	0.586
Indonesia	0.689	113	69	12.9	7.9	10,053	0.563
China	0.738	90	76	13.5	7.6	13,345	**
Malaysia	0.789	59	74.9	13.1	10.1	24,620	**
Cambodia	0.563	143	68	10.9	4.7	3,095	0.436
Myanmar	-	-	-	-	-	-	-
East Asia & Pacific	0.720	-	74.2	3,423	0.617	12,125	0.581
Medium HDI	0.631	-	68.6	4,314	0.655	6,281	0.469

4.3.2. GINI Coefficient

The distribution of inequality is further illustrated through the GINI coefficient, which is calculated at 35.6 for the year 2013[7]. In Vietnam, there is a more equal distribution of income when compared to other South East Asian countries such as Thailand (39.4), Malaysia (46.2), Indonesia (38.1) and the Philippines (43.0)

4.3.3. Poverty Rate

According to Vietnam's General Statistics Office[8], 7% of the population nationally lived under the established poverty line in 2015, which was fixed at 615 000 VND (Vietnam Dong) or 27 USD per month, for rural areas and 760 000 VND for urban areas. This amounts to a significant reduction in poverty from 2010, when the poverty rate was estimated at 14.2% nationally.

7. UNDP: Human Development Report
8. GSO – Vietnam

5. The Labour force

5.1. Employment and Income

5.1.1. Employment Distribution

In 2015, about 53 million people or about 56% of the total population (including children under 15) were engaged in work in various sectors (see table). According to the GSO, Labour Survey[9] this figure has increased to 54.6 million people in Quarter 4, 2016. Furthermore, the labour participation rate is estimated at 76.8% based on an adult population (15 years and up) of 71.6 million.

Some differences exist in terms of labour participation between various groups. Males have a higher participation rate (81.7%), than females (72.2%). This gap has been on the decline over the past years. More constant though is the gap in participation between the rural population (80.4%) and the urban population (70.2%)

Over the past 7 years there has been a steady increase in the labour force above 50 years of age, while there has been a decline in the number of workers between the ages of 15-24.

Employment Distribution by Age by Year

	Total	15-24	25-49	50+
	%	%	%	%
2010	100	18	61	20
2011	100	17	61	22
2012	100	15	61	24
2013	100	15	60	25
2014	100	14	60	26
Prel. 2015	100	15	59	26

9. Ministry of Planning and Investment General Statistics Office Report on Labor Force Survey, Quarter 4, 2016

About 41.6% (22 million) of all workers in 2016 were classified as wage workers, while 39% of all workers were classified as own account workers[10], i.e. "those workers who, working on their own account or with one or more partners, hold the type of job defined as a self- employed job, and have not engaged on a continuous basis any employees to work for them during the reference period."[11]

If employers, unpaid family workers and members of cooperatives are added to this statistic, the amount of self-employed in Vietnam in 2016 rises to 59%. Although these workers could potentially work in formal, registered businesses, many of these workers (possibly the majority) would be working in the informal sector. According to the ILO Hanoi[12], workers in Vietnam in the informal sector are especially vulnerable due to low incomes and precarious labour conditions. Given the size of this unprotected sector of the labour market, the potential for modern slavery and dubious labour practices is significant.

Employment Distribution by Status

	2011	2012	2013	2014	Prel. 2015	Q4,2016
	1000's	1000's	1000's	1000's	1000's	1000's
Wage worker	17 431.7	17 862.1	18 188.6	18801.2	20772.9	22226.0
Employer	1 455.1	1 387.1	1 300.1	1102.6	1532.9	1505.8
Own account worker	22 103.6	23 175.4	23746.4	21534.2	21446.9	20974.9
Unpaid family worker	9 350.5	8 981.6	8963.8	11298.6	9074.9	8651.1
Member of cooperative	11.2	16.2	8.9	7.9	12.4	-
Total	50 352	51422.4	52207.8	52744.5	52840	53405.4

10. Ministry of Planning and Investment General Statistics Office Report on Labor Force Survey, Quarter 4, 2016
11. https://stats.oecd.org/glossary/detail.asp?ID=1986
12. http://ilo.org/hanoi/Areasofwork/informal-economy/lang--en/index.htm

The majority (41.5%) of the working population in Q4, 2016 were employed in agriculture, forestry and fishing, while 37% were employed in manufacturing, wholesale and retail and construction, indicating that Vietnam still has a strong agricultural character[13].

The predominance of agriculture has steadily been declining with about a percentage point per year, from 55.1% in 2005 to the estimated 44% in 2015. Between 2015 and 2016 a significant drop has occurred (-3.5%). Conversely, the Manufacturing and Retail sectors have increased over the pasts 7 years, albeit much slower than the decline in agricultural jobs. Construction and Accommodation and Food Service are the fourth and fifth biggest employment sectors in the economy (see table).

5.1.2. Income

According to the GSO Labour Survey for Quarter 4, 2016[14] the average monthly wage in Vietnam is estimated at 5.080 million dong or 223.36 USD (Exchange rate at 4/19/2017: 1 USD = 22 741 VND). The highest wages are paid in the Foreign Investment sector, while the Agriculture, Forestry and Fishery sector pay the lowest average at 3.277 million VND per month. Given the size of the agricultural sector and the low wages, the potential for exploitation and modern slavery in this sector is significant. Especially the retail and food service industries have a responsibility to ensure that sourcing from this sector protects the rights of workers and that supply chains are free of modern slavery.

Average monthly earnings of wage workers aged 15 and over by sector and gender

	Total	Male	Female
	1000 dong	1000 dong	1000 dong
Whole Country	5080	47.4	46.7
Economic Sector			
• State	5823	12.3	12.6
• Non-State	4612	6.4	6.3
• Foreign Investment	6364	4.2	4.2
Industrial Sector			
• Agriculture, Forestry and Fishery	3277	3.1	3.1
• Industry & Construction	5052	2.9	2.9
• Services	5534		

13. Ministry of Planning and Investment General Statistics Office Report on Labor Force Survey, Quarter 4, 2016

14. Ibid

Employment Distribution by Major Sectors by Year and Actual Number for 2016

	2011	2012	2013	2014	Prel. 2015	Q4,2016	Q4,2016
	%	%	%	%	%	%	1000's
Agriculture, forestry and fishing	48.4	47.4	46.7	46.3	44	41.5	22184.6
Manufacturing	13.8	13.8	13.9	14.1	15.3	17	9033.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.6	12.3	12.6	12.6	12.7	12.6	6756.6
Construction	6.4	6.4	6.3	6.3	6.5	7.22	3861.2
Accommodation and food service activities	4	4.2	4.2	4.4	4.6	4.7	2491.5
Education and training	3.4	3.4	3.5	3.5	3.6	3.5	1879.5
Activities of Communist Party, socio-political organizations; public administration and defence; compulsory security	3.1	3.1	3.1	3.2	3.2	3.1	1680.6
Transportation and storage	2.8	2.9	2.9	2.9	3	3.1	1688.9
Total							53405.4

5.1.3. Gender Gap

Discrimination against women is still evident in the wage gap between genders. Men on average earn more than women, especially in the state and agricultural sectors where the gap extends to more than 800 000 VND per month. The Foreign Investment sector is more equitable in the distribution of income between genders.

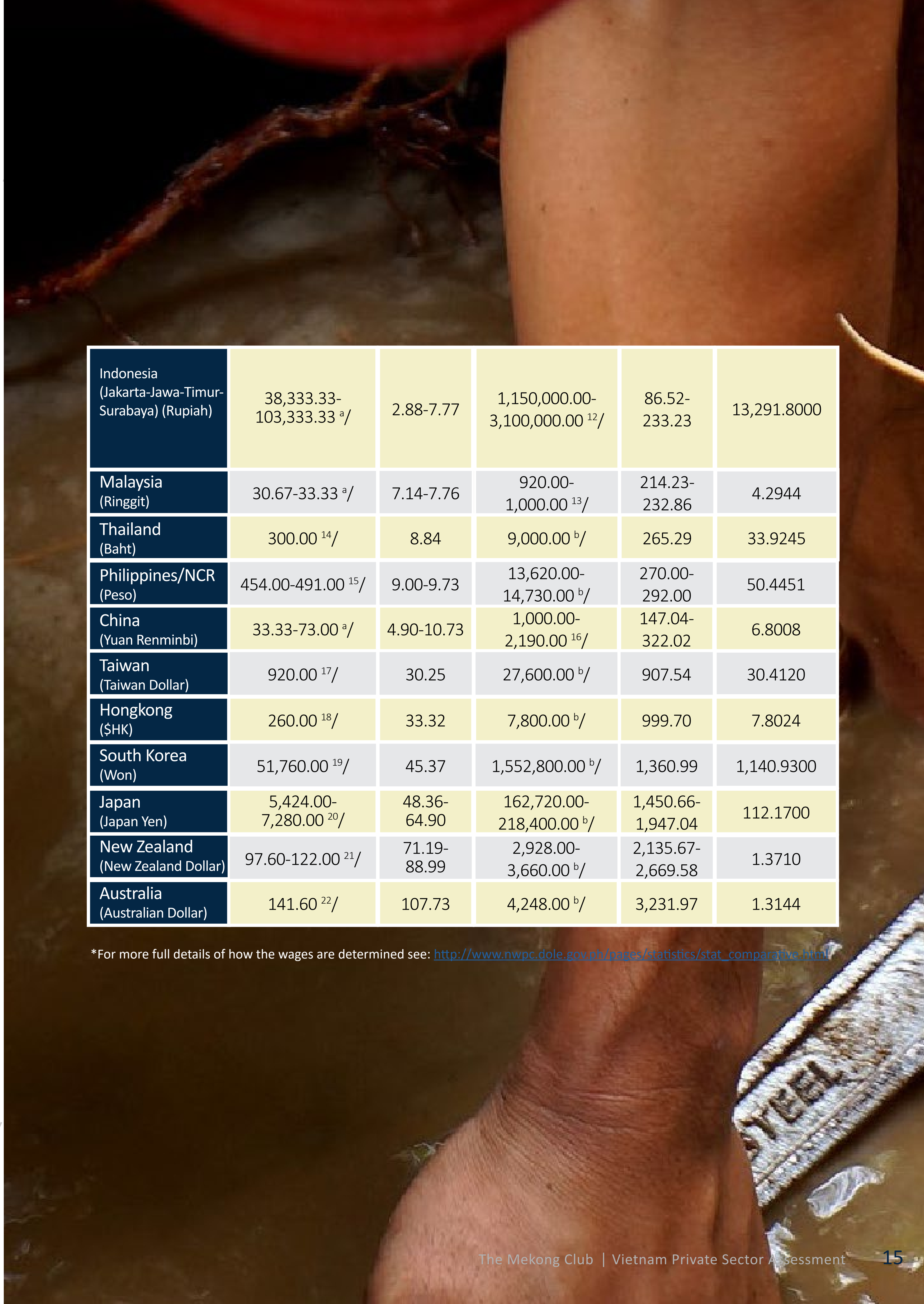
5.1.4. Comparative Minimum Wage

Compared to the rest of Asia, Vietnam's current minimum wage structure is higher than Cambodia, Laos and Myanmar, but lower than the rest of ASEAN and the industrialized economies of East Asia.

Comparative Minimum Wages in Selected Countries in Asia(As of 30 June 2017)[15]

Country/City	Daily Minimum Wage		Monthly Minimum Wage		Exchange Rate Per US$1*
	In Country Currency	In US$	In Country Currency	In US$	
Bangladesh (Taka)	176.67 [b]/	2.23	5,300.00 [1]/	66.88	79.2430
Mongolia (Tugrik)	6,400.00 [a]/	2.73	192,000.00 [2]/	81.95	2,342.8400
Myanmar (Kyat)	3,600.00 [a]/	2.68	108,000.00 [3]/	80.32	1,344.6100
Lao PDR (Kip)	30,000.00 [a]/	3.71	900,000.00 [4]/	111.39	8,079.9800
Pakistan (Rupee)	333.33-400.00 [a]/	3.22-3.86	10,000.00-12,000.00 [5]/	96.62-115.95	103.4940
Cambodia (Cambodia Riel)	18,666.67 [a]/	4.67	560,000.00 [6]/	140.00	4,000.0000
Vietnam (Region I & II Dong)	103,333.33-116,666.67 [a]/	4.60-5.20	3,100,000.00-3,500,000.00 [7]/	138.07-155.89	22,452.4000
Philippines/XI (Peso)	340.00 [8]/	6.74	10,200.00 [b]/	202.20	50.4451
Philippines/VII (Peso)	308.00-366.00 [9]/	6.11-7.26	9,240.00-10,980.00 [b]/	183.17-217.66	50.4451
Philippines/III (Peso)	329.00-380.00 [10]/	6.52-7.53	9,870.00-11,400.00 [b]/	195.66-225.99	50.4451
Philippines/IV-A (Peso)	293.00-378.50 [11]/	5.81-7.50	8,790.00-11,355.00 [b]/	174.25-225.10	50.4451
Indonesia (Jakarta-Jawa-Timur-Surabaya) (Rupiah)	38,333.33-103,333.33 [a]/	2.88-7.77	1,150,000.00-3,100,000.00 [12]/	86.52-233.23	13,291.8000
Malaysia (Ringgit)	30.67-33.33 [a]/	7.14-7.76	920.00-1,000.00 [13]/	214.23-232.86	4.2944
Thailand (Baht)	300.00 [14]/	8.84	9,000.00 [b]/	265.29	33.9245
Philippines/NCR (Peso)	454.00-491.00 [15]/	9.00-9.73	13,620.00-14,730.00 [b]/	270.00-292.00	50.4451
China (Yuan Renminbi)	33.33-73.00 [a]/	4.90-10.73	1,000.00-2,190.00 [16]/	147.04-322.02	6.8008
Taiwan (Taiwan Dollar)	920.00 [17]/	30.25	27,600.00 [b]/	907.54	30.4120
Hongkong ($HK)	260.00 [18]/	33.32	7,800.00 [b]/	999.70	7.8024
South Korea (Won)	51,760.00 [19]/	45.37	1,552,800.00 [b]/	1,360.99	1,140.9300
Japan (Japan Yen)	5,424.00-7,280.00 [20]/	48.36-64.90	162,720.00-218,400.00 [b]/	1,450.66-1,947.04	112.1700
New Zealand (New Zealand Dollar)	97.60-122.00 [21]/	71.19-88.99	2,928.00-3,660.00 [b]/	2,135.67-2,669.58	1.3710
Australia (Australian Dollar)	141.60 [22]/	107.73	4,248.00 [b]/	3,231.97	1.3144

*For more full details of how the wages are determined see: http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html



15. http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html

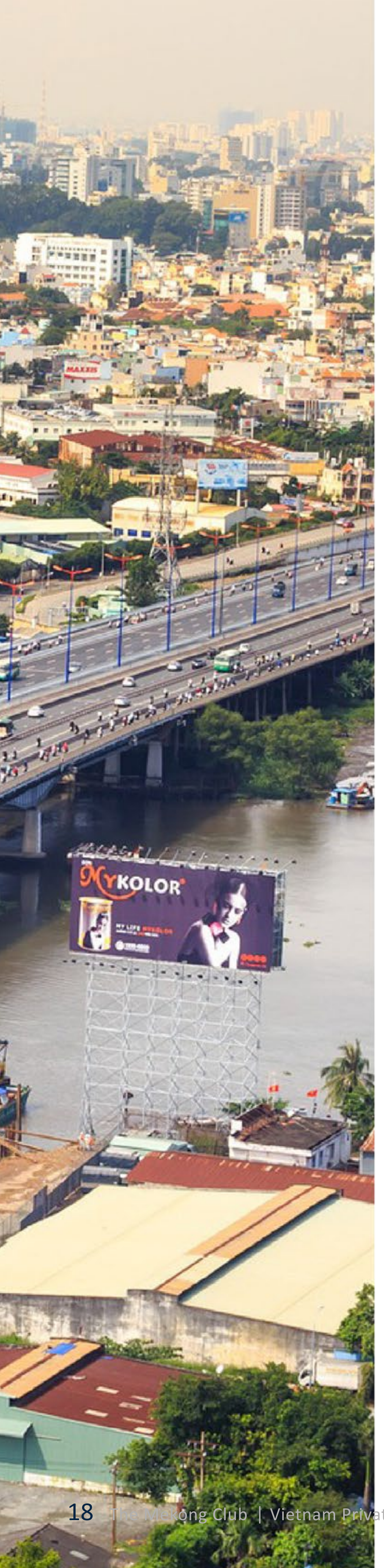
5.1.5. Competitiveness

Vietnam's low minimum wage makes it a competitive manufacturing destination according to the Deloitte Global Manufacturing Competitiveness Index[16], as measured on 500 survey responses from senior manufacturing executives around the world, Vietnam ranks 18th out of a sample of 40 manufacturing countries (see below).

Deloitte Global Manufacturing Competitiveness Index 2016

Rank	Country	Index
1	China	100
2	United States	99.5
3	Germany	93.9
4	Japan	80.4
5	South Korea	76.7
6	United Kingdom	75.8
7	Taiwan	72.9
8	Mexico	69.5
9	Canada	68.7
10	Singapore	68.4
11	India	67.2
12	Switzerland	63.6
13	Sweden	62.1
14	Thailand	60.4
15	Poland	59.1
16	Turkey	59.0
17	Malaysia	59.0
18	Vietnam	56.6
19	Indonesia	55.8
20	Netherland	55.7
21	Australia	55.5
22	France	55.5
23	Czech Republic	55.3
24	Finland	52.5
25	Spain	50.6
26	Belgium	48.3
27	South Africa	48.1
28	Italy	46.5
29	Brazil	46.2
30	United Arab Emirates	45.4
31	Ireland	44.7
32	Russia	43.9
33	Romania	42.8
34	Saudi Arabia	39.2
35	Portugal	37.9
36	Colombia	35.7
37	Egypt	29.2
38	Nigeria	23.1
39	Argentina	22.9
40	Greece	10.0

16. https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdfhtml



6. Political Risk Assessment

According to the UK Department of Trade[17],updated 26 June 2017, Vietnam's current political situation can be summarized as follows:

> *Vietnam is a one-party state ruled by the Communist Party of Vietnam (CPV) which provides strategic direction and decides all major policy issues. The country is led by the so-called "four royal pillars": CPV General Secretary, State President, Prime Minister and National Assembly Chair. Policy, which includes promoting stability, retaining the political status quo, domestic economic development and international integration, is made on a consensus basis by the nineteen-member Politburo. Regional security, especially in relation to the South China Sea, is a major foreign-policy priority for the CPV.*
>
> *Party leaders and the leaders of the government, are selected every 5 years at the National Party Congress. The most recent Congress was held in January 2016 and in May 2016 a national election was held to elect the 500 Deputies who make up the National Assembly, Vietnam's legislative body.*
>
> *Vietnam is one of the more politically stable countries in South East Asia. Its leadership does not welcome dissent. Internal conflict is rare although recently there have been a small number of high-profile protests including in relation to an environment disaster in Central Vietnam. There are restrictions on freedom of speech which can affect internet usage, particularly the use of social media and personal blogs, access to which can be blocked without notice.*

7. The Private Sector

7.1. Overview

The Vietnamese economy has undergone profound changes in the past 20 years, starting with the Đổi Mới economic reforms in 1986, which have had a direct bearing on the current structural challenges facing the country. The economy sustained real GDP annual growth rates of 7 percent between 1986 and 2008, which lead to significant increases in income and decreases in poverty[18]. Economic activities shifted away from agriculture toward services and manufacturing. In 1990, over 70 percent of workers were still in agriculture, with the remaining workers employed in services (18 percent), manufacturing (8 percent), and mining (1 percent). By 2008 the employment share of agriculture had shrunk drastically from 73 percent to 54 percent, with workers migrating toward services and manufacturing.

In Q4, 2016, the majority (41.5%) of the working population were employed in agriculture, forestry and fishing, while 37% were employed in manufacturing, wholesale and retail and construction, indicating that Vietnam still has a strong agricultural character.

Outside of the Agriculture, Forestry and Fishing sector, which employs 41% of the workforce, the retail industry is the biggest economic sector. This is primarily due to the dominance of street shops and wet markets, i.e. small family run businesses that employ one or two people. Manufacturing is the second biggest sector outside agriculture, closely followed by Accommodation and Food Service[19].

Top Non-agricultural Sectors by Number of Business and People Engaged in 2015[20]

	Number of Businesses	Number of People Engaged
Manufacturing	794 023	1 609 840
Wholesale and retail trade; repair of motor vehicles and motorcycles	2 181 740	3 248 277
Construction	71 837	438 809
Accommodation and food service activities	742 862	1 340 905
Education and training	13 594	30.422
Mining	21 171	44 362
Transportation and storage	240 652	310 732
Financial, Banking and Insurance	77 734	18 239

18. McCaib and Pavcnik, Moving out of agriculture: structural change in Vietnam, 2013
19. Vietnam GSO: Survey of Business Establishments Producing Non-Agricultural, Individual 2005-2015, 2016
20. Ibid

7.2. Key Players in the Private Sector

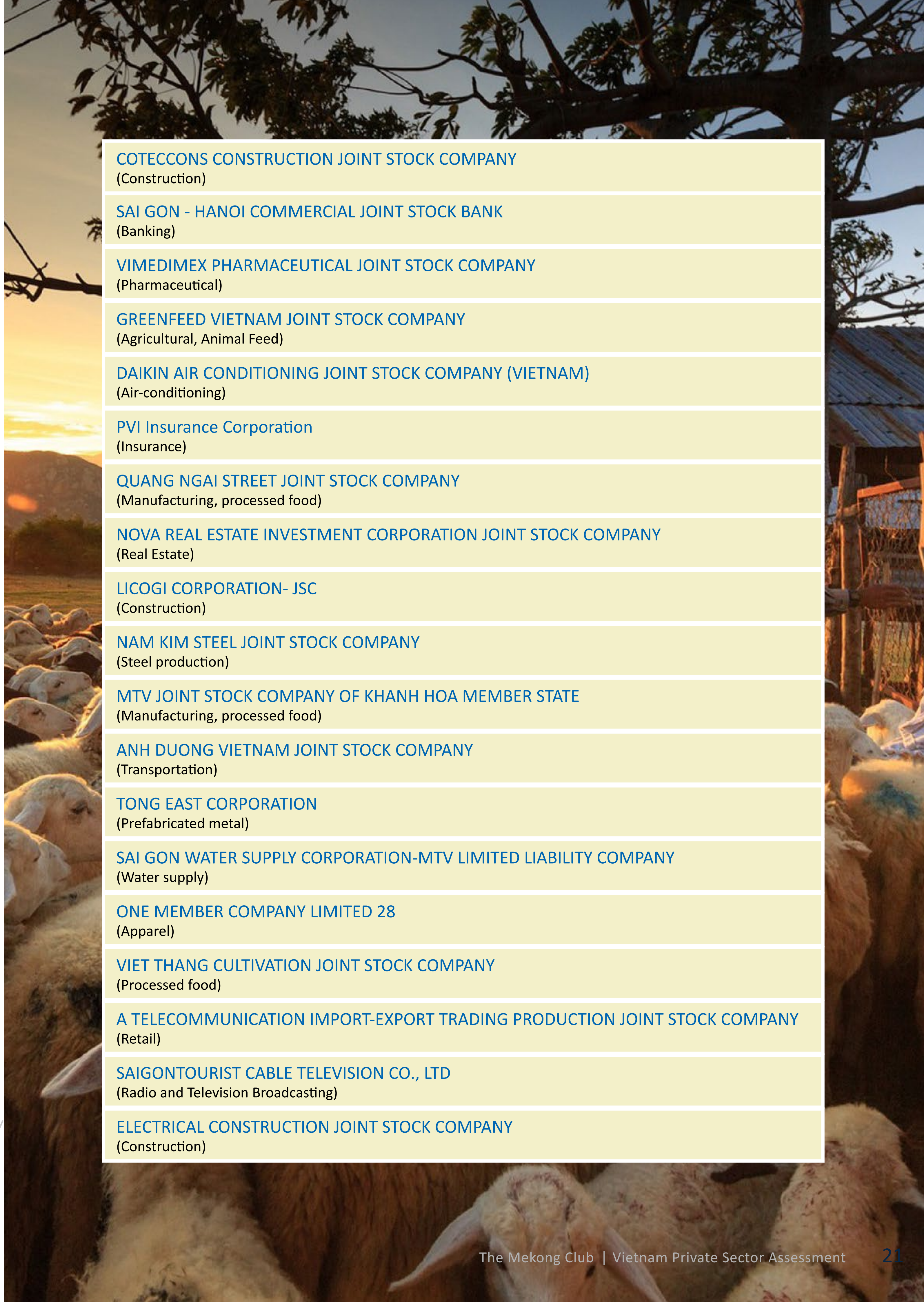
For a quick overview of the value of the top listed companies in the local stock markets, Forbes Vietnam's Top 50 is a trusted source to turn to. According to the magazine, the top 50 companies' market capitalization reached VND829 trillion (US$37 billion), accounting for 62.14 per cent of the total market on the two bourses as of May 16, 2016. Their total revenue reached VND475.5 trillion, or 37.77 per cent of the of total market revenue and their profit after tax reached VND53.5 trillion, 53 per cent of the total profits in the market.[21]

For a list of the top 500 companies in Vietnam, the Vietnam Report, which published the Top 500 and other lists, at http://vietnamreport.net/ and http://vnr500.com.vn/ is a good starting point.

Below a list of the Top 50 companies can be found.

COMPANY'S NAME
VIETNAM OIL AND GAS CORPORATION (Oil and Gas Exploitation)
VIETTEL MOBILE (Telecommunication)
NORTHERN ELECTRICAL CORPORATION (Electricity supply and related products)
SOUTHERN ELECTRICITY CORPORATION (EVN SPC) (Electricity supply and related products)
TRUONG HAI AUTOMOTIVE JOINT STOCK COMPANY (Automotive and motorbikes)
VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY (Diary and processed food)
VINGROUP GROUP - JSC (Real Estate)
HOA PHAT GROUP JOINT STOCK COMPANY (Metal production)
SAIGON BEER SAIGON BEVERAGE CORPORATION (Alcoholic beverages, Beer)
VIETNAM COMMERCIAL JOINT STOCK BANK (VPBANK) (Banking)
BAO VIET SECURITIES GROUP (Financial services)
HOA SEN GROUP JOINT STOCK COMPANY (Prefabricated metal products)
PETROVIETNAM DRILLING AND WELL SERVICES JOINT STOCK COMPANY (Oil and gas exploration)
COTECCONS CONSTRUCTION JOINT STOCK COMPANY (Construction)
SAI GON - HANOI COMMERCIAL JOINT STOCK BANK (Banking)
VIMEDIMEX PHARMACEUTICAL JOINT STOCK COMPANY (Pharmaceutical)
GREENFEED VIETNAM JOINT STOCK COMPANY (Agricultural, Animal Feed)
DAIKIN AIR CONDITIONING JOINT STOCK COMPANY (VIETNAM) (Air-conditioning)
PVI Insurance Corporation (Insurance)
QUANG NGAI STREET JOINT STOCK COMPANY (Manufacturing, processed food)
NOVA REAL ESTATE INVESTMENT CORPORATION JOINT STOCK COMPANY (Real Estate)
LICOGI CORPORATION- JSC (Construction)
NAM KIM STEEL JOINT STOCK COMPANY (Steel production)
MTV JOINT STOCK COMPANY OF KHANH HOA MEMBER STATE (Manufacturing, processed food)
ANH DUONG VIETNAM JOINT STOCK COMPANY (Transportation)
TONG EAST CORPORATION (Prefabricated metal)
SAI GON WATER SUPPLY CORPORATION-MTV LIMITED LIABILITY COMPANY (Water supply)
ONE MEMBER COMPANY LIMITED 28 (Apparel)
VIET THANG CULTIVATION JOINT STOCK COMPANY (Processed food)
A TELECOMMUNICATION IMPORT-EXPORT TRADING PRODUCTION JOINT STOCK COMPANY (Retail)
SAIGONTOURIST CABLE TELEVISION CO., LTD (Radio and Television Broadcasting)
ELECTRICAL CONSTRUCTION JOINT STOCK COMPANY (Construction)

21. http://thepangroup.vn/forbes-vn-names-top-50-local-firms-en140666.htm#.WP8SI_mGPIU



TRANSPORTATION AND TRANSPORTATION JOINT STOCK COMPANY
(Warehousing and Transportation support)

VINH TUONG INDUSTRIAL JOINT STOCK COMPANY
(Mineral products)

SHINHAN VIETNAM BANKING CO., LTD
(Banking)

THIEN NAM TRADING IMPORT-EXPORT JOINT STOCK COMPANY
(Wholesale)

DAT PHUONG JOINT STOCK COMPANY
(Engineering)

PP MANUFACTURING AND TRADING JOINT STOCK COMPANY
(Wholesale)

HUNG FISH CO., LTD
(Processed Food)

GOLDEN TRADING SERVICE JOINT STOCK COMPANY
(Food Service)

HOA BINH CO., LTD
(Wholesale)

SAISON HD FINANCE COMPANY LIMITED
(Financial services)

REE REFRIGERATION ENGINEERING & REFRIGERATION JS CO
(Construction)

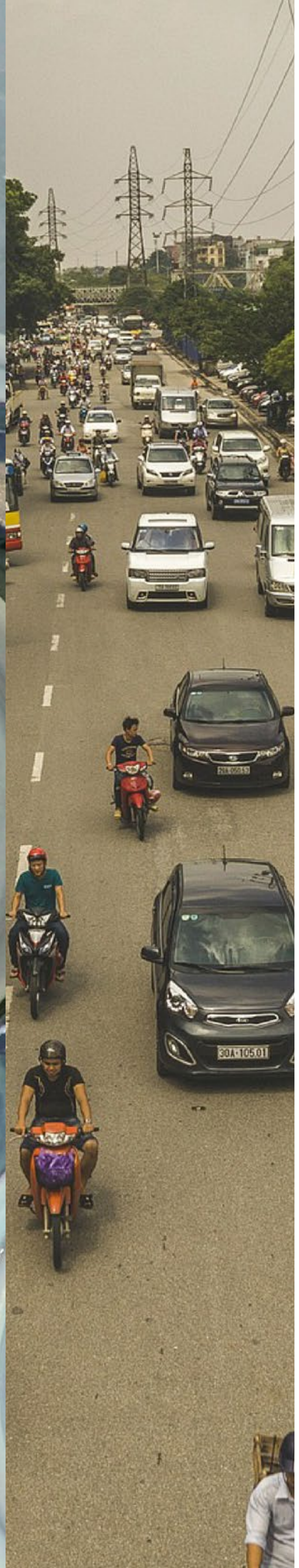
MINH HUNG INVESTMENT TRADING GROUP
(Rubber and Plastics)

REFRIGERATION TECHNOLOGY (SEAREFICO)
(Refrigeration)

HUU NGHI GARMENT JOINT STOCK COMPANY
(Apparel)

OPC PHARMACEUTICAL JOINT STOCK COMPANY
(Pharmaceutical)

VCN INVESTMENT JS CO
(Real Estate)



7.3. Transparency

Transparency International ranks Vietnam 113th out of 175 countries on its Corruption Perceptions Index of 2016[22], an index based on expert opinion from around the world that measures the perceived levels of public sector corruption worldwide. This illustrates the lack of transparency of public institutions and the high incidence of corruption.

Country	CPI2016	Rank
New Zealand	90	1
Singapore	84	7
Australia	79	13
Hongkong	77	15
Japan	72	20
Bhutan	65	27
Taiwan	61	31
Brunei	58	41
Korea (South)	53	52
Malaysia	49	55
Solomon Islands	42	72
China	40	79
India	40	79
Mongolia	38	87
Indonesia	37	90
Maldives	36	95
Sri Lanka	36	95
Philippines	35	101
Thailand	35	101
Timor-Leste	35	101
Vietnam	33	113
Pakistan	32	116
Laos	30	123
Nepal	29	131
Myanmar	28	136
Papua New Guinea	28	136
Bangladesh	26	145
Cambodia	21	156
Afghanistan	15	169
Korea (North)	12	174

22. https://www.transparency.org/news/feature/corruption_perceptions_index_2016#regional

8. The Mekong Club Target Sectors

For the purpose of this study, which aims to generate a knowledge base from which The Mekong Club can approach the private sector in order to create awareness and offer cooperative solutions for the eradication of modern slavery in corporate supply chains, attention will be given to the following core target sectors:

- Agriculture
- FMCG Retail
- Manufacturing
    - Electronics and Mobile Phone Manufacturing
    - Textile and Garment Industry
- Banking/Finance
- Construction
- Food Service and Hospitality

8.1. Agriculture

Agriculture still plays a major role in Vietnam, harbouring 41% of the total working population. With the increase in the prominence of the manufacturing and services sectors, agricultural productivity has continued to decline. Several factors have been identified that contribute to the decline in productivity[23].

While the supply of agricultural labour has stayed high, the sources for agricultural production, such as land, capital and technology, have been decreasing as industrialisation, modernisation and urban development have been made priorities above agriculture.
A severe lack of education and training in rural areas further hampers developments in agricultural production.

Another prominent factor is the fragmented scale of production, with the majority of farmer households owning less than 0.5 hectares for production. This prohibits commercial size farming and only allows for a little more than subsistence farming. Under these circumstances, family workers receive no or very small cash incentives, which makes the promises of traffickers and labour recruiters so much more attractive. The allure of fast developing urban lifestyles further weakens the bonds of the youth with their rural roots, making them more vulnerable to exploitation.

23. http://vietnamnews.vn/opinion/263757/agricultural-sector-must-focus-on-ways-to-grow-productivity.html#Pg164FSZZgDMZCw3.97

Agricultural Exports 2016[24]

	Volume (1000 Tons)	Value (Million USD)	Unit Price (USD/ton)
Fruit and Veg	-	2,458	-
Cashew Nuts	347	2,843	8,169
Coffee	1,782	3,336	1,872
Tea	131	217	1,659
Pepper	178	1,429	8,037
Rice	4,836	2,172	449
Manloc + manloc products	3,693	999	270
Rubber	1,254	1,672	1,333

8.2. FMCG Retail

The retail landscape in Vietnam is still dominated by street shops and wet markets as hypermarkets, supermarkets and convenience stores (CVS) constituted only 16% of total value share in the 4 biggest urban centres and only 2% of total value share in rural areas in 2016[25].

The dominance of street shops and wet markets have far ranging consequences for continued conditions of modern slavery, as there is little pressure on such small retailers to consider the conditions of workers on farms which they source from. Such a vast informal market offers the ideal offset point for transgressing farmers who do not want to get caught up in the regulations formal supply structures demand.

Despite the current weakness of Hypers and Supers, as well as Convenience stores, these outlets have shown considerable growth over the past few years[26]. In addition to big local retailers, many international chains have entered the Vietnamese retail sector, often sourcing a substantive amount of their stock from both local and regional suppliers. As these retailers will grow substantially in the future, The Mekong Club needs to establish working relationships with the major players which would help to benchmark ethical sourcing and antislavery practices from the start.

The top players in the field can be identified by looking at the size, ownership and sourcing practices of retailers. The Mekong Club should consider approaching sizeable chains, both private and state-owned, that source most of their fresh produce locally. The next table[27] and identifies the top retailers that should be approached in establishing the Retail working group in Vietnam.

24. https://www.customs.gov.vn/Lists/EnglishNews/ViewDetails.aspx?ID=547&Category=News%20and%20Events&lan-guage=en-US
25, 26. Kantar World Panel
27. Gain Report

Top Hypermarkets, Supermarkets and Convenience Stores in Vietnam

Retailer Name & Outlet Type	Ownership	No. of Outlets	Purchasing Agent Type
AEON MEGAMART Hypermarkets	100% Japanese owned	4	• Mainly from importers and distributors • Direct imports of fresh and frozen products (perishable food products)
AEON FIVIMART Supermarkets	Share-holding company, AEON (Japan) andFivimart (VN)	24	• Mainly from importers and distributors • Direct imports of fresh and frozen products (perishable food products)
AEON Citimart Supermarkets	Share-holding company, AEON(Japan) and Dong Hung (VN)	27	• Mainly from local producers, importers and distributors
CO-OPMART Supermarkets	Local, belonging to Saigon Coop, operated under co-operative law	40	• Mainly from local producers/importers/ distributors and whole salers. • Direct imports offoods and beverages are still small but growing. • Very strong in doing private labelled products.
HAPRO Department Store and Supermarkets	State-owned company	21	Mainly from local producers, importers and distributors
LOTTE MART Supermarket	Foreign-Invested Company (Korea)	14	• Mainly from local producers, importers and distributors • Direct imports of fresh and frozen products(perishable food products)
MM MegaMart (former Metro Cash & Carry Wholesale stores) Wholesales stores	100% owned by TTC (Thailand)	19	• Mainly from local producers, importers and distributors • Direct imports offresh and frozen products (perishable food products). • Very strong in doing private labelled products
VINCOM (Vinmart) Department Stores and supermarkets	Private owned company	26+80	• Dry foods and beverages mainly from local producers/ importers/ distributors and wholesalers. • Direct imports offresh and frozen products (perishable food products)
B's Mart Convenience stores	Thailand invested Company & Phu Thai Group	160	Mainly from importers/distributors and wholesalers
Circle K Convenience stores	Alimentation Couche-Tard	217	Mainly from importers/distributors and wholesalers
Co-op Food and Co-op Smiles CVS and Food Stores	Saigon Co-op, local company operated under co-operative law	96+20	Mainly from importers/distributors and wholesalers
Family Mart Convenience stores	Japanese invested	65	Mainly from importers/distributors
Ministop Convenience stores	Aeon (Japan)	66	Mainly from importers/distributors and wholesalers
Satrafood Food stores	Satra group	100	Mainly from local producers, importers distributors and wholesalers.
Shop & Go Convenience stores	Malaysian invested	128	Mainly from importers/distributors and wholesalers
Vinmart + Convenience stores	VinGroup	700	Mainly from local producers, importers distributors and wholesalers.

8.3. Manufacturing

8.3.1. General

Exports per commodity for the first 7 months of 2016[28]

	Value (Mill USD)	Compared to first 7 months of 2015 (%)
Total	96,990	5.4
In which: FDI Traders	67,599	8.6
Telephone, Mobile phones are parts thereof	19,603	14.3
Textile and garments	13,150	4.7
Computer, electrical goods and parts thereof	9,397	9.7
Footwear	7,492	6.8
Machine equipment, tools and and instruments	5,343	19.2
Fishery Products	3,678	4.4
Wood and wooden products	3,786	0.6
Other means of transport	3,341	-0.6
Cashew Nuts	1,479	10.2
Yarn	1,578	6.3

Vietnam's boom in manufacturing have been driven by both high-value exports in the electronics and mobile phone industries, and low cost, labour intensive exports such as textiles.

8.3.2. Electronics and Mobile Phone Industry

Vietnam's high-value export industries have been driven by FDI from major electronics manufacturers such as Intel, Samsung, LG, Panasonic, Microsoft, Canon, Bosch, Toshiba and Olympus who operate production facilities in Vietnam. Samsung in particular has made significant investments in Vietnam, with one commentator[29] observing that in 2015 "1 out of 3 Samsung products were manufactured in Vietnam". Combined, the electronics and mobile industries, led by foreign enterprises, account for more than 23% of Vietnam's total exports.[30] The success in manufacturing has been facilitated by the government who is positioning technology at the centre of the country's development goals. Factors such as low-cost labour, geographic location and labour availability are important drivers of investment. In addition, "Vietnam´s fast growing consumer market of 90 million people promises major opportunities in retail."

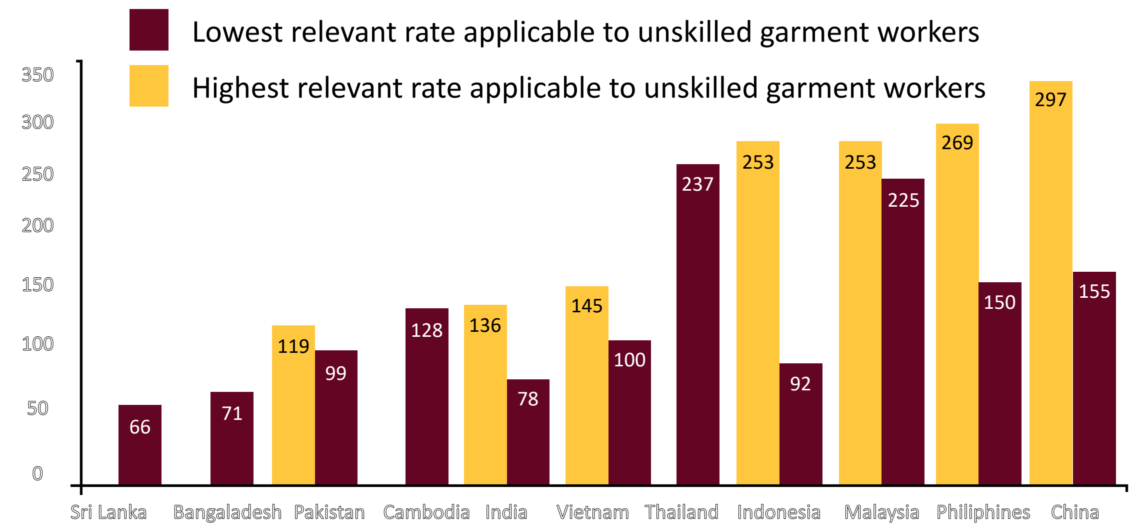
28. Ibid
29. https://e27.co/1-3-samsung-phones-made-vietnam-20150513/
30. http://bdg-vietnam.com/en/about/news/details/items/vietnams-thriving-manufacturing-sector-strategic-advantag-es/29

8.3.3. Textile and Garment Industry

According to EOS intelligence[31], "Vietnam's garment and textile industry has been one of the country's leading sectors, recording growth of more than 15% annually between 2001 and 2014, remaining the chief contributor to Vietnam's economy." The International Trade administration of the USA 2016 report further states that "The Vietnamese textile industry, with more than 3,800 companies [some reports estimate the number of companies at 6000] …ranks fifth worldwide in textile and apparel exports and has a labor force in that sector of more than 2 million people, of whom 1.3 million are working directly in the industry." The industry is dominated by SMME's.

Overall, Vietnam remains competitive internationally in terms of wage labour. Vietnam offers the lowest wages in South East Asia and only marginally offers higher wages than countries in South Asia. (see Graph 9.2.2.1)[32]. The Vietnamese government have consistently tried to address the wage gap, amid fierce opposition from the industry. Currently, the minimum wage in Vietnam for 2017 has been increased by 7.3 % by the National Wage Council. From January 2017, workers must be compensated between VND 2.58 million (US$113) to VND 3.75 million (US$165), prompting the industry to recommend a wage freeze.

Monthly minimum wages in the garment industry in USD as of 01/01/2015



Low wages and the dominance of SMME operations makes the garment industry exceptionally vulnerable to modern slavery practices. The internet abounds with articles about sweatshop conditions and child-labour in the garment industry in Vietnam. A lot has been done since the first main stream media reports about conditions in Vietnam surfaced as far back as 1997[33], but changing technology and economic conditions continuously tempt employers to seek cost cutting measures in extracting a profit. Fighting modern slavering in the garment industry is therefore an ongoing struggle of monitoring, prevention, law enforcement and prosecution, that requires an integrated, supportive network. The private sector can play an anchoring role in addressing modern slavery.

Given the exceptional size of the garment and textile industry, a good starting point for The Mekong Club will be to approach the biggest garment exporting companies in forming a working group with regards to antislavery practices. Learnings from these companies can help to develop standards for the SMME's that operate in this sector.

31. EOS Intelligence
32. ILO Asia-Pacific Working Paper Series: Employment, wages and working conditions in Asia's Garment sector: Finding new drivers of competitiveness, November 2015
33. http://www.nytimes.com/1997/11/08/business/nike-shoe-plant-in-vietnam-is-called-unsafe-for-workers.html

Top 10 Garment Export companies in Vietnam

No	Company Name	Address	Export Turn Over (1000 USD)	Region
1	Viet Tien Garment Corporation (VTEC) (Tong Cong Ty Co Phan May Viet Tien)	No.7, Le MinhXuan, Ward 7, Tan Binh, HCM	497,501	South
2	Regent Garment Factory Ltd (Công ty TNHH May Tinh Loi)	Nam Sach Industrial Zone, Ward Ai Quoc, Hai Duong	394,927	North
3	Song Hong Garment Joint Stock Company (Cong ty Co Phan May Song Hong)	105 Nguyen Duc Thuan, Nam Dinh, Vietnam	251,555	North
4	Sakurai Vietnam CO.,LTD (Cong ty TNHH Sakurai Vietnam)	D2 và D3a, Thang Long Industrial Zone, Đông Anh, Hanoi	242,518	North
5	Bac Giang Garment Joint Stock Company (BGG) (Tong Cong Ty May Bac Giang)	349 Giap Hai Street, Dinh Ke, Bac Giang, Bac Giang	227,881	North
6	HBI Vietnam Hue (Cong ty TNHH Hanesbrands Vietnam Hue)	C2-6 , C2-7 Phu Bai Industrial Zone, Phu Bai, Huong Thuy, Thua Thien,Hue	216,770	Middle
7	Hansae Vietnam Co., LTD (Cong ty TNHH Hansae Vietnam)	D2, Tay Bac Cu Chi Industrial Zone, Tan An Hoi, Cu Chi, HCM	212,967	South
8	Garment 10 Join-Stock Company (Cong ty Co Phan May 10)	765A Nguyen Van Linh Street, Sai Dong Ward, Gia Lam District, Hanoi	205,332	North
9	Gain Lucky Vietnam Limited Co., Ltd (Cong ty TNHH Gain Lucky Vietnam)	40-6, Street N14, Phuoc Dong Industrial Zone, Phuoc Dong, Go Dau,Tay Ninh	201,620	South
10	Nobland Vietnam Co., LTD (Cong ty TNHH Nobland Vietnam)	Lot 1-8, Area A1; Lot 4-8A4; 1-3 & 9-10, Area KB1 Industrial Zone, Ward Hiep Thanh, District 12, HCM	191,837	South

The Vietnam Textile and Apparel Association at http://www.vietnamtextile.org.vn/home_p1_1-1_2-2_3-613.html offers a point of recruitment for companies that might struggle with modern slavery issues. VTAA hosts a searchable database on its website, from which smaller companies in this sector can be identified.

8.4. Banking/finance

8.4.1. Introduction

With regards to being a conduit for human tracking and modern slavery transactions in Vietnam, the retail banking sector is still underdeveloped when compared to other countries in the region, as only 20 per cent[34] of the Vietnamese population owns a bank account. This will change in the future, as the youth become more affluent and many banks in Vietnam diversify their product and channel mix, expanding their offer to internet and mobile banking. This will create new channels for traffickers and slave holders to exchange capital. By driving awareness of human trafficking and human slavery in the development of the banking sector, The Mekong Club can play an active role in shaping policies and procedures (such as red flagging transactions) that will help eradicating these practices in Vietnam.

8.4.2. Banking System

The banking sector in Vietnam has a tiered structure based on ownership. Apart from the State Bank of Vietnam (SBV) other banks include state-owned commercial banks (5), joint stock commercial banks (33), joint venture commercial banks (5) and wholly foreign owned banks (5)[35].

State owned commercial banks (SOCB) account for more than 40% of market share. The largest bank in terms of total assets, network and still 100% state owned share is Agribank. The other SOCB's are Vietcom Bank, Vietin Bank, BIDV and MHB.

In Table 9.2.3 the top 5 State-Owned Commercial banks (SOCBs) are listed, as well as the top 15Joint Stock Commercial Banks (JSCBs).

Top 5 State-Owned Commercial banks (SOCBs)

No	Bank	Type	Main Shareholder(s)	Total Assets (in VND trillion)	Charter Capital (in VND trillion)
State-Owned Commercial Banks (SOCBs)					
1	Vietnam Bank for Agriculture and Rural Development (Agribank)	Unlisted	SBV (100%)	700.0	29.2
2	Vietnam Joint Stock Commercial Bank for Industry and Trade (CTG)	Listed	SBV (64.5%), The Bank of Tokyo-Mitsubishi UFJ (19.7%)	576.4	37.2
3	Bank for Investment and Development of Vietnam (BIDV)	Listed	SBV (95.8%)	548.4	23.0
4	Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB)	Listed	SBV (77.1%), Mizuho (15.0%)	469.0	23.2
5	Housing Bank of Mekong Delta (MHB)- as of Dec 2012	Unlisted	SBV (91.0%)	38.0	3.4

34. PWC in the News, Putting Vietnam's banks on the map, May 2016
35. Duxton Asset Management: Vietnam Banking Industry Report, 23 Jan 2015

Top 15 Joint Stock Commercial Banks (JSCBs) in Vietnam

No	Bank	Type	Main Shareholder(s)	Total Assets (in VND trillion)	Charter Capital (in VND trillion)
Joint Stock Commercial Banks (JSCBs)					
1	Saigon Joint Stock Commercial Bank (SCB)	Unlisted	Tan Viet Stock Company	181.0	10.6
2	Military Commercial Joint Bank (MBB)	Listed	Viettel (15.0%)	180.4	11.3
3	Vietnam Export Import Commercial Joint Stock Bank (EIB)	Listed	Sumitomo (15.0%)	169.8	12.4
4	Asia Commercial Bank (ACB)	Listed	Standard Chartered (15.0%), Connaught Investors Ltd (7.49%)	166.6	9.4
5	Saigon Thoung Tin Commercial Joint Stock Bank (STB)	Listed	EIB (10.3%)	161.4	12.4
6	Vietnam Technological and Commercial Joint Stock Bank (Techcombank)	Listed	Masan Group (19.5%), HSBC (19.4%)	158.9	8.9
7	Saigon-Hanoi Commercial Joint Stock Bank (SHB)	Listed	T&T Group (10.95%)	143.6	8.9
8	Vietnam Prosperity Commercial Joint Stock Bank (VPBank)	Unlisted	Mr. Bui Hai Quan (6.47%),Ms. Nguyen Thi Mai Trinh(4.91%), Mr. Ngo Chi Dzung (4.48%)	121.3	5.8
9	Maritime Commercial Joint Stock Bank (Maritime Bank)	Unlisted	Vietnam Posts and Telecommunications Group(8.95%)	107.1	8.0
10	Vietnam Public Bank (PVcomBank)	Unlisted	PetroVietnam (52%)	101.2	9.0
11	Housing Development Commercial Joint Stock Bank (HD Bank)	Unlisted	Sovico Holdings	86.2	8.1
12	Southeast Asia Commercial Joint Stock Bank (SeABank)	Unlisted	Societe Generale (19.52%)	79.9	5.5
13	LienViet Post Commercial Joint Stock Bank (LienVietPostBank)	Unlisted	Vietnam Post Corporation (12.54%)	79.7	6.5
14	Vietnam International Commercial Joint Stock Bank (VIB Bank)	Unlisted	Commonwealth Bank of Australia (15%)	76.9	4.3 2.8 18
15	Dong A Commercial Joint Stock Bank (DongA Bank)	Unlisted	Municipal of HCMC (6.87%), PNJ (7.7%)	74.9	5.0 4.0 N.A

8.5. Construction

The Vietnamese construction industry registered a growth rate of 9.1% in 2016 in line with previous increases of 10.8% (2015), 7.6% (2014), 5.9% (2013) and 6.4% (2012), according to a January 2017 report by Timeric.[36] Economic recovery, government investment in infrastructure and residential construction, and the increased issuance of building permits were the main factors driving growth. This trend is expected to continue due to investments in transport infrastructure, energy and utilities and affordable housing projects planned for the period 2017–2021. Apart from increased government spending on infrastructure, private investment is also forecasted to grow.

Access to building contractors can be facilitated through the Vietnam Association of Construction Contractors (VACC) which is "a voluntary professional organization of enterprises of all the economic sectors in the country, including areas of construction and installation, consulting, interior decoration, material supplies, equipment, building materials, construction machinery, etc. The VACC was established under Decision No. 13/1999/QD-TCCP of Minister - Head of Organization, Department of the Government dated 27 May 1999.This is the organization of Vietnamese construction contractors which aims to strengthen cooperation among contractors in the country.."[37]

A searchable database of members is available at: http://buildviet.info/en-US/s-20/bussiness.htm

Bigger construction companies should be accessed directly.

8.6. Tourism, Food Service &Hospitality

8.6.1. Tourism

Tourism has been an important pillar of the Vietnamese economy. According to the Asian Bank's Tourism Sector Assessment, Strategy, And Road Map for Cambodia, Lao People's Democratic Republic, Myanmar, And Viet Nam (2016–2018) report, international visitor arrivals in Vietnam rose to 7,9 million in 2015. These figures are higher than Laos, Cambodia and Myanmar, but lower than the rest of ASEAN. (See Table).

According to the report

> *"the main source markets are the PRC (22.4%), the Republic of Korea (14%), Japan (8.5%), the United States (6.2%) and Taipei China (5.5%). Malaysia (4.4%), the Russian Federation (4.3%), Australia (3.8%), and Singapore (3%) are also important medium- and long-haul markets. Average length of stay for international overnight visitors is about 7 days and average daily spending is $105. International visitors on package tours comprise 48% of all international arrivals and stay for 10.8 days on average, while independent travelers' average length of stay is 12 days. The most popular destinations are Ha Noi, Ho Chi Minh City, Ha Long Bay (Quang Ninh Province), Thua Thien Hue, Hoi An (Quang Nam Province), and Da Nang."*

36. http://www.fox34.com/story/34402215/construction-in-vietnam-key-trends-and-opportunities-to-2021
37. http://buildviet.info/en-US/vacc/p1059c1001/about-vacc.htm

International Visitor Arrivals, 2008–2015 ('000)[38]

	2010	2012	2014	2015	Average Annual Growth Rate (%)	ASEAN Share (%)
Cambodia	2,508	3,584	4,503	4,775	12.3	4.4
Lao PDR	2,513	3,330	4,159	4,684	15.2	4.3
Myanmar	792	1,058	3,081	4,681	57.7	4.3
Viet Nam	5,050	6,848	7,874	7,944	9.5	7.3
Subtotal	10,863	14,820	19,617	22,084	15.1	20.3
Brunei Darussalam	214	209	201	218	-0.5	0.2
Indonesia	7,003	8,045	9,435	10,407	9.5	9.6
Malaysia	24,577	25,033	27,437	25,721	3.5	23.6
Philippines	3,521	4,273	4,833	5,361	8.2	4.9
Singapore	11,639	14,491	15,095	15,231	5.8	14.0
Thailand	15,936	22,354	24,780	29,881	10.9	27.4
Subtotal (ASEAN-6)	62,890	74,405	81,781	86,819	7.1	79.7
Total (ASEAN)	73,753	89,225	101,398	108,903	8.4	100

Tourism contributes 6.6% to Vietnam's GDP

38. https://www.adb.org/sites/default/files/institutional-document/227186/clmv-tourism-sector-assessment.pdf

Tourism's Contribution to Gross Domestic Product and Employment, 2015[39]

	Cambodia	Lao PDR	Myanmar	Viet Nam
International visitor expenditure ($ billion)	3.01	0.73	2.12	9.56
Direct contribution to gross domestic product (%)	13.5	4.6	2.6	6.6
Tourism investment ($ billion)	0. 4	0.4	0.1	5.2
Tourism employment (direct)	1,034,700	122,900	661,000	2,783,800
Women's share of employment (%)	54	50	---	70
Average expenditure per visitor ($)	631	155	453	1,204

Other important facts are the following[40]:

- Vietnam has more than 12,000 accommodation establishments, with 235,000 bedrooms, 10,756 of which are five-star rated.
- From 2001 to 2010, the accommodation subsector expanded by 15.8% per year and cumulative investment totalled $11 billion for 247 projects.
- There are approximately 1,500 international tour operators and more than 10,000 agencies that cater to domestic tourists, with more than 15,000 licensed tour guides.
- The international airports in Ha Noi, Ho Chi Minh City, Hue, Can Tho, and Da Nang receive about 57,000 flights per year, with 11.4 million scheduled inbound seats.
- Vietnam offers prearranged visa on arrival for 182 countries and visa exemption for all ASEAN member states.

8.6.2. Food Service & Hospitality

Vietnam is still a promising market for the Hotel, Restaurant and Institutional (HRI) food service sector, according to the Gain Food Service - Hotel Restaurant Institutional[41] Report of August 2015. Referencing Euromonitor data from 2013, the report estimated that the food service sector consisted of over 558,000 outlets including over 440,000 street stalls/ kiosks; nearly 8,000 fast-food outlets; 85,000 full-service restaurants; 24,000 cafeterias/ bars; and more than 12,500 hotels and resorts.

39, 40. https://www.adb.org/sites/default/files/institutional-document/227186/clmv-tourism-sector-assessment.pdf

41. Gain Report: Food Service - Hotel Restaurant Institutional - August 2015

9. Modern Slavery in Vietnam

9.1. Overview

In Slavery and human trafficking in the Mekong region, Occasional Paper 1, November 2016, Dr. Zoë Fortune provides a broad outline of the problematic of human trafficking and modern slavery in the Mekong Region. According to the report, "slavery exists within each of the countries of the Mekong region (Cambodia, China, Laos, Myanmar, Thailand and Vietnam). There is also a large amount of migration within the region, with certain countries being predominantly source (such as Vietnam) whilst others are predominantly destination countries (such as Thailand)."

The extent of the problem in Vietnam can be best be understood within the context of the broader region. Using the Global Slavery Index[42], the estimated numbers of people in modern slavery, together with the government response for countries in the Mekong region are shown below. Government response data is measured by the Global Slavery Index as an assessment of composite factors of the survivors supported, criminal justice, coordination & accountability, addressing risk and government & business. They also provide a measurement of vulnerability to modern slavery based on civil and political protections, social health and economic rights, personal security, refugees and conflict (higher scores mean greater vulnerability).

Global Slavery Index

	Number in slavery (GSI)	% (GSI)	Government response rating	Mean vulnerability to modern slavery score
Global figures	45.8m			
Cambodia	256,800	1.648 (ranked 3rd in prevalence not absolute number out of all countries by proportion of population)	CCC	41.51
China	3,388,400	0.247 (in Mekong then china has the highest absolute number by virtue of being biggest pop, 2nd in world after India)	CCC	44.66
Laos	20,000	0.295	CCC	36.45
Myanmar	515,100	0.956	CCC	56.36/100
Thailand	425,500	0.626	B	47.54
Vietnam	139,300	0.152	B	29.34

According to the GSI, Vietnam has been more successful in combatting human trafficking than its neighbours and overall, Vietnamese citizens are less vulnerable to trafficking and slavery practices. But, as a key source country of traffickers in an economic system that continues to put more pressure on wage earners, the situation in Vietnam is tenuous.

42. https://www.globalslaveryindex.org/findings/

As an agency in the broader slavery system, 'Vietnam is a source country, and to a lesser extent, a destination for men, women and children subjected to sex trafficking and forced labour'[43]. Men and women are reported to migrate mainly through state-affiliated and private labour companies in construction, fishing, mining, logging and manufacturing sectors. Forced migration is to Europe (such as the UK for work on cannabis farms), the Middle East (for example, there are more than 16,000 Vietnamese migrant workers in Saudi Arabia and more than 700 were found to be working illegally) and internationally. Reports also include forced labour in brick factories, mines or sugarcane fields in China. The UNIAP sentinel surveillance project designed to assess the situation of Vietnamese deportees being returned from China, found that 20.5% of cases were 'likely human trafficking cases'. This included 6.5% labour trafficking, 9.7% marriage trafficking and sex trafficking although it was acknowledged that this was not a representative sample. Vietnam is a main source of foreign trafficking victims in Cambodia[44].The GSI estimates the number of people in slavery in Vietnam to be 139,300, or 0.152% of the population.

9.2. Manufacturing

Textile goods in Vietnam amount to around 15% of the total value of all Vietnam exports, and the textile industry, with more than 3800 companies giving employment to 2.2million people is the second export sector[45]. Vietnam's textile and garment exports have been estimated at between US $20 and $37 billion, accounting for over 15 percent of the country's gross domestic product and 18 percent of its total exports. Vietnam, along with India, also ranked among the highest in clothing exports globally. The TIP report noted that some children are subjected to forced and bonded labour in informal garment and brick factories, urban family homes and privately-run gold mines although there is little data.

9.3. Sex trafficking and forced marriage

Women account for approximately 35% of the 90,000 contract workers leaving Vietnam each year[46]. While various high-risk areas exist throughout Vietnam for vulnerable persons, there are three primary cross-border trafficking flows that can be identified: Vietnam– China (accounting for roughly 65% of all identified cases), Vietnam – Cambodia (11%) and Vietnam – Laos (6.5%).16. Under the guise of labour opportunities, women and children are sold to brothels in Cambodia, China and Lao PDR with some further transported to Thailand and Malaysia[47]. Women are also trafficked to China, Taiwan, Hong Kong, Macau, Singapore and South Korea for forced marriage (UNACT). The TIP report notes that women are subjected to forced prostitution and domestic servitude, mainly in China. A study on human trafficking at the border, the case of An Giang province, estimated that across 845 hamlets (population 2.1 million), 58 cases of suspected trafficking were identified to have left between 2006-2008 (excluding domestic trafficking cases). This including 10% of cases of foreign marriages that exhibited signs of deception and 44% of cases of deceiving women and selling them 80. However, these numbers were based on relatively old data collected in a non-representative manner.

Vietnam is also a destination country for child sex tourism with perpetrators arriving from multiple continents 81. The TIP report notes child sex tourists, reportedly from Asia, the UK, Australia, Europe, Canada, and the United States. According to the TIP report, 'NGOs report some complicit

43. Trafficking in Persons Report. 2016. U.S. Department of State.
44. Vietnam country study. UN-ACT.
45. Workers' conditions in the textile and clothing sector: just an Asian affair? Issues at stake after the Rana Plaza tragedy. 2014. Briefing for the European Parliament.
46. From Humanitarian to economic: the changing face of Vietnamese migration. 2015. Migration Policy Institute.
47. Trafficking in Persons Report. 2016. U.S. Department of State.

Vietnamese officials, primarily at commune and village levels, facilitate trafficking or exploit victims by accepting bribes from traffickers, overlooking trafficking indicators, and extorting profit in exchange for reuniting victims with their families'. In their recent prevalence study on the number of children exploited in the entertainment industry in Cambodia, IJM36 noted data from IOM in 2001 that approximately 3000 women and girls were trafficked into Cambodia on an annual basis, or which 15% were reported to be girls 15 years old or younger. A contributing factor to the prevalence of sex trafficking of Vietnamese girls in Cambodia was said to the large population of ethnic Vietnamese living in Cambodia.

9.4. A view from the private sector

During the course of the research for this report, an interview was conducted with a Social Compliance Officer working in the textile industry.

According to the respondent her company is aware of human trafficking as an international problem and they have a formal policy in place to combat human trafficking and modern slavery, which includes strict guidelines on forced labour and child labour.

The company was primarily made aware of these issues through an international customer, which requires companies to comply with specific policy guidelines.

Although the respondent has a textbook understanding of the terms human trafficking and modern slavery, she conceded that she heard this in the media but actually do not have a full understanding of its impact on Vietnamese business.

Knowledge of causes are limited or non-existent, but the potential impact of these issues on reputation, CSR image and business process are known.

Policies are considered important as guidelines for action to factories to avoid these issues and protect themselves.

Recruitment policies and procedures and strict child labour and forced labour guidelines are the most important.

The respondent believes responsibility should start at the top with top management and include stakeholders such as CSR staff and Compliance Officers.

Training and best practice guidelines will help her company understand these issues more and be more proactive.

9.5. A view from the NGO sector

An in-depth interview was also conducted via email with an expert practitioner in the field of human trafficking and human slavery in Vietnam. The following summary of the interview sheds light on the conditions in Vietnam.

Background
The respondent worked as a program coordinator in creating factory awareness to counter human trafficking in Vietnam. In addition, she helped develop a youth network for preventing human trafficking in the Mekong Delta with more than 300 volunteers to support programs and initiatives for community development. She is currently working as a developmental journalist.

Incidence
According to the respondent, human trafficking, in all its forms, is a problem that is increasing day by day in Vietnam. Forced labour is seen as a particular concern.

In the Northwest/Northeast and Mekong Delta (An Giang, Dong Thap, Kien Giang, Can Tho) sex-trafficking is the most salient. Labor trafficking is prominent in the Middle provinces (especially in Nghe An, Ha Tinh). Even though villagers are aware of trafficked cases or might know someone that has suffered, the expectation of a "better life" seems to them worth the risk.

Factors contributing to human trafficking
According to the respondent, the economy is a key problem, both as an agent that creates unmet needs and as a structure with inadequate responses to international changes. The global economy creates job opportunities for people, but it also destroys the family as people work far away and are exposed to trafficking risks.

The respondent also indicated that parental care is lacking, which exposes their children to risk.

Another issue the respondent identified is the lack of opportunities for trafficked people to tell their stories. That not only adds to a lack of understanding, but can also perpetuate the problem, as statics show that 60% traffickers have been trafficked. Awareness about human trafficking is weak and many people say that the victims are also criminals. There is no community help or system to provide care.

Barriers
According to the respondent, in communities, based on Vietnamese culture and understanding, people (especially in rural areas) think of the people who have been trafficked as bad people (e.g. sex workers, have made a choice and need to pay for that choice). Most victims will never speak out about their situation.

Lack of government support and corruption, lack of jobs for survivors at home and luck of funds are further barriers that hinder anti-human trafficking efforts

Corporate Sector
Overall companies are aware of regulations in general, especially the Vietnamese law on fighting human slavery, but the Vietnam Law is considered too general by the NGO community. Case studies from the past and collective knowledge from NGO experience should be incorporated.

According to the respondent the following barriers prohibit companies from eradicating human trafficking in their supply chains:

- Lack of the cooperation and a common system: no updated information database system
- Lack of understanding about human trafficking
- Lack of funds allocated to fighting human trafficking
- Lack of professional and sustainable framework for this sector
- Lack of the understanding of trends in human trafficking form a international perspective

The respondent recommends the following initiatives to combat human trafficking:

- Better understanding of Law and the system of human trafficking
- Building a prevention strategy and program
- Comply with the current international and local laws
- Establish a specific department in each company dedicated to combatting human trafficking
- More programs for workers about HT and immigration safety.