

Jocelyn Tran Speech – VCCI PCI Launch March 22, 2018 – Hanoi

My name is Jocelyn Tran, Regional Sr. Director of Walmart Global Sourcing, responsible for operations supporting our sourcing team in Southeast Asia.

I would like to thank VCCI and USAID for providing such an important annual PCI to all businesses in Vietnam.

Also, congratulation for all the top 5 provinces in PCI ranking, especially to Quang Ninh and Long An

Not only does this give an indicator of business opportunities and challenges - but also gives foreign investors a holistic view of each province to decide where to make their investment.

Since the inception of the PCI in 2006, we have seen a strong correlation between the up and down of business environment in lock step with the PCI business survey. It also reflects in existing business and investors in Vietnam where businesses plan to increase their operation size and hire more employees.

We can say the same for Walmart Global Sourcing in Vietnam. Over the past 5 years, our office has steadily expanded our sourcing products from apparel and footwear to food and general merchandise for our US and international retail markets like China, in Canada and Latin America.

We recognize that Vietnam and regional country partners in Southeast Asia represent an opportunity to leverage our suppliers and find quality products, meeting prices and standards to offer to our 260 million customers walking in our stores and clubs every week all over the world.

The reduction in regulatory burden, decrease of corruption and improvement of labor relations in Vietnam have improved steadily since 2006; and I applaud the Vietnamese Government for its achievement based on this report card; at the same time, to keep up with the challenges ahead and stay competitive within Asia and globally, I would encourage more ACCELERATED economic reform through further SIMPLIFICATION and TRANSPARENCY in administrative procedures and customs regulation

Today, the wait time for new foreign investors to get their investment license is 37 days a decrease of 10 days just a year ago — and business registration certificate is 18 days now, both of which make me optimistic that this trend will continue. When we meet next year, we will see a reduction of another 10 days. Wouldn't that be an achievement to celebrate!?

FDI have always played an important role in creating jobs, opportunities and skillset training along with export market values. Any regulatory improvement in customs, tax and registration would speak loudly to all the foreign investors in Vietnam.

Today, consumer taste is changing fast;

- speed of technology and advancement of robotics is increasing
- putting pressure on the business environment
- requiring a high skilled workforce and labor stability to help businesses stay competitive and the country to be relevant in the market.

According to this year PCI report shows the lack of effective nationwide policy and training to improve the skillset of the workforce is an accelerated high concern for all of us.

Today, business leaders are less confident that they can easily find qualified middle management or high technical skills in provinces outside of the “Belt way” of the greater HCMC and Hanoi - which dampens the investment expansion to other provinces.

To bring up the middle class in Vietnam, it requires expanding the pool of local middle management and high technical skilled workers in major provinces throughout the country, not just in Hanoi or HCMC. This cannot be done through in-house training in factories, one by one, but must be accomplished through government private partnership collaboration across key industries and institutions

Just like Mr. Loc mentioned earlier today and Mr. Edmund Malesky presentation, according to the latest study from Human Capital Outlook published in late 2016 assessing ASEAN skilled workforce, the study finds VN’s labor market is mostly low and medium skilled workers compared to Malaysia and Singapore, and it is fairly difficult to find skilled labor force in VN. One in 10 workers in VN is considered skilled while 1 in 2 is in Singapore.

Walmart Global Sourcing established our operations/office in Vietnam about 5 years ago. By then, the apparel export had continuously increased year by year by double digits. Just looking at the export number shows a very strong economy and work force strength, but the reality can be very different. For example, when Walmart needed to fill a technical position as a fabric/colorist manager, the applicants we found in VN had some general skill that they learned on the job, but no English capability and many lacked the experience working in a global culture or regions. In the end, we had to relocate an associate from another region to support the business — when we would have preferred to hire locally.

Nevertheless, we’ve had great success in upgrading the skill set of our local associates. 20-30% of our associates’ time is spent on either technical or soft skill training through many hours of e-learning, oversea and in house classes, mentoring and coaching. But the skills we produce in-house help Walmart, while the industry needs much more access to skilled talents.

Imaging, if the skill force can match the economic expansion, result in expanding the middle class; shrinking the gap between the haves and the have-nots, integrating other

regions with Hanoi, Ho Chi Minh City, Binh Duong, Dong Nai; then it has built a sustainable workforce for the 21st century.

I myself have been in Vietnam for more than 16 years. Throughout these years, there have been some remarkable achievements for the economic growth and improving the lives of many in our supply chain. Many of these changes brought about through an incredible support of VN-US Government, USAID, and Private Corporations like ours to support the goal of the country as well as our shared values. As we move forward to the next level, I look forward to participating in more of these collaborations among all stakeholders.

And I'm humble to be asked to speak today.

Thank you!