

IMPACT OF COVID 19 ON LABOR AND A NEW WAY OF WORKING: HOW HAS VIETNAM COPEDED WITH THIS PANDEMIC?

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TIMELINES FOR COVID 19 IN VIETNAM

AFFECTED CASE	ON GOING TREATMENT	RECOVERED	DEATH
1.549	86	1.425	35

Stage	No. of cases	Description
First wave		
Phase 1 (23 January - 25 February 2020)	16	Cases reported are usually people who have had travel history to China.
Phase 2 (6 - 19 March 2020)	69	The virus has spread globally, many cases reported are from other countries but it is still easy to trace spread and quarantine.

TIMELINES FOR COVID 19 IN VIETNAM

Stage	No. of cases	Description
Phase 3 (20 March - 21 April 2020)	183	Infections in community, many cluster begin to appear in high-density areas. The source of the infection is untraceable.
Phase 4 (22 April 2020 - 24 July 2020)	145	No cases of local transmission reported, all of the cases are imported and quarantined after arrival.
Second wave		
Phase 1 (25 July 2020 - 6 September 2020)	636	New community transmission cases appeared again after more than three months. Officials re-implemented social distancing.
Phase 2 (7 September 2020 - ongoing)	495	The number of cases in community decreased, authorities begins to ease restrictions in the affected areas.

MOST IMPORTANT GOVERNMENT REACTIONS TO FIGHT AGAINST THE PANDEMIC

- ▶ Mid-December 2019: PM of Vietnam ordered measures to prevent and counter the spread of the disease into Vietnam as well as to warn Vietnamese citizens to avoid visiting areas with outbreak
- ▶ On January 24th, 2020 (1 day after the first case in Vietnam): Civil Aviation Administration of Vietnam ordered the cancellation of all flights from and to Wuhan
- ▶ National Response Plan and assembled the National Steering Committee (NSC) established and led by Deputy Prime Minister Vu Duc Dam with representation from 14 ministries and sectors, the National Assembly, media, and information technology companies will command and control the country COVID-19 response
- ▶ In February 2020, Vietnamese Ministry of Education and Training suspended all school activities across the country until the end of March as part of quarantine measures against the spreading of the virus, and later extended this till the middle of April until further notice. Aggressive measures were also taken to combat possible outbreaks, from 14 days quarantine to restriction of outdoor activities (some sources believe it was more than 20 to 40 days under quarantine)

MOST IMPORTANT GOVERNMENT REACTIONS TO FIGHT AGAINST THE PANDEMIC

- ▶ **April nationwide isolation:** Vietnamese government ordered a nationwide isolation of 15 days from 1 to 15 April. From 16 April, local airlines could raise the number of domestic flights, which were subsequently further increased on 23 April and again on 29 April
- ▶ **Quarantine of Da Nang:** On 27 July, the government made the drastic decision to begin evacuating 80,000 people from Da Nang, a process it said would take four days with domestic airlines operating approximately 100 flights daily from Da Nang to 11 cities around the country. On the same day, the Da Nang Municipal People's Committee announced restrictions applicable for 15 days, starting from 28 July
- ▶ **Monitoring apps:** On 9 March, the health declaration application named NCOVI was officially launched. After installing NCOVI application on smartphones, people enter full personal information as required to start using. In April, Vietnamese cyber security firm Bkav launched Bluezone, the application uses Bluetooth low energy positioning technology to detect people in close contact with infected people via smartphones quickly, and accurately. Smartphones with Bluezone installed can communicate with each other, record close contact at a distance of 2 meters, when and for how long to help users know and control patient contacts COVID-19
- ▶ **Propaganda:** Vietnam is relying on propaganda to tackle the COVID-19 pandemic. The Central Propaganda Department has responsibilities to promote the propaganda on mass media

MOST IMPORTANT GOVERNMENT REACTIONS TO FIGHT AGAINST THE PANDEMIC

- **Financial support:** On 10 April 2020, Vietnamese government has passed a VND62 trillion (\$2.6 billion) financial support package, directly supporting people in difficulties due to the COVID-19 pandemic.

Support policy	Budget (USD)	Description
Fiscal package to support enterprises	\$7.8 billion	Tax deference and delayed payment of land use tax and rent for affected enterprises.
Loans with zero interest rate to pay workers salary	\$10.2-43.1 million	Loans with zero interest rate for affected enterprises.
Social protection package	\$2.7 billion	Cash transfer for 3 months (April, May and June 2020) for people with merit, poor and near poor households, affected workers and household businesses.
Electricity price reduction	\$475 million	10% reduction of electricity price from April to June 2020; free for all households and businesses, health and quarantine facilities.
Banks reduce interest rates		Banks reduced interest rates and exempted or reduced fees for making transactions.
Credit package of Commercial banks	\$12.3 billion	Loans for less/least affected enterprises but need investment capital after COVID-19. Heavily affected enterprises also can borrow if ability to repay can be proven.

MOST IMPORTANT GOVERNMENT REACTIONS TO FIGHT AGAINST THE PANDEMIC

- ▶ **Evacuation and repatriation:** Since late March, more than 73,000 Vietnamese people have been flown back to the country on 260 repatriation flights from 59 countries and territories around the world.
- ▶ **Social distancing**
- ▶ **5K slogan:**
 - ❖ **Facial Mask**
 - ❖ **Disinfection**
 - ❖ **No public assembly**
 - ❖ **Medical declaration**
 - ❖ **Social Distancing**



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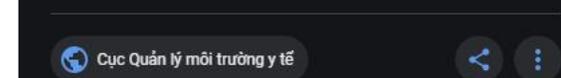
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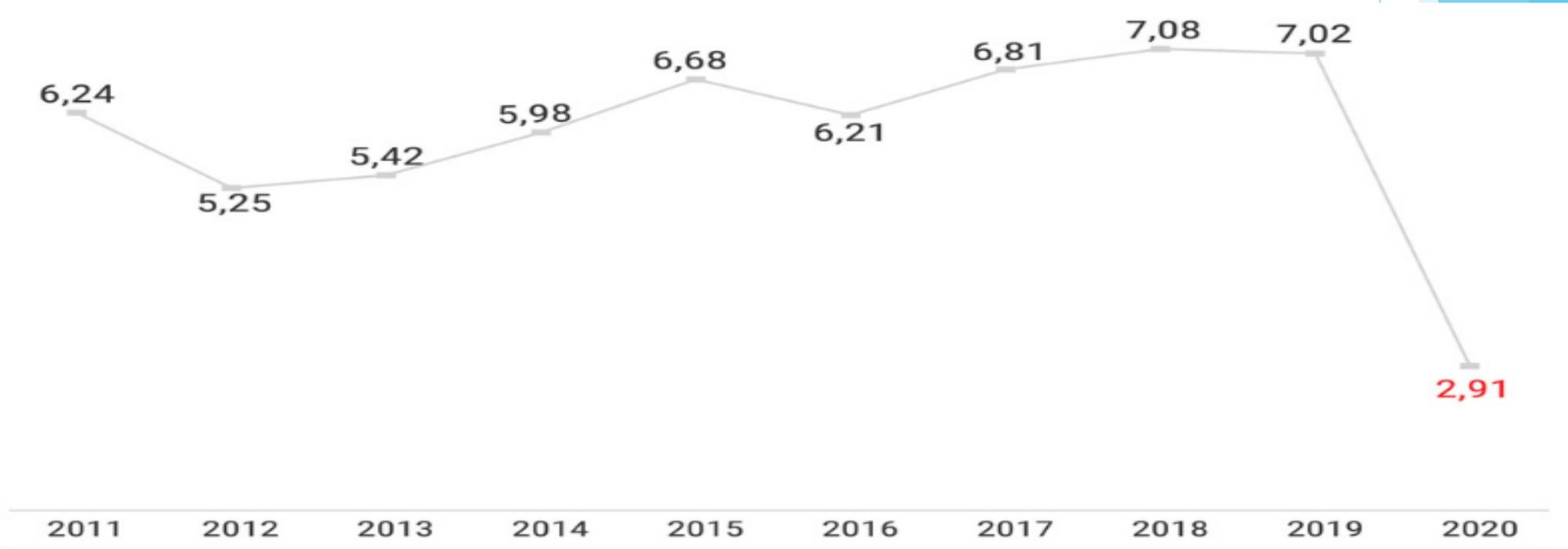


Some pictures during isolation days in Vietnam



IMPACT OF COVID 19

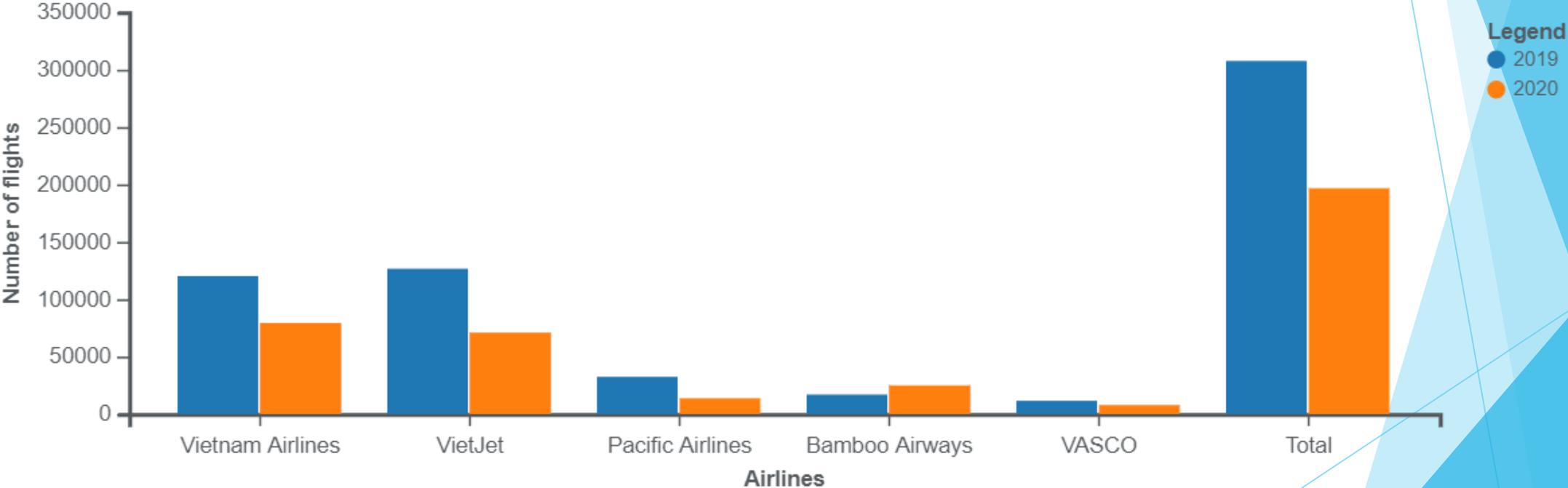
Economy



GDP growth rate of Vietnam in 2020: 2.91% lower than the economic recession in 1986 after a failed monetary policy during Đổi Mới (renovation) period.

IMPACT OF COVID 19

Aviation and tourism



IMPACT OF COVID 19

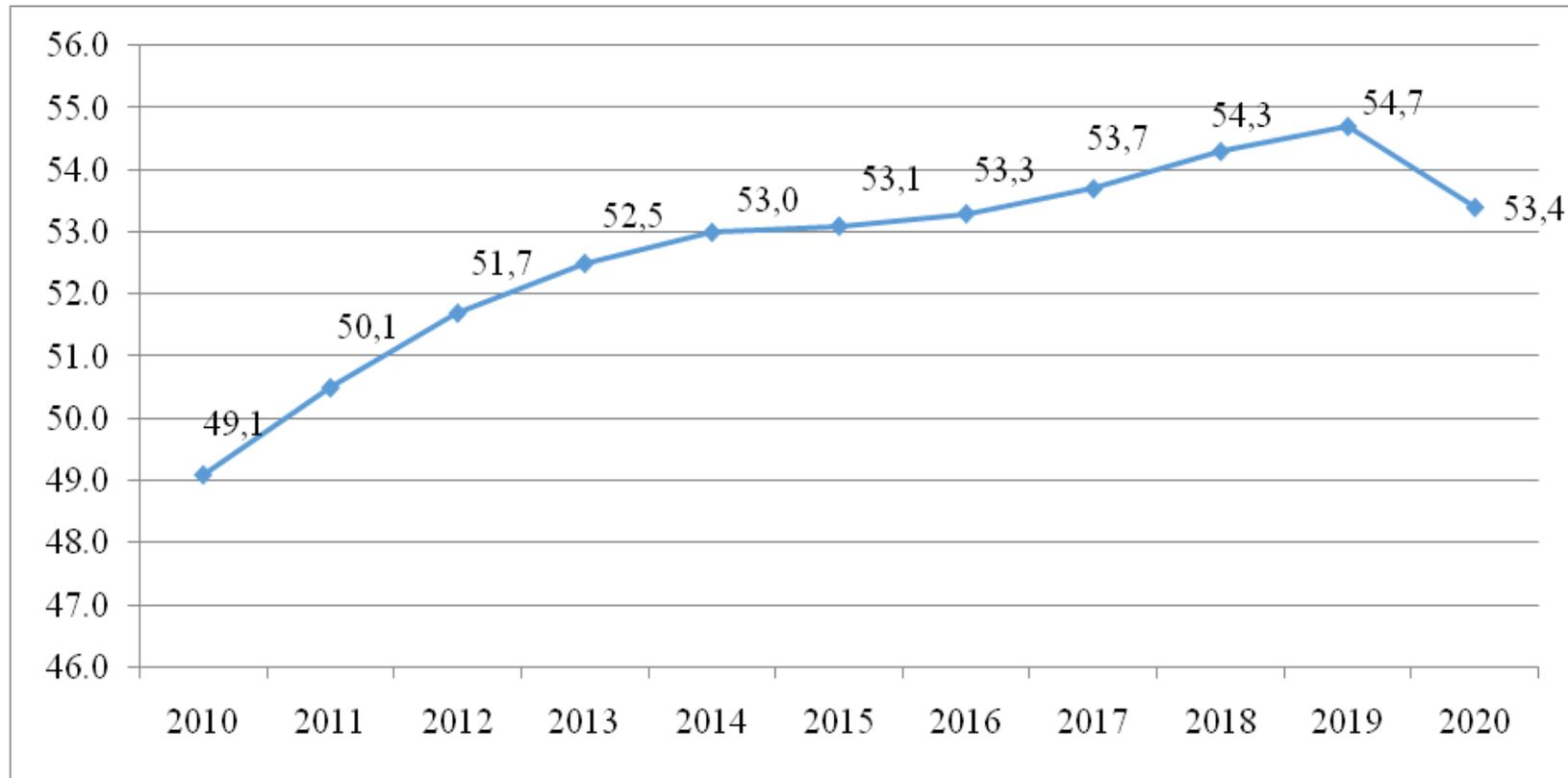
Aviation and tourism

Tourism industry is the most severe affected, Civil Aviation Authority of Vietnam said the aviation industry is in the worst situation in 60 years of development. Of the 234 Vietnam registered aircraft, more than 200 were grounded while airlines still have to spend hundreds millions dollars to maintain operations such as: aircraft leasing cost, paying for employee, aircraft maintenance and apron parking fee. Vietnam Airlines estimates its 2020 revenues could decline by US\$2.1 billion. This has seen as many as 10,000 employees of the national flag carrier, over 50% of its staff strength, taking unpaid leave. Duong Tri Thanh, CEO of Vietnam Airlines stressing that the carrier was going through the hardest time in its history. However, thanks to COVID-19 has been brought under control, Vietnam's aviation will recover faster than other countries in Southeast Asia. According to Fitch Ratings forecast, the revenue passenger kilometers (RPK) of Vietnamese airlines at around 55% of the baseline level in 2020 and will increase to 90% in 2021.

According to the General Statistics Office, in August 2020 only over 16,300 foreigners came to Vietnam, mostly experts coming to work. Since 25 July when the second wave arose, many localities have to closed tourist attractions and deployed measures to curb the spread of infections within the country. The absence of foreign travelers has dealt a severe blow to the tourism sector. The ancient imperial city of Hue - which is popular with foreign visitors - now resembles a ghost town, with Thua Thien Hue province's tourism department saying that 80% of hotels were closed, while 8,000 people had lost their jobs

LABOR ISSUES

Employed labour forces of over 15 years old, period 2010-2020



LABOR ISSUES

It was the first time over the last 10 years, Vietnam suffer the reversed trend in its labor market with huge difficulties in term of unemployment, lower income, more job rotation or lower working hours, lower employed of people joining labor market... However, unlike other countries with more severe effects, Vietnam was quite successful with pandemic prevention measures and development goals .

Unemployment

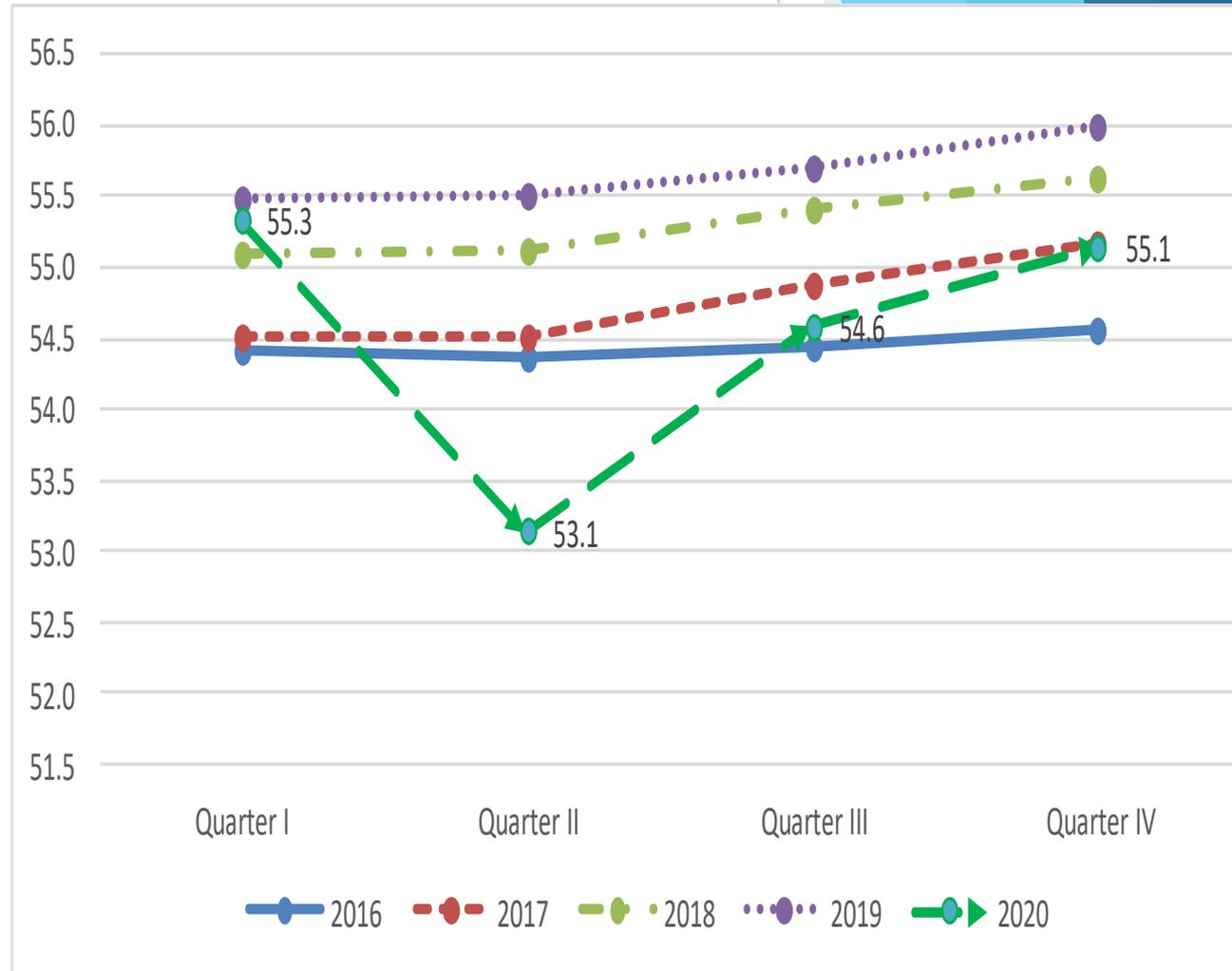
- ▶ According to a report published by the General Statistics Office, as of December 2020, 32.1 million people nationwide have been affected by the pandemic. Of which, 69.2% of people suffer a decrease in their income, 39.9% have to reduce their working hours and about 14.0% have been laid off. The labour force in the service sector suffered heaviest losses with 71.6% affected, followed by industry and construction (64.7%) and agriculture, forestry and fishery (26.4%). The Ministry of Labour, Invalids and Social Affairs said the number of people filing for unemployment in May 2020 surged 44% year-on-year to 157,900. In the first five months 26,000 companies suspended their business. In the worst-case scenario, the number of workers affected by the pandemic could rise to 7.2 million in the second quarter, the ministry estimated. Generally, in 2020, Vietnam's workforce decreased by 1.2 million people to 54.6 million. In the 2016-2019 period, the labor force increases by 0.8% per year on average. "If the workforce in 2020 maintained the same growth rate as in 2016-2019 period and not affected by the pandemic, there would be 1.6 million more workers in the economy. In other words, COVID-19 could have taken away the chance of these people participating in the labour market."
- ▶ The pandemic also changes the seasonal trend of the labour forces between quarters of the year. In 2016-2019 period, the number of labour forces in the first quarter was always the lowest, then increased gradually in the following quarters and reached the highest level in the fourth quarter. But in 2020, the number of labour started to decline in the first quarter, then continued to decline sharply and hit the bottom in the second quarter and gradually recovered in the third and fourth quarter. "Although the economy are recovering but the workforce in the fourth quarter has not yet reached its pre-pandemic state. The number of labour in fourth quarter was still lower than the first quarter approximately 200,000 people".

LABOR ISSUES

Labor forces by quarters of the years

In 2020, the labour force starts to reduce in quarter I, drastically decrease in Quarter II, and gradually recover in Quarter III and Quarter IV. Even though recovery has been seen, the labour force in Quarter IV has yet to reach the original number when the pandemic had not broken out. The number of people entering the labour force is at 200 thousand people lower than that of Quarter I.

The labour force aged 15 and higher in Quarter IV/2020 has reached 55.1 million people, an increase by 563.8 thousand to the previous quarter. Yet the number still fall short of 860.4 thousand of people in comparison to the same period of the previous year. This, again, has demonstrated the recovery tendency of the labour market after a record fall in Quarter II of 2020



LABOR ISSUES

Some other critical figures:

According to the General Statistics Office, Vietnam has 54.6 millions of people at the age of more than 15 year old, 1.2 millions lower than 2019. Labor force of Vietnam increased 0,8% on average during the period of 2016 - 2019, equivalent to 1.6 millions joined the labor force annually. That means, Covid 19 took away 1.6 new job for Vietnam labor force

There are 32.1 million people aged 15 and higher nationwide negatively affected by COVID-19

As of December 2020, there has been 32.1 million people aged 15 and higher nationwide negatively affected by COVID-19

COVID-19 has pulled many into unemployment, while driving some among them into the resort of informal work

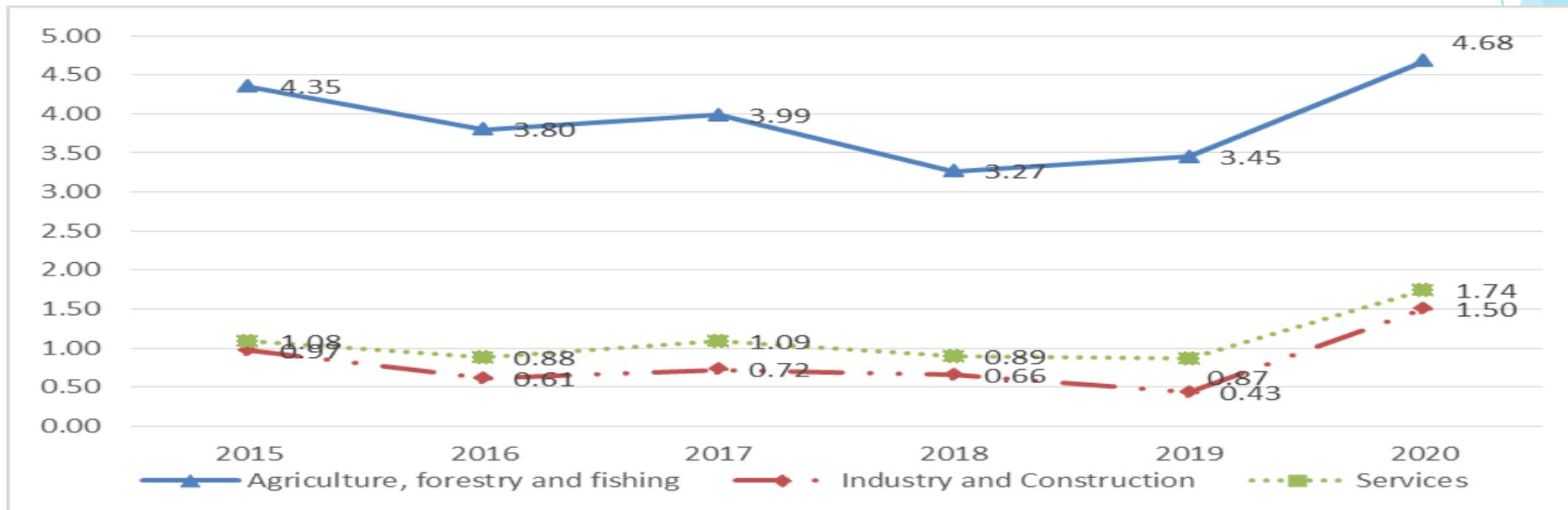
In Quarter IV of 2020, the number of employed people aged 15 and higher is nearly 54 million, a decrease by 945 thousand people compared to the same period of the previous year. Among them, the employed people in urban area is 17.6 million - a decrease by 90.2 thousand people. That in rural areas is 35.9 million - a decrease by 854.3 thousand people compared to the same period of the previous year.

LABOR ISSUES

Some other critical figures:

COVID-19 not only deprives many people of the formal work opportunities, but it also drives many of them into underemployment. The situation, however, has improved much in Quarter IV of the year 2020

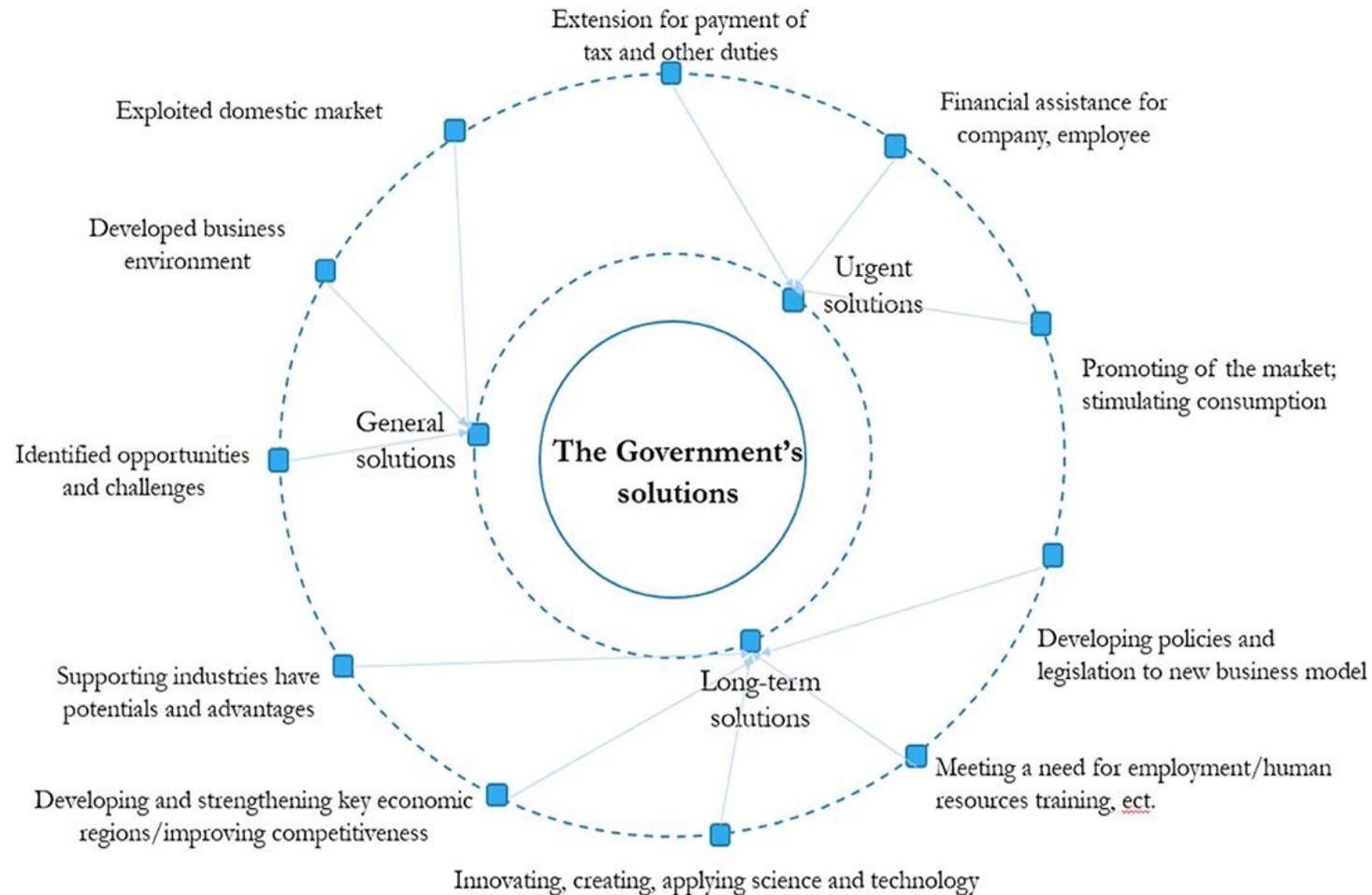
The following figure shows The underemployment rate of labor in working age in 2020 in the agriculture, forestry and fishery sector is at 4.68%, industry and construction sector at 1.50%; and service sector at 1.74%. (In 2019, it is 3.45 per cent, 0.43 per cent, and 0.87 per cent, respectively).



REACTIONS OF VIETNAM GOVERNMENT ON LABOR AREA

The diagram of the Government's solutions to support the unemployed.

(Source: <https://www.frontiersin.org/articles/10.3389/fpubh.2020.590074/full>)



Actions by employers and legal appliances

- ▶ Pursuant to the labor regulations of Vietnam, in the situation of an epidemic as a force majeure reason, an employer is entitled to the following decision-making:
 - ❖ Work suspension;
 - ❖ Assignment to another job;
 - ❖ Termination of labor contract;
 - ❖ Temporary suspension of employment performance (subject to parties' negotiation)
- ▶ **VCCI survey on companies measures to fight against the pandemic (700 companies joined)**
 - ❖ Set up emergency unit: 74%
 - ❖ Follow guidelines of Ministry of Health and National Disease Response Plan
 - ❖ Work allocation scheme: Flexible working time (62%), lowering working hour and remain all staffs (47%), work from home (41.23%), concentrating on capacity building (41%), salary reduce (19.93%), termination of labor contract (19.42%)
 - ❖ Remuneration scheme for close contacts or COVID 19 patents: Full pay (50%), no pay (20%), other solutions (30%)
 - ❖ Enhance the consultation scheme between employers and trade union: 85%

Actions by employers and legal appliances

- ▶ **For the further application of the Labor Code 2012 to the work suspension related matters due to the COVID-19, in March 2020, the Ministry of Labor, War Invalids and Social Affairs of Vietnam issued the detail explanation as follows:**
- ❖ Salary payment during the period of work suspension shall be performed in accordance with the causes of work suspension provided by the Labor Code 2012 (as an epidemic in this case). Employers may be requested to prove those causes thereof.
- ❖ Employers who cannot provide adequate employment due to supply shortage or market reduction may temporarily assign its employees to other jobs in accordance with the Labor Code 2012;
- ❖ In case where an employer is not able to pay the relevant employees subject to prolonged work suspensions, agreements on the suspension of labor contract performance are allowed to be established by the parties;
- ❖ Employers that have to scale down shall implement the regulations of employment termination in line with the Labor Code 2012.

Research by PwC

- ▶ The workplace, reimagined for a new normal
- ▶ Navigating the COVID-19 pandemic and its aftermath will be one of the biggest business challenges of our time. Management teams bear the primary responsibility for navigating their companies through this disruption. It will be up to them to determine how and when to start the complex task of returning to the workplace as government restrictions, like in Vietnam, are lifted.
- ▶ A "new workplace normal" will emerge. The majority of CFOs surveyed in our recent PwC COVID-19 CFO Pulse Survey plan to implement tactical measures to protect staff, followed by strategic measures around remote work and automation.
- ▶ As you move into the next phase of your COVID-19 response, companies need innovative solutions to ensure this safety is sustainable. Mobilizing a Return-to-Work (RtW) task force to help define, design, facilitate and monitor RtW strategy is key. Consider the following four decision criteria: Health & Safety, Type of Work (Sequencing), Financial (Cost & Revenue) and Worker Needs / Preference.

Research by PwC

▶ Workforce

Five workforce areas are emerging as priorities for business leaders:

- ❖ **Protect people:** Initiate measures to help support employees' physical and emotional well-being, whether at work or at home.
- ❖ **Communicate effectively in global uncertainty:** Lead with responsive, empathetic communications and policies that help people feel informed and supported.
- ❖ **Maintain the continuity of work:** Provide the resources and support employees need to be productive, especially as they adapt to working remotely.
- ❖ **Assess workforce costs:** Explore workforce levers to help balance the potential need to cut costs with the desire to keep people employed.
- ❖ **Prepare for recovery:** Align workforce planning with the business strategy and prepare for an evolving market in order, to ramp up in a recovery.

Survey of PwC on what are the measures that companies should think of for their return at work

- ▶ Which of the following is your company planning to implement once you start to transition back to on-site work? Please select all that apply.
- ❖ Change workplace safety measures and requirements (e.g., wearing masks, offering testing to workers): 76%
- ❖ Reconfigure work sites to promote physical distancing: 65%
- ❖ Change shifts and/or alternate crews to reduce exposure: 52%
- ❖ Make remote work a permanent option for roles that allow it: 49%
- ❖ Accelerate automation and new ways of working: 48%
- ❖ Reduce real estate footprint (e.g., partial opening of offices, retail locations): 23%
- ❖ Evaluate new tools to support workforce location tracking and contact tracing: 23%
- ❖ Offer targeted benefits for on-site workers in affected areas (e.g., childcare, private transportation): 8%
- ❖ Provide hazard pay for on-site workers in affected areas: 6%

Source: PwC COVID-19 CFO Pulse Survey, 4 May 2020

Suggestions by PwC

RtW Mobilisation	Transition Office
Establish baseline and set intention	Coordinate return to work response to promote welfare, compliance and efficiency
<ul style="list-style-type: none">Evaluate effectiveness of COVID-19 response across five workforce dimensions (Protecting People, Secure & Productive Work, Cost Mgmt. Recovery Readiness, Communication)Design and facilitate return-to-work strategy workshop with key stakeholdersMonitor two-way feedback channels to check-in on the workforceDevelop and align on RtW strategy	<ul style="list-style-type: none">Build return to work project planMonitor Government and HSE guidelines and drive complianceExecute and manage the RtW strategy and planMonitor and measure return to work progress
Stand up transition office	

Challenges or opportunities?

Challenges	Opportunities
Production and trading shrunken, no new orders, new requirements orders...	ICT application
Limited travel worldwide	Redesign work flow and job allocation
Broken world production chain	Digitalization of public services/companies activities
Services limitation and cancellation	Test for Vietnam business community in building capacities and duration
Workers reduction and keeping consideration	Technical appliances and management skills/practices
Trust crisis/Damaged interpersonal relations/Unprecedented treatment or behaviors	Cooperation between employers and employees
Unpredictable recovery	Redesign and enhance training activities both in management and vocational trainings, retrain labor forces
	New consumption behaviors

Some actual images of new normal life in Vietnam



Advices for foreigners

▶ Vietnam today:

- ❖ Working environment remains with prevention measures, people are aware of own protection
- ❖ International flight suspension from countries with new virus variation, to be reopened after traditional new year
- ❖ New normal status for all, increasing the application of AI and ICT
- ❖ Safe and stable favorable business environment for foreign investors and visitors
- ❖ Easy Domestic travel of all means with prevention methods (Facial mask, disinfection cleaning, limited served foods, social distancing, quarantine, testing, medical declaration ...)

Key elements to be considered: The damaged world production chains, travel difficulties for foreign experts, traditional activities, lack of infrastructure for immediate digital changes, quality of human resources

Vietnamese businesses among most optimistic globally amidst COVID-19: HSBC

- ▶ Vietnamese firms remain more optimistic regarding positive growth and international trade in comparison to their global peers despite the challenges caused by the COVID-19 pandemic, according to the latest HSBC Navigator: Now, Next and How report.
- ▶ The global survey polled over 10,000 companies in 39 countries and territories globally, including 200 companies in the nation, according to VOV.
- ▶ According to the poll's results, 55 percent of Vietnamese businesses remain optimistic about growth moving forward, compared to 56 percent last year, well above the global average of 29 percent, the report revealed.
- ▶ Most notably, 59 percent of domestic firms are predicted to return to pre-COVID-19 levels of profitability by the end of 2021, while 86 percent of local businesses anticipate that sales will grow next year, far higher than the global and the Asia-Pacific region average growth of 64 percent and 60 percent, respectively.

World Bank

- ▶ The latest World Bank's economic update for Vietnam "Taking Stock: Vietnam's prospects appear positive as the economy is projected to grow by about 6.8% in 2021 and, thereafter, stabilize at around 6.5%
- ▶ Carolyn Turk, World Bank Country Director for Vietnam: "Vietnam is standing at a crossroads of post-COVID-19 recovery. It has an opportunity to set itself on a greener, smarter, and more inclusive development path that will bolster resilience to future shocks from both pandemics and climate-related disasters," ; "The authorities must tackle the environmental and climate challenges with the same sense of urgency as they have done with COVID-19 because the costs of inaction are already visible and will become increasingly irreversible. The recent tropical storms in Vietnam's central region and rising air pollution in the country's major cities are good illustration of this fragility."
- ▶ According to the WB, two lessons from the successful management of the COVID-19 crisis could be extended to the environmental agenda. The first lesson is that the best way to cope with an external shock is to be prepared in advance and move with early and bold actions. Second, beyond vision and capacity, the ability to embrace innovation and experiments is instrumental to change individual and collective behaviors, which lays at the root of strategies to cope with health and climate threats.

Questions and Answers

Thank you