

Vietnam Competition & Consumer Protection Dossier

Rationale

In a competitive market economy, competition can be considered as the rivalry between enterprises in the market to win a competitive edge in providing products and services or targeting customers. Competition drives inefficient enterprises out of the market and helps remaining ones to increase their efficiency and competitiveness, aiming to foster a healthier trade environment in the end. Such aim is also gained through strengthened consumer protection measures, which ensure that enterprises take consumer interests into account during their operations, gain consumers' trust in products and services that they provide, and be more successful in the long run.

Competition policy refers to a set of government laws and regulations that enhance competition or competitive outcomes in markets while consumer protection policy can be defined as actions taken to protect consumers irrespective of the level of competition that exists. However, both competition and consumer protection policy aims at a common goal which is consumer welfare by removing distortions in the market place. These two policies, if applied properly, can have a complementary effect though they take different approaches.

In Vietnam, the regulatory framework related to competition and consumer protection in Vietnam is still quite weak, fragmented, and overlapping at the same time. The two main legal instruments in this regard are the Competition Law 2004 and the Law on Protection of Consumer Interests 2010. Both these two laws and subordinate regulations are being implemented by Vietnam Competition Administration Department (VCAD), under the Ministry of Industry and Trade (MoIT); while other sectoral regulations and specific laws are being handled by other relevant state agencies, both at the central and provincial levels.

The gaps that remain in the regulatory framework, however, pave the way for a multitude of practices of distortions and violations to thrive. These practices are more prevalent in developing countries like Vietnam, where industries and sectors have long been dominated by state-owned enterprises and those which have been privatised prefer 'cooperation' rather than competition.

Therefore, it is necessary to understand relevant policies that have been or going to be implemented which (are likely to) have direct impacts on the competitive process and consumer welfare in Vietnam; 'name and shame' the various anticompetitive practices and consumer abuses that are happening in the markets; and on that basis, suggest some recommendations and possible solutions to resolve the issues. The information collected and the initial analysis accompanying them would also constitute an important data source for our research and advocacy activities at CUTS HRC in the future. It is in this context, the Competition & Consumer Protection Dossier (CCD) in Vietnam was produced.

What is in the Dossier?

Based on the successful model of the publication entitled 'Competition Distortions of India' produced by CUTS CCIER, this Dossier intends to provide an overview of constantly evolving laws and cases in Vietnam which are related to competition and consumer protection. It is essential to note that the dossier is not first-hand research. It is rather a collection of articles and analysis from reliable published sources. It also gives some food for thoughts which may be helpful to readers during their orientation in the subject matter. In a reader-friendly structure and language, the dossier is aimed at raising awareness and giving insights about different aspects of competition and consumer

protection issues which now captures increasing attention from the public all over the world, including Vietnam.

Each edition of the CCD (published every quarter of the year) comprises of two major parts: Laws and Cases. In the first part, a package of reforms and policies that the Government of Vietnam (GoV) have put in place in the period which is likely to have an impact on competition and consumer welfare is introduced. With regard to competition, the focus is on policies that directly affect the behavior of enterprises and the structure of industry such as trade, industrial, privatisation reform, labour, regulatory reform, intellectual property rights policy respectively and most importantly, the competition law.

In the area of consumer protection, the Law on Protection of Consumer Interests 2010 and its subordinate implementation regulations form the key to be discussed. In addition, there is also mention of various laws and regulations of which several provisions regulate specific issues of consumer protection, for example on food safety, standards and quality, standard contracts, etc.

In the second part of the dossier, cases of violations of the above-mentioned laws and regulations are included. Anti-competitive behaviors are divided into restrictive and unfair competitive practices. As having mentioned earlier, the most prevalent cases are previously SoEs which account for major market shares and tend to abuse their dominant positions to harm competitors, consumers and the competitive process itself.

Besides, the dossier also mentioned various reforms being undertaken by the GoV in various sectors to foster a more competitive environment. Last but not least, consumer protection cases are analysed in order to identify the root cause and suggest solutions for the relevant management agencies to apply.

Expect Outcomes

1. Increasing awareness among various groups of the society about different aspects of competition and consumer protection issues;
2. Enhanced capacity building of relevant stakeholders, such as government agencies, research institutes, sector-specific agencies, non-governmental organisations by providing a comprehensive synthesis of available published resources on certain laws and cases of competition and consumer protection;
3. An effective advocacy tool for policymakers with a wide range of recommendations and solutions and insights from different angles so that they have more cautious approach in their policymaking decisions; and
4. A rich data bank on competition and consumer protection in Vietnam for CUTS HRC's own and other relevant parties' research and advocacy activities.