

Dear experts, distinguished guests, international delegates and representatives from media agencies,

On behalf of VNU University of Economics and Business and Vietnam Institute for Economics and Policy Research (VEPR), I am pleased to welcome you all to the dissemination workshop: “Towards Sustainable ASEAN Development: Improved Business Environment Is The Key To FDI, Not Tax Competition”. Before we delve into the main content, allow me to make a few brief remarks.

First, I would like to express my appreciation to the brilliant research team, a group of national and international experts from VEPR, the PRAKARSA in Indonesia for your dedication on delivering the report. And let me thank Oxfam in Vietnam, who have been providing valuable technical and financial support throughout the process. Last but not least, I would also like to thank all the participants, who are at the event today and who are following on our online platforms.

Ladies and gentlemen,

Poverty and inequality in the ASEAN region were already high when the COVID-19 hit the economies and more public resources were needed to invest in universal health and social protection. Progressive tax collection and spending are the most effective ways to fight poverty and lower inequalities in society. The ASEAN with sustained growth levels for decades and attracting substantial amounts of foreign direct investment (FDI), still collects low amounts of revenues. Countries in this region are still highly dependent on corporate income tax revenues; however, they are giving up on substantial amounts of revenues by offering tax incentives to both domestic and foreign investors.

Tax incentives and non-tax incentives have been gradually becoming a policy norm for ASEAN countries to attract FDI. However, the actual effectiveness of these preferential policies in promoting investment remains controversial. Most of these incentives offered by ASEAN countries are not aimed at attracting long-term investments but rather are an attempt to compensate for unfavorable business environment, weak governance and poor infrastructure. In addition, they have even created an unfair investment climate for small and medium-sized local companies. In the ASEAN region, revenue collection levels, measured as a ratio to GDP, remain very low compared to OECD countries. These low ratios lead to limited budget capacity and public deficits in the region. This gap has dramatic consequences for the quality of public services, infrastructure and the level of good governance.

With that context, it is high time for all ASEAN Member States to collaborate with one another to improve business environment and agree upon common minimum standards

for corporate tax and non-tax incentives in the region. This will prevent harmful practices that drain essential public revenue and create unnecessary tax competition among members, and achieve a common goal of building a sustainable and resilient region. And with the research dissemination and discussions in today event, I really hope that we, together, can contribute to a more sustainable tax policies in ASEAN, fostering a stronger ASEAN economy to cope with not only the current pandemic but also future challenges.

I wish you all health, may the workshop be a great success. Thank you very much!