

**CORONAVIRUS**

# Intel and foreign businesses in Vietnam fear harsh COVID measures

Companies in Ho Chi Minh City worry restrictions will discourage investment



Customers bracing for tighter COVID-19 restrictions starting Monday search for food on near-empty shelves at a supermarket in Ho Chi Minh City, Vietnam August 21, 2021. © Reuters

**TOMOYA ONISHI, Nikkei staff writer**

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## HANOI -- Leading U.S. chipmaker Intel and other foreign companies operating in Vietnam have expressed concerns that prolonged stringent COVID-19

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Representatives of foreign companies met with authorities in Ho Chi Minh City, the country's largest city which has become the epicenter of the nation's worst outbreak. In response to the spiraling case, the central government **has announced strict measures** in the city that will start Monday and run until at least Sept. 15.

Details of the exchanges are unknown.

The purpose of the meeting on Friday was to share the challenges that manufacturing companies like Intel face to maintain operations, Ho Thi Thu Uyen, head of public affairs for Intel in Vietnam and Malaysia told Nikkei Asia on Saturday.

"The financial burden for housing our employees is one of key challenges," Uyen said. "We not only raised concerns but also offered solutions to city leaders as practical recommendations instead of keeping [the existing measures] any longer after Sept 15," Uyen told Nikkei.

Local unit Intel Products Vietnam operates a test and assembly plant in the city's Saigon Hi-Tech Park. As part of the antivirus rules, "1,870 workers must stay at hotels nearby the facility. That has incurred 140 billion dong (\$6.1 million) in a month since July. If we continue this beyond Sept. 15, it will not only directly affect the budget but also the production plan," Uyen told city officials at the meeting, according to local reports.

Uyen told authorities that the company is fully committed to working with the government, according to local media. But she called for flexibility for workers who have been fully vaccinated to return home.

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Meanwhile, Italian computer manufacturer Datalogic said the company saw a sales plunge in a month from \$18.5 million in June to \$11 million in July. It also lost about 40% of its workforce with 502 left in August, Zing News reported. Many high-skill workers struggled to strictly follow rules and stay away from their families.

Furusawa Yasuyuki, general director of Aeon Vietnam, said the Japanese retailer faced difficulties maintaining operations in the country because of the costs for COVID-19 tests that were required for its workers to be in the workplace, Tuoitre online reported.

Furusawa proposed city authorities extend the time to pay social insurance, value-added tax and health insurance so businesses can buy time to support their employees.

The concerns were aired as the foreign business community braces for a possible extension of restrictions beyond the Sept. 15 deadline with confirmed cases continuing to spiral.

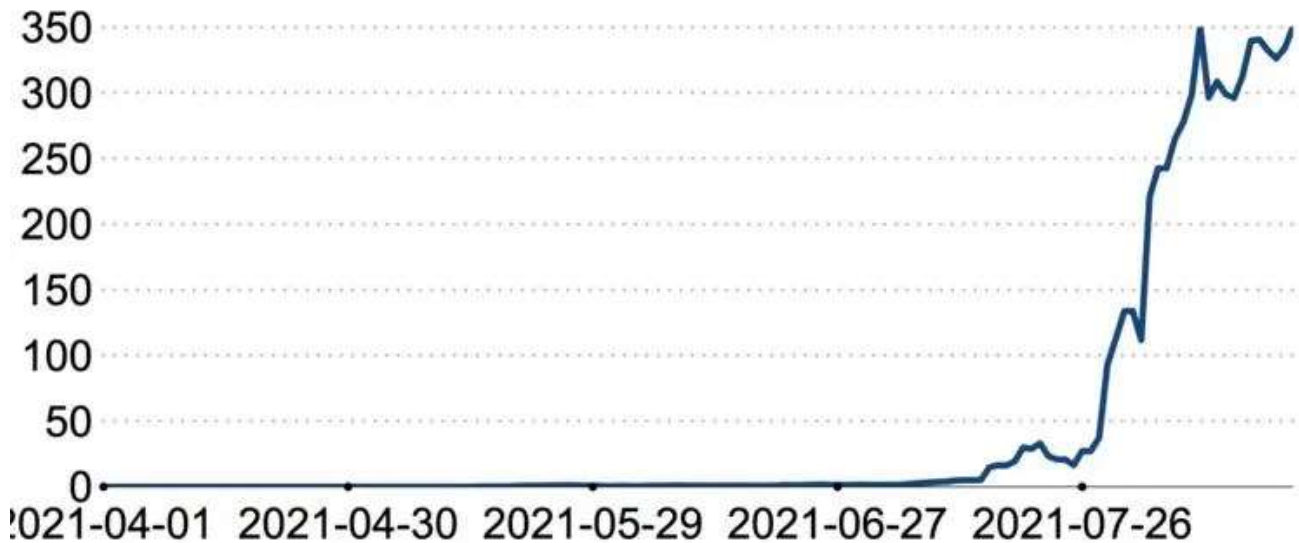
On Saturday, Vietnam recorded 13,417 new cases of COVID-19, the highest daily tally since late April when the current wave hit the country previously praised for its relatively efficient handling of the pandemic. Ho Chi Minh City alone detected 4,084 cases while in Binh Duong Province contributed 6,623 cases.

"Ho Chi Minh City wants workers to be safe and businesses to be safe, but the pandemic is caused by the delta variant spreading very quickly. It has a strong impact on business activities," said Nguyen Thanh Phong, chairman of the City People's Committee, at the Friday meeting with foreign businesses.

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## Confirmed COVID-19 deaths in Vietnam



Source: *Our World in Data*

The highly contagious delta variant is becoming even more deadly in Vietnam as the fatality rate, the ratio between confirmed deaths and confirmed cases, keeps increasing. On Aug. 20, Vietnam reached 4.19%, topping Indonesia with a 4% rate, according to Our World in Data. Thailand and Singapore recorded 1.18% and 0.58% on the same day.

Vietnam remains a laggard in the region's vaccination drive against COVID-19. The percentage of vaccinated people in Vietnam stands at 15%.

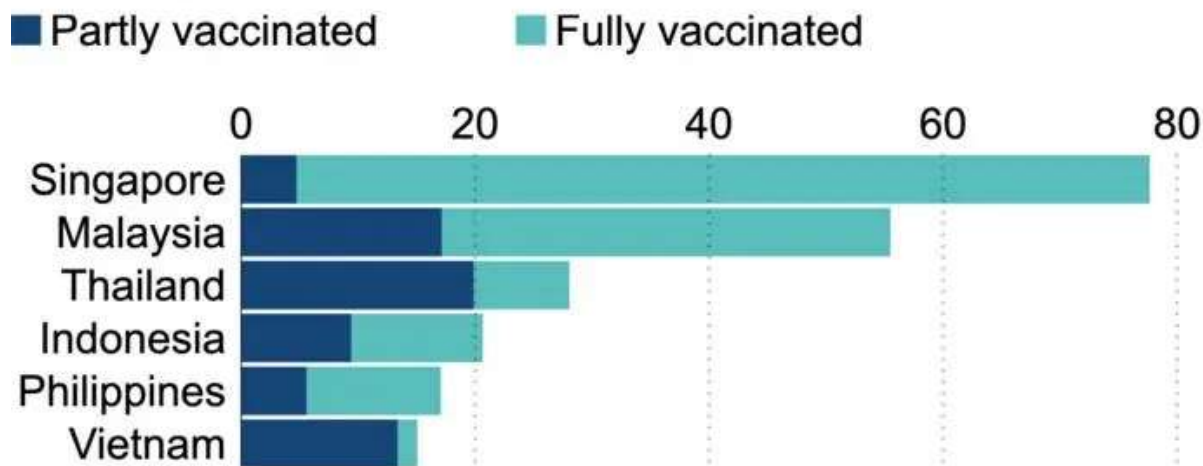
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## Vaccination coverage

(In percent, as of Aug. 20)



Source: Our World in Data

To deal with Ho Chi Minh City's rising death toll, which averages about 240 deaths daily, the military has taken over the cremation of bodies. Some believe the death count is actually higher as overwhelmed facilities struggle to keep an accurate count.

The pandemic continues to ravage the country's south, its economic engine, clouding investment prospects. Ho Chi Minh City alone accounts for 22.3% of the nation's gross domestic product and contributed 27.5% to the state budget in the 2011-2019 period.

Troops and forces will be deployed in Ho Chi Minh City and adjacent provinces Dong Nai and Binh Duong. They are home to key factories operated by multinationals from the U.S., Europe, Japan, South Korea, Singapore and Taiwan.

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"Tens of thousands of businesses have suspended operations. Hundreds of thousands of workers have to lose jobs. The risk of breaking the production chain is very large, if there is no timely solution," Vo Van Hoan, vice chairman of the City People's Committee warned at Friday's meeting.

Phong, the committee chairman, called on foreign businesses to have patience and put their faith in the city's policies to beat back the pandemic. "The city wishes to have the cooperation of enterprises to overcome difficulties together," he told the attendees.

On Friday evening, the Politburo of the Communist Party of Vietnam dismissed Phong. "Sad to see the abrupt resignation and posting to Hanoi of HCMC Chairman Nguyen Thanh Phong, a friend and partner to the United States, AmCham, and the U.S. business community," American Chamber of Commerce in Vietnam posted on Facebook.

"In his final hours as chairman Friday morning, Aug. 20, he was listening intently to the concerns of AmCham and the foreign business community about the challenges of operating during COVID. He was clearly trying to do his best to protect the health and safety of the people of HCMC, while maintaining business operations and livelihoods to the greatest extent possible," AmCham said in its Facebook post.

Since the end of the Vietnam War, the central government in Hanoi, where the Communist Party is headquartered, and Ho Chi Minh City, the economic engine of the country, have maintained a delicate power balance.

The struggle to control the pandemic and the sacking of Ho Chi Minh City's leader came ahead of U.S. Vice President Kamala Harris' first visit to the country on

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Bracing for possible COVID-induced turmoil in the south, Vietnam's National Assembly in July approved a resolution that gives Prime Minister Pham Minh Chinh and the government power to make swift decisions during the pandemic, in a bid to bring the coronavirus outbreak under control.

"The prime minister has effectively declared a state of emergency in Ho Chi Minh City and provinces, using the vast powers approved by the National Assembly," a local political analyst said.

*Additional reporting by Kim Dung Tong in Ho Chi Minh City*

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