

Survey and Assessment of Covid-19 Pandemic on the Economy of Tra Vinh Province, Viet Nam and Policy Implications

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ABSTRACT

This study aims to evaluate the impact of Covid-19 pandemic on the business performance in Tra Vinh province, Viet Nam and suggests a feasible policy to overcome the challenges in the coming time. By collecting secondary data from the surveyed results report, the authors evaluate the impacts of Covid-19 on the business performance in Tra Vinh province via two surveys announced by Tra Vinh Statistical Office in April 2020 and September 2020; at the same time, by the method of evaluation, comparison and analysis, the current affairs and business activities of Tra Vinh province in the Covid-2019 pandemic period will also be effectively assessed; the effects of the epidemic on the business activities of the local enterprises. At the same time, we propose the implications of policies in the coming time, towards the dual goal of "Preventing of pandemic and ensuring the economic growth in Tra Vinh Province".

Keywords: enterprises, the impacts of Covid-19 pandemic on economics, Tra Vinh province, Viet Nam,...)

INTRODUCTION

The Covid-19 can be seen as a non-traditional shock, through a process of large-scale social distance and isolation in a number of countries all over the world. Covid-19 has made the world economies isolated, human resources and consumption, investment and production activities which have completely declined. At the same time, there is a disruption in the supply chain and the recession of globalization. The pandemic has paralyzed many economic activities such as tourism services, transportation; arousing protectionism and inequality in society. The world has been facing the risks of falling into the worst economic recession in history, even the leading economic leaders such as the US, China, Japan and other EU countries which have to "freeze" or "decline, weak" severely (Phan The Cong & etc, (2020))

Facing the pandemic impacts and policy responses from other nations in the world, Vietnam has implemented reasonable pragmatic policies and a long-term vision in which the health of the people is still the core value of designing policy. World Bank (2020) stated that pandemic is the main cause of economic downturn, not public health measures.

In Tra Vinh province, the gross value of gross domestic product (GRDP) increased on average in each period as follows: in the period 1992 - 1995, it increased by 8.45% (at constant prices of 1989); the period 1995-2000 increased by 7.23% (at constant 1994 prices); the period 2000 - 2005 increased by 11.22% (at constant 1994 prices); the period 2005-2010 increased 9.95%

(at constant 1994 prices); an increase of 11.53% in the 2010-2015 period (at constant 1994 prices). (*Tra Vinh province statistical Office, 2020*)

In 2016, it increased 10,68%; in 2017, it increased by 12.09% and 2018, it also increased by 11.05%. The average of 3 years 2016-2018 increased 11.27%; in 2019, then it rose by 14.85% and in the first 6 months of 2020, this figure was 3.35% (*Tra Vinh Province Statistical Office (2021)*)

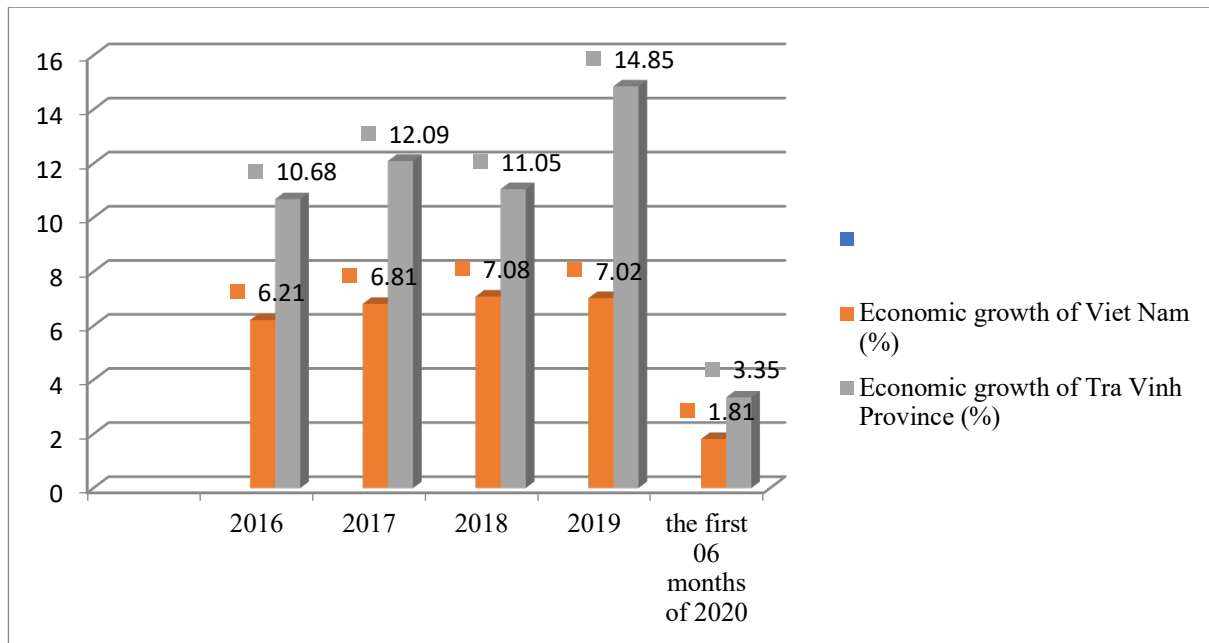


Figure 1: The economic growth in Tra Vinh province in the period of 2016-2020
(Source: *Tra Vinh province Statistical Office, 2020*)

It can be seen that the economic growth of Tra Vinh province has slowed down due to the impact of the Covid-19 epidemic. The commercial and service sectors all have fallen sharply in terms of revenue; Industry and construction have been delayed; This shows that the coping capacity is still modest. Furthermore, unfavorable weather, drought, and saline intrusion take place early harmfully affect crop yields. Therefore, agriculture in the province has to deal with many difficulties (*Ministry of Planning and Investment of Viet Nam (2020)*).

Facing this situation, the Provincial Party Committee and the People's Committee of Tra Vinh province have promptly and drastically directed departments, branches and localities to synchronously and effectively implement measures to both prevent epidemics and ensure the citizens' health, while combating economic decline and maintaining social stability, striving to achieve the highest goals and tasks of socio-economic development in 2020 (*State Bank of Viet Nam, Tra Vinh Branch. (2020)*).

CURRENT AFFAIRS OF BUSINESS ACTIVITIES OF ENTERPRISES IN TRA VINH PROVINCE UNDER COVID-19 IMPACTS

a. General assessment of first and second surveys

The first survey was implemented from April 10th, 2020 to April 20th, 2020, and the second one was conducted from August 15th to september 30th, 2020.

- **Survey results for scale:**

Table 1: Statistics on the number and size of surveyed businesses:

Criteria	The first time (4.2020)	The proportion of enterprises affected by Covid (%)	The second time 2 (10.2020)	The proportion of enterprises affected by Covid (%)
Number of enterprises	331	83,14	402	82,63
Scale				
- Micro	190	79,47	253	77,8
- Small	105	81,9	122	81,1
- Medium	17	76,47	12	91,6
- Large	19	94,74	15	80,0

(Source: Tra Vinh province Statistical Office, 2020)

The first results showed that 83.14% of the total 331 surveyed enterprises were affected by the Covid-19 epidemic and 82.62% of the total 402 enterprises were affected by Covid for the second time.

The average survey results show that up to 83% of surveyed enterprises have believed that they suffered from negative impacts of the Covid-19 epidemic. In terms of scale, SMEs are mostly affected. This can be explained that the small and medium-sized enterprises can be vulnerable; these enterprises operating in multiple industries, with a closely linked value chain in the province, and large-scale enterprises will suffer from more spreading effects when the epidemic has broken out globally.

The group of large enterprises (currently accounting for 4% of the total number of enterprises surveyed in both phases) is the group with the highest proportion of enterprises affected with an average of over 87%; This rate of medium enterprises is 84%, small business group is 81%; and the group of micro enterprises is 78% (accounting for 60.4% of all surveyed enterprises).

- **Survey results according to types of industries:**

Table 2: Statistical results on types of industries

Ordinal number	Criteria	The first time (4/2020)	The proportion of enterprises affected by Covid (%)	The second time (10/2020)	The proportion of enterprises affected by Covid (%)
	Number of enterprises	331		402	
2	Types				
	- State-owned enterprises	8	87,5	2	100
	- Private enterprises	314	80,8	392	79,5
	- Foreign Directed Investment enterprises	9	77,7	8	62,5

(Source: Tra Vinh province Statistical Office, 2020)

In terms of types of enterprises, FDI enterprises are the least affected by the Covid-19 epidemic, only 70.1% on average; This rate is 93.75% for state-owned enterprises and 80% for private enterprises.

- **Survey results according to types of industries:**

Table 3: A synthesis according to types of industries

Criteria	The first time (4/2020)	The proportion of enterprises affected by Covid (%)	The second time (10/2020)	The proportion of enterprises affected by Covid (%)
Agriculture, forestry seafood	22.00	63,6	5.00	100.00
Industry, construction	121.00	74,3	134.00	70,9
Services	188.00	87,2	263.00	83,2

(Source: Tra Vinh province Statistical Office, 2020)

According to the economic sectors, the service sector has been most affected; The average rate of two surveys is 85%; the industry and construction sectors are experiencing less impacts from the Covid-19 outbreak with 72% of businesses affected; while the agriculture, forestry and fishery sectors are 63% less affected than the first; However, the second time with 100% (Although the size of enterprises in this area only accounts for a very low percentage of all surveyed enterprises).

b. The effects of Covid-19 to the employment and turnover of enterprises

The Covid-19 has deeply and widely affected all areas of the socio-economic life, triggering to a series of problems such as declining revenue and labor market in which Vietnamese enterprises have to solve (*General Statistics Office (2020)*)

Table 4: A decrease in revenue and labor during the Covid-19 time in the two surveys

	LABOR			TURNOVER		
	The percentage s of employees getting unpaid work (%)	The percentage s of employees working in rotation (%)	The percentage s of employees getting reduced salary (%)	An estimation of 9 months 2020/9 2019 (%)	An estimation of 2020/201 9 well- controlled cases (%)	An estimation of 2020/201 9 poor- controlled cases (%)
Scale						
- Micro	3,9	2,11	1,11	84,12	98,27	74,21
- Small	3,9	3,76	5,05	88,09	104,98	73,24
- Medium	8,16	11,12	7,42	95,24	106,3	82,73
- Large	0,46	1,74	1,64	102,36	112,78	90,81
Types of enterprises						
- State-owned enterprises	3,62	2,49	1,1	115,07	113,18	84,2
- Private enterprises	10,59	17,07	7,51	87,3	80,9	76
- FDI enterprises	0	0,71	0	101,3	85,95	45,6
Industries						
- Agriculture, forestry seafood	0	18	0	53,2	52,9	52,2
- Industry, construction	88,7	3,49	7,28	121	110	82
- Services	64,6	18,7	17,1	55	86	71

(Source: Tra Vinh province Statistical Office, 2020)

Labor scale

On average by enterprises' scale: 15% of enterprises are affected by the Covid-19 epidemic, these enterprises said that they had to let their employees quit their jobs or rotate labor due to the sharp decline in consumption market, notably, private enterprises.

Shrinking consumers' market is the top concern of most enterprises at present. In the current period, the domestic consumption market and the export market are facing difficulties. This is the inevitable consequence when a pandemic has broken out. Vietnamese people and countries in the traditional export markets of our country (the US, China, EU, Japan and so on) have to implement social and social distance, job loss, declined income, so the demand for consumption plummeted.

- Revenue

The majority of enterprises believe that revenue declines, especially if the authorities cannot control the epidemic well, the average rate of decline compared to 2019 can reach 40% and mostly focus on enterprises in the service industry.

Similarly, the general trend of the entire surveyed and assessed enterprises with payment of labor is the biggest burden, the cost with the number of enterprises scoring 1 more than the second is paying interest on bank loans.

SOME POLICY IMPLICATIONS OF OVERCOMING COVID-19 FOR ENTERPRISES IN TRA VINH PROVINCE, VIET NAM

Table 5: A synthesis of the implications of the surveyed results

Policy implications	Promoting E-commerce	Switching key products / services	Training to improve professional qualifications / skills for employees	Searching new markets for raw materials	Searching consuming markets for output products beyond traditional markets	Producing / supplying new products / services according to the needs of the markets during the epidemic period
Tra Vinh province	4.23	10.95	15.67	8.21	23.88	23.38
Scale						
- Micro enterprises	3.95	9.88	13.83	4.74	21.74	20.95
- Small enterprises	4.92	10.66	15.57	10.66	22.13	27.87
- Medium enterprises	0	16.67	33.33	25	41.67	25
- Large enterprises	6.67	26.67	33.33	33.33	60	26.67
Types						
- State-owned enterprises	50	50	50	0	100	50
- Private enterprises	3.83	10.97	15.82	7.91	23.47	23.21
- FDI enterprises	12.5	0	0	25	25	25
Industries						
Agriculture, forestry and fisheries	0	0	0	0	40	20
Industry and construction	2.99	12.69	22.39	12.69	24.63	22.39
Services	4.99	10.27	12.55	6.08	23,1	23,9

(Source: Tra Vinh province Statistical Office, 2020)

- Focusing on measures to prevent and control epidemics; Using short-term support packages:

Offering credit policies such as liquidity support, loan maintenance, exemption or reduction loan interest rates, debt freeze, loan rescheduling, loosening of loan repayment terms, speeding up the process and time of reviewing loan applications and loan disbursements, exempting overdue interest from overdue loans to support small and medium-sized enterprises, cooperatives, and farmers affected by the epidemic. (*Government (2020)*)

- Tax policy should be promoted to support small and medium enterprises: Logistics enterprises, retail businesses, enterprises manufacturing and processing agricultural – forestry.

- Aquatic products, services, and tourism, such as extension of personal income tax payment time limit, exemption of fines for late tax payment for enterprises. Enterprises have fully paid taxes, import and export tax exemption or reduction for goods directly serving the anti-epidemic and supporting tax credit activities.

- Public land rent exemption and reduction policies for enterprises and people affected by the epidemic, prolonging the time, and extending the land rental payment progress when the Covid 19 is under control; reducing land and space rental rates for logistics businesses, retail businesses to timely support logistics services, circulation, cold storage, preservation of goods, consumption of agriculture - forestry - fisheries, promoting and increasing domestic demand during the outbreak of the epidemic.

- Many solutions are implemented to reduce input costs for enterprises by reducing electricity and water charges for enterprises which are temporarily suspending their production due to epidemics; promptly rectifying and strictly handling acts of abusing the epidemic control policy to create barriers to enterprises in goods clearance activities, eliminating unofficial costs.

Many measures are applied to support domestic tourism, focus on promoting the exploitation of tourism markets which are not in the epidemic zones. In addition, it can be necessary for tourism enterprises to plan and prepare to launch many campaigns to revitalize international tourism; have a plan to preserve the workforce of the enterprises during the epidemic crisis by implementing activities such as professional training and retraining; embellishing, upgrading technical facilities; reforming the management of enterprises on the basis of applying technological 4.0 solutions (*National Economics University (2020)*).

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