

## **SINGAPORE AND VIETNAM ENHANCE BILATERAL COOPERATION WITH NEW PARTNERSHIPS**

*The conclusion of several government-to-government agreements and initiatives were witnessed by the Prime Ministers of Singapore and Vietnam – signalling the strong commitment from both sides to strengthen cooperation in emerging areas.*

1. Second Minister for Trade and Industry Dr Tan See Leng joined Prime Minister (PM) Lee Hsien Loong's Official Visit to Hanoi, Vietnam from 27 to 29 August 2023. As part of the visit, PM Lee and Vietnam PM Pham Minh Chinh witnessed the conclusion of several partnerships which will further enhance both countries' cooperation in the green economy, digital economy and innovation.

2. Minister Tan said, "The conclusion of these agreements, witnessed by Singapore and Vietnam's leaders, signal both countries' commitment to build stronger partnership in the emerging areas of green economy, digital economy and innovation. We will continue working closely with our counterparts to create new avenues and more opportunities for our businesses and people."

### *Expanding Bilateral Economic Partnership*

3. Minister Tan and Vietnam Minister of Planning and Investment H.E. Nguyen Chi Dung exchanged Side Letters at the ceremony, effecting the Upgrade of the Framework Agreement on Singapore-Vietnam Connectivity. The Upgraded Connectivity Framework Agreement (CFA) expands the scope of Singapore and Vietnam's bilateral economic cooperation.

4. This is the first upgrade and expansion of the CFA since it was signed in 2005. From the previous six sectors of cooperation, the upgraded CFA now covers five pillars of cooperation in 11 areas. These include (i) Energy Connectivity; (ii) Sustainability; (iii) Infrastructure; (iv) Digital and Innovation; and (v) Connectivity (Education, Finance, Information Technology and Telecommunications, Investment, Tourism, Trade and Services, as well as Transport). This reflects the increased business opportunities in current, new and emerging growth areas.

### *Facilitating Two-way Innovation Talent Flows*

5. Recognising the synergies between both economies' innovation ecosystems, Minister Tan also signed the Memorandum of Understanding (MOU) on the Innovation Talent Exchange (ITX) Programme with Vietnam Minister of Planning and Investment H.E. Nguyen Chi Dung and Minister of Labour, Invalids and Social Affairs H.E. Dao Ngoc Dung, deepening innovation linkages between both countries. The Programme will enable Singaporean

professionals to seek working stints in eligible innovation-related areas of work in Vietnam, and vice-versa. This will help equip Singaporean and Vietnamese talent with skills and experiences to capture exciting opportunities in the area of innovation.

6. Both sides have agreed to set up a joint taskforce to support the implementation of the MOU. Further details on the ITX Programme, including the qualifying criteria, launch date and application process, will be released in due course.

#### *Progress in Climate Change and Energy Cooperation*

7. In strengthening our joint efforts for climate action, Minister Tan and Vietnam Minister of Natural Resources and Environment H.E. Dang Quoc Khanh exchanged a letter of intent which highlighted the substantive conclusion of the negotiation of the Implementation Agreement pursuant to Article 6 of the Paris Agreement between Singapore's Ministry of Trade and Industry (MTI) and Vietnam's Ministry of Natural Resources and Environment (MONRE). Both Ministries endeavour to agree on the legal text of the legally binding Implementation Agreement and submit recommendations for the signing of the agreement as soon as feasible. When signed, the Implementation Agreement will enable collaboration in carbon credits compliant with Article 6 of the Paris Agreement. ([Annex A – Fact sheet on the letter of intent](#))

8. Substantive progress was also made in the area of renewable energy cooperation. Vietnam's Ministry of Natural Resources and Environment approved an offshore wind site survey permit for a cross-border electricity trading proposal by a consortium comprising Sembcorp Utilities Pte Ltd and PetroVietnam Technical Services Corporation. The survey will determine the potential of offshore wind energy in an area of about 200,000 hectares, for potential export from Vietnam to Singapore. A letter of intent was also given to the consortium by Singapore's Energy Market Authority (EMA) which signals Singapore's support for this project. All parties will continue working together towards the award of a conditional approval by EMA for this proposal.

#### *Substantive Economic Ties with Vietnam*

9. Singapore and Vietnam share strong bilateral economic ties. In 2022, Vietnam was Singapore's 11<sup>th</sup> largest trading partner. Bilateral goods trade grew by 16.4% year-on-year to S\$31.3 billion in 2022. Bilateral services trade grew by 9.4% year-on-year to S\$7.4 billion in 2021.<sup>1</sup>

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<sup>1</sup> Source: Department of Statistics, latest statistics available.

10. In 2022, Vietnam was Singapore's 11<sup>th</sup> largest trading partner. As at end-2022, Singapore was also Vietnam's second-largest foreign investor with a cumulative investment of US\$70.8 billion.<sup>2</sup>

11. 2023 is a special milestone year as Singapore and Vietnam celebrate 50 years of diplomatic relations and ten years of Strategic Partnership.

**MINISTRY OF TRADE AND INDUSTRY  
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**ANNEX A: Fact sheet on the letter of intent**

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<sup>2</sup> Source: Vietnam's Foreign Investment Agency, Ministry of Planning and Investment (Dec 2022).

## **ANNEX A: Fact sheet on the letter of intent**

1. The Ministry of Trade and Industry of Singapore (MTI) and the Ministry of Natural Resources and Environment of Vietnam (MONRE) signed a Letter of Intent on the Continuation of Implementation of Memorandum of Understanding for Collaboration under Article 6 of the Paris Agreement (“LOI”) during Prime Minister Lee Hsien Loong’s official visit to Vietnam from 27 to 29 August 2023.
2. The LOI highlighted that MTI and MONRE substantively concluded negotiations of the legally binding Implementation Agreement Pursuant to Article 6 of the Paris Agreement (“Implementation Agreement”). Both sides also endeavour to agree on the text of the Implementation Agreement and to submit recommendations for the signing of this agreement as soon as feasible.
3. The Implementation Agreement seeks to unlock additional climate mitigation activities and will facilitate the transfer of Article 6-compliant carbon credits that are correspondingly adjusted<sup>3</sup> between Singapore and Vietnam. This will enable both Singapore and Vietnam to meet their Nationally Determined Contribution (NDC) and will open up a new stream of trading activity in Article 6-compliant credits. Carbon tax liable companies in Singapore will be able to use eligible carbon credits generated from projects authorised under this Implementation Agreement to offset up to 5% of their taxable emissions from 2024 onwards.
4. The signing of the LOI follows the signing of the Memorandum of Understanding for Collaboration under Article 6 of the Paris Agreement that was signed between MTI and MONRE during President Halimah Yacob’s State Visit to Hanoi in October 2022.

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<sup>3</sup> Making a corresponding adjustment means that when a country transfers a climate mitigation outcome to be counted towards another country’s mitigation or for use towards other international mitigation purposes, the country must add the mitigation outcome into its own greenhouse gas inventory to prevent double counting.