

19.57x23.02	1/4	עמוד 38	the jerusalem report	21/01/2015	46170831-0
שמואל נאמן מוסד למחקר מדיניות לאומית בטכניו - 85300					



MARKETPLACE **SHLOMO MAITAL**, HANOI



KHAM./REUTERS

Xin Chào, Vietnam!

Vietnamese want to learn the Israeli 'secret sauce' of technology-intensive entrepreneurship

18.95x17.97	2/4	39 עמוד	the jerusalem report	21/01/2015	46170843-3
שמואל נאמן מוסד למחקר חדיניות לאומית בטכניון - 85300					

"GOOD MO-O-O-ORNING, VIETNAM!"

In Robin Williams' memorable 1987 movie by that name, Williams plays an irreverent US Armed Forces radio disc jockey in Vietnam. The film opens with him bellowing those epochal words.

My wife and I spent a week here, one leg of our four-month round-the-world trip that took us to seven countries. At each stop, we lectured, toured and visited schools. In the first of five lectures that I gave, I fulfilled a dream by saying those three words, not quite Williams-style, in colloquial Vietnamese taught to me by the Israeli ambassador.

Israel's links with Vietnam date back to 1946. In that year, David Ben-Gurion and North Vietnam's Politburo chairman Ho Chi Minh apparently stayed at the same hotel in Paris and they became very friendly.

Ho Chi Minh offered Ben-Gurion a Jewish home-in-exile in Vietnam and Ben-Gurion turned the offer down, telling the Vietnamese leader firmly, "I am certain we shall be able to establish a Jewish government in Palestine." Ben-Gurion himself apparently told this tale at a political rally in Haifa in 1966.

Everywhere we went, we found warm, hardworking people eager to learn about our country Israel, and to work and trade with it. Israel's energetic ambassador to Vietnam, Merav Eilon Shahar first came here as a young backpacker in 1991. She fell in love with the country and after

serving in Los Angeles and at the UN in New York, she returned to Vietnam two years ago and works tirelessly to build links between the two countries.

"This is a great time for Israel here," she tells *The Jerusalem Report*. "Diplomatic relations were established 21 years ago. But, at the time, Vietnam was very much part of the non-aligned nations group that supported the Palestinian cause. Today, it is different. Vietnam is trying hard to become integrated into the world economy. And there is much here that Israel can do to help, for the benefit of both nations."

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She mentions programs in education, entrepreneurship, agriculture, water technology, and even defense. "The Vietnamese appreciate Israeli technology, in many fields," she relates.

For example, Kibbutz Afikim helped create a huge 30,000-cow dairy project, comprising 12 farms, that supplies 40 percent of Vietnam's daily milk consumption.

Recently, the Israeli and Vietnamese governments signed an agreement to boost bilateral trade to \$2 billion (imports plus exports) by 2016 – more than double today's level. Half of Israel's imports from Vietnam are cell-phone components.

Ohad Cohen, Director of the Foreign Trade Administration in the Economics Ministry said that in 2012, Israeli exports to Vietnam doubled and crossed the billion-dollar mark. In 2013, Israel exported twice as much to Vietnam as it imported.

Vietnam has 38 rivers, including the mighty Red and Mekong Rivers. But, like many developing nations, it has polluted them and now urgently seeks technologies to restore their purity. Tsafirir Asaf, Economics Ministry commercial attaché, told the Times of Israel recently that "Vietnam is a world leader in exports of rice, coffee, seafood and more. However, these gains have been achieved at a high cost, with poor farming techniques degrading the quality of water resources and land, causing major outbreaks of disease in fish and animals, and eventually leading to a decrease in agricultural production in recent years."

Israel can help a lot. I attended a trade fair in Ho Chi Minh City focused on water technology, where Israeli companies such as Netafim, IDE Technologies, Arad and HaKochav attracted great interest. Israel is a world leader in so-called clean-tech technologies.

Vietnam, officially known as the Socialist Republic of Vietnam, is an enormous country of 90 million people and 15 times bigger in land area than Israel. The per capita Gross Domestic Product, however, is about \$2,000, while Israel's is more than 15 times that.

Like the Jewish people, Vietnam is an ancient civilization and its first king dates back to 257 BCE, around the time the Israelites were battling the Greek and Roman empires. But, like Israel, Vietnam has struggled to achieve independence. It was occupied by China for a thousand years until 938 CE, then by France when it colonized Indochina, then by Japan during

Pham Thi Bich brings milk containers to a milk trading center in Moc Chau town, northern Vietnam; Kibbutz Afikim helped create a huge 30,000-cow dairy project that supplies 40 percent of Vietnam's daily milk consumption

26.65x23	3/4	41 עמוד	the jerusalem report	21/01/2015	46170854-5
שמואל נאמן מוסד למחקר מדיניות לאומית בטכניון - 85300					

World War II, and again by France, and then fought a bitter war between the communist North and capitalist South, with tragic American intervention in the 1960s.

My host, Dr. Tran Luong Son, a highly successful Vietnamese entrepreneur informs The Report that during what Vietnamese call the Vietnamese-American war, both sides of Vietnam (North and South) lost more than one million soldiers and two million civilians. North and South Vietnam officially merged on July 2, 1976.

One of the Israeli companies working actively here is Systematic Inventive Thinking (SIT), which helps companies develop innovative products. Martin Rabinowich, an SIT principal, shared his and SIT's experiences in Vietnam with The Report.

SIT entered the Vietnamese Market about 12 months ago," he relates. "Since then, SIT has worked with companies from different industries such as telecom, cosmetics, retail – both in Ho Chi Minh City and in Hanoi, with further operations to be extended to the Mekong Delta."

The key issue we discuss is, can a socialist one-party country promote and create an innovative start-up mentality?

"With a single-party socialist regime and an economy increasingly exposed to competitive global markets," he points out, "there is an embedded tension between being open to innovation, new technologies and global markets, within the constraints of very structured and controlled policies and strategies. This places a burden on individual Vietnamese entrepreneurs and business executives to negotiate between their need to be open to global practice and change, within a relatively controlled hierarchy and the fixations of a very controlled economy."

In my lectures here, I addressed the issue of socialism. As a socialist republic, Vietnam is one of the few places in the world where you still see the hammer and sickle – symbol of the old Soviet-style planned economies. Western experts mock Vietnam for this anachronism, but I told my audiences to hold their heads high.

We no longer believe governments are good at running state-owned enterprises and there are many of those in Vietnam. But the recent book by Thomas Piketty, "Capital in the Twenty-First Century,"



shows that Karl Marx was right. Capitalism is indeed fiercely concentrating wealth in a very few hands and, as a result, is corrupting democracy and destabilizing society. I urged the Vietnamese to preserve the healthy aspects of socialism and safeguard the well-being of ordinary working people, while avoiding the extremes of wealth and poverty common in the West.

"In most business situations, Vietnamese business people have very clear rules and procedures and their way of going about things," Rabinowich notes. "But they are prepared to show flexibility under conditions of high trust with the other party. Once the Vietnamese are convinced of the genuineness, openness and commitment of the other party and their willingness to share, they can be surprisingly flexible and open and not at all insistent on doing things their way. This is accom-

panied by a pronounced humbleness and a sense of genuine hospitality on a very concerned and honest level.

"It may well be that SIT has the DNA of a social enterprise as a part of its makeup and this mutual sense of commonality and recognition on both sides may facilitate a greater readiness by Vietnamese in terms of trust and readiness to do business."

My host Son (together with his wife Anh) is chair of VietSoftware and VietSoftware International, founded some 13 years ago and enjoying success with IBM as one of its strategic partners. I met Son years earlier at the Massachusetts Institute of Technology, where he came to study in the program I taught as summer adjunct. Though I have taught many students over the years, Son was among the most memorable.

On arrival at MIT, his English was minimal. He had earlier spent a decade in

Economy Minister Naftali Bennett and Vietnam's Minister of Science and Technology Nguyen Quan sign an agreement in Jerusalem to boost economic cooperation, particularly in science and technology, September 30

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שמואל נאמן מוסד למחקר מדיניות לאומית בטכניו - 85300					

entrepreneurship needs some upgrading with a technology component, as in Israel, to boost exports and wealth. That message resonated with the Vietnamese.

My talks focused on technology-driven entrepreneurship – Israel’s specialty. I advised Vietnam to “jump the queue” by moving up to high value-added products invented by bright Vietnamese engineers, as Israel did, rather than continuing to produce low value-added products with cheap labor – a very crowded industry today. My audience was amused and told me there are many queues here, especially for buses, and assured me the Vietnamese were experts at jumping queues. Just one more thing Israelis and Vietnamese have in common, I told them.

Despite the mouse-to-elephant size difference between Israel and Vietnam, there are similarities. Like Israel, Vietnam has two key cities. One, Hanoi, is the thousand-year-old political and historical capital, like Jerusalem. The other, Ho Chi Minh City, formerly Saigon, is the business and commercial center, like Tel Aviv. And, as in Israel, there is considerable tension between the two cultures.

Vietnamese are like Israelis in their extreme resilience. Son recalls long periods of hunger as a child during the Vietnam War and still remembers the carpet bombing of his home city Hanoi by American B-52s.

But America has become Vietnam’s leading export market, and Vietnam, like Israel, desperately needs the US as a strategic partner, since it faces hostility from neighboring giant China, which is now laying claim to islands in the South China Sea that Vietnam and other neighboring countries claim are theirs. So, despite the bloodstained history, the Vietnamese court the US. Recently Washington agreed to sell weapons to Vietnam for the first time, but it is doubtful whether Vietnam can afford them.

Our travels have taken us from Brazil to the US, Singapore, mainland China, Hong Kong and New Zealand, as well as Viet-

start-ups. Young Vietnamese in particular wanted to know the “secret sauce” of technology-intensive entrepreneurship. I urged them to eschew comfortable government jobs – there are increasingly fewer of those anyway – and consider launching a business.

I told them many stories about bold Israeli entrepreneurs, like Yehuda Zisapel who the RAD Data Systems company created a “cloud” of 128 start-ups, and Dov Moran, who invented the memory stick, endured failure with his smartphone firm Modu, yet continues to launch companies and inspire others to do the same.

ISRAEL AND VIETNAM HAVE SIGNED AN AGREEMENT TO BOOST BILATERAL TRADE TO \$2 BILLION BY 2016

A key issue we encountered everywhere in Asia is education – how Asians teach their children. I spoke in China and in Vietnam about Confucius, the wise teacher who lived 2,500 years ago and stressed the importance of mastery and respect. Confucius and his method of instruction are still widely revered throughout China and Vietnam. I argued that in today’s knowledge economy we need to combine Confucius with the rebellious mindset of the innovator, especially in countries that want more entrepreneurs and innovation.

But how do you integrate mastery and rebellion? How do you inspire young people to respect their teachers, learn from them, and continually challenge them at the same time? How do you stress the importance of learning old things while constantly trying to create new things?

Israel, too, faces this challenge in its schools and has only just begun to address it. It is an area where Israel, China and Vietnam can work closely together. ■

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Moscow, doing his doctorate in chemistry, where he had to learn to speak, read and write Russian. At M.I.T. Dr. Tran Son went without sleep for almost an entire summer and achieved a high grade in my courses. We stayed in close touch ever since and recently saw each other in Israel.

Son is passionate about advancing the cause of technology-driven entrepreneurship in Vietnam and arranged to have one of my books translated into Vietnamese to help local start-ups. He has become well-known in Vietnam as a role model. Son translated my talks, added his own wisdom and emphatically agreed when I said Vietnam could reach GDP per capita of \$10,000 in a generation through widespread innovation.

Vietnam, we saw, is highly entrepreneurial. In Hanoi, there are small shops everywhere; in Ho Chi Minh City, the shops are more glitzy. But the small-shop