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“Competition for Resources in a Changing World:
New Drive for Rural Development”

Current Regional Trends in Vietnamese Economic Relations

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Abstract

The case of Vietnamese economy is rather specific, being a developing country of South East Asia that only recently joined WTO and is still high on the UNDP agenda. After 20 years of economic transition and institutional reforms it still struggles to acquire fully accepted status of a market economy. Well aware of its comparative advantages such as great natural resources and an abundant and inexpensive workforce, Viet Nam has been exploiting these to raise its exports, which generate an increasing flow of foreign income for economic growth and industrialisation. Over the past 20 years Viet Nam's export growth has averaged 20%. From around half a million \$ before the introduction of the Doi Moi policy, the total export volume of Vietnam reached \$44 billion in 2006.

With the “open door policy” starting in 1986 Viet Nam focused on “multilateralisation and diversification” of its international relations. In late 80's, Viet Nam had trade relations with 40 partners only. Since then Viet Nam has signed multilateral and bilateral trade agreements with over 80 nations. The country has been granted MFN status by more than 70 countries and territories, including countries and regions with large capital resources, markets and high technologies, such as the U.S., Japan, the EU and newly industrialised countries in East Asia. Viet Nam integrated in the regional ASEAN in 1995 and its AFTA zone and joined APEC in 1998. The SRV became member of WTO in 2007, which is a major step in cementing Viet Nam's economic transformation and integration into the world economy.

The international trade data show that each of the BTA's or regional agreements boosted Viet Nam's trade with the particular country or region, but not at the expense of already established trade flows. The trade increase often occurred right after signature of the agreement before actual implementation of trade liberalisation. It is possible to conclude that the regional integration of Viet Nam through trade and investment increase within the AFTA will continue. At the same time the transpacific link towards the U.S. will most likely further intensify and the above-standard relationships with the EU can be expected to strive keeping at the pace.

Keywords: Integration, international trade, regionalisation, Viet Nam