

An aerial photograph of a city, likely Hanoi, Vietnam, showing a wide river (the Red River) flowing through the urban landscape. The city is densely packed with buildings, including several prominent modern skyscrapers. The sky is blue with scattered white clouds. In the top right corner, there are two small white circles.

# VIETNAM'S REMARKABLE ACHIEVEMENTS

**THROUGH TRADE LIBERALIZATION AND WTO**

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# Agenda

Overview

Key issues

Government Policies

Development Actors

Lesson Learned

Conclusion



# Overview

## Backgrounds

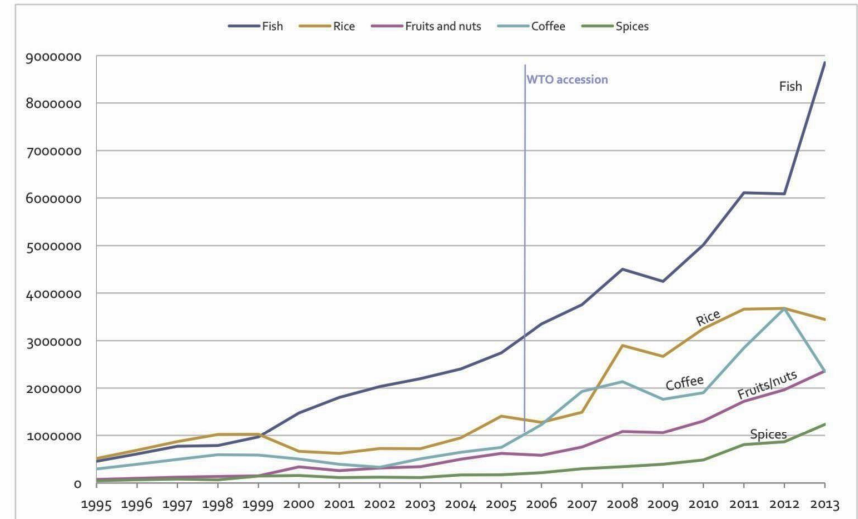
- Country located in SE asia
- 96 millions people (2019)
- 2 major economic events
  - Doi Moi (1986)
  - **joining WTO (2007)**

## PATH TO DEVELOPED COUNTRY ?

## Evidence of the impact

- After WTO accession export commodities rise dramatically

FIGURE 2: EXPORTS OF VIET NAM'S MAJOR COMMODITIES, IN THOUSANDS OF DOLLARS



SOURCE: CREATED BY THE AUTHOR ACCORDING TO DATA FROMUNCTAD STAT

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# Key issues and Challenges

## Achievements

Lower Tariff rate

BUT

Higher Trade Volume



# Key issues and Challenges

## Achievements

### Brings FDI inflows

#### Benefits from FDI inflows

Brings the resources

- Increase productivity
- Increase production capacity

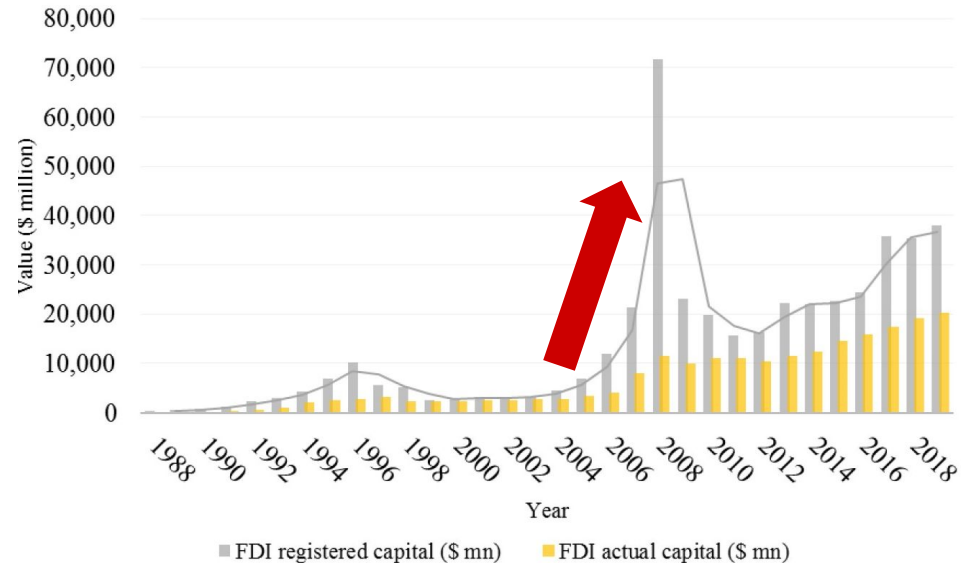
Developing human resources

Developing Financial sector

Creating employment



### FDI inflows in Vietnam



# Key issues and Challenges

## Achievements



### Increase employment

- Employment rate increases in all categories of population according to the economic growth.
- Rise in domestic consumption and more demand for exports cause rise in labor demand



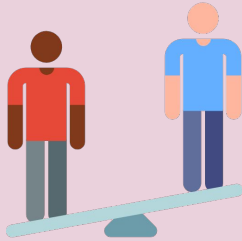
### Reduce in Poverty

Trade liberalization leads to the positive impact on real wage and quantity of labor employed. Consequently, poverty rate dropped sharply especially in urban areas.

# Key issues and Challenges

## Challenges

1



Rising inequality  
between urban and  
rural areas

2



Lower competitiveness of  
domestic industries

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# Government policies

## Favorable government policies

- granting corporate income tax (CIT) incentive
- Exemption from import duties on specific goods
- Exemption on land rental and land use tax

## Four special economic zone

- Economic zone
- High-tech parks
- Industrial zone
- Export processing zone

## Provide proper administration and infrastructure

- initiate several institutional reform such as efficient tax administration in the GDT
- Improvement in infrastructure to smoothen transportation

## Protect domestic company

- high tariff protection and import quota to help local manufacturers such as automobile sector
- To follow WTO agreements, Vietnam government open for importing new and used car and gradually reduce the average tariff to 70% from 100%



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# Development Actors



## WTO

Deal with **trade rules between nations** to ensure that **trade flows smoothly and freely**.

Primary purpose is to **open trade for the benefit of all**

Acts as a **forum for negotiating trade agreements, settles trade disputes** between its members, and **supports developing countries' needs**.



## Government

The role of the government is to **prepare, sustain, and ensure the efficiency of trade liberalization**.

Introduced trade policies, instruments, and tariffs with a gradual reduction in import barriers and improved export incentives and liberalized the foreign exchange regime

To further enhance trade liberalization, **investing in improving trade-related infrastructure is needed**.

# Development Actors



## Enterprises

Vietnamese enterprises' role in trade liberalization is to be **active, competitive to survive in the global market.**

Many firms have proactively **sought markets and boost linkages with foreign partners to promote exports.**



## Households

Households **create demand for goods and services produced in the market and supply labor input in production.**

Households could **boost the economy through their spending.**

With WTO, **farm households can enjoy better living standards**, reflecting improved poverty reduction as they **receive more realistic prices.**

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# Lesson Learned



## Government

Joined WTO and other free trade agreement

- Allowed its capital to move around
- Increase capital inflow to the country
- Lowers households' living costs and intensifies their living standard



## Agricultural sector

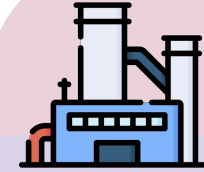
- Half of Vietnam's labor force but generated 14% of GDP
- Increase farmer productivity and accelerate output growth.
- Rules and regulations to support farmers

# Lesson Learned



## Household

- Create sufficient supply for the world market
- Have a good living standard
- Use the money to stimulate the economy.
- Higher education households tend to have better jobs, health, incomes, and an older mortality age.
- People with good health are likely to have higher productivity.



## The manufacturing sector

- Companies has to compete against domestic and international firms
- They require strengthening the core value, improve quality of product, lower the production costs, and increase worker efficiency and productivity.

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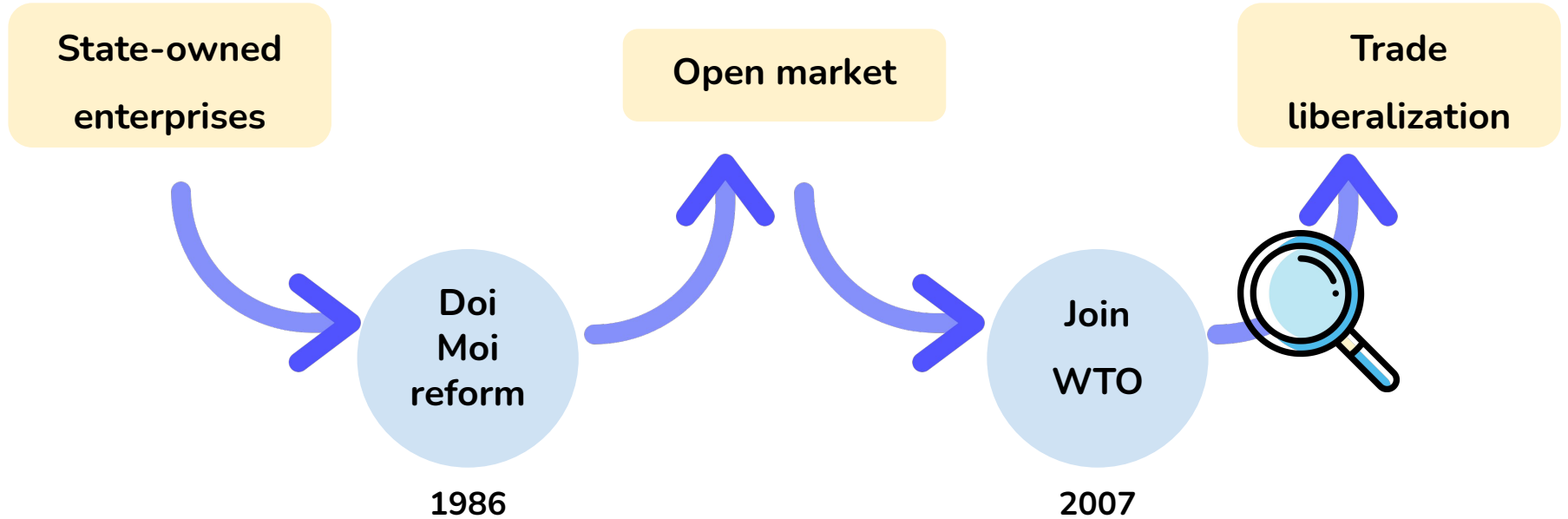
Lesson Learned

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AGENDA

# Conclusion



# Conclusion

Join  
WTO

Trade  
liberalization



## Challenge after join WTO

- rising inequality
- competitiveness of domestic firms.

★  
**Collaboration  
Of all sectors  
in the  
economy**

## The solution of the players

- Implemented several policy : increase tariff etc.
- Encourage people to consume domestic product
- Attract global investor by liberalizing financial market

A person wearing a traditional conical hat and a blue long-sleeved shirt is riding a bicycle away from the camera on a dirt road. The bicycle is heavily loaded with various items, including a large green container and several bags. The background shows a rural setting with trees and buildings.

# Q&A