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Bachelor Thesis

Foreign Trade of Vietnam

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Declaration

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In Prague in 2019

Huynh Hong Ngoc

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Abstract

This bachelor thesis focus on the import and export of Vietnam through explanation of an overview of the country, the two major agreements (the WTO and the CPTPP) and two strategies which have a major impact on foreign trade, and finally the product structure and geographical structure. In addition to the theoretical section it includes an overview of international trade, foreign trade theories and its examples.

In the practical part, it has three analyzes, the first one about GDP and the equilibrium from exports and imports, the second describing the price of rice in dollars against Vietnam dong. Both analyzes used linear regression methods. The last one is SWOT analysis which I give my research of the situation of foreign trade in Vietnam.

Keywords: foreign trade, Vietnam, import, export, WTO, balance, economy, trade, commodity, market

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1. Introduction

Foreign trade is a commodity exchange merchandise, service, and capital through borders, continents between countries under the control of the government. These are trading by various transportations such as planes, ships, and roads with specific taxes, which is the government has given each commodity a percentage of the tax certainly. In the market trading around the world recently are the United State of America, the European Union, and China.

Foreign trade appeared in the world a long time ago Before Common Era, people started changed some products that they needed. Gradually, the foreign trade increasingly larger became international trade with historical names like Uttarapatha, Silk Road, Amber Road, scramble for Africa, Atlantic slave trade, salt roads. Therefore, trading made these cultures, habitats, religions, and politics spread over the world, that lead to had created influential historical events in the global.

In Vietnam, from the past until 1985 mostly a few countries, but now it is trying an integration with many nations as a friendly partner. As an agricultural country, mainly export such as rice and tropical fruit, and present years it had a little bit of change to export some technologies. But it still imports some consumer daily products.

History has proven that many countries around the world have developed economies that are successful by economic pathways - in contrast to the open-door policy rather than economic closure such as China, Japan, and Korea. Through these activities, it has become an economically developed country in Asia.

Following the experience of developed countries, Vietnam is gradually systematized, reorganizing the economy and focusing on promoting foreign trade, cooperation in technology and technology transfer, to develop the direction of export to the modernization industry of the country. In the face of changes in the domestic situation and the international context, requires Vietnam to innovate in order not to lag behind the world. Hence, foreign economic relations are the most important goal that Vietnam's government to achieve.

2. Objective and methodology

2.1 Objective

The main purpose objective of this thesis is to analyze the situation about imports and exports in Vietnam and other achievements. Objective know through Vietnam products and free trade agreement made between Vietnam and WTO, CPTPP and commodity, geographical structure. Furthermore, this thesis gives an overview of foreign trade and its theories.

2.2 Methodology

In this thesis, the methodology will be collecting information from the Internet resources, journals, and literature about foreign trade in Vietnam. However, in this thesis having a remarkable point, there is a difference in the data between table 5 and chart 1. This is because, in table 5, the database from the General Statistics Office of Vietnam, and from 2015 to 2017 was included by the value of fuels that Vietnam airlines bought at foreign markets in the value import. As well as, based on the import and export information via official ways, customs do not count when smuggling. In the chart, the income from the United Nations where the organization collected data in the world, therefore, the result is higher than the data in table 5.

In the particals, there are three analyticals. The database in the first one is collected in both Vietnam's government website and economic website for the purpose to assess the development of Vietnam through the relationship of GDP and the balance of exports and imports. With 18 observations from 2000 to 2017, the unit is million dollars. In this case, using the formula : $y' = a - b * x$ (1)

whereas:

- "a" is a constant
- "b" is a parameter of received
- "y' " is a depended variation of GDP
- "x" is an independent variable of the balance (X-M)

Then, the analysis of the relationship between average actual export water rice price and rate of the Vietnam Dong (VND) against the dollar, by comparing the p-value with significant level $\rho=0,05$, also using the trend function:

$$y' = a - b * x$$
 (1)

where:

- Y: Price of rice is depended variable
- X: exchange price from USD to VND is explanatory variable
- a is a constant
- b is a parameter of received growth rate

For this research was used 14 observations from all the months in 2018 to February 2019. All data was provided by the FAO and investment websites.

And finally, a table of SWOT analysis which is exmination of four aspects (strengths, weaknesses, opportunities and threats) in Vietnam's foreign trade market.

3. Theoretical part

This part will examine the brief definition of international trade and export and some structure in the theory of absolute advance, comparative advance. Next step, this chapter will also discuss foreign trade in Vietnam with its general information, status about before and after Vietnam join WTO and commodities structure.

3.1 International trade

In our daily life, each stuff that we can recognize it was made from other countries. The most general is wearing clothes, almost these are produced come from China, Vietnam, Pakistan, or using Samsung devices which is the designed-in South of Korea but made from Vietnam, having kitchen kinds of stuff from Germany, or even when we need some relaxing, we choose Thai massage service. Everything we called global trade, which imports and exports all the merchandise to sell or buy. Therefore, consumers can buy foreigner goods simply without going abroad with a purpose to buy it, and they have many choices of price and quality of goods. For producers, they have a widen market to earn more revenue and the product competitive with the other ones.

In international trade, the majority of sell and buy is a daily consumer goods, oil, agricultural food, machines. Otherwise, approximate one-fifth of global trade is insurance, transportation, banking, engineering, telecom, and tourism.

There are two basic words that can describe trading in simple meaning: import and export. Import means an article, commodities or service which came from abroad with the purpose of sale. Export stands for the productions or services produced domestically and sold in a foreign country, and it usually transported by ships, planes, containers, and trains. International trade is an agreement between countries exchange commodities and services. It helps a business or government buy and sell merchandise from other count stories. For consumers have multiple choices from foreign to domestic products with quantity and price competitive.

“Consumers can walk into their local shops today and buy goods and services from all over the world”¹ Foreign trade has helped the domestic and foreign markets to diversify merchandise and services so that the quality of products is improved, and the daily life of consumers is enhanced.

To become a powerful foreign trade country not only manufactures quality goods, reasonable prices and satisfying services, a country also has quite important factors. First of all, is experienced labor force, they will work effectively and quickly to make enterprise reduce all expenses and produce more products. The geographical location, it is better when a country has the sea to create ports and borders with many countries to make transportation straightforwardly and economical. Finally, innovation, the catch-up of global trends in technical information that will help to trade to be technologically, smartly and conveniently.

¹ Krugman, P., Obstfeld, M. and Melitz, M. (2014). *International economics*. 10th ed. Pearson, p.3.

One of the most highlight principles is "freedom of trade", averring to trade protectionism or economic isolationism. It allows individuals, corporations from different economic countries can sell or buy any products and services in the absence of policies, traffics, prohibitions of governments. Basically, it is a free trade conclusion that sellers and buyers also take many advantages in trading, facilitate economic development on both sides.

Diplomatic also occupies an important part in global trade. A strong relationship with each other countries will help commodities trade easily with a variety of benefits on both two sides. However, it has a huge challenge about the economy, trading, daily life, and other aspects when a country having a bad diplomatic. For example, in the North of Korea, because of military and political discontent with many countries (the USA especially), it is affecting strongly to North Korea, that leads to closing the economy market shifted to self-sufficiency.

Global trading is one of the most important of the economy in the world, it always makes a big step for a country that needs to be improved the power position of the economy. Import and export are two words that probably become visible in individuals, businesses, governments, they can do import and export things they need simultaneously. People as the customers take part in trading from domestic to aboard by buying or sell the products and services with better quality, lower prices, more diversity from products in their own country.

How important of trade?

When countries trading goods and services with each other, both of them have their benefits, even the product manufacturer is more effective than the other one. during the trade between the two countries, the total consumption of both products is increased, higher than countries that do not trade with others. Foreign trade provides benefits through the export of goods that, when produced, use abundant resources available in the country. Meanwhile importing the merchandise that we are not available or scarce.

Foreign trade activities an important factor in a country's economy because it brings many benefits for consumers and manufacturers.

First of all, for purchasers, not only in the market is the owner of domestic products, but it also has more choices of commodities imported from abroad, so the quantity and quality of goods be increased. Making competition between domestic and foreign goods increased because the products of foreign countries have good qualities and eye-catching designs. So, domestic manufacturers must improve their technology and production methods. As a result, goods, and services rising, the quality and design of the model are enhancing, the quantity is growing and the price going down suitable for buyers. Thus, foreign trade offers multiple choices when consumers want to buy the goods and use the services. Moreover, they can use products at a reasonable price.

Then for manufactures, they must innovate in technology, management as professionals to create highly competitive products or services with foreign products. They must constantly innovate and catch up with the world trend to stand with the same kind of products from other countries in their goods market. Moreover, the

technology change will be for international standard products, creating opportunities for them to develop into the world market, products and services will be brought to other regions for sale. Hence, the market has expanded, it makes a profit plentiful to seek to advance both the business and the country's economy.

3.1.1 Form of export

Foreign trade helps individuals, firms, and governments making profit and reputation as well as cultural and human. Too many purposes let a business attack an international market:

- Earning a variety of money. When a business exports their product into a new place, they will have more opportunities to get more customer
- The price of their products in other countries may be excess than the price in the domestic market
- Increasing consumption. Individuals and firms will produce more merchandise and services to supply domestic and foreign market

Taking part in an international they need to consider which way for the best form in export in order to reduce risk as much as they can. There are two options of distribution channels for a business that can choose direct export and indirect export. Each of them has its advantages and disadvantages.

Direct export is a domestic business export product and offers for sale directly without collaborating with a third party. It means A form of the transaction by mail, by a face-to-face meeting to exchange between sellers and buyers about goods-related agreements, delivery, and payment. Direct export will be of the highest interest to both partners since profits will not go through third parties. It is suitable for a business that understands the market of another country and has several customers who already know the brand of the company.

This activity has a huge risk if a business is a medium or small size. It should be a solid foundation, a good strategy, and experience management for the foreign market. Getting started with the problem is to handle documents that be able to legalization when bringing their products and services to another country, and how to transport it and lots of costs incurred. They have to do a step-by-step plan a strategy, using too much time to research a new market, so spending a lot of time to prepare for the progress. As a result, bringing their products to new markets will be slower, harder to compete than the same item.

Corporations with abundant capital will be suitable for direct export. This is because the professional departments for each stage of the plan, each employee do a different task will be easier to develop in foreign markets. For instance, the attorney's office will take care of the law of the other country and international and departments specializing in marketing and cultures. Thus, a clear understanding of the market, giving a good solution for a business.

Some advantages that direct export brings businesses:

- Reduce intermediate costs, thereby increasing income for businesses

- Know the needs of customers, then make appropriate business plans. When working direct to customers will know what they think and need to improve the products or services. As well as offer new products which conform to each market

In indirect export "whereby small firms are involved in exporting, sourcing or distribution agreements with intermediary companies who manage, on their behalf, the transaction, sale or service with overseas companies"². Indirect export usually for small or medium size of business with limited capital and no international trade experiences. It is used widely in the under-developed and developed countries because:

- The business often lacks information in the new market, the middlemen know the business market as well, so they will catch favorable business opportunities easily.
- The intermediary has a certain capacity in terms of capital and human resources, so exporters can exploit to save funds during the transport process.

To get an indirect export, business has to choose the type of intermediary sales which is a connection with a producer in the export country and customers in the importing country:

- Sales agents will purchase products from business and resell it to wholesalers. Usually, they will buy a large number of goods but are not responsible for the quality and design of the products, they just take the commission in the trade. But, the transportation fund from producers will be reduced
- Importers are directly from manufacturers. They will do customs clearance for goods and in some cases also undertake packages when delivering to retailers. Importers often supply goods to wholesalers and retailers and some grocery stores. They will take the commission between 5% and 10%
- Retail channels are favored by manufacturers because of the strong development and rapid consumption of products. Retail channels are often retailers, convenience store chains, supermarkets and recent days appeared as sale in websites (e-shop) and TV shopping channels

The indirect export is selected popularity by small and medium enterprises because it brings many convenience and benefits such as:

- Help businesses sell products or services right away, open distribution channel and business network widely
- A professional third-party understanding the imported market will greatly reduce the risk that producers do not have any knowledge about it
- From packaging, transportation, insurance, the number of consumers has been supplemented by the third party to save time, money and human resources of the enterprises

Hence, indirect export is an effective solution that brings many benefits for businesses that want to expand the market. However, working with intermediaries leads to

² Denise Elaine, F. (2004). Entrepreneurship and Regional Development. 16, p.290.

passivity in trade so sometimes it still has some disadvantages, producers should consider carefully:

- Depending on the intermediary, the business will gradually lose the connections between producers and markets provide a percentage of the commission to a third party or may have to give the amount of the profit to them
- Uncontrollable intermediaries can lead to foul play affecting the reputation of products and businesses

There is also another form of export on the domestic market. It is a side activity, but it brings a high profit and return capital speedily because they do not need to spend a lot of money on expenses such as transportation, packaging and preservation products. The meaning of on-the-spot export is that products and services have not yet been taken out of the domestic border, but in the economy is still considered export because it serves tourists, diplomatic groups or other government.

3.1.2 Theory of foreign trade

a. Mercantilism

Mercantilism in the 15th to 17th centuries was widely used in European countries, it focuses on power, wealth and a reputation as specifically government control everything to get an economically strong nation. As well as, mercantilism does not concern about the issue of focusing on citizen's cultural and lifestyle and diplomatic relations with other countries. It supports government intervention to achieve a trade balance surplus which is completely different from the current trend that is "free of trade". The primary mission is to maximize national security, power, and economic activity to achieve these goals. There are 2 tasks that mercantilism aims for:

Firstly, the becoming country has a surplus market, increase export products to cut imports. Merchandises from other countries will be subject to very high tariffs, increasing money flowing into the state. Since then, the state uses that money to equip the national army to develop power its military and strong porcelain.

Secondly, the country's orientation is a more industrialized country for profit, which is higher than agriculture. The government will import unprocessed materials such as crude oil at low prices and then make petroleum with high prices, creating a big income source.

This theory focuses heavily on exports to create high profits in order to create a rich and strong country image. Nevertheless, if countries around the world only export and import very little, both foreign trade and the economy will have some problems with difficulties. Without economic development, the country has no cost to boost its influence on the global. According to Dr. Chase Rhee said "While promoting exports,

countries raised trade barriers to discourage imports that resulted in reduced international trade after all”³

b. Absolute advantage (Adam Smith)

Based on the absolute theory in the book "The Wealth of Nations" was published in 1776, there is a free trade in the international market of goods between countries when a country has a production advantage on a good at a cheaper price than another. Then between the two have their own product advantages that will exchange with each other for mutual benefits.

With suppositions in this theory: free trade market, two countries manufacture two different items, no expenses, the same cost of production and worker salary and the price depends on the producer.

Giving an example, In France takes 80 hours to create a barrel of wine, while in China it is 120 hours. One-meter cotton fabric uses 100 hours in France and in China equals 90 hours.

TABLE 1: EXAMPLE OF ABSOLUTE ADVANTAGE IN WINE AND COTTON FABRIC

	France	China
Wine (hour/1 barrel)	6	15
Cotton fabric (hour/1 meter)	10	5

Source: self-giving data

As in table 1, France will specialize in wine production and China will specialize in the manufacture of cotton fabric. France will export wine to China, and China will give cotton to France. If France trades one barrel to take 1 meter of fabric from China, France will save 4 hours because France will concentrate produce wine and not focus on cotton fabric. In other words, to produce 1 meter of French cotton fabric has spent 10 hours with 1.5 times to produce wine, then France produces 1.5 wine barrels in exchange for 1.5 meters of fabric, saving 4 hours. Likewise, China does not need to take a total of 20 hours to produce both wine and cotton, but only needs to focus on producing cotton cloth, so China can reach nearly 3 meters of cotton fabric. Then China keeps 1 meter of cotton fabric for the domestic market, and the remaining around 2 meters trade France to get 2 wine barrels. As a result, instead of working 30 hours producing wine, China just work 10 hours to exchange Chinese cotton fabric with France wine.

Hence, this theory encourages the advantage of each country's strengths to promote the production of its merchandise, increasing product volume quickly in the world as well as the specialization of businesses and the country. Moreover, upholding countries to expand their advantageous industries

³ Rhee, D. (2012). Principles Of International Trade (Import-Export): The First Step Toward Globalization. Authorhouse, p.12.

c. Comparative advantage (David Ricardo)

Comparative advantage in foreign trade is an extension of the absolute advantage theory of Adam Smith in his book "Principles of Political Economy and Taxation" 1817. It is a principle that every country has its own specialization and production, the products will be characterized by very low or lower prices compared to other markets. In contrast, the country will get more profit if other countries import merchandise which is making with a high expense or even inefficiency with another market. It also called the principle of cost comparisons and serves as a basis to justify the process of specialization between countries and free trade. A country can benefit from trade regardless of whether it is more effective or absolutely ineffective than other countries in producing all commodities. Charles W. L. Hill concluded that "it makes sense for a country to specialize in the production of those goods that it produces most efficiently and to buy the goods that it produces less efficiently from other countries, even if this means buying goods from other countries that it could produce more efficiently itself"⁴

Assumptions:

- free of trading
- zero shipping fee
- same producing price
- labor cannot move between other countries
- two countries manufacture two different items

TABLE 2: EXAMPLE IN COMPARATIVE ADVANTAGE

	America	China
Potatoes (kilogram/hour)	80	90
Tomatoes (kilogram/hour)	90	100

Source: self-giving data

The table shows that the US has an absolute advantage in producing both goods because the amount of input (labor) required to produce both goods is lower than in China. But the United States has a comparative advantage in the cost of potatoes because the cost ratio in the US compared to China is 80/120 lower than the cost of producing tomatoes is 90/100. If America specialized in its comparative advantage, when it gave up production of 1 kilogram of tomato, it could produce 9/8 potatoes.

The exchange rate between potatoes and tomatoes after commercialization was 1, 1 and commented that the US could exchange 9/8 of 9/8 tomato potatoes, if the US uses 90 hours of labor to produce tomatoes directly, it will get 1 kilogram of potatoes but will get 9/8 of tomatoes if produced indirectly by producing potatoes and then exchanging them for tomatoes. Although poor in both tomato and grape production, China is benefiting from trade: for every potato that China gives up without producing, it has an extra 120 hours of labor to produce. 6/5 of tomatoes and can exchange 6/5 of potatoes.

⁴ Hill, C. (2013). *International business*. New York: McGraw-Hill Irwin, p.182.
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From this argument, both the US and China benefit from international trade, because specialization increases the total output of the two nations. Only when a country has an advantage over another with the same rate as in all goods, will the benefits of international trade be excluded.

d. Theory of Heckscher – Ohlin

In the 20th century, two Swedish economists, Eli Heckscher (in 1919) and Bertel Ohlin (in 1933) gave another explanation of comparative advantage. They demonstrate that comparative advantage stems from differences in the availability of production factors. Heckscher-Ohlin theory is outlined to explain the purposes of global trade in producing commodities.

The two authors want to mention a country has resources such as land, labor and capital. Different countries have different factors, explaining price differences of factors, just as Charles W. L. Hill said “the Heckscher-Ohlin theory argues that the pattern of international trade is determined by differences in factor endowments, rather than differences in productivity”⁵. In particular, the greater the factor's abundance, the cheaper the price of that factor.

In addition, this theory is based on the following values:

- The number of countries is 2. There are only 2 factors involved in production (capital and labor), producing 2 items.
- One country is labor-abundant and the other is capital-abundant
- Assume that the two countries technology is the same
- There is a difference in the content of elements between the two products
- Without specialization, commodity markets, market factors of production, labor factors are free to move between regions within a country.

Suppose there is a situation in which two US and China countries produce agricultural goods and clothes. The United States has for a long time been a major exporter of agricultural products in the world, and this partly reflects the extraordinary abundance of the United States in cultivable land. Or vice versa, China excels in exporting goods produced in labor-intensive industries such as textiles and footwear. This reflects China's relative abundance of cheap labor. The United States, which doesn't have much cheap labor, has long been a major importer of these commodities.

With differences in labor intensity and capital use, we can give the following hypothesis about the structure of trade: China has an advantage in producing apparel goods because it has can use many of their relatively cheap labor factors. It will specialize in the production of goods and apparel exports to the US in exchange for agricultural products, which are not profitable for comparison. And vice versa, compared to America, has an advantage in producing agricultural goods because it uses many of its relatively cheap capitalist factors.

⁵ Charles W. L. Hill, International Business, New York, 2011, p.190, ISBN-13: 978-0078029240 ISBN-10: 9780078029240

In conclusion, Heckscher-Ohlin Theory predicts that countries will export goods that use a high concentration of factors in that country and import goods that use a high concentration of scarce factors in that country. Thus, this theory tries to explain the model of international trade that we witness in the world market.

e. Leontief paradox

The theory of H-O is considered one of the theories which have a great influence on international economics. Most economists prefer to apply this theory to Ricardo's comparative advantage theory because it uses less simplified assumptions. And also, for reasons of great influence, this theory is verified by many different experimental tests. Beginning with research published in 1953 by Wassily Leontief (Nobel laureate in economics), many empirical studies have questioned the correctness of H-O theory.

According to the H-O theory, the United States of America is the exporter of goods that have the have high capital, and imports commodities that need a large amount of labor. "To his surprise, however, he found that U.S. exports were less capital intensive than U.S. imports. Since this result was at variance with the predictions of the theory, it has become known as the Leontief paradox"⁶. Because this result is contrary to what H-O theory predicted, it was known as the Leontief Paradox.

There is many debating to explain this theory but so far, no explanation has been accepted, because of many reasons:

- His calculation was wrong and the statistics he used were unclear
- In fact, America has the high workmanship and the highest productivity in the world. Meanwhile, it is necessary for workers who do not have a high level of skill to suit with the producing of goods. As a result, in a shortage of workers in low positions, making production more difficult.

America is not a country rich in natural resources, so America has to import a large amount of minerals such as iron, copper and oil. to process and produce mineral-related products, they must import from other countries where there is a rich natural resource.

⁶ Charles W. L. Hill, International Business, New York, 2011, p.191

3.2 Impact of foreign trade of Vietnam

In this part, the information of Vietnam will be summarized, then the policies of the Vietnamese government are rightly applied to expand foreign trade and how WTO organizations for Vietnam increases. And the last is information about product structure, geography of global trade of Vietnam

3.2.1 General in Vietnam

Vietnam is located in southeast Asia which is the region with the highest economic growth rate in the world, within the Northern border of China, the west with Laos and Cambodia and the east with the South China Sea. The total area of the whole territory nearly 331 212 km²⁷, the coastline is approximately 3,260 km²⁸. Hanoi as well knows the capital of Vietnam but Ho Chi Minh city which is the main center of economy and commercial in this country. As well as, two cities that have the biggest seaport in Vietnam is Nha Trang and Haiphong.

Within its area and geographical location, Vietnam is quite convenient in foreign trade. In this picture illustrates, the coastline stretches from north to south all over the territory around 3260km (including islands), it creates a strength for the country to have many seaports and import-export activities easily, as well as a place to transfer goods to a third country. Moreover, Fishing and aquaculture in sea, rivers and canals are also highly valued and the state noting about how seafood can be exported in the EU and the USA.

Vietnam has two large deltas, the Red River Delta in the north and the Mekong River Delta in the south with a total area of about 40 000km². Hence, they focus on growing water rice, getting one of the largest exports rice in the world. Also, the delta is the best place for tropical fruits, rubber tree and raising cattle like cows, pigs, chickens to get meats and kinds of milk. There are becoming “key economic region in 2020”⁹ will be a major center for rice production, aquaculture, fishing and processing of aquatic products, making a major contribution to the country's agricultural and aquatic exports.

Mountains amount to nearly 40% of Vietnam's land area, however, the percentage of the population too low, most of them are ethnic minorities who live together in villages. The main reason is difficult cultivation which just only raises tea and coffee and little cattle.

In terms of minerals and oil, there is a considerable foreign exchange revenue, an increase in annual exploitation output and a place to attract more foreign investment. However, this country can only exploit crude oil and export it, so it has not achieved

⁷ world population review. (2019). Vietnam Population 2019. [online] Available at: <http://worldpopulationreview.com/countries/vietnam-population/> [Accessed 27 Feb. 2019].

⁸ Countrystudies.us. (2019). *Vietnam - GEOGRAPHY*. [online] Available at: <http://countrystudies.us/vietnam/33.htm> [Accessed 27 Feb. 2019].

⁹ a re-development campaign of agricultural development 2020, often organized in major agricultural production areas

profitably. Coal and iron mine have the large storage sources, clinker for making cement spread is the strong point in minerals export of Vietnam.

Vietnam located between the equator and the Tropic of Cancer so there are two main seasons in Vietnam: dry and wet seasons with almost hot weather all year round, forming tropical monsoon climate. However, there is also a disparity between the north and south regions, in the southern region of equatorial equilibrium at high temperatures throughout the year with average is 27°C. Conversely, in the north, there is an impact of northeast wind from China, so the temperature from December to February will be low down (approximately 15°C) and average temperature among a year is 23°C. The regular annual rainfall of this country ranges from 1500 to 2000mm. Therefore, two elements: temperature and precipitation have created a country with diverse agricultural systems such as wet rice cultivation, tropical fruits, rubber trees, coffee, tea and livestock, and seafood farming.

According to the United Nations report the total Vietnamese population on March 2nd, 2019, is 97 115 116 people, among the top 15 countries with the largest population in the world in ranking¹⁰. However, the population density is 313 people per square kilometer, and gap distribution in urban and rural areas up to 36.4% (and this figure is expected to increase in recent years), especially big cities like Ha Noi and Ho Chi Minh, the unemployment rate in these cities growing up. The young generation in Vietnam currently tend to work in factories or companies or even export labor because of attractive salaries, so rural areas are lack of human resources to do agricultural work. Thus, the state should find reasonable measures to help young people interest in agricultural labor because agriculture is still the main port in the export of Vietnam.

Workers are abundant with 69.3% (in 2019) of the population aged between 15 and 64 years¹¹ along with cheap labor costs, become a labor market attracting big company's attention and investment such as Samsung, Nike, Ikea and so on. However, the qualification of workers is not high and the working style still not professional, so they underestimated the rest of the countries like China, Malaysia, and Indonesia.

3.2.2 Crude oil product strategy

Raw products such as minerals and crude oil due to scientific and technological achievements have not reached a high level, so Vietnam has to export a huge quantity, which always reach one of the main products to be exported. The cost of exporting is not high, but it brings many benefits to this nation. Suchlike, bringing a source of income to start the country's economic development. Besides to receive Foreign Direct Investment (FDI) and borrowing from developed countries or organizations that sell raw products, it is also the government method to earn income from the rich mineral resources in Vietnam with a purpose is build an industrialization country. As well as, promoting economic restructuring, from an agricultural country to

¹⁰ Worldometers.info. (2019). *Vietnam Population (2019)* - Worldometers. [online] Available at: <https://www.worldometers.info/world-population/vietnam-population/> [Accessed 27 Feb. 2019].

¹¹ DanSo.Org. (2019). *Dân số Việt Nam mới nhất (2019) - cập nhật hằng ngày* - DanSo.Org. [online] Available at: <https://danso.org/viet-nam/> [Accessed 27 Feb. 2019].

an industrialized country, the government needs to invest in the infrastructure of the industry to meet the conditions for economic transformation.

The limitation of crude oil export strategy is unstable demand because of the impact of science and technology as there will be technology products to replace crude oil. Currently, fuel production and use are being noticed by people because it causes climate change and the natural resources are going to run out. so, they created alternative products to serve a citizen's life. For supply is also unstable, income from crude oil exports is uncertain and the fuel source is also exhausted.

Crude oil exporting and importing countries should establish a common fund with the main purpose of increasing income in it. In order to stabilize prices in the market, when supply is more than demand, storing crude oil into warehouses and demand more than supply is also sold.

3.2.3 strategy to replace imported products

Develop domestic consumer goods industry than other industries to create alternative domestic products for imported products. Vietnam in recent years has turned into a trade deficit country, however, compared to imports, there is also a difference in the structure of goods. Among them, foreign consumer goods are favored by Vietnamese people because of their superior designs and product quality. Therefore, it is necessary to have a strategy to replace imported products. The purpose of this strategy is:

- Protecting the country's fledgling industry. Vietnam has recently transformed its structure into industrialization over the past ten years, contrasted to the industrial development of developed countries, it is still far behind.
- Restricting the import of consumer goods so that manufacturing enterprises have a foothold in the domestic market between the fierce competition of two domestic and foreign products

Strategic conditions in replacing imported goods: Businesses, individuals and governments must capture new technologies to create quality products that compete with other foreign products. As well as, there is a government protection policy for domestic enterprises and individuals by giving priority to quotas and tariff protection policies.

3.3 Vietnam and WTO

WTO (world trade organization) is an organize governments cooperate to develop together in the foreign trade market or to work together to solve foreign trade problems. In addition, connect between cohesion with other countries to reduce the dispute, they also help with exchange-related events such as consumers and businesses and maintaining a free, convenient, and transparent global trade for member countries.

Vietnam took part in the World Trade Organization (WTO) on the 11th of January 2007, became the 150th member in the organization after over ten years of applied to join WTO. To be a member of this organization, Vietnam revised the tariffs and policies to adapt to the international market. Afterward, 12 years being a piece of WTO, products, and services produced in Vietnam are available in wholesale and retail chains

worldwide. The role of Vietnam in the world trade market is growing up. Vietnam has joined the WTO to undergo a long process to take part in a place to regulate the entire world trade, accounting for 85% of commercialization, and around ninth ten percent of global trade.

Currently, Vietnam has implemented a tax reduction program according to WTO requirements. It must actively implement the binding commitments in WTO commitments on import tax, the average reduction from 17.4% to 13.4% with the implementation time from 5 to 7 years.

The objectives and functions of the WTO

In particular, WTO has three main objectives as follows:

- Promoting the growth of trade in goods and services in the world for stable and sustainable development
- Facilitating market development, resolving disagreements and trade disputes among members within the framework of the multilateral trading system, consistent with the basic principles of international law. In order to ensure that developing countries and especially underdeveloped countries enjoy real benefits from the growth of international trade, in line with their economic development needs and promotion to encourage integration into the world economy
- Improving living standards, creating jobs for member countries, ensure minimum labor rights and standards are respected

The WTO performs five functions:

- Unify the management of the implementation of agreements and agreements in multilateral trade.
- Progress into multilateral trade negotiations within the framework of the WTO
- Resolving disputes between members regarding the implementation and interpretation of WTO agreements and multilateral trade agreements
- Members' trade policy accreditation assures the implementation of the objective of promoting trade liberalization and complying with WTO rules and WTO agreements.
- Cooperating with international economic organizations such as the International Monetary Fund, the World Bank in planning policies and forecasting future development trends in the global economy

3.3.1 Opportunities and challenges of Vietnam when collaborating with WTO

Chances

When joining the WTO, policies, and legislation are clearly more transparent, creating good conditions to more attract foreign investment to Vietnam. In addition, WTO creates an equal environment in foreign trade to boost the relationships between countries.

Because of the cheap natural conditions and labor, Vietnam has the advantage of one of the export categories, especially in agriculture. The organization has been creating conditions for Vietnamese agricultural products to be imported by many countries

Improving the efficiency of competition for the economy is when domestic and government businesses have to rise to improve their products and services provided to enhance product value and be competitive in domestic and foreign markets. In addition, the reduction of tariffs will also help businesses with input materials at reasonable costs. From there, there is more opportunity to improve competitiveness in both markets

Because of the natural conditions and cheap labor, Vietnam has the advantage which one of the export categories, especially in agriculture. The organization has been creating conditions for Vietnamese agricultural products to be imported by many countries.

Daresay

When opening up the economy and entering the WTO, businesses have been properly supported by tax policies, but they face competition from foreign businesses. Domestic enterprises must adapt to competitive pressures to develop together to create a strong economy

When an industry is ineffective, there will be a new position that will replace it to generate more profit for the economy by competing in the market. It is a shift in market structure, Vietnam needs to be dynamic and adaptable to a solid economy and develop.

In the enterprise, to create high-quality products and eye-catching designs, it is necessary to have skilled and highly qualified workers but the shortage of workers with this requirement. with the aim of not only gaining the popularity of domestic consumers but also having a reputation abroad. With the state, the government needs a uniformity of central and local officials to manage the development of social processes in general and economy in particular.

Therefore, employees in the state must have some knowledge about economic management especially when Vietnam enters WTO.

Currently, daily consumer and agricultural domestic products have not yet appreciated the quality. However, consumers are increasingly concerned about the quality following the price if the business does not focus on the products which they are producing, they will gradually lose the source of income. Therefore, they should focus on product features as well as environmentally friendly.

Currently, most businesses in Vietnam are small and medium-sized, so businesses have not organized together, production has not been carried out in cooperation. Consequently, machines with advanced technology that have international standards have not been bought much because small and retail businesses have not enough capital. On the side of the state, there should be investment and loan policies suitable for different types of industries and businesses. Especially the agricultural sector needs

to invest in machinery, techniques and farming knowledge to create a great source of income for farmers.

3.3.2 Situation before joining WTO

“Doi moi” – ‘economic renewal’ period (1975 – 1990)

After Vietnam war 1975, Vietnam independence under the leadership of the communist party, there was a deep change in life, culture, and economy. The government changed completely in economic policy; it was called the subsidy period which happened for 15 years. All economic activities of making products and services are managed by the state, no private business or organization could not operate. Therefore, they created cooperatives, collected products made by the community, returned them with coupons. A trade liberalization rarely between businesses and customers that appeared during that time in both the domestic and foreign markets. Diplomatic relations were frozen by the USA sanctions of Vietnam, except a few countries like Russia, China, and Cuba. The number of exported products and services is much lower than imports, Vietnam becomes a trade deficit, so the inflation rate soared to 453,5 percent in 1986 and continued to hold on in the next years. In the early years of renovation (1986-1995), FDI into Vietnam was only a few hundred million USD which was about 2-3 billion USD per year.

According to Brian Van Arkadie and Raymond Mallon said, “In seeking to understand the factors that have contributed to Viet Nam’s success, the intention is to contribute to a broader literature on the economic performance of East Asia in recent decades which has explored the wide range of institutional and policy experience of the region”¹² Vietnam market needed much improvement in reforms to create a new change. With a witness, after the difficult years at the beginning of the innovation revolution, the situation of Vietnam's economy has changed dramatically. the government attempted to recover the economy in 1989, inflation in Vietnam dropped down to 37.7 percentage. It seemed the first successful step in the renovation process.

In the period 1986 - 1990, Vietnam focused on implementing three economic programs: food, consumer goods, and export goods. A foreign companies and corporations have been facilitated to operate in the Vietnamese economy. From 1989, Vietnam started to export crude oil, which brought a large revenue source to curb inflation

The majority of Vietnamese products imported are petroleum, machinery, fabrics because of the technologies and the workmanship too low. Sometimes, Vietnam imported agriculture products because domestic food was not provided enough to consumers

¹² Van Arkadie, B. and Mallon, R. (2004). *Viet Nam*. Canberra: ANU E Press, p.2.

TABLE 3: TOTAL MERCHANDISE TRADE AND BALANCE OF GOOD TRADE

Triệu USD - *Mil. USD*

	Tổng mức LCNT <i>Total trade</i>	Xuất khẩu <i>Exports</i>	Nhập khẩu <i>Imports</i>	Cân đối thương mại <i>Balance of trade</i>		Xuất/nhập (%) <i>exports/imports</i>
				Xuất siêu <i>Surplus</i>	Nhập siêu <i>Deficit</i>	
1986	2944	789	2155	1366	36,6	
1987	3309	854	2455	1601	34,8	
1988	3795	1038	2757	1718	37,7	
1989	4512	1946	2566	620	75,8	
1990	5156	2404	2752	348	87,3	

Source: General Statistics Office of Vietnam ¹³

This picture shows the data import and export information during the last periods of the renewal in Vietnam, general still a deflect country but the percentage in export over imports increased rapidly among 5 years especial in 1989 and 1990. The total trade in 1990 rose 1.5 times compared to 1986, the total amount of imports also grew 3 times. Meanwhile, a total of imports just climbed slightly, so a gap between imports and export decreased year by year from 1366 million in USD in 1986 to 348 million USD in 1990.

In consequence, export achieved a new step, but the number did not high. Those times have changed greatly from a country that escaped from war to a lower-middle-income country. The first time was a difficulty for foreign trade in Vietnam, but the time after the government tried to develop to balance in import and export like according to Brian Van Arkadie said: "Viet Nam as a developing East Asian economy: falling behind and catching up" (10) p.17

From 1990 to 2007

After a period of new reforms - considered an important turning point in Vietnam's economy, from 1990 to 1999, Vietnam took advantage such as rich natural resources for export to generate revenue for the country as well as cheap and abundant labor resources attract. Many corporations to invest in Vietnam. Creating a flow of money from abroad to Vietnam later to develop the economy for the country. Foreign trade has a place in the world, but it was still small. In those years, Vietnam was a member of organizations and agreements such as ASEAN (1995), an agreement on economic and trade cooperation with EU in the same year, APEC (1998). These actions made foreign trade of Vietnam had a deep change and moreover, the relationship between Vietnam and other countries such as the ASEAN region had been closer.

¹³General Statistics Office of Vietnam. (2019). [online] Available at: <https://www.gso.gov.vn/Default.aspx?tabid=217> [Accessed 27 Feb. 2019].

In the first year of the 90s, the commercial economy was developed in a socialist orientation. From 1993 to 1997, during the period of Vietnam's economy, inflation was successfully curbed, and the market grew rapidly. then the economy slowed down during the period between 1998 and 1999. The economic market began to increase again since 2000, but the economy sometimes fell into deflation, inflation. Vietnam's economic growth from 1992 to 1996 reached 9%, but since 1997 it has been gradually reduced. After the global economic crisis, Vietnam is considered to be less affected by this event because of macroeconomic stability.

In 1995, depending on the index of the General Statistics Office of Vietnam, export gained 5448 million dollars and import got 8155 billion dollars. It still was deflected but the number higher 2 times in export and 4 times import compared to the year 1990.

During this period, trade was liberalized, products became diversified, people's purchases had many choices. Because of the right policy of the state, Vietnam from a country that did not provide enough food in the past, this time has become a second-world rice exporter of the world. Besides, agricultural products such as pepper, rubber, cashew nuts have got international market standards and evaluated high value.

In an effort to increase the quality and quantity of agriculture, the state has also focused on industrial development. In 1999, the industrial index reached 32.5% of GDP. By 2005, the total number of enterprises nationwide was 23.2 thousand, including 3.2 million workers and approximately 29 billion USD (calculated at the price of 2005).

Regarding the report on trade situation between 2001 and 2006, Vietnam still maintained that agricultural and crude oil, minerals so exporting countries had not developed anything yet, technology products only account for a very small percentage. The government aimed to export concentrated processed products and its quality in order to commodities value and profitability for the state and business as well as focused research on high standards of goods. Products and services must be the same quality as the design required by foreign markets.

TABLE 4: EXPORT STRUCTURE 2001 – 2006 (IN %)

Type	2001	2002	2003	2004	2005	2006
agriculture, forestry and fisheries	24.3	23.9	22.1	20.5	21.1	20.5
fuel and minerals	21.6	20.5	19.9	22.7	24.7	23.4
Industries, handicrafts	33.9	40	20.5	40.4	38.4	39
Others	20.2	15.6	17.5	16.4	15.6	17.1

Source: summary report of the trade in 2006 ¹⁴

In 2006, there were grown-up insignificantly in 2 categories: industries, handicrafts and fuel and minerals with 5,1% and 1.8% respectively compared to 2001. It means industry and handicrafts changed to create good products that are suitable for another market, however, the exploitation of unprocessed natural resources continues to

¹⁴ General Statistics Office of Vietnam. (2019). [online] Available at: <https://www.gso.gov.vn/Default.aspx?tabid=217> [Accessed 27 Feb. 2019].

increase. Meanwhile, as an agriculture country, the percentage slowed down -3.8% was remarkable.

In the period 1990 to 2006, there was a sharp rise in the number of import and export goods but in general, it was just a trade deficit. Industrial items were growing up, state prepared for the transformation into industrialized countries.

3.3.3 Situation after joining WTO

Participation in WTO is a big step in the process of international economic integration and has a great impact on the economic development of the country. This is an opportunity for Vietnam in foreign trade activities, especially the import and export of goods which have made a big mark in the foreign trade market. For the first time, we have seen a clear shift to make a step forward, making it clear that WTO entry is the right decision. Businesses and individuals are able to grasp opportunities, expand markets to foreign countries, enjoy favorable policies such as low tax rates, equal treatment. In addition, foreign investment is more attractive, taking advantage of comparative advantages in natural conditions, human, resources, geography to enhance economic efficiency especially with export. Thereby positively impacting economic foreign trade and Vietnam's position compared to the world market.

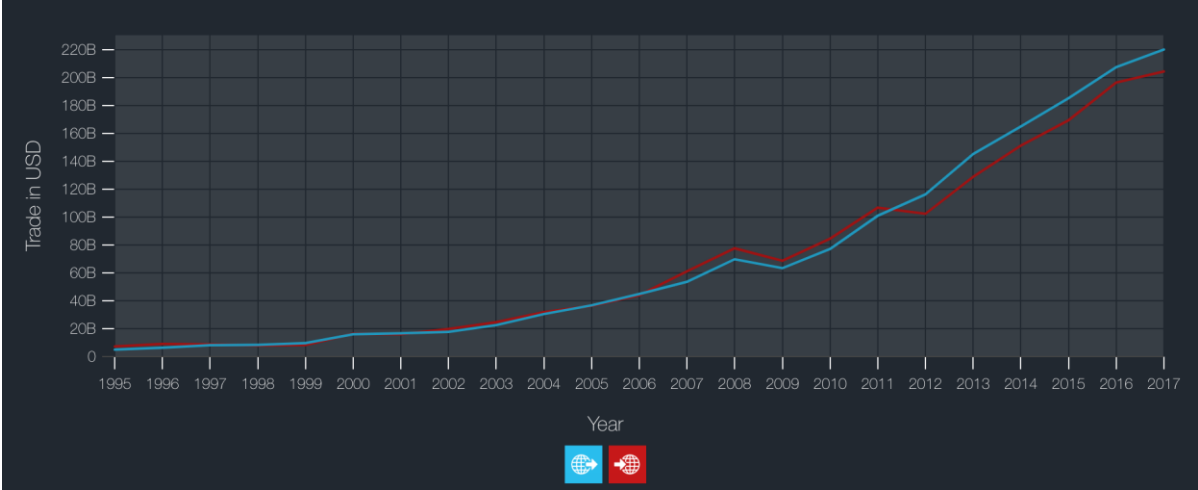
TABLE 5: EXPORTS AND IMPORTS OF GOODS BY ITEMS, YEAR (MILLION USD)

	Total	Exports	Imports	Balance
2000	30,119.2	14,482.7	15,636.5	-1,153.8
2001	31,247.1	15,029.2	16,217.9	-1,188.7
2002	36,451.7	16,706.1	19,745.6	-3,039.5
2003	45,405.1	20,149.3	25,255.8	-5,106.5
2004	58,453.8	26,485.0	31,968.8	-5,483.8
2005	69,208.2	32,447.1	36,761.1	-4,314.0
2006	84,717.3	39,826.2	44,891.1	-5,064.9
2007	111,326.1	48,561.4	62,764.7	-14,203.3
2008	143,398.9	62,685.1	80,713.8	-18,028.7
2009	127,045.1	57,096.3	69,948.8	-12,852.5
2010	157,075.3	72,236.7	84,838.6	-12,601.9
2011	203,655.5	96,905.7	106,749.8	-9,844.1
2012	228,309.6	114,529.2	113,780.4	748.8
2013	264,065.5	132,032.9	132,032.6	0.3
2014	298,066.2	150,217.1	147,849.1	2,368.0
2015	327,792.6	162,016.7	165,775.9	-3,759.2
2016	351,559.2	176,580.8	174,978.4	1,602.4
2017	425,122.8	214,019.1	211,103.7	2,915.4

Source: General Statistics Office of Vietnam ¹⁵

The table shows the situation of export and import in the stage after signing with the WTO. In 4 years from 2007, there was the worst imbalance in these decades especially 2008. This was because large corporations started investing in Vietnam, let products and services from other countries to be imported a large amount. In the first years of WTO accession, the total number of votes has increased, proving that Vietnam has taken advantage of one member of the organization. In 2008 - 2010, there was also a world economic crisis, Vietnam was also affected by economy, trade, and finance during that time. Global trade declined so the export market also decreased. After that, the government balanced its import and export, from 2012 onwards (except 2015), this market became an export country. however, the number of exports compared to imports is did not high, still close to being considered at equilibrium level like 0.3 million dollars in 2013. The Ministry of Industry and Trade predicted in 2015 would have approximately 164 billion dollars in export and import forecast got 168 billion. However, only 2.4% of total exports were lower than the government targeted by 5%. The reason was that Vietnamese enterprises have more capital than foreign companies to export.

Chart 1: General trade in Vietnam (1995 – 2017) (in USD)



Source: United Nations Contrade Database¹⁶

In this chart the red line is import of Vietnam and the blue line is export of Vietnam. The graph shows the trends in trade from 1995 to 2017, in general, these movements grew up speedily in both export and import. There were three phases that are clearly seen as following the first phase of 1995 to 2006, phase 2 from 2007 to the beginning of 2011 and the last phase from 2011 to 2017. In the first period, the state of foreign trade is low, most of the years are always under 50 million dollars in both directions. And then in the second phase, after became an official member of WTO, imports are more prominent because foreign products are massively penetrating the Vietnamese market, the total amount of imports was more than 100 million USD higher than 60 million USD compared to 2006. Finally, in the third phase, it was a clear shift, Vietnam turned into an export country, the trend of import and export raised expeditiously which

¹⁵ General Statistics Office of Vietnam. (2019). [online] Available at: http://www.gso.gov.vn/default_en.aspx?tabid=780 [Accessed 27 Feb. 2019]

¹⁶ Atlas.media.mit.edu. (2019). *OEC - Vietnam (VNM) Exports, Imports, and Trade Partners*. [online] Available at: <https://atlas.media.mit.edu/en/profile/country/vnm/> [Accessed 27 Feb. 2019].

is 205 billion USD and 220 billion USD respectively. In addition, a gap between the two activities in trading got bigger.

The period of 2007-2009 is considered the period of FDI spotlight in Vietnam. Especially in 2008 is considered the peak of FDI attraction with registered capital of over 71.7 billion USD, 3 times higher than in 2007. With FDI attraction, the situation of goods imports and export up surged significantly, boosting exports in all ranges, creating jobs for citizens. It is possible to predict the future based on chart 1 as import and export status will increase continuously in the next few years, the gap between the two ways of foreign trade will gradually widen and Vietnam will continue to be a net exporter.

3.4 Comprehensive and Progressive Agreement for Trans-Pacific Partnership – CPTPP

The CPTPP agreement is sourced from the Trans-Pacific Partnership agreement, which was established after America withdrew from the TPP. On March 8, 2018, this convention was signed in Chile with initially six members. After the discussions, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or another name was TPP11 with 11 members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. However, on 14 January 2019, the agreement was officially in effect with Vietnam. The CPTPP is an agreement aimed at achieving fairness and transparent to help businesses grow sustainably, improve goods and services quality as well as to assist to follow the global economic development trend.

In the CPTPP Agreement has many things related to foreign trade:

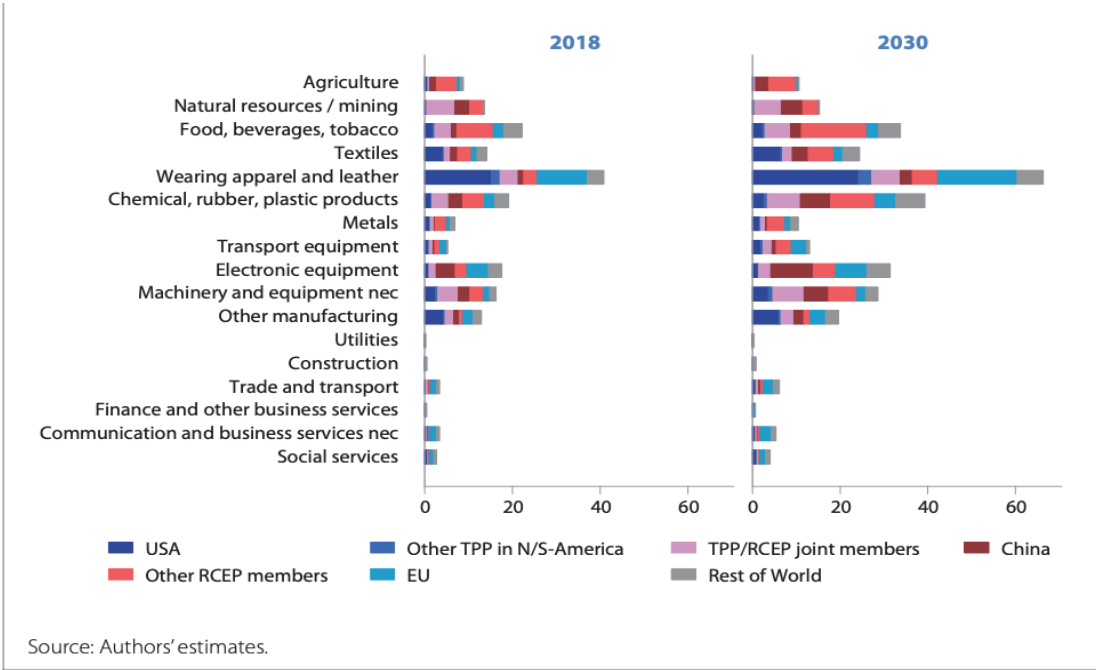
- Ecommerce
- Cross-border service
- Taxes
- Invest
- The origin of goods
- Quarantine of food
- Telecommunication
- Textile
- Compensation for commercial damage
- Moreover, other fields such as intellectual property, government public expenses, labor, law, dispute resolution, entrepreneurs will be easier to enter the member countries.

After this agreement, Vietnam gained many benefits, including the import-export market. The first thing is to expand development opportunities as well as the economy in general and foreign trade in particular, re-create economic structure to help motivate economic development. The export of goods to the member countries of the CPTPP will be greatly preferential, especially the Canadian and Japanese markets will reduce imports to 0%. These import and export tax reductions help entrepreneurs have new partners, diversify categories of goods to expand the scale of production and to invest in foreign countries. Besides, in the World Bank report, it also increases the value of import and export “under CPTPP exports to signatory countries would increase from

US\$54 to US\$80 billion by 2030 reaching 25% of total exports”¹⁷. Based on the author's calculations, in 2030 of prediction Vietnam will achieve the following criteria:

In this chart, the authors guess CPTPP will bring \$324.2 billion in export to economy of Vietnam. It is clearly to see that, the trend is increase significantly which the top is Wearing apparel and leather, Food, beverages, tobacco and Chemical, rubber, plastic products. The lowest revenue earned belongs to trade and transport, communication and business services, social services in both years. The point of attention here, in 2030 the USA and EU import wearing apparel approximately 20 billion dollars. Not only that, they are also expected to account for a high share of other catherization in imported from Vietnam. Followed by the rest of the RCEP countries that are not in the CPTPP agreement are also expected to bring about benefits for Vietnam, especially in Food, beverages, tobacco with roughly 15 billion dollars.

Chart 2: Exports by destination, baseline conditions (US\$, billions)



18

RCEP is Regional Comprehensive Economic Partnership which is an agreement on foreign trade and economic between 15 countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, Australia, China, Japan, New Zealand, and South Korea. But it is still under negotiation and expected to be finalized by the end of 2019.

However, there are many challenges to this agreement. Compared with agricultural products in terms of quality, Vietnam is inferior to the rest of the countries. Recently, these countries like the USA, EU, Japan and Australia have a strict law to import butchers from Vietnam because of the poultry disease. That leads to reduce the number of agricultural products exported significantly. Or in terms of production,

¹⁷ Maryla, M., Zoryana, O. and Israel, O. (2018). Economic and distributional impacts of comprehensive and progressive agreement for trans-pacific partnership : the case of Vietnam. *World bank*, 1, p.66.

¹⁸ Maryla, M., Zoryana, O. and Israel, O. (2018). Economic and distributional impacts of comprehensive and progressive agreement for trans-pacific partnership : the case of Vietnam. *World bank*, 1, p. 67

businesses still depend on developed countries, not able to design products by the manufacturer. Therefore, compared with standards, outdated technology, production organization, market control of Vietnam. Moreover, there should be economic, information, education and welfare reforms for the government as Vietnam lacks intellectual human resources as more and more talented people move to developed countries. Also, Vietnam gradually shifted from an industrialized country to an industrialized country, it will face many difficulties in competing with developed countries.

3.5 Commodity structure

In recent years, Vietnam's trade balance has experienced outstanding growth in both export and import turnover. In recent years, the equilibrium index has become higher due to the trade surplus, so Vietnam's foreign trade is growing and having a reputation in the international market. "In 2018, total export and import got 400 billion American dollars, the growth rate was 21.1 percent, higher three times than the planned time which is a highlight in the economy, foreign trade particularly."¹⁹ In 2018, 5.1 billion USD higher than 2017's trade surplus and Vietnam's trade balance exceed 7.21 billion dollars.

3.5.1 Export

In 2018 the total amount of export items amounted to approximately 249.5 billion dollars. a number that has steadily increased that can easily be predicted based on the third figure, in 2017 reached within \$ 214.1 billion which is less than 35.4 billion dollars. In 2018, valued at over US \$ 1 billion with 29 items reaching export turnover, accounting for 91.7% of the country's total export turnover.

Looking at chart 4, it was clear that technology had accounted for 47% which was nearly half of the total exports to the world. With technology products such as computers, phones, camcorders, cameras, and other spare parts and tools that have achieved great achievements in production. Technology products always reach the highest position in exports starting from about Vietnam to industrialization structure. In 2018, technology exports which are the amount of 115.8 billion dollars was one of the key sectors of the country.

Second is apparel exports, which account for 23% of the \$ 56.7 billion, higher than 1.5 times \$ 31 billion compared to 2017. In the past two years, the garment industry has experienced remarkable growth, this was because investment capital from foreigners, focus on internal restructuring of the industry, apply advanced technology to gradually balance the stages, improve productivity and quality, connected with domestic textile enterprises and each other. Overall, textile export turnover reached the highest increase with a development step up.

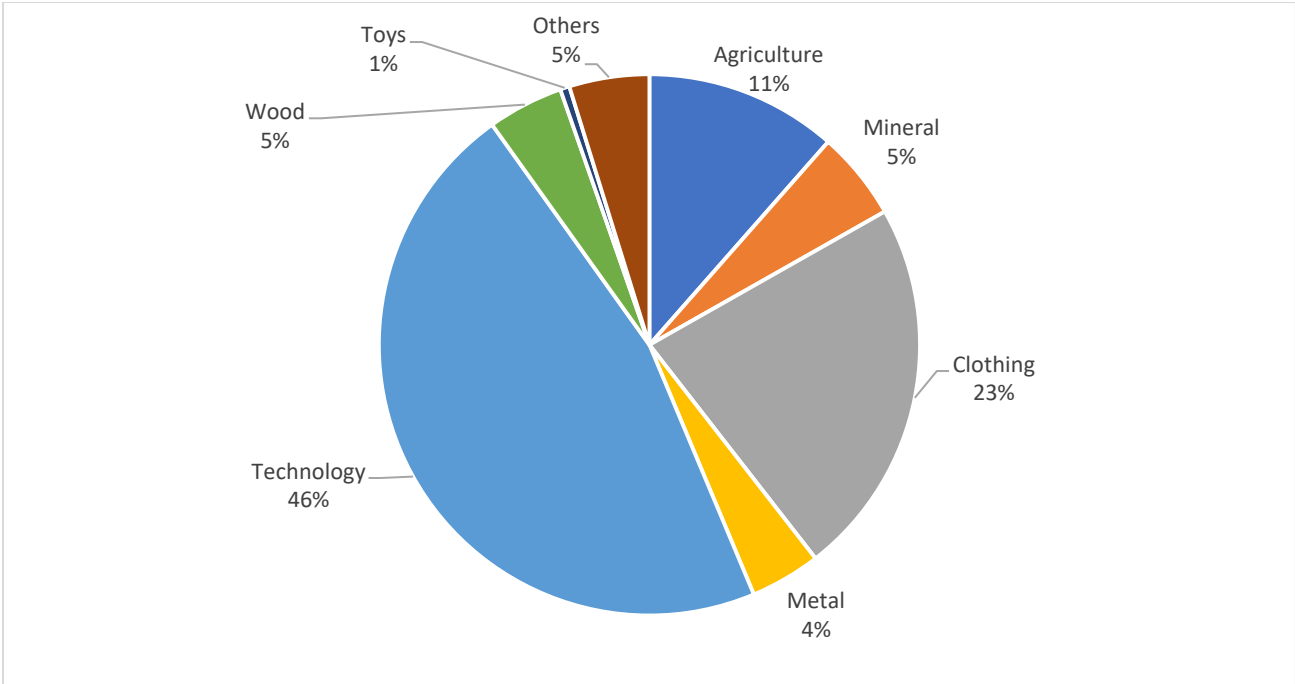
¹⁹ Huynh, L. (2019). *Thực trạng về tình hình xuất nhập khẩu của nền kinh tế Việt Nam hiện nay và giải pháp*. [online] Tạp chí Công Thương. Available at: <http://tapchicongthuong.vn/bai-viet/thuc-trang-ve-tinh-hinh-xuat-nhap-khau-cua-nen-kinh-te-viet-nam-hien-nay-va-giai-phap-53671.htm> [Accessed 10 Mar. 2019].

The majority of agricultural exports are mainly rice with 6.1 billion tons exported, accounting for more than half of the total agricultural products which is got roundly 40 billion tons, amount 11% in the total export. Comparing to 2017, it was 36.37 billion USD, increased 1,08 times. The export value of key products has increased, including rice, vegetables, pangasius, wood and forest products, coffee and tea, but there had been a sharp decrease in industrial crops in the world market, especially pepper, sugar.

Followed by minerals and metals with a total percentage of exports of 9% worth 1,2 billion dollars with 14,5 billion tons. Noticeably, cement and clinker reached 31.2 million tons and iron and steel reached 6.2 million tons. Then, Crude oil is still an important source of overseas market with 3.9 million products, making revenue of \$ 2.2 billion. There had a change in the position of the mineral and metal export structure, crude oil is no longer in the highest position.

Afterward, export 5% of wood and wood-related products to 11.3 billion dollars. And finally, toys and other accounts for 1% gained 1,4 billion dollars and 5% amount of 10,4 billion dollars respectively.

Chart 3: Export Vietnam in 2018 (in %)



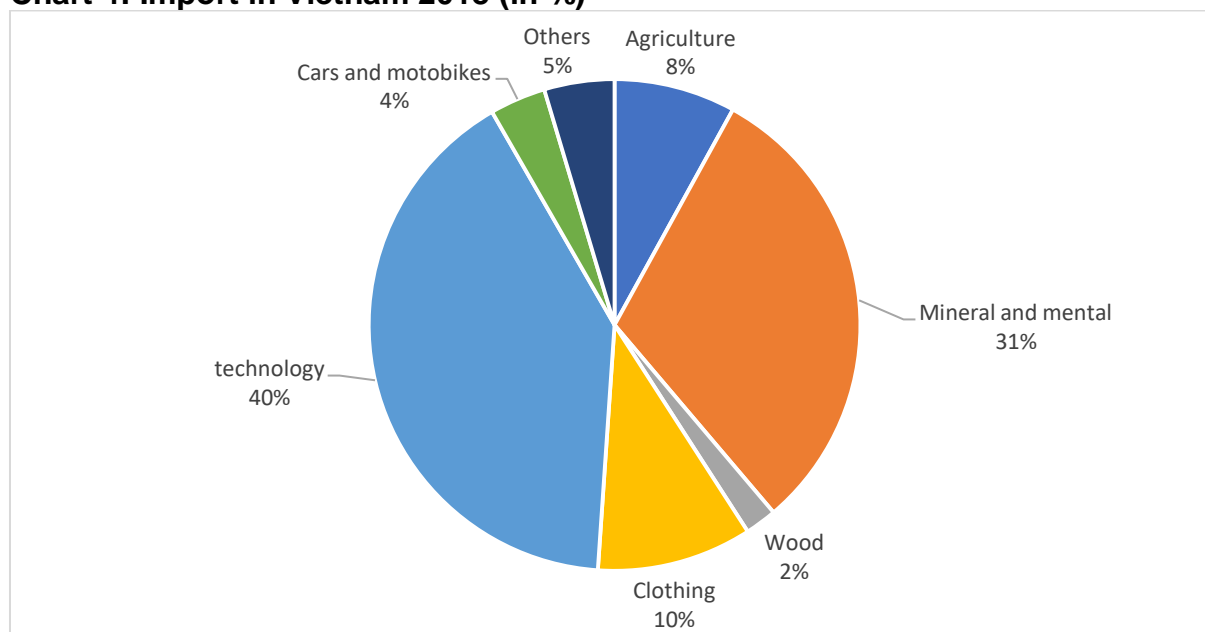
Source: ENERAL STATISTICS OFFICE of VIET NAM ²⁰

²⁰ General Statistics Office of Vietnam. (2019). [online] Available at: <https://www.gso.gov.vn/default.aspx?tabid=629&ItemID=18781> [Accessed 27 Feb. 2019]

3.5.2 Import

Regarding imports, Vietnam's total import value in 2018 reached 236.69 billion USD, up 11.1% (equivalent to a bump up of 23.68 billion USD) compared to 2017. Imports into this nation in 2018 are lower than 10 billion dollars contrasted to exports situation. Whereas, in which foreign investment reached 142.71 billion USD, rose by 11.6% confront to last year

Chart 4: Import in Vietnam 2018 (in %)



Source: ENERAL STATISTICS OFFICE of VIET NAM²¹

Among all goods imported from abroad, technology products accounted for 40% with 96.1 billion USD higher than 1,4 times in the previous year. With mobile phones and components, computers, China is also the most supply market with electronic products because of its low and diverse prices.

In the mineral section, coal accounts for the highest total with 22.8 million products but the value was not high, only about 2.5 billion USD, accounting for 4.59% of the total value of mineral imports (55, 7 billion dollars). Meanwhile, petroleum was stood the second imported items in this category with 11.4 million units reached 7.6 billion dollars, in 100% of the total mineral value, petroleum accounts for 13.7%. Within steel imports in 2018 reached 13.5 units with 9.9 billion dollars, accounting for 57.6% of the total value of 17.1 billion of metal products. The total value of minerals and metals is 72.9 billion dollars, accounting for 31% with 14.49 million tons, an increase of 4.5% compared to 2017.

The agricultural sector in 2018 has reached 18.9 billion dollars, 8% of the total, an increase of 13.6% compared to the same period in 2017. Raw cashew nuts were a

²¹ General Statistics Office of Vietnam. (2019). [online] Available at: <https://www.gso.gov.vn/default.aspx?tabid=629&ItemID=18781> [Accessed 27 Feb. 2019]

commodity with lower import value than 2017 but still was one of two agricultural products with the largest import value with 2.3 billion USD with approximately 1.2 million tons. The first place in terms of quantity in this item was corn with 10.1 million tons but worth after cashew nut with \$ 2.1 million

With clothing, Vietnam imported a large amount of clothing with 12.7 billion dollars, accounting for 53.4% of the total value of garments related. Although being an exporter of many garments, there was still not enough capacity to meet production needs. The total value of this item is 23.9 billion dollars, up 79% compared to 2017 with 18.91 billion USD.

In the Vietnamese import market, there were categories of motorcycles, cars and accessories accounting for only 4% with \$ 8.7 billion. With main components, locally assembled auto parts, mainly popular cars, were also called mid-range products in Vietnam market within about 3.6 billion dollars. For another reason that Vietnam had not been able to produce a car or motorbike. Nevertheless, at the beginning of 2019, a domestic company launched a domestic car and motorbike product, which is expected to reduce imports in this category.

Followed by wood products accounted for 2% with \$ 4.9 billion. And finally, other items with 5% of the 100% total value of \$ 10.9 billion.

3.6 The geographical structure of Vietnam in foreign trade

One highlight on this table is that Vietnam imports goods from China, with 65.4 billion dollars in 2018, higher 6,8 billion dollars than in 2017 (58,6 billion dollars), that is the biggest gap between the top 10 countries importing into Vietnam. China is a place where there are many products that are favored by Vietnamese consumers because of their low cost, and high profits for businesses.

Followed by Korea with 47.5 billion dollars compared to the previous year (47 billion dollars) just over 0.5 billion dollars that Korea became Vietnam's second-largest trading partner. Korea's import speed was a bit slow and predictable in retrospect to the import situation next year which could be equal to 2018. The products from Korea that Vietnam imported are mostly computers, electronics (15.33 billion USD), machinery and equipment (8.63 billion USD), phones of all kinds and components (6.18 billion USD), fabric (2.04 billion USD), petroleum (1.91 billion USD)

Third is Japan with 19 billion dollars and 2017 was 17 billion dollars, which rose 2 billion dollars with an 89.5% growth rate of import. For imported products from the Japanese market, machinery, equipment, tools, and spare parts ranked at the top of total high-value products, which reached approximately \$ 7 billion. In addition, there are some products such as seafood products, dairy products, paper, fibers, textile fibers, iron and steel scrap. However, there were a number of goods that fell sharply including cars decreased by 83.7%, reached 0.7 billion USD, electrical appliances and components declined by 26.7%, got USD 0.4 billion and were awake animal feed dropped 57.1%, held on 0.08 billion USD.

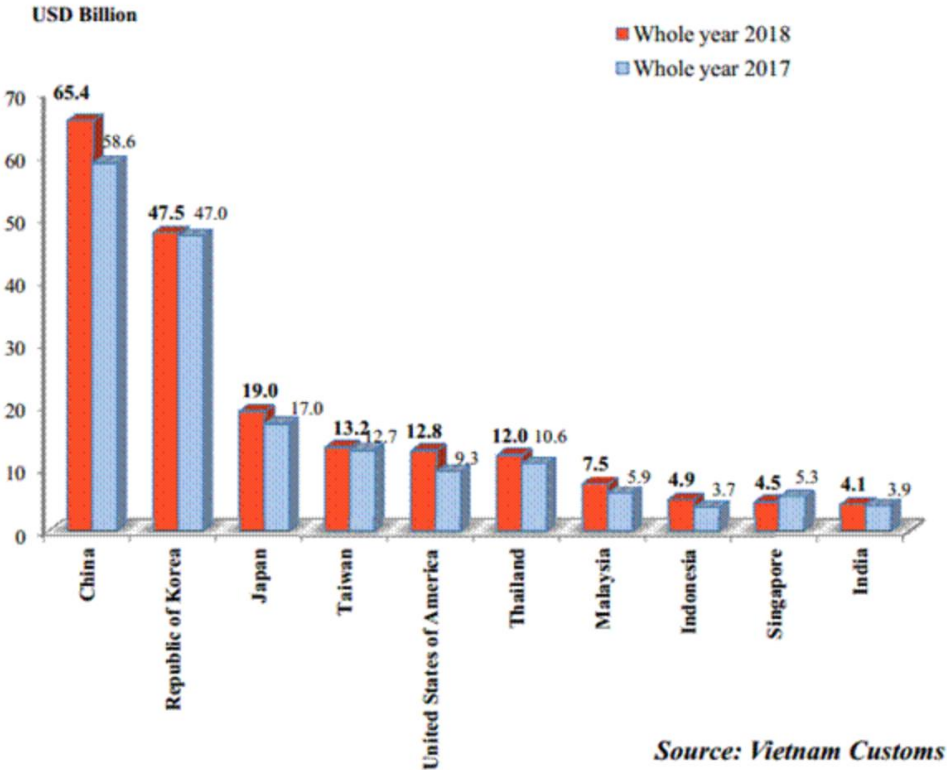
The next position belongs to Taiwan, with the same situation in Korea's import gap between 2017 and 2018 is only half a billion dollars, with 2018 reaching 13.2 billion

dollars. As well as other exporting countries for Vietnam, the leading group of computers, electronic products and components accounted for over 25.9% but decreased 2.7% compared to 2017. Followed by textiles and garments accounted for 12.6%, then machinery and equipment amount of 11.5%, plastic and iron materials illuminated for 16.5%

Notably, the United States ranked fifth in the top 10 importers in Vietnam, which has the world's largest source of export, with \$ 12.8 billion rose \$ 3.5 billion in 2017 (9,3 billion dollars). followed by ASEAN countries such as Thailand, Malaysia, Indonesia and Singapore, with almost all four countries (except Singapore) having a total import value increased compared to the previous year, 12 billion USD, 7.5 billion \$ 4.9 billion and \$ 4.5 billion respectively. the decline in imports from Singapore which the gap between 2018 and 2017 was 1,2 billion dollars. Due to the decline in electronic and pharmaceuticals export, as well as the US-China tension in 2018 making a trade-based country also affected. The last position is India, with an improvement in value of \$ 0.2 billion from 2017 with \$ 3.9 billion.

Finally, goods from India mainly strongly imported machinery and equipment, iron and steel, seafood, textile and cotton materials, and accessories. However, for steel products, there was a high decline from 59.94% to 50.66%, equivalent to 548.1 thousand tons, worth 355.9 million USD. There was also a sharply reducing automobile imports, down 98.89% in volume and 80.77% in value, equivalent to 62 units worth USD 6.56 million.

Chart 5: top 10 main importing markets of Vietnam in the whole year 2018



With exports, the United States of America took first place, the highest export value within 1 year since 2017 with the beginning of 41.6 billion dollars to 2018 of 47.5 billion dollars 87.6% growth. Most of goods exported rose in turnover were iron and steel increased the most by 96.2%, reaching 0,8 billion USD. Moreover, there were some products that had a big turnover export: fibers (up 91%, reaching USD 0.47 billion); animal feed (up 54.8%, reaching 0.4 billion USD); machinery, equipment, tools and spare parts (up 38.9%, reaching 3.08 billion USD).

In contrast to China's top-ranking imports, exports are second only to \$ 41.3 billion compared to 2017's \$ 35.4 billion, a growth rate of 85.7%. Thus, Vietnam exported USA more than \$ 6.2 billion to the export market to China. In which, the market for Vietnamese vegetables and fruits imports ranked first with 73.3% of total export value to China.

In both export and import sides, Japan remained third with 18.9 billion dollars, which was higher than 2 billion dollars in 2017 (16.9 billion dollars). In October 2018, it was noted that textile and garment export reached USD 3.132 billion, up 24.6%; seafood products got 1.129 billion USD, rose 5.6%; electric wires and cables upward trend by 21.5% to USD 0.3 billion. In addition, exports of pepper, cashew nuts, coffee beans, vegetables have a total of nearly 0.3 billion dollars.

In Korea in 2010, it reached 14.8 billion dollars, up from 2018 to 18.2 billion dollars, the growth rate was 81.3%. The main items imported are types of phones and components, computers, electronic products & components, textiles and cameras, camcorders and components.

In Hongkong, it just had 8 billion dollars which less than half of the total value of export in Korea. The change from 2017 and 2018 in Hongkong just a little from 7,6 billion USD to 8,0 billion USD. In specifically, Vietnam's leading export turnover group in Hongkong in 2018 was computers, electronic products, and components, with a turnover of 2.26 billion USD, accounting for 28.36% of the total Vietnam's export turnover of goods in this country, increased around 22% compared to 2017. Second is phones and accessories, equal 22.41%, similar to 1.78 billion USD. Within \$ 1.30 billion, accounting for 16.30% of the total turnover of cameras, camcorders and accessories ranked the.

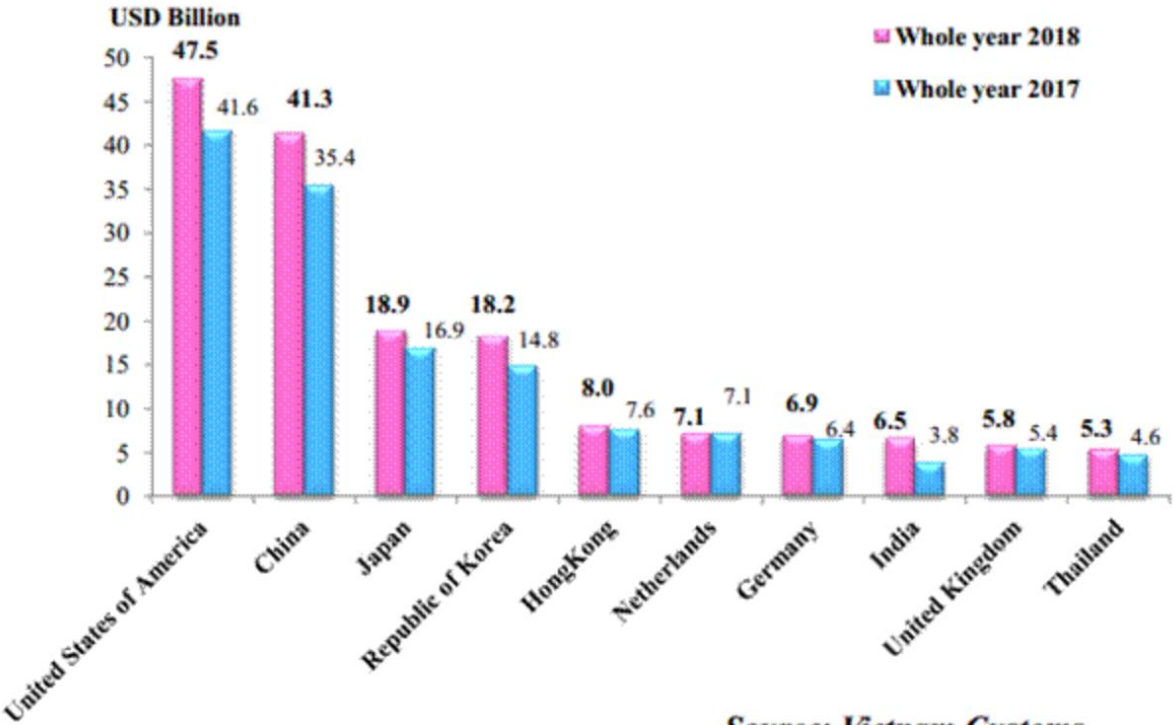
In the EU market, there are three countries at the top were the Netherlands, Germany and the UK, with export value at 7.1 billion USD, 6.9 billion USD and 5,8 billion USD. Almost the value of the two-year difference is very little or zero (like the Netherlands) because the strict European consumer protection policy quite high, making it difficult for products made in Vietnam because the quality is not standard. Some imported merchandise to Europe such as textiles, computers, electronic products & components, agricultural products, machinery, equipment, tools and other spare parts, footwear and aquatic products.

In India exports from Vietnam reached 6.5 billion dollars, there was an upward trend of 74.2% from the 3.75 billion USD of 2017. With machinery, equipment and spare parts evaluated 1.7 billion dollars, the amount of approximate 25.97% of Vietnam's total export turnover to India, rose 426.86% over the previous year. In second place is mobile phones and components exports of 0.81 billion USD, computers, electronic

products and components in the next position, reaching 0.8 billion USD, climbed 63.04%; for metal 0.57 billion USD, grew up 23.49%.

Thailand stood at the bottom of the top 10 with \$ 4.6 billion in 2017 and increased to 86.8% in 2018 to reach \$ 5.3 billion. Because of the same natural and economic conditions, the products exported to Thailand are not much, but still, are electronic products for phones and cameras.

Chart 6: top 10 main exporting markets of Vietnam in the whole year 2018



4. Practical part

4.1 Export and Import

After regaining its independence from the war with America and recovering, the economic growth of Vietnam in general and the foreign trade in particular had a remarkable change. From a trade deficit country to a trade surplus, it proved a tremendous economic development that impacted the commonwealth of nations to consider Vietnam as a strategic partner country for the future. Therefore, I choose the factors of the balance from export minus import and GDP to analyze the development in the period 2000 to 2017 proving the transformation of foreign trade in Vietnam.

TABLE 6: GPD AND THE BALANCE (EXPORT – IMPORT) FROM 2000 TO 2017 (MILLION DOLLARS)

	Balance (X-M)	Annual GDP
2000	-1153,8	31176
2001	-1188,7	32524
2002	-3039,5	35097
2003	-5106,5	39563
2004	-5483,8	4952
2005	-4314	57648
2006	-5064,9	66393
2007	-14203,3	7752
2008	-18028,7	98269
2009	-12852,5	101634
2010	-12601,9	112771
2011	-9844,1	134598
2012	748,8	155483
2013	0,3	170444
2014	2368	185759
2015	-3759,2	191288
2016	1602,4	201326
2017	2915,4	220376

²²

In this section, it will conduct the balance of statistics in Vietnam between 2000 and 2017 (according to the data of each year) and use the data from Table 5: Exports and imports of goods by Items, year (million USD) of the statistics of Vietnam. More addition, in annual GDP column will be collected in the website. There are 18 observations with the unit in million USD. In this forecast is applying a linear regression model which have the trend function basically is:

²² product, G. (2019). *Vietnam GDP - Gross Domestic Product 2018*. [online] countryeconomy.com. Available at: <https://countryeconomy.com/gdp/vietnam> [Accessed 13 Mar. 2019].
General Statistics Office of Vietnam. (2019). [online] Available at: http://www.gso.gov.vn/default_en.aspx?tabid=780 [Accessed 27 Feb. 2019]

$$Y' = a + b * x (1)$$

whereas:

- "a" is a constant
- "b" is a parameter of received
- "y' " is a depended variation of GDP
- "x" is an independent variable of the balance (X-M)

TABLE 7 LINEAR REGRESSION RESULTS IN EXPORT

Parameter Estimates		
Variable	Parameter Estimates	Pr > t
Intercept	125436	
Balance (X-M)	4.61530	< 0.0001

Source: The data is calculated in Sass Enterprise 7.1

When analyzing, it gives two hypotheses with significant level 5% ($\alpha = 0.05$). And the null and alternative is formatted as follows:

$$H_0: \beta_1 = \beta_2$$

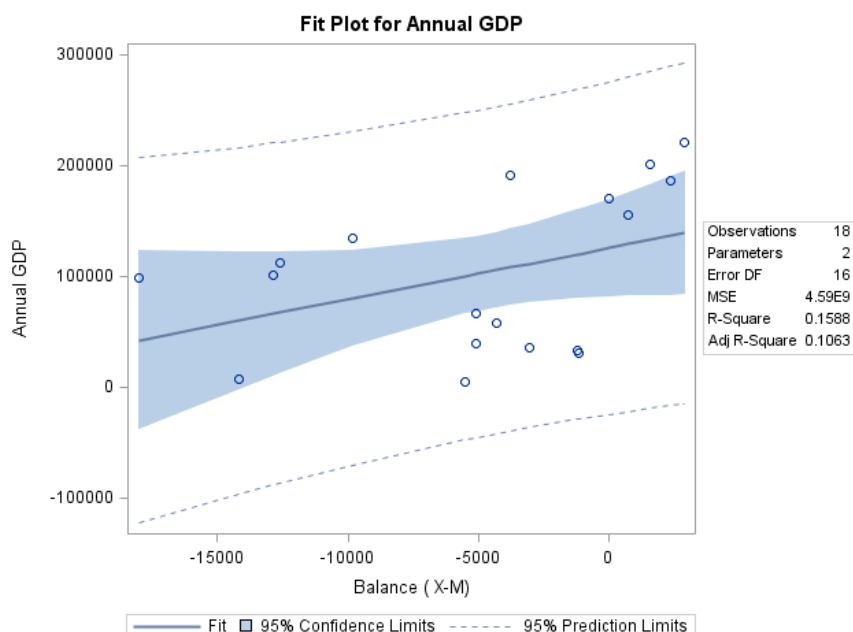
$$H_1: \beta_1 \neq \beta_2$$

From the computer system, the data is calculated, it has an equation as follows:

$$y' = 125436 + 4.6x (2).$$

In equation (2), depending on the table (6), it is also shown that if the export turnover of Vietnam rises or reduces by \$ 1,000, the total value will increase or decrease to $b = 4600$ thousand USD. The purpose to compares with α and the P-value to know the rejection or acception between two hypotheses. In the table 6 illustrates P-value equals 0,001, it means P-value lower than α ($0,0001 < 0,05$) so we rejected the hypophtheses. It can be conclude, there is significant different of million USD between GDP and the balance (export – import).

Chart 7: Fit Plot for GDP



In the sixth chart, it was very clear, in general, there was a moderately rise from 2000 to 2017. However, in the middle section, it was down surged the lowest by some impacts but then increases dramatically. The chart shows that the development was uneven in growth but still in a positive trend. In overall, it can be seen that Vietnam's foreign trade development is accelerating especially after its accession to the WTO.

4.2 The connection between price of the rice per month and exchange rate in VND and USD

The typical product of export is rice which has always been in the top 3 of the world's largest exporters for many years. the reason I chose the exchange rate from US dollars to Vietnam Dong for rice is because rice is one of the key agricultural products exported worldwide and especially accepted in the US market - One of the most difficult export markets for Vietnam. Below is the export price table for Vietnamese rice in US dollars from January 2018 to February 2019, with a total of 14 observations. As well as how much the price is from US \$ 1 to how much VND is. Data will be collected and used Sass Enterprise Guide 7.1 software to calculate. In this case, using Linear Regression function has the following form:

$$y' = a + b * x$$

Whereas:

- "x" is the exchange price from USD to VND (explanatory variable)
- "y" is the price of rice (depended variable)
- "a" is a constant
- "b" is a parameter of received growth rate

TABLE 8: RICE PRICE AND RATE BETWEEN USD AND VND FROM 2018 TO FEBRUARY 2019

Year	Month	Price in rice per ton in USD	USD to VND
2018	January	412	22710.0
	February	436	22757.0
	March	427	22794.0
	April	451	22763.5
	May	451	22806.0
	June	431	22958.5
	July	398	23283.0
	August	405	23304.0
	September	405	23327.5
	October	410	23345.5
	November	402	23317.5
	December	404	23195.0
2019	January	410	23199.0
	February	411	23200.0

When analyzing, the significant level is determined $\alpha = 0.05$ then the argument for two hypotheses is that the first case is equal, the second case is not equal to the following:

$$H_0: \beta_1 = \beta_2$$

$$H_1: \beta_1 \neq \beta_2$$

TABLE 9: LINEAR REGRESSION OF RICE PRICE AND EXCHANGE RATE

Parameter Estimates		
Variable	Parameter Estimates	Pr > t
Intercept	27771	
t	-11,24884	< 0.0007
R ²	0,6315	

Source: The data is calculated in Sass Enterprise 7.1

After entering the data and calculating on the software, we get the function in the form $y' = 27771 - 11.25 * x$ (3), it means that when the USD goes up or drops down to 1 dollar, the explanatory variable will be changed $b = -11.25 * 1 = -2782.25$ VND. The coefficient of determination ("R²") equals to 0.6315. And finally, P-value $p = 0.0007$ with the determination of whether or not to receive these null hypotheses. In this case, alpha is greater than p-value, so deny these null hypotheses. with the conclusion that there is a significant relationship between the price of rice and the exchange rate from USD to VND.

4.3 SWOT analyse

The following is an analysis of the situation of Vietnam's foreign trade in terms of strengths, weaknesses, opportunities and threats.

²³ Fao.org. (2019). *EST: FAO Rice Price Update*. [online] Available at: http://www.fao.org/economic/est/publications/rice-publications/the-fao-rice-price-update/en/?fbclid=IwAR2IoE2Mvr6-gkoTbHQ3DvaFCbwGXKaGfMAHHH11f8Jfj_NH6GfmU6MwPbc [Accessed 27 Feb. 2019].

Investing.com. (2019). *USD VND Historical Data - Investing.com*. [online] Available at: https://www.investing.com/currencies/usd-vnd-historical-data?fbclid=IwAR11s3sciQpMlxIL811XuxS_oKTTeDzadvsMT9ZxTVte71W-s3vXtwMgDi0 [Accessed 27 Feb. 2019].

Strengths	Weaknesses
<ul style="list-style-type: none"> • The geographical position is advantageous to trade with neighboring countries and develop shipping industry by sea. • Abundant mineral resources, many agricultural and fishery products suitable to manufacture for industry. Cheap and abundant human resources. • Vietnam is a developing country with many economic agreements to collaborate developed countries like the US, Europe, Australia as well as organizations like WTO and APEC. • Stable social and political environment. 	<ul style="list-style-type: none"> • Workers qualification is still low, productivity is not high, so the production of goods is not much. • Structure of exports, raw products, heavily dependent on imported raw materials. Export items have input materials from import. • The competitiveness of domestic enterprises is not high. • Tax evasion and smuggling are still widespread.
Opportunities	Threats
<ul style="list-style-type: none"> • Growth to attract investment from abroad such as Korea, Japan and Taiwan This is a great opportunity to learn how to manufacture the high-tech products. • The signed organizations and agreements create opportunities for Vietnam's foreign trade market to strengthen and enhance its competitiveness. 	<ul style="list-style-type: none"> • The relationship between Vietnam and China has gradually deteriorated due to disputes over the change of the South China Sea, leading to many impacts on Vietnam's import and export. • Export products from Thailand have a fierce competition both in domestic and foreign markets.

At the table above shows that Vietnam has a strong opportunity to develop both foreign trade and economy. The strengths and opportunities to utility significant for achievement in economic success but not yet stand out in the international market. In weaknesses and threats, the majority lies in the administration and policies of the government. In the future, Vietnam's foreign trade market will face many challenges, especially competing with Thailand and China

Geographically, the bottom of China and the developed countries of Asia such as Japan, Korea, Hong Kong, Taiwan, Singapore and Thailand bring many benefits for trade as well as in business because there are many things in common such as culture, religion, low time zone difference. Notwithstanding, the geographical advantages also

bring many challenges to Vietnam. Thai products are rated higher than Vietnamese products because of their designs, quality and price. For example, almost the fish sauce on supermarkets in the Europe comes from Thailand because they get the European requirements for health and safety, but in fact the fish sauce originates from Vietnam. In addition, Located next to the Chinese giant economic giant, Vietnam is heavily effect by economy, foreign trade and services as well as politics and military. In Korea, Japan, and Taiwan, there are well-known technical brands in the world, this is a great opportunity to collaborate and learn how they produce technology.

A strong point that foreign companies tend to shift production from China to Vietnam because of cheap and diverse labor. This is a way to increase GDP per capita, cause the development of the economy. Because of state policies and education, the quality of labor is still lower than the average level of other Southeast Asian countries. the government should have another way of educating and recruiting talented people.

As a country with a communist party, it is a stable politics without major political changes so giving domestic and foreign enterprises the safety when not having any big happenings affecting the business. However, the policy to protect businesses and consumers is unclear on tariffs. Therefore, the government should adjust its economic and foreign trade policies to suitable with its business activities and international rules. With the purpose, facilitating market expansion and cooperation agreements, organizations and other countries.

5. Conclusion

From the analysis of the thesis on foreign trade in Vietnam, we can see briefly that the foreign trade situation has a clear growth. From a country that was then wiped out of war after being punished by most countries in the world, especially a huge economic monument like the United States. Since then Vietnam had to close the market and change all policies. After 29 years, started from the reopening day, Vietnam from an underdeveloping country with an economic structure that has become successful agriculture is a developing country with a structure of industrial goods. As well as from trade deficit, recently into a surplus economy. Even though the import index is low, but the turnover is still rising.

During the period from 1985 to 2019, there were two large-scale global economic recessions. Firstly in 1997, there was also a slight impact on the foreign market in Vietnam with a slight fluctuation, but overall, the whole was still in the countries that held the economy in that time due to the right foreign trade policy of the state apparatus. However, in the global economic crisis of 2008 - 2009, Vietnam had a deep impact, made the import and export balance reach the lowest level in 29 years from the economic opening day. After a few years, the balance of imports became balanced and until now it became a positive figure.

The rapid growth must be developed against foreign trade, especially after the introduction of WTO, creating favorable conditions for Vietnam to develop. After the introduction of WTO in 2007, the relationship with foreign countries grew up and tightened especially in the US and EU markets, making export turnover increasing, FDI inflows into the country more, when joining this organization, Vietnam also has to change many tariffs and taxes to create good conditions for foreign trade to be easy.

In the 1990s to 2000, the major exports were crude oil and minerals, both to gain more revenue to develop the country. Although the value of the product is not yet high, it is strong that the foreign trade value of Vietnam goes up as well as stood firm in the economic downturn in 1997, greatly affected the market of Southeast Asia, Asia and Europe and America. In addition, the second major item is agricultural products of rice. After 2000, Vietnam began to integrate with the world, large foreign enterprises and FDI started to enter the Vietnamese market, facilitating industrialization. Exports have changed, of which products for phones, computers, cameras and accessories have become the main export items with the figure up to 47% (2018) in the total export. Followed by garment products such as clothing, footwear, although the products are derived from foreign companies with FDI capital, the garment market of Vietnam was gradually well known. Besides agricultural products, there are many other products such as tea, coffee, rubber, pepper, tropical fruits. The export of crude oil and minerals did not take the first place, the latter ranked fourth in 2018. It all shows the growing development of foreign trade in Vietnam.

In this import section, although Vietnam exports a large number of electronic products such as telephones, cameras, computers and even clothing, it could not be able to make components and materials, rough like screws, cloth. Followed by oil and gas products, especially petroleum, because of the lack of high machinery level in order to the demand of the domestic market.

The foreign trade market in Vietnam is also subject to remedial weaknesses. The first is that the size of foreign trade is still not as big as other Southeast Asian countries like Singapore, Malaysia and Thailand. The management of government officials has yet to achieve professionalism. Foreign trade policies have been overcome but still cause difficulties for domestic and foreign enterprises. The strength of the products produced in Vietnam in the international market is still not high due to low quality, not eye-catching designs.

There are also some advantages in Vietnam's export and import market, such as the rapid growth of foreign trade from the \$ 40 billion per sector (1985) to 2018, which has reached more than \$ 400 billion. The market has been expanded with more and more improved policies, more and more relations among other countries have created conditions for a country to integrate quickly.



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