

20 YEARS OF PARTICIPATION OF
VIET NAM IN ASEAN
AND
THE IMPLEMENTATION PROGRESS TO
ACHIEVE AEC BLUEPRINT 2025

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I. VIET NAM'S ACHIEVEMENTS AFTER 20 YEARS OF PARTICIPATION IN ASEAN

1. TRADE

	1995	2015	Annual growth rate
Export	1 bil. USD	18.3 bil. USD	13.4%
Import	2.3 bil. USD	23.8 bil. USD	17.1%
Total Trade	3 bil. USD	42.1 bil USD	14.5%

I. VIET NAM'S ACHIEVEMENTS AFTER 20 YEARS OF PARTICIPATION IN ASEAN (CONT.)

* INVESTMENT

- 8 ASEAN countries invest to Viet Nam:

FOREIGN DIRECT INVESTMENT IN VIET NAM BY COUNTRY

(accumulated valid projects until 20 Dec 2015)

No	Investor	No. of project	Total registered investment capital (Mil. USD)
1	Korea	4.944	44.900,59
2	Japan	2.883	38.410,86
3	Singapore	1.526	34.716,33
7	Malaysia	23	13.417,03
11	Thailand	15	7.360,01
20	Brunei Darussalam	81	1.845,79
30	Indonesia	45	396,34
32	Philippines	73	328,61
49	Laos	10	75,10
52	Cambodia	12	52,62

II. IMPLEMENTATION PROCESS AND RESULTS OF VIET NAM TOWARD AEC BLUEPRINT 2025

THE 1ST PILLAR: SINGLE MARKET AND PRODUCTION BASE

1. Trade in Goods:

- **The removal of tariffs: *The ASEAN Trade in Goods Agreement (ATIGA) in 2010***
 - ASEAN average 95,99% of tariff lines at 0%
 - ASEAN-6: 99,20% - The CLMV: 90.86% - Viet Nam: 95,5% in 2015 (after Singapore) and 98,27% by 2018
- **The removal of non-tariff barriers:** enhance transparency, facilitate regional rules, regulations and standards → MSMEs toward regionally and/or international standard
- **Streamline and simplify administrative regulatory regimes, document requirement and import/export procedure**
- **Integrating customs procedures:**
 - ASEAN Single Window: Viet Nam, Brunei, Indonesia, Malaysia, Philippines and Singapore are implementing entire or some parts of National Single window regime establishment.
 - Rules of Origin: in progress of implementing some pilot projects of self-certificate program.

THE 1ST PILLAR: SINGLE MARKET AND PRODUCTION BASE (cont.)

2. Trade in Services:

- **ASEAN Framework Agreement on Service (AFAS):** to broaden the coverage and reduce the limitations on market access and national treatment across services sectors → beyond similar efforts at the WTO: 4 priority service sectors:



- E-ASEAN



- Tourism

For the important and sensitive service sectors (finance, banking, telecom, distribution, etc.) → similar in WTO.



- Healthcare



- Logistic service

THE 1ST PILLAR: SINGLE MARKET AND PRODUCTION BASE (cont.)

3. Investment environment:

➤ The establishment of an open, transparent and predictable investment regime in the region - **ASEAN Comprehensive Investment Agreement (ACIA)**

Viet Nam's commitment is lower than the current internal situation:

- Broaden the definition of investors
- Prohibit all business requirements for investment
- Investor-state dispute settlement mechanism;
- 2 annexes and 1 reserved list

II. IMPLEMENTATION PROCESS AND RESULTS OF VIET NAM TOWARD AEC BLUEPRINT 2025 THE 2nd PILLAR: COMPETITIVE ECONOMIC REGION

➤ Focus on some critical matters:

- Competitive enhancement
- Infrastructure development:
- Consumer protection
- Intellectual property right

- **Energy:** Energy security, effective usage of energy and sustainable energy development (ASEAN electricity network, clean coal technology, recycle energy, etc.)
- **Initiatives:** ASEAN connectivity through rail, Greater Mekong Sub-region (GMS), etc.

THE 3rd PILLAR: EQUITABLE ECONOMIC DEVELOPMENT

- **SME development:** optimizing the diversities of ASEAN member countries.
 - Facilitating SMEs to access the information, market, human resource development and skills, finance and technology
 - Promoting networking of SMEs and their participation in the building of regional production and distribution network
- **Initiative for ASEAN Integration (IAI) :** To narrow the gap of development between ASEAN6 and CLMV and with the world as well.
 - Identifying and implementing technical assistance and capacity building programs
 - ASEAN6 support
 - Measures for market and capital approaches, technology exchange, etc.

THE 4st PILLAR: INTEGRATION INTO GLOBAL ECONOMY

- **Outward Approach:** for capital, technology and exporting market
 - FTA: ASEAN +1
 - RCEP
 - USA, EU, Canada and Russia

- **Enhanced participation in global supply network**
 - Adoption of international best practice and standards in production and distribution

II. AEC - OPPORTUNITIES AND CHALLENGES FOR VIETNAMESE SMEs

1. OPPOTUNITIES

a. Market expansion

- Form 90 bil to more than 600 bil people
- Removal of tariff barrier, reduction of non-tariff barrier will speed up the flow of goods, service, capital, labour and technology in the region.

b. Regional market linkage

- Opportunities for SMEs to approach the inputs of goods and services at lower prices → reduce the price of products → increase the competitiveness and expand the market.

c. Access of skilled labour

- To increase the competitiveness and productivity of labour

II. AEC - OPPORTUNITIES AND CHALLENGES FOR VIETNAMESE SMEs

1. OPPOTUNITIES

d. Foreign investment attractiveness

- Production chain in different member countries
- To increase the wage and productivity for labours

e. One single financial and capital market

- Liberalization of financial service and capital account
- To increase the size and liquidation of the local market
- More choice of capital management tools
- To increase possibility of risk management
- Opportunity for financing and banking sectors

f. Strategic geography of ASEAN

g. Stabilization of macro economic

II. AEC - OPPORTUNITIES AND CHALLENGES FOR VIETNAMESE SMEs

2. CHALLENGES

- a. Competitive pressure**
 - Limited competitive capability
 - Pressure on some industries (i.e. textile and garment)
- b. Cheap labour, economic environment and stable politic situation may not be not longer the competitive advantages**
- c. Vietnamese enterprise may not explore all advantages of FDI**

IV. INITIATIVE MEASURES TO SUPPORT SMEs

1. To review and improve the regulation system → to increase the transparency and to improve the investment environment
2. Long-term capacity building for Vietnamese businesses and labour
3. To emphasize to information propaganda mission, to improve businesses awareness and social consent toward AEC blueprint 2025
4. Encourage businesses to approach and study necessary information for better preparation



THANK YOU!