

Factors leading to increased Trade and Investment Impacts on Vietnam Economy

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Main Content

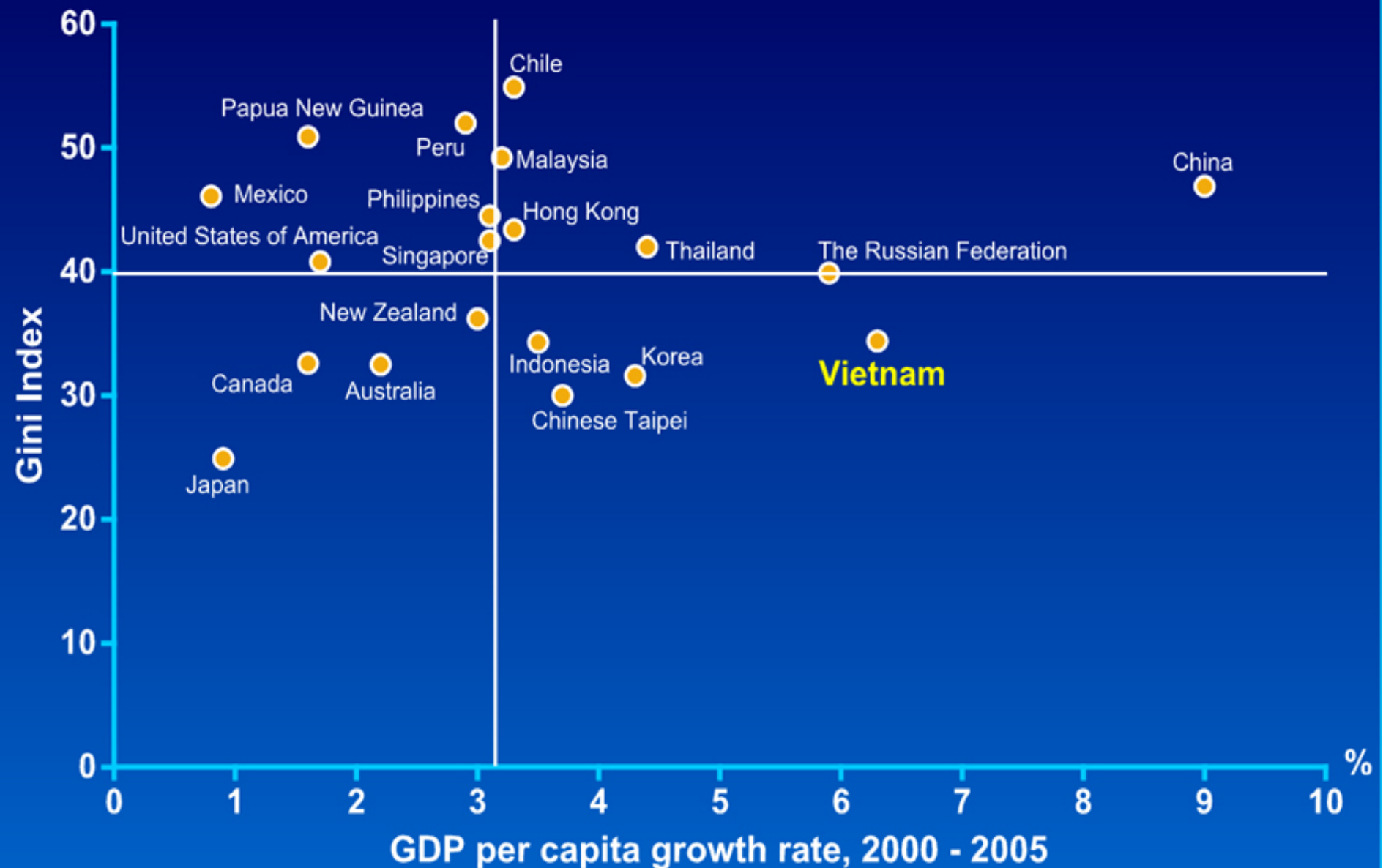
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Vietnam in APEC

Some Socio-Economic Indicators of 21 Economies in APEC (2005)

	Population (mill)	GDP per capita (USD)	GINI Index	GDP growth rate (%)	FDI inflow	Export (Mill. USD)
Australia	20.3	34,714	35.2	3.2	40946	105,825
Brunei Darussalam	0.4	15,764	NA	NA	NA	6,369
Canada	32.2	34,273	32.6	2.5	33822	359,399
Chile	15.5	7,214	54.9	4.3	6667	40,574
The P R of China	1,307.4	1,703	46.9	9.6	72406	761,954
Hong Kong	6.9	25,444	43.4	4.3	35897	292,119
Indonesia	242	1,259	34.3	4.7	5260	86,226
Japan	127.5	35,787	24.9	1.4	2775	594,905
The Republic of Korea	48.5	18,320	31.6	4.6	7198	284,419
Malaysia	25.9	5,040	49.2	4.8	3967	140,949
Mexico	106.2	7,298	46.1	1.9	18055	213,711
New Zealand	4.1	26,441	36.2	3.7	1603	21,729
Papua New Guinea	5.9	666	50.9	1.6	32	1,688
Peru	27.9	2,812	52.0	4.3	2579	17,206
Philippines	87.9	1,159	44.5	4.7	1132	41,255
The Russian Federation	143.4	5,369	39.9	6.2	14600	243,569
Singapore	4.3	26,835	42.5	4.2	20083	229,469
Chinese Taipei	22.6	15,120	NA	NA	1625	NA
Thailand	65.5	2,577	42.0	5.4	3687	110,110
United State of America	296.4	42,101	40.8	2.6	99433	904,383
Vietnam	83.8	640	34.4	7.5	2020	31,625

GINI Index and GDP per Capita Growth Rate



Brief Summary of Development History

- **Total area: 329,314 km²**
- **In 1990**
 - Population: 66 Mil.
 - GDP per capita: US\$ 124
 - Export: US\$ 2.4 Bill.
 - Domestic saving: 2.9%GDP
- **In 2006**
 - Population: 84.2 Mil.
 - GDP per capita: US\$ 724
 - Export: US\$ 39.6 Bill.
 - Domestic saving: 31%GDP

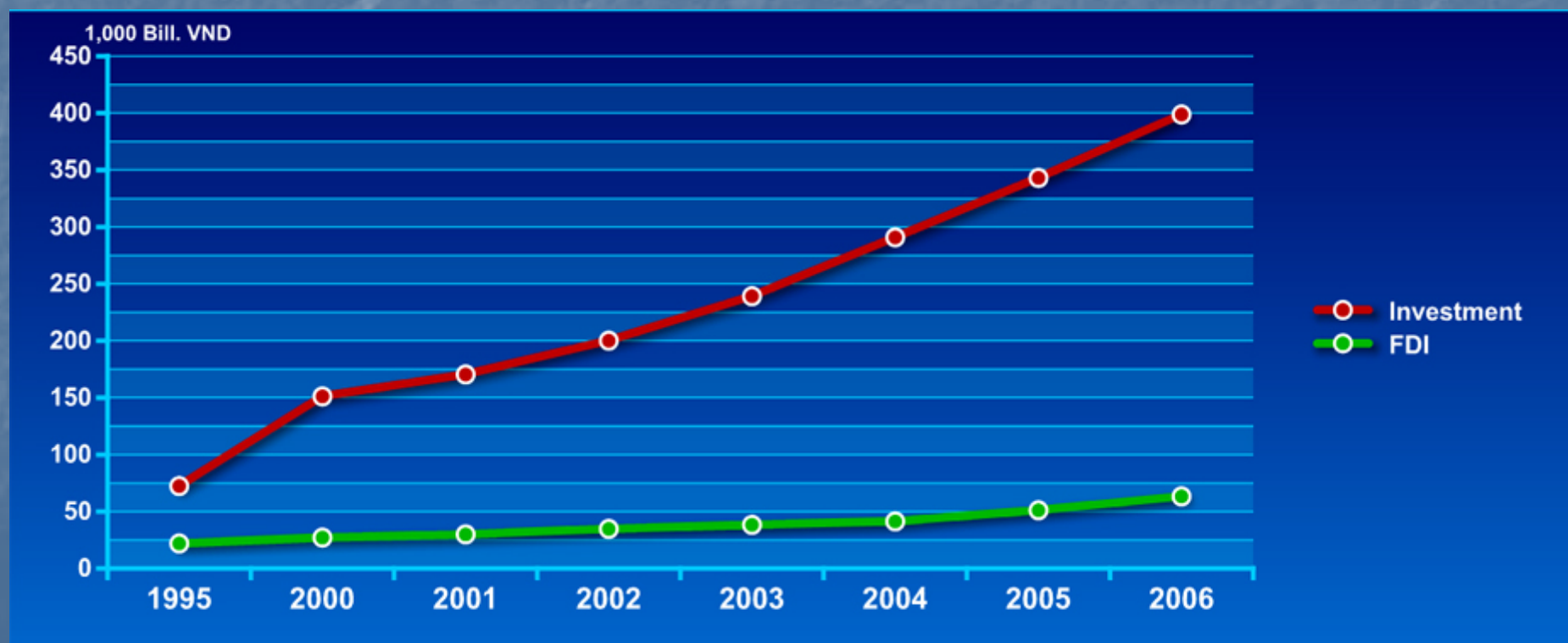


Factor Investment to capital in 1995-2006 period

Unit: 1,000 bill VND

	1995	2000	2001	2002	2003	2004	2005	2006
Investment	72.447	151.183	170.496	200.145	239.246	290.927	343.135	398.900
FDI	22.000	27.172	30.011	34.795	38.300	41.342	51.102	63.300
Inv./GDP (%)	31.6	34.3	35.4	37.4	39.0	40.7	40.9	41.0

Source: Statistical Yearbook of Vietnam 2006



Export and import turnover, 1995-2006 period

Unit: 1,000 bill VND

	1995	2000	2001	2002	2003	2004	2005	2006
Export	75.160	243.049	262.846	304.262	363.735	470.216	582.069	715.369
Import	95.925	253.927	273.828	331.946	415.023	524.216	617.157	747.840
Ex./GDP (%)	33	55	55	57	59	66	69	73
Imp./GDP (%)	42	57	57	62	68	73	74	77

Source: Statistical Yearbook of Vietnam 2006



Factors leading to increased Trade and Investment

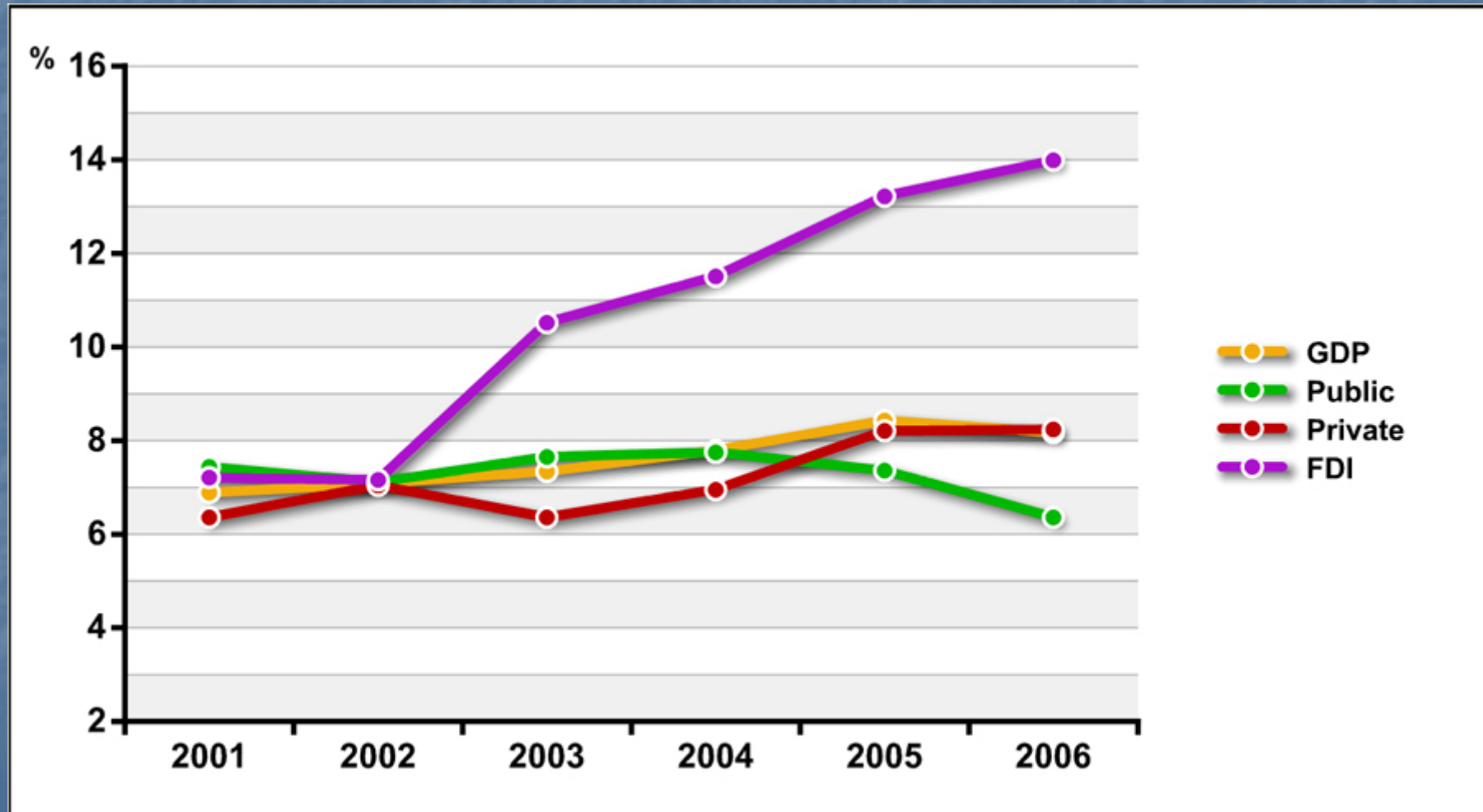
- Vietnam's "open door" policy, which has been translated into cooperative relations in development investment and export-oriented economic policies.
- Vietnam's legal framework has been improved to create favorable investment and business environment for both domestic and foreign enterprises.
- Vietnam's socio-economic infrastructure has been gradually improved. The systems of roads, railways, air ports, sea ports, post and telecommunication services, banking services... have been developed and upgraded. Vietnam's seaports that are out gates of East-West Economic Corridors have been upgraded in the GMS cooperation framework. Development of industrial and export-processing zones has been paid much attention to provide good infrastructural environment for investors. Up to March of 2007. There have been 145 industrial and export-processing zones, with the total area of 30926 hectares; these zones have attracted 5098 projects, with the total capital of USD 22.789 Bill and VND 135670 Bill. Vietnam's Government has decided to build 11 industrial parks in provinces being in difficulties of infrastructure with a view to helping these provinces attract domestic and foreign investors.

Factors leading to increased Trade and Investment

- Vietnam has young population and abundant human resource. The policy on socialization of training activities has facilitated development of training schools in areas where concentrated many industrial parks. Some Korean and Singaporean training schools in Vietnam have provided trained labor for foreign-invested enterprises and for export.
- Vietnam is relatively rich in some natural resources. Its tourism resources are also abundant, the tourism infrastructure has improved. With seven sites being recognized by UNESCO as the world heritages, Vietnam has become a destination of many international tours.
- Vietnam is a populated country (over 84 million people); moreover, in the domestic market, the number of people with middle income has been on the increase. All this is an attractive factor for foreign investors.

Impacts of Integration and Liberalization on Vietnam Economy

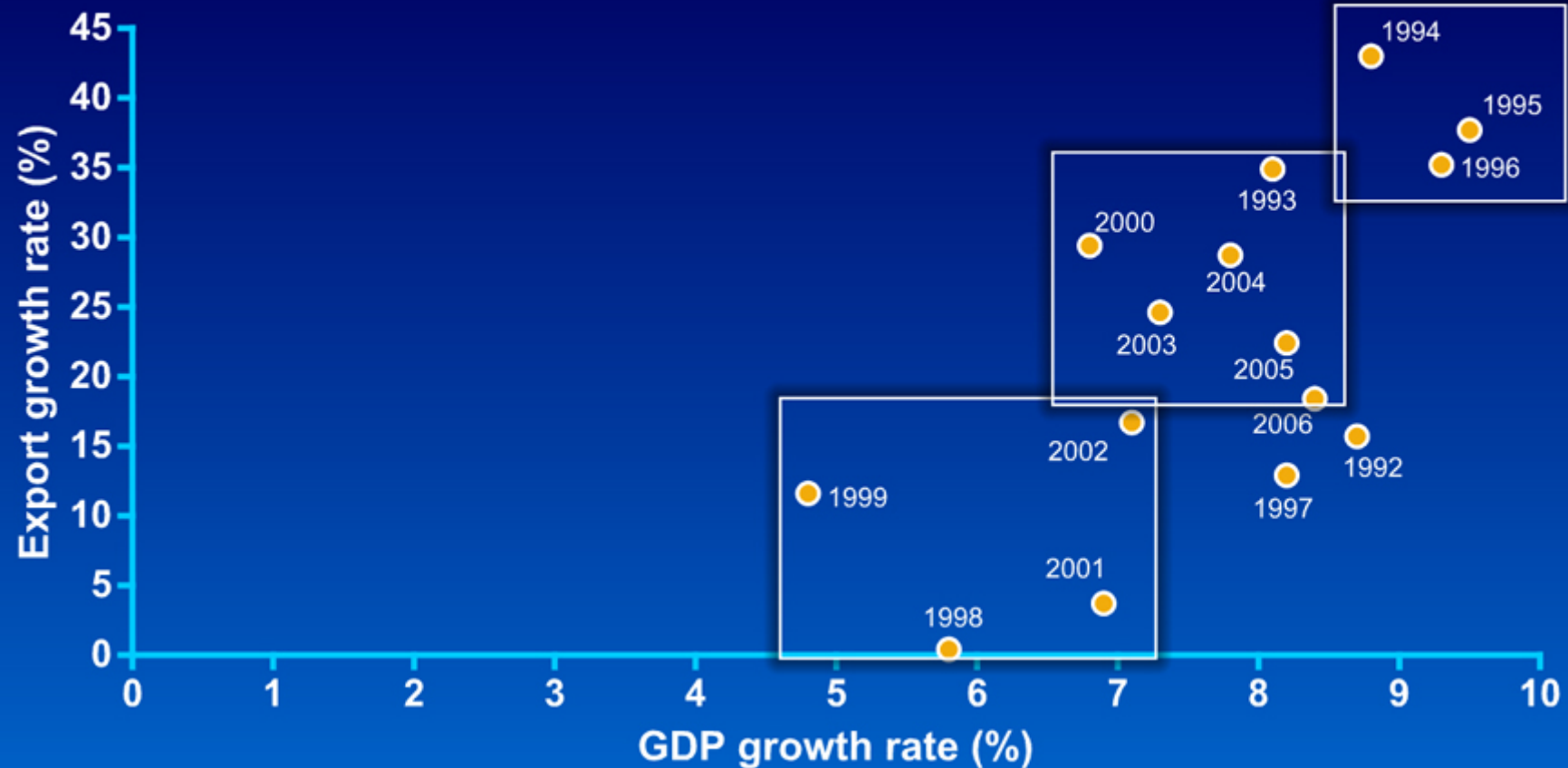
GDP growth rate, 2000-2006 period (%)



Impacts of Integration and Liberalization on Vietnam Economy

Export growth and GDP growth (%)

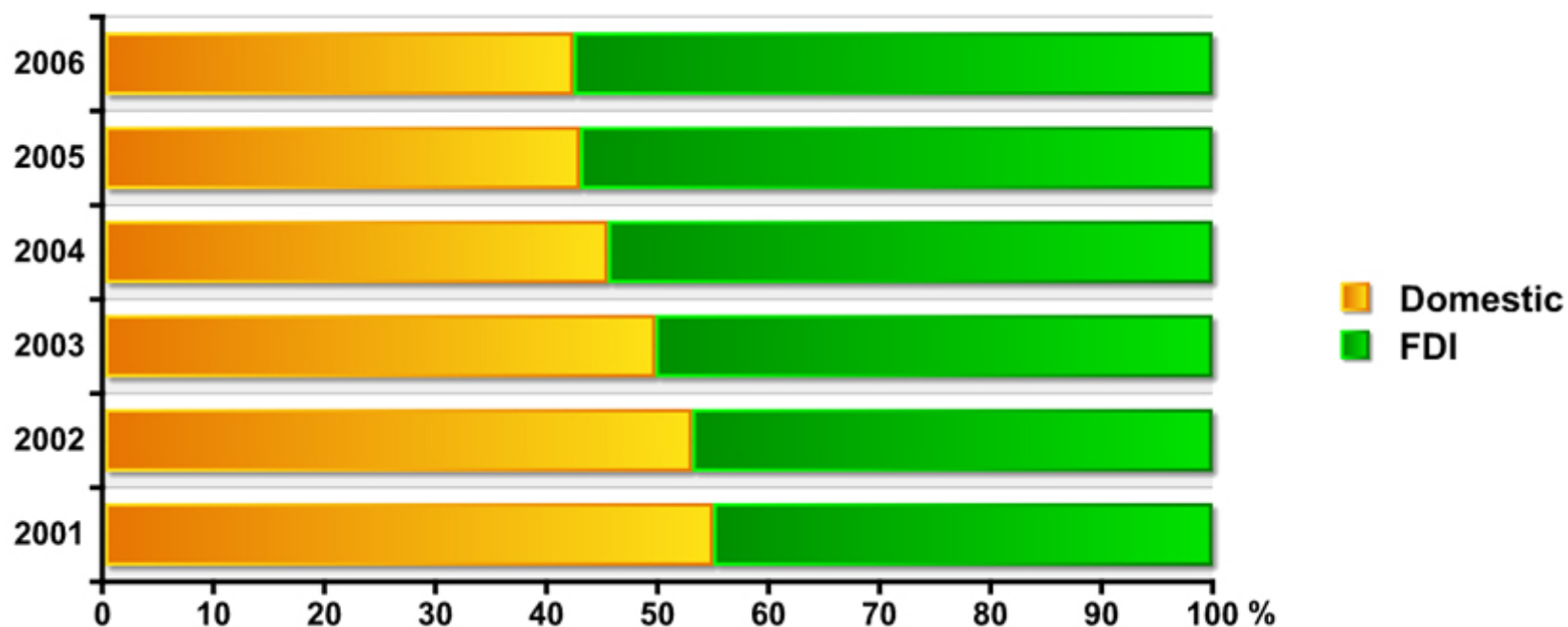
GDP growth and Export growth, 1992-2006



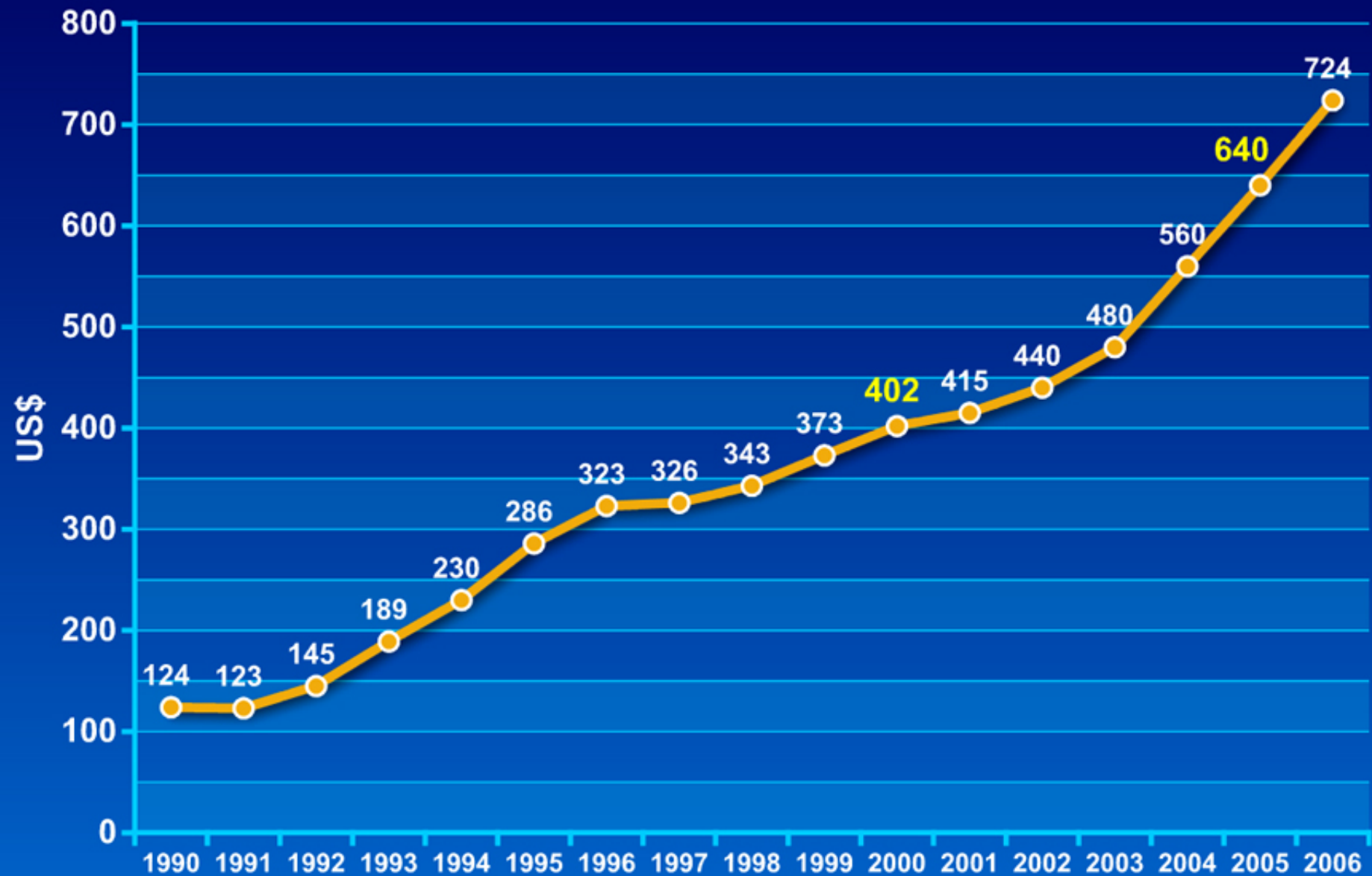
Impacts of Integration and Liberalization on Vietnam Economy

Structure of Export turnover by domestic-invested and foreign-invested sectors (%)

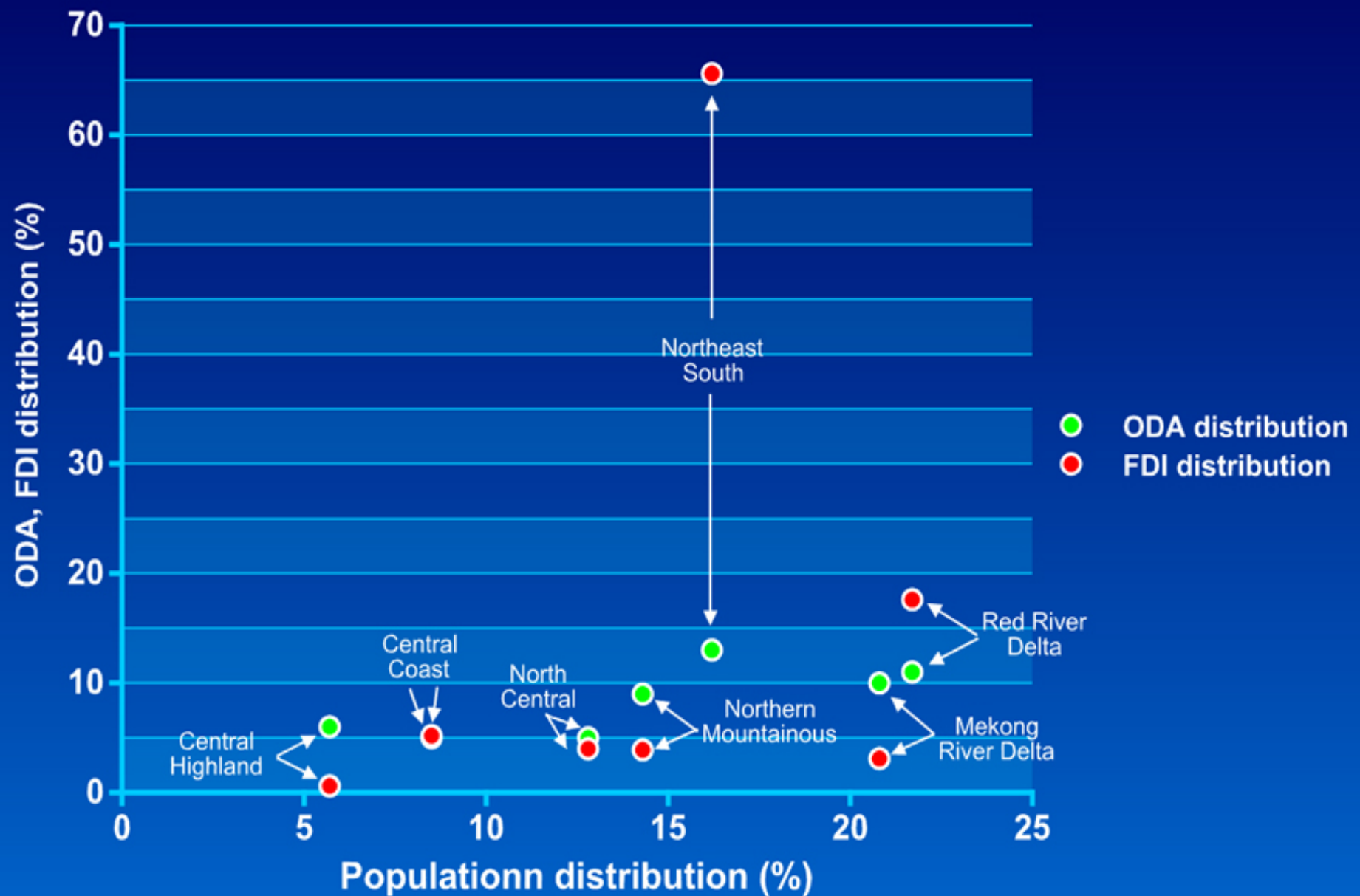
	2001	2002	2003	2004	2005	2006
Export	100	100	100	100	100	100
Domestic	54.8	52.9	49.6	45.3	42.8	42.2
FDI	45.2	47.1	50.4	54.7	57.2	57.8



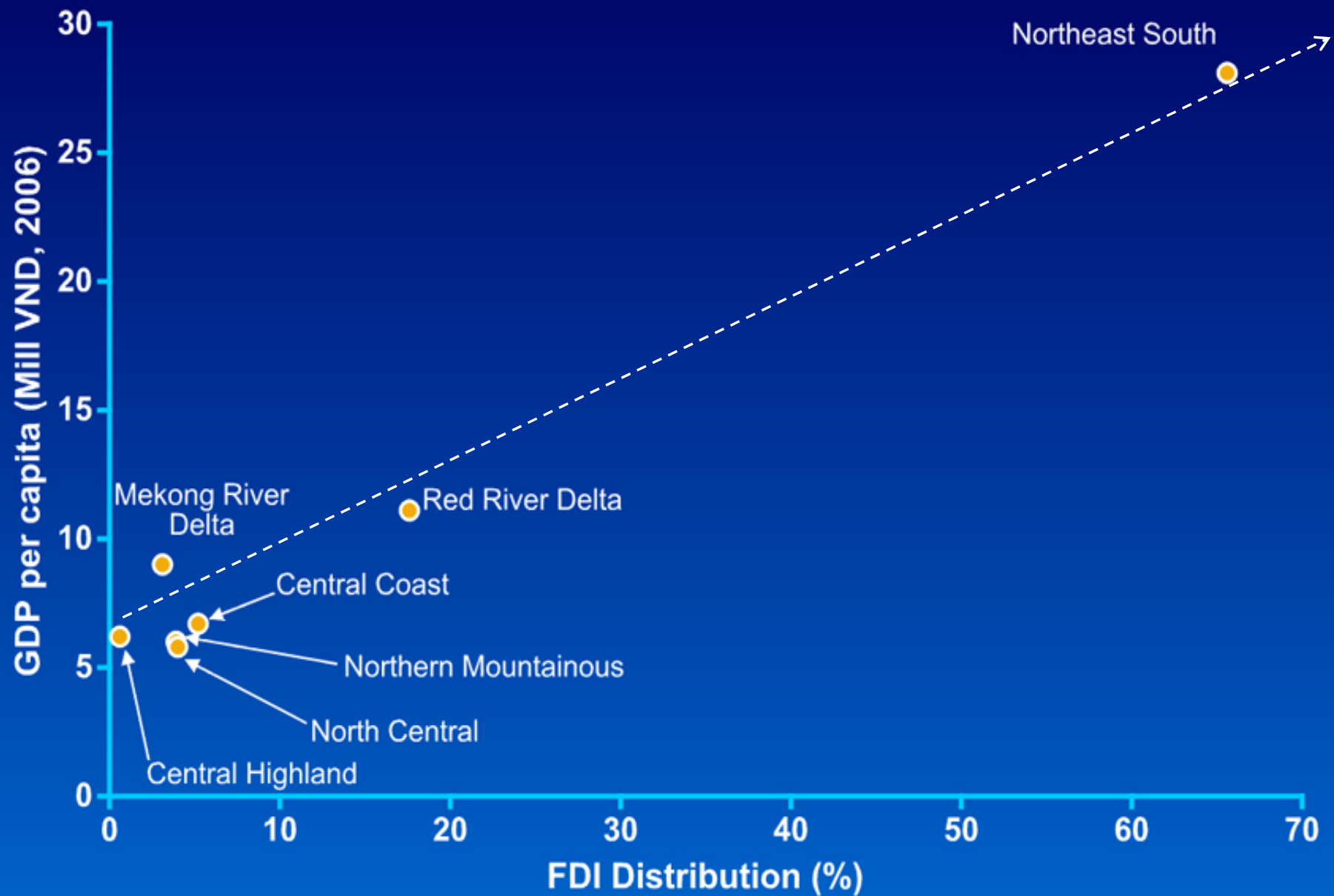
GPD per Capita



ODA and population, FDI and population distribution by territorial region



Realized FDI by region



ODA distribution by region (%)



FDI distribution by region (%)



- Northern Mountainous
- Red River Delta
- North Central
- Central Coast
- Central Highland
- Northeast South
- Mekong River Delta

- Gaps in regional levels of GDP per capita: the ratio of the highest to the lowest is 4.8 times. These gaps have had the widening trend.
- Most of industrial zones are concentrated in Northeast South (42%) and Red River Delta regions (20%); This reality leads to the fact that air and water pollution levels in many localities of these two regions have exceeded the permitted norm.
- The reality of Vietnam's renovation process demonstrated that, through the policies of international integration and liberalization of trade and investment, the country has gained the remarkable economic achievements, the people's living standards have much improved. A lot of success in social development and ecological environment protection has also been recognized. However, in the forthcoming development time, Vietnam will confront with challenges, especially the conflict between high economic growth demand and sustainable development demand. To overcome this challenge, more than ever, Vietnam has to bring its internal force into play and strive for achieving the millennium goals; on the other hand, Vietnam has to cooperate with other APEC economies in economic development, social stabilization and ecological environment protection. Sustainable development experiences of economies in APEC Community will be precious lessons for Vietnam in the coming up periods.

Thanks for your attention