

TRADE PROMOTION AN INSTRUMENT FOR BOOSTING EXPORT

by MEcon. ĐO SA KÝ

In 2001 the Vietnamese export earnings reached US\$15.3 billion increasing by 4.5% compared with 2000. This growth rate is rather high as compared with the world average but it is still lower than the planned target of 16% while the export volume increased by 19.3%. This growth rate doesn't reflect Vietnamese potentials for export. The main reason for this situation is the drastic fall in prices of farm products that Vietnam exports in large quantities. The fall in price alone led to a loss of US\$1.5 billion to the export earnings in 2001.

Another reason for the low growth rate of the export earnings is the inefficiency in trade promotion activities. Although trade authorities and local companies made great efforts to supply information and advisory services needed for expanding the export market, results Vietnamese exporters achieved are still limited. In the past few years, lack of business information has led to poor performance of the export business and prevented the structure of exports from adjusting to changes in the world market. Vietnamese exports are always downgraded and downtrodden in foreign markets. Many companies had to do trade promotion themselves or depend on foreign trade promotion organizations for business information and tips they needed.

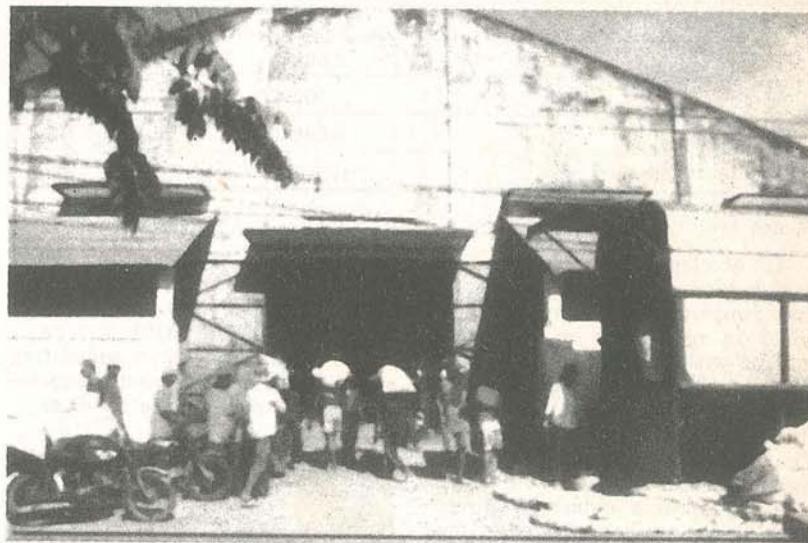
According to prediction by the Ministry of Trade, the prices of farm products on the world market show no sign of rise in 2002 but keep on falling while efforts to change the structure of farm products in Vietnam could lead to increases in production of some products. It's predicted that the volume of rice for export in 2002 will rise slightly (some 4% as compared with 2001) while the volume of coffee for export will be 60,000 tonnes lower.

In the near future the world economy can hardly recover or gain high growth rates, especially economies that are important buyers of Viet-

Table 1: Prices of Staple Exports from Vietnam (US\$ per tonne)

Item	2001 Price	2001 predicted price	Change (%)
Rice	165	175	6.0
Coffee	430	350	-18.6
Rubber	540	520	-3.7
Black pepper	1,600	1,400	-12.5
Cashew nut	3,555	3,400	-4.4
Crude oil	190	160	-16.0

Source: Ministry of Trade



namese goods (the U.S., EU and Japan). In addition, the process of integrating into the regional and international markets will lead to great difficulties to Vietnamese export business.

To gain an export growth rate of 10% over 2001 as set by the Government's Resolution 12/2001/NQ-CP dated Nov. 2, 2001 in such a situation, all ministries and industries must take strong measures to promote and enhance the performance of the export business.

The Plan for Export in 2002 by the Ministry of Trade (Table 2)

shows that the Government put stress on traditional staple exports, such as aquatic products, clothing, footwear, electronic equipment and components and handicraft. Their growth targets are set at 115% - 125% as compared with 2001. These exports have high value added in comparison with many farm products but require great efforts to enter new markets and build good public image, and effective branding strategies as well. Both the Government and companies will meet with great difficulties in achieving these targets, especially when their sources of finance

are limited. The problem is how to find out measures to carry out export promotion activities in months to come.

In our opinion, trade promoting activities should be carried out in the following fields now:

about the market demand, prices and reactions of other suppliers. Local trade promotion agencies had better make the best use of information technology to enhance the quality of their services, especially when supplying predictions of possible

ices, such as legal advice, export pricing, quality assessment, advertising, packaging, etc. With the supporting services, export companies could enhance their competitiveness and increase their export earnings without increasing the volume of goods exported.

(4) Beefing up trade promotion activities in foreign markets: These activities are important to the performance of trade promotion agencies. They include such tasks as helping groups of Vietnamese businesspersons make market researches abroad and take part in international trade fairs, helping foreign businesspersons study the Vietnamese market and find business opportunities, or opening rep offices for Vietnamese companies in foreign countries, etc.

Besides the trade promotion organizations, the government also plays a decisive role important to the development of Vietnamese export business. In 2002, the Government have made plan to negotiate with the EU governments about higher quotas for Vietnamese goods like those for WTO members and underdeveloped countries and with Russia about a free trade relation the two countries. The Government's effort to reach a trade agreement with the U.S., as we know, is of great service to the export business.

Experience from export-oriented economies, such as Singapore and Taiwan, shows that trade promotion organizations (CETRA in Taiwan and TDB in Singapore) have helped accelerate the export business and enhance the competitive advantage of their economies in the world market.■

Table 2: Plan for Export in 2002 by the Ministry of Trade

Item	Export value (US\$m.)	Compared with 2001 (%)
Aquatic product	2,100	116.7
Rice	640	104.1
Coffee	300	77.0
Rubber	175	104.2
Vegetable	350	116.7
Black pepper	90	100.0
Cashew nut	147	102.8
Peanut	43	107.5
Tea	67	106.3
Clothing	2,400	120.0
Footwear	1,900	124.6
Electronic equipment and components	750	124.0
Handicraft	250	119.0
Crude oil	2,600	82.5
Coal	100	91.7
Others	4,688	120.7
Total export value	16,600	110.0

Source: Ministry of Trade

(1) Accelerating market research and development: The Government and companies must invest intensively in researches on the world market with a view to building a structure of staple exports that meets the market demand and at the same time, reaches potentials of Vietnam. The market research and development also aim at identifying target markets for each industry, thereby working out strategies to enter foreign markets effectively and firmly. For the time being, companies must take market opportunities to promote export to countries that have entered trade agreements with Vietnam, especially Japan, the EU, the U.S., and China where Vietnamese goods are saleable and familiar to customers. In the long run, great efforts must be made to enter and find footholds in new markets.

(2) Developing business information service: This is one of the most important services that trade promotion organizations supply to companies with a view to helping them gather opportunely information

changes in the world market. In addition, they could open websites to make their services available for companies day and night.

(3) Developing export supporting services: To export goods successfully, companies need a lot of serv-

