

# VIETNAM IN THE SPRING FESTIVAL OF SOUTHEAST ASIA

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**B**y the spring of 1996, the ASEAN will be 29 years old (it was established in August 1967). In this spring, ASEAN has had Vietnam in its membership-the seventh member.

ASEAN, is the organization of economic cooperation of the region. It is in the most active stage of development, as a young man of thirties. Vietnam joined ASEAN last year as if coming to a spring festival of Southeast Asian economies.

ASEAN-7 has the same area and population as the EU-15. Although its average GDP and GDP per capita aren't high, but its growth rate was of the world highest level in recent years (from 8% to 9% every year). Except for Singapore who was a NIC, Malaysia and Thailand have showed signs of becoming NICs in next decade. Joining ASEAN in such situation, Vietnam has no alternative but to make real efforts to narrow the gap and integrate as soon as possible to the spring festival of Southeast Asian economies.

In the ASEAN-7 region, Vietnam population (74.6 million in 1995) ranks second to that of Indonesia (196.5 million), but Vietnam GNP is small, it's only bigger than that of Brunei which has the smallest population in the region (0.3 million), equivalent to one-third of the Singaporean GNP (the population of this country is only 3.1 million). Thus, the GNP per capita of Vietnam is of the lowest level in the ASEAN-7 and there is a remarkable gap between it and the regional average (US\$220 per capita and US\$1,230 in 1995).

In 1995, except for Vietnam, Singapore had the highest GNP per capita (US\$22,520), and Indonesia had the lowest (US\$780). Some statistics said that the Vietnam GNP per capita was around US\$250. But even if the Vietnam GNP per capita is calculated more minutely, there is no hope of bridging the gap between Vietnam and other ASEAN members before the year 2000.

As for GDP, according to the PPP theory, the Vietnam GDP in 1995 was US\$94 billion, larger than those of Singapore (US\$66 billion) and Brunei (US\$4.4 billion). According to this calculation, the Vietnam GDP per capita was US\$1,263, thus the gap between Vietnam and the second lowest nation (the Philippines) was reduced a little (US\$1,263 in comparison with US\$2,660), so the gap between Vietnam GDP per capita and the regional average (US\$3,695) could be reduced considerably after 2000.

However, as we know, the GDP worked out according to the PPP method makes us feel that the gap is reduced, but this method didn't show us the economic strength of each nation, because in the GDP there were incomes received by foreigners although they were generated in Vietnam. Moreover, the economic strength reflects itself not only in the GDP, GNP, per capita GNP and per capita GDP, but also in the difference between the per capita GDP and the per capita GNP. In the ASEAN-7, the per capita GNP bigger than the per capita GDP could only be found in Singapore and Brunei. The difference between these two indicators of Vietnam is of the highest level in

the region.

In addition, in comparing the per capita GNP and the per capita GDP, we should pay attention to the inflation rate: in the past five years, although the inflation rate in Vietnam was kept at 14% or 15% and reduced to 12.7% in 1995, this inflation rate is still the highest level in the ASEAN-7 bloc.

The encouraging fact last year is that the Vietnam growth rate was the highest in this bloc (9.5%), and foreign investment in Vietnam increased by 1.5 times in comparison with the total foreign investment in the past seven years (1988-1994). In the coming years, when all licensed projects are realized, the Vietnam growth rate could rise to 10%, or even 14 or 15%, annually. Although Vietnam is a new member in the spring festival of ASEAN but it is a promising newcomer. At present, Vietnam represents only 3.3% of total GNP of the bloc, 5% of total GDP and 17.5% of total population.

The economic strength of a nation also shows itself in the size and structure of exports. The total value of Vietnam exports in the past five years has increased considerably and reached US\$5 billion in 1995, representing nearly 2% of total exports of the bloc and being higher than Brunei only. Regarding per capita export turnover, Vietnam is at the lowest level (US\$ 67 compared with US\$645) in the bloc. In comparison with Singapore, the largest exporter of the bloc, Vietnam export turnover is equivalent to nearly 5% only.

The main exports of Vietnam were agricultural products and ores (including oil) and handicraft products, the manufactured goods represent only 10%.

This situation puts Vietnam in a difficult position when it joins the AFTA and carries out the CEPT program. Vietnam can only take part in this program with a small number of products (875 ones compared with over 40,000 tax-reduced products publicized by other 6 members) which are all of low prices, low quality and less competitive.

According to documents relating to the Human Development Index publicized by the UNDP, most ASEAN nations are of the world average, except for Singapore and Brunei that rank higher (the 43rd and 44th among 173 nations producing the HDI in 1992), Vietnam ranked 116th, the lowest in the bloc.

The Human Development Index is an index combining separate indexes of life expectancy, level of knowledge (literacy rate and average schooling), real GDP per capita (calculated by the PPP method). This index reflects not only the material life but also the quality of life and spiritual development. This index is worth noting when we want to estimate the Vietnam's position in the bloc.

In the first year of its membership, Vietnam is in a humble position, but with its existing growth rate and many untapped potentials, its position could be improved in the coming years ■

Nation	Popula- tion (m.)	Per capi- tal GNP (US\$)	Per capi- tal GDP (US\$)	Growth rate	Exports (US\$ billion)
Brunei	0.3	18,500	15,580	1.8%	2.3
Indonesia	196.5	780	3,388	7.4%	40.1
Malaysia	20.1	3,530	8,763	9.3%	65.2
Philippines	67.7	1,010	2,660	5.7%	14.6
Singapore	3.1	22,520	21,493	9.0%	102.0
Thailand	60.6	2,315	6,816	8.5%	43.5
Vietnam	74.6	220	1,263	9.5%	5.0
ASEAN - 7.	422.9	1,230	3,695		272.7

Source: *Asiaweek*, Dec 22-29, 1995