



ation of their currencies and better quality of their exports. This situation forced Vietnam to reduce prices of its exports, otherwise they wouldn't be saleable on foreign markets. Information supplied by the Ministry of Trade shows that prices are falling down: US\$450-480 for a tonne of rubber, 20-30 for oil, 30-40 for rice and 60-70 for cashew nut (*Tuổi Trẻ*, March 1, 1998). The export of electronics products faced the same difficulty. According to *Thời Báo Kinh Tế Saigon* (March 5, 1998), JVC Vietnam and Sony Vietnam, two big electronics factories in HCMC, exported no batch in the first two months of 1998.

All countries in East and South-east Asia developed their economies after the World War 2 by adopting export-oriented strategies. In each

MEASURES TO EXPAND MARKETS FOR VIETNAM'S EXPORTS IN THE REGIONAL FINANCIAL CRISIS

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Due to many difficulties, the Vietnam's growth rate in 1997 was 8.8% only (equaling 97.77% of the planned target) in which the industrial output increased by 13.2% (or 94.28% of the planned target), service industry increased by 9% (or 75% of the planned target). It's worth noting that the export value increased only by 22% (or 81.84% of the planned target). Among our staple products, oil, agricultural products, footwear and garment brought in the highest income, however, in exporting these products problems started to make their appearance and long-term development prospects looked gloomy.

Agricultural products represented 45% of Vietnam's export value in 1997 and brought in US\$3.2 billion and 2.42 billion of

which (or 34.6% of the export value) came from non-seaproducts. In the first four months of 1998, the export value reached US\$3.214 billion, increasing by 19.8% in comparison with the same period last year completing 29.2% of the planned target. The amount of all exports rose but their prices fell resulting in a low growth rate. Comparing with leather and footwear products, the value added locally to agricultural products for export is higher but agricultural products need imported fertilizers and machines for processing and storing before export.

Export business, as one of the most important that help the Vietnamese economy take off, has been affected strongly by the financial crisis in the region and has faced fierce competition from surrounding countries because of strong devalu-

period, they tried their best to add more value to their exports, especially to what was sold to North America and Europe. Regarding quality, Vietnam's exports are no less competitive than their counterparts from neighboring countries such as Thailand and China, however, Vietnam lacks experience of doing business and a distribution network in those markets and receives only a few privileges from countries in those regions. That is why Vietnam failed to find a foothold in those markets.

Vietnam, with its flexibility and adaptability, can make changes to its export strategy in order to increase output of its staple products and help local companies enter foreign markets. Without timely adjustment, local production will face foreign competition even in the do-

mestic market, especially when most neighboring countries can produce the same goods as Vietnam. The situation will go from bad to worse when the AFTA agreements come into effect by 2003. The financial crisis in the region made local goods and companies less competitive. Changes in the exchange rate of the VND made imported materials more expensive and the production cost higher. The regional markets for Vietnam's exports narrowed while new ones are nowhere in sight, so the future of the export business doesn't seem bright.

a. To help local companies survive this crisis and develop, in our opinion, the Government had better:

(1) handle with care the exchange rate, interest rate and exchange control with a view to limiting trade gap, smuggling and commercial frauds, thereby preventing sudden changes to the economy and their social consequences.

(2) promulgate anti-trust and anti-dumping decrees, and then, turn them into laws in order to ensure equal opportunity for both local and foreign companies operating in Vietnam.

(3) take stronger measures to fight against smuggling and commercial frauds because they cause great damage to local production. Nobody will put money in production if they know beforehand that they will face the competition from contraband goods which are sold at lower prices. This effort will help local companies improve their competitiveness, thereby developing the internal strength of the economy.

(4) win the support and trust from the public in order to overcome the recession and deal successfully with the increasing unemployment rate.

(5) create conditions for non-state companies to make registration and enjoy as equal treatment as state-owned companies.

(6) accelerate the equitization program with a view to improving their business performance which is considered as a precondition for developing the internal strength of the economy for next stages of development.

(7) hold direct discussions with representatives of companies on solutions to obstacles to their operation in order to help them develop their market shares and enter foreign markets.

b. As for companies, they must carry out the following tasks:

+ paying more attention to mar-



ket researches, marketing campaigns and sales promotion techniques in order to expand their market shares; they must reconsider their ways of improving product quality and public image before thinking of entering foreign markets.

+ finding new markets for their exports in order to limit bad effects caused by the regional crisis, and at the same time, maintain such traditional markets as CIS and East Europe; they must pick out products which can enter successfully specific markets in particular periods.

+ beefing up the cooperation between local companies, and between companies at home and abroad, in order to avoid changes in prices caused by unfair competition and form a distribution network in

foreign countries.

+ making the best use of advantages offered by the regional financial crisis (decreases in prices of materials, machines and technology from neighboring countries).

+ restructuring and innovating the management system according to the ISO 9000 standards (up to April 1998, only 14 companies in Vietnam got ISO 9000 certificates).

+ practising thrift to reduce the production cost and improving the product quality to enhance the competitiveness in both domestic and foreign markets.

+ making payments in other hard currencies in parallel with the US dollar in order to reduce risk caused by changes in the exchange rate, or using the system of barter whenever possible.

