

# Advantages and Difficulties for Vietnam During the International Integration

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**B**esides various advantages brought about by the international integration, there is no denying that this process involves a lot of troubles caused by differences in points of view, foreign policies, economic interests and standards for the management systems adopted by regions and countries while the globalization requires interdependence and close cooperation.

To integrate into the world economy, developing countries have to work out effective procedures for ad-

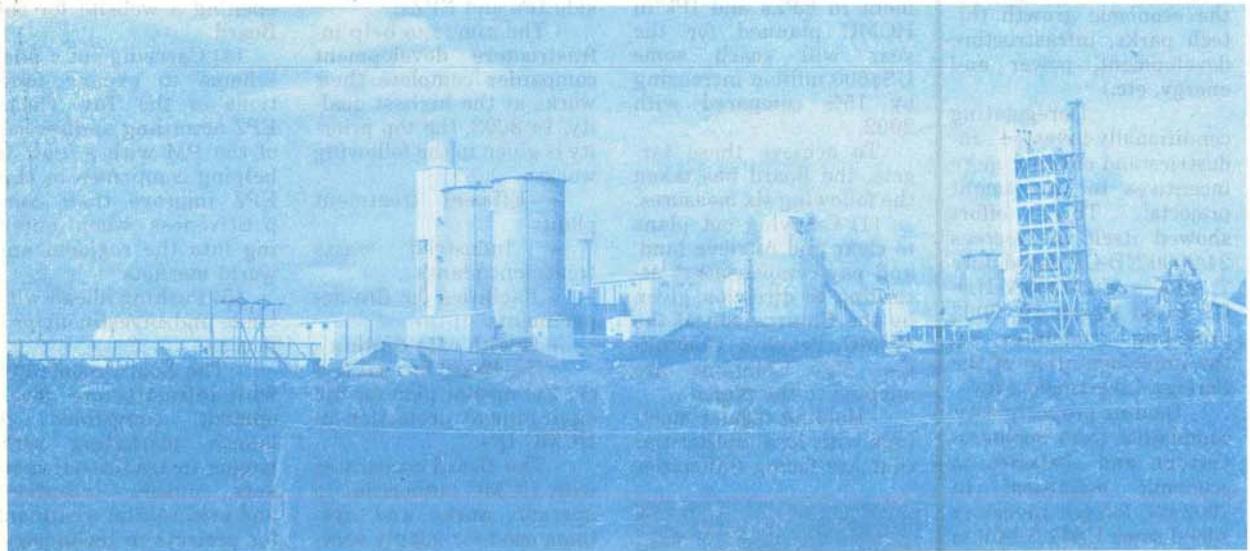
APEC in Nov. 1998 and enter the trade agreement with the U.S. in December 2001, which led to new prospects for Vietnam and its admission to the WTO.

These positive changes are pre-conditions for effective and proactive integration into the world and regional markets. The current conditions in the Vietnamese economy, however, imply various difficulties and challenges.

The integration process helps Vietnam improve its position in the international arena and make its

with foreign partners in order to enter new markets, get access to sources of finance and technology, and engage in the international division of labor. The integration process also helps Vietnam accelerate the reform and restructuring of the economy with a view to enhancing its economic efficiency. In this reform, full attention must be paid to improvements in competitive edge of the public sector, removal of government subsidies and better roles for non-public sectors.

The integration process also



justing their policies to international laws and systems while protecting their legitimate interest against unfair competition from the outside.

After 15 years of economic reform, Vietnam has passed its crises and gained high growth rates. Positive changes in its structure of industry and spending have taken place. As for foreign relations, Vietnam has made good progress in cooperating with ASEAN countries after it became a full member in July 1995. Vietnam also got admission to the

voice heard in multilateral and bilateral negotiations, thereby protecting national interests and carrying out obligations favorably. This position allows Vietnam to avoid discrimination in international economic relations, protecting its legitimate resources and enjoy national treatment or MFN status, not to mention preferential treatment for developing countries.

The international integration allows Vietnam to make the best use of external resources by cooperating

forces Vietnam to accelerate reforms in its superstructure. To get admission to such international organizations as WTO the applicant must meet basic demands that include not only the infrastructure but also the legal systems and other institutions. These demands aim at making the law system of a member stable, transparent and fair enough to suitable to the international laws.

The economic integration is an impetus to better human resource for the country. The army of experts



Photo by Nguyễn Ngọc Dao

working in foreign trade business must be trained in relations between international trade and local conditions in order to help them understand laws and rules relating to the foreign trade and common practices adopted by other countries and potential partners. This training provides them with the ability to serve the national interests within the framework of international cooperation and avoid mistakes that cause harm to local producers and consumers.

Another benefit brought about by the integration process is an opportunity to adopt international practices, thereby modernizing the economy and the administrative machinery as well. Based on the full integration, Vietnam can take part in the global effort to ensure international order and security – an indispensable prerequisite for economic development.

Besides the above-mentioned benefits, Vietnam is facing a lot of obstacles to its sustainable development.

The biggest is its low starting point. The competitive edge of all industries is very poor in comparison even with average countries in the region.

The second obstacle is the fact that Vietnam has lagged behind others for a long time. Its market economy has just come into being, its legal infrastructure isn't perfect and failed to reach international standards while the time for the integration process is short. Vietnam has to apply CEPT by 2006, and carry out requirements by APEC by 2010 and WTO by 2020 while preparations haven't been made properly. According to the Ministry of Finance, Vietnam had to bring some 1,200 items from the temporary exclusive list to the tariff-cut list. According to its commitments, the last 755 items in the temporary list is to be brought to the tariff-cut list in 2003. This means that the tariff – that varies from 20% to 100% on these items – will be reduced to under 20%. At the same time, all non-tariff barriers should be lifted. Up to 2006, other cuts must be done and the 0-5% tariff bracket will be applied to all imports.

Vietnam started its integration process after many regional countries. When this process is accelerated, Vietnam has to try its best to keep pace with others. In addition, Vietnam lack experts in international organizations

while most of its high-ranking officials lack expertise and knowledge of foreign languages with the result that its sustainable development seems doom and gloom.

The last and most worrying difficulty is the task of developing Vietnamese brand names on both domestic and foreign markets. Under current conditions, the competitiveness of a product or service is not only based on low production cost and high quality but also affected by two other factors: the ability to marketing the product and the speed at which it is delivered. Most local companies fail to meet these requirements. They need great help from the government to deal with this difficulty, especially in obtaining the acceptable speed of delivery, because the speed of transaction or dealing is usually the same between companies, especially foreign-invested ones. So the problem is with the performance of the administrative machinery. The more clumsy the administrative machinery, the slower the distribution and delivery of goods and services. That is why the administrative reform plays a decisive role in improve-

ments in the integration of local goods into the world market.

In recent years, certain local companies have obtained initial results of their effort to develop their own brand names, such as Biti's and Trung Nguyễn, that have become familiar to foreign consumers and they have gained a foothold on foreign markets. However, most local companies haven't paid proper attention to this problem, and more worrying is the fact that they made no preparation for the last stages of the AFTA track of integration.

In short, the above-mentioned advantages and difficulties show that Vietnam is facing great obstacles to its effort to integrate into the regional and the world markets. However, the international integration could be considered as the most effective measure to save Vietnam from falling farther behind other countries. The most important and urgent task for the Government, and local companies as well, is to work out measures to ensure successful and safe integration, because fast integration could lead to bankruptcy of local companies while slow integration makes the economy remain in the doldrums. ■