



Asia-Pacific Trade Briefs

Viet Nam

Merchandise trade: Viet Nam's merchandise exports and imports grew rapidly, by an average of 20.1% and 15.2% annual growth between 2010-2014, however they decelerated slightly to 14.0% and 15.2% growth in 2014. Although growth slowed, it remained amongst the highest rates in the Asia-Pacific region. Viet Nam has successfully integrated into global production networks of electronic equipment, and its top products both in terms of imports and exports consist of telephone sets and mobile phones, which account for 14.9% of its exports. Viet Nam's top export partners are the United States, China, and Japan, which collectively account for 43.1% of its exports. Meanwhile, China is the source of 38.3% of Viet Nam's imports.

Services trade: Viet Nam's services export growth decelerated to just 2.3% in 2014 – from an average of 10.2% annual growth between 2010-2014. This was led by a fall in exports of travel services – the largest sector which accounts for almost two-thirds of services exports. Services imports also contracted to just 4.9% in 2014 – from an average of 10.0% annual growth between 2010-2014. This was led by a fall in exports of transport services – the largest sector which accounts for over half of services exports.

Global value chains (GVCs): Viet Nam is becoming increasingly integrated into electronics and footwear GVCs, particularly as an assembly centre for electronic goods as well as a manufacturing centre for footwear. The share of intermediate goods in trade – a proxy for participation in international production networks (IPNs) – is much higher in Viet Nam (31%) than the Asia-Pacific overall (22%) for imports, and substantially lower in Viet Nam (9%) compared to the Asia-Pacific (18%) for exports. This suggests involvement in the downstream (assembly) stages of production in global value chains. Intermediate goods are among the country's top import products (e.g. integrated circuits; flat rolled products; and fabrics) while exports prominently feature final goods (e.g. telephone sets; footwear; and computers).

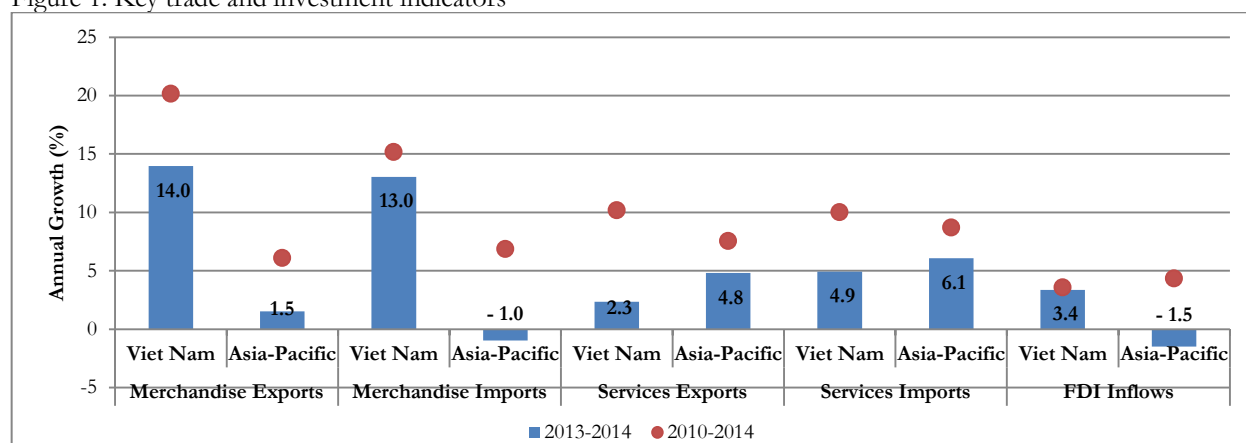
Foreign direct investment (FDI): Viet Nam's FDI inflows grew steadily, by 3.4% to \$9.2 billion in 2014. A combination of socio-political stability, government commitment to attracting foreign investors, and a growing supply of technologically qualified labour have been significant factors in attracting FDI and promoting value chain integration. A large share of FDI inflows have been directed to the manufacturing and real estate sectors. Around 71.7% of FDI inflows came from Hong Kong, China alone though this probably reflects Hong Kong, China's role as an intermediary.

Tariffs: Average MFN applied and effective tariffs at 9.5% and 6.6% are not too dissimilar from Asia-Pacific averages of 7.4% and 7.4%. Average WTO bound duty, at 11.6%, is much lower than the Asia-Pacific average of 21.7%.

Trade costs: Intraregional trade costs in Viet Nam have fallen sharply since 2009. It is costlier for Asia-Pacific economies to trade with Viet Nam than with East Asia-3 (China, Japan and Republic of Korea) – the intraregional benchmark – however cheaper than with EU-3 (France, Germany and United Kingdom) – the extraregional benchmark. Based on the UNRC Survey 2015*, Viet Nam's trade facilitation and paperless trade implementation score is at 48.4%, compared to 46.5% for the Asia-Pacific.

Trade agreements: Viet Nam has 9 trade agreements in force, which is higher than the Asia-Pacific average of 7 agreements. Forty four per cent of total exports are to PTA partners, compared to 35% for the Asia-Pacific. Seventy eight per cent of total imports are from PTA partners, compared to 45% for the Asia-Pacific.

Figure 1. Key trade and investment indicators



*Country notes summarising results of the UNRC Survey 2015 are available at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

Figure 2. Top merchandise markets

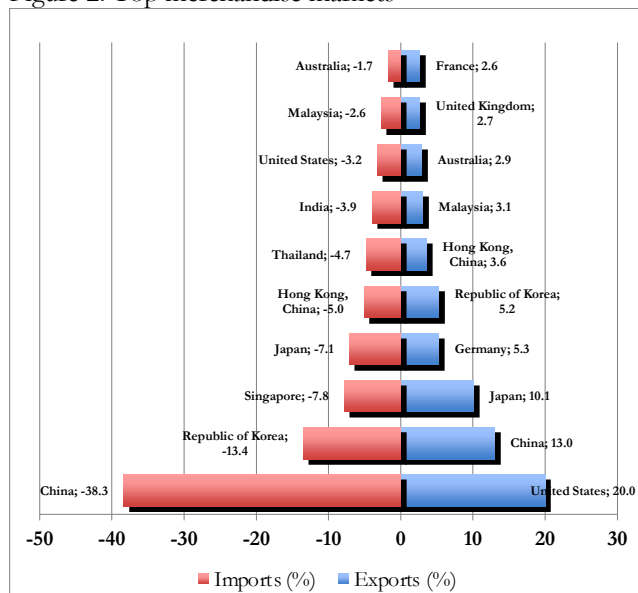


Figure 3. Top merchandise products

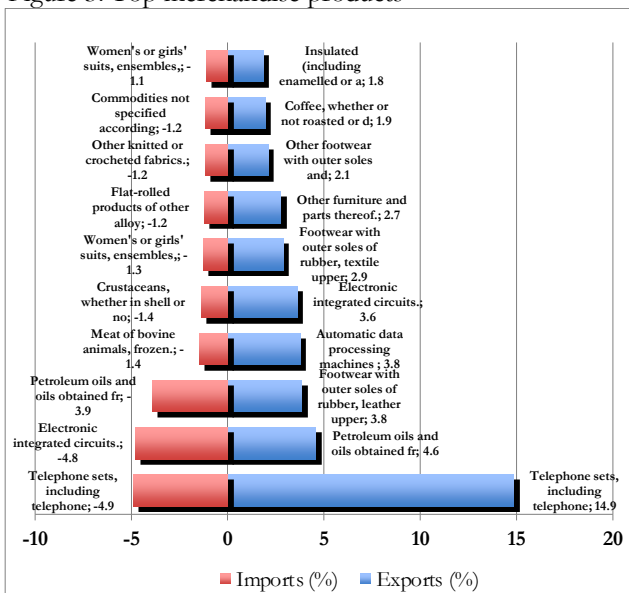


Figure 4. Trade in goods by their use

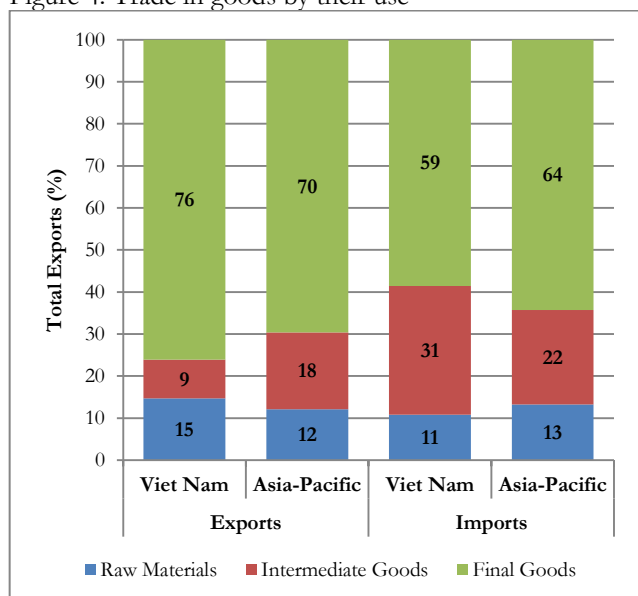


Figure 5. Foreign direct investment

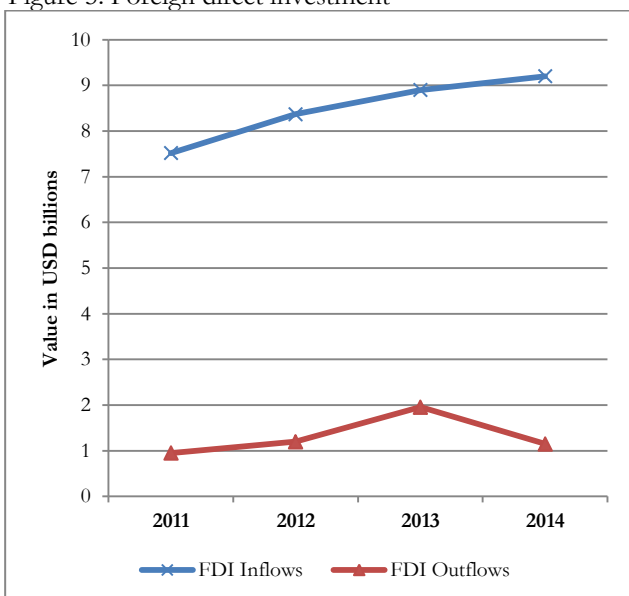


Figure 6. Tariffs

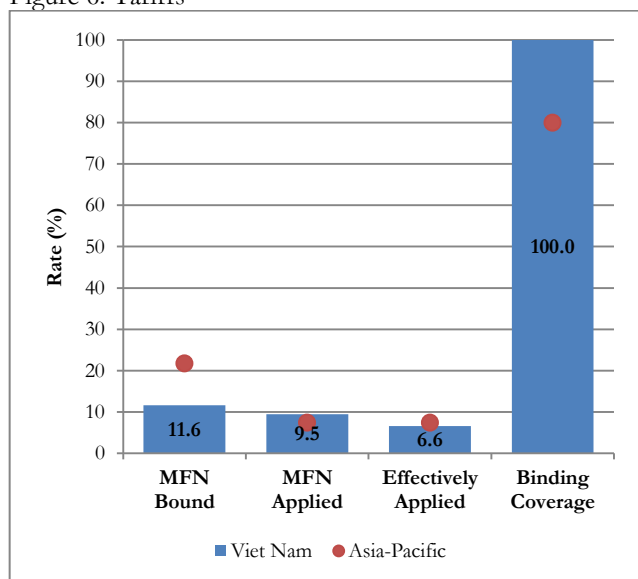
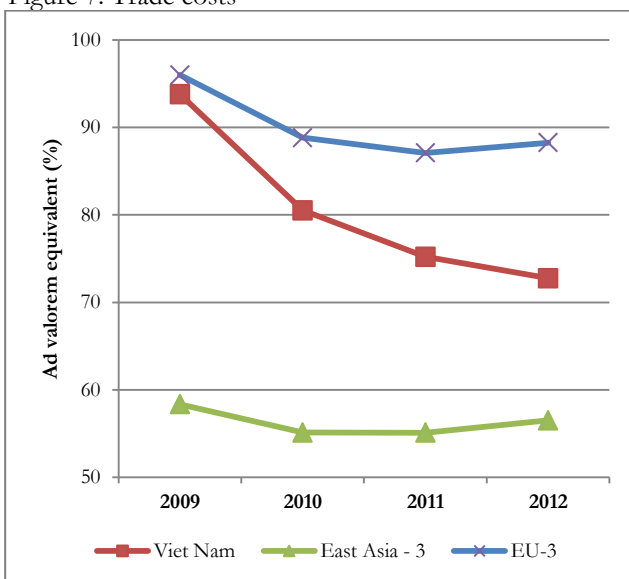


Figure 7. Trade costs



Sources: Trade and tariff data were accessed through WITS. FDI data was accessed through UNCTADstat.

Notes: Trade data follows the HS2007 classification. Mirror data is used. Products are defined at the 6-digit level.

Definitions: Primary, intermediate, consumer, and capital goods are defined using UNCTAD System of Accounts. Final goods are defined as the sum of consumer and capital goods. Bound tariff is the maximum most favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied on imports among WTO members. Effectively applied rate is the lowest tariff available, i.e. preferential rates where available.

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