

Vietnam Experiences: Trade Facilitation and Economic Development

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Outline

- Vietnamese economy at a glance
- Trade Facilitation: Overview of Vietnam experiences
- Lessons learnt

Vietnamese economy at a glance

Indicator	Unit	2003	2004	2005	2006	2007	2008	Average for the pre-WTO accession period 2003-2006
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
GDP growth rate	%	7.3	7.8	8.4	8.2	8.5	6.4	7.9
Inflation (CPI)	%	3	9.5	8.4	6.6	12.6	21.3	6.9
Export	USD mil.	20,149	26,485	32,447	39,826	48,561	64,880	29,727
Import	USD mil.	25,255	31,969	36,761	44,891	62,680	80,890	34,719
FDI committed	USD mil.	3,191	4,548	6,840	12,004	21,300	64,000	6,6
FDI disbursed	USD mil.	2,650	2,852	3,308	3,956	8,050	12,000	3,192

Vietnam Trade Facilitation experiences

- Policy making level

Although improving, there is a big gap

- Implementation level

An even bigger gap

TF - Policy making level

- Vietnam trade expansion policy
 - Joining WTO;
 - Reducing trade barriers via international conventions, regional treaties and bilateral trade agreements, free trade agreements;
- Trade facilitation under multi-level international commitments (Trade/Investment/Customs/..etc)
 - Complying with international commitments
 - Modernization policy toward automation operation of various key Trade implementation agencies such as Customs/Tax Offices

TF - Policy making level

- Some crucial commitments
 - WTO umbrella: GATT Customs Valuation and other Trade related Agreements
 - APEC umbrella: Trade Facilitation Action Plan - TFAP I&II
 - WCO Framework of standards to secure and facilitate global trade
 - Bilateral Trade Facilitation commitments with regional trade partners.

Vietnam TF - implementation level

- Viet Nam for the first time had a comprehensive programme to realise APEC targets of trade facilitation as well as the reduction of trade costs in 2003. The programme included 96 different actions and measures covering aspects of customs, standards and conformance, e-commerce and business travel.
- Vietnam Government also promulgates a series of legal documents to implement international commitments including WTO membership obligations on trade and trade related issues

Vietnam TF - implementation level

- Some significant actions and measures:
 - Harmonization of Tariff Structure with the HS Convention Harmonization of Tariff Structure with the HS Convention
 - Simplification and Harmonization on the Basis of the Kyoto Convention Simplification and Harmonization on the Basis of the Kyoto Convention
 - Harmonize APEC trade data

Vietnam TF - implementation level

- Some significant actions and measures:
 - Implement Paperless and/or Automation of Trade Paperless and/or Automation of Trade-related Procedures related Procedures
 - Adoption of Standard Electronic format and Harmonized data elements Adoption of Standard Electronic format and Harmonized data elements
 - Adoption of the Principles of the WTO Valuation Agreement Adoption of the Principles of the WTO Valuation Agreement

Vietnam TF - implementation level

- These actions and measures are reaffirmed through the institutional modernization and capacity building toward a sustainable trade facilitation system in Vietnam:
 - Customs Modernization Project, Taxation Modernization Project, State Bank of Vietnam Modernization Project funded by World Bank.
 - National infrastructure building and upgrading projects funded by the World Bank, ADB, JBIC, Nodic, DFIB, etc.

Vietnam TF - implementation level

- These actions and measures are reaffirmed through the institutional modernization and capacity building toward a sustainable trade facilitation system in Vietnam:
 - Demonstration projects with US TDSA eManifest Pilot Technical Assistance to Vietnam Customs.
 - Single Window Scheme implementation project.
 - And more. .

Vietnam TF - implementation level

- Most of the measures/actions yet to be concluded?
- The deadline 2010 of reducing 5% of trade transaction cost of 2005 is still an unanswered question?

Trade Facilitation – Vietnam and other countries

‘Trading Across Borders’, *Doing Business in 2006**

Region or Economy	Documents for export (number)	Signatures for export (number)	Time for export (days)	Documents for import (number)	Signatures for import (number)	Time for import (days)
China	6	7	20	11	8	24
Hong Kong, China	6	4	13	8	3	16
Indonesia	7	3	25	10	6	30
Japan	5	3	11	7	3	11
Korea	5	3	12	8	5	12
Malaysia	6	3	20	12	5	22
Philippines	6	5	19	8	7	22
Singapore	5	2	6	6	2	8
Chinese Taipei	8	9	14	8	11	14
Thailand	9	10	23	14	10	25
Vietnam	6	12	35	9	15	36
APEC Economies** average	6.2	5.3	18.15	9	6.6	20.9

*SOURCE:

<http://www.doingbusiness.org/exploretopics/tradingacrossborders/Default.aspx?direction=asc&sort=0>

Trade Facilitation in reality - Current story

- In Vietnam national TV May-12-2009: Saigon Sea Port has officially apologized for the loss of shipper/goods owners due to the Port's inefficient loading and discharging services
- The Saigon Port Authority recommends the shipper and goods owners to redirect the shipments to the other ports (In the South of Vietnam Saigon port is the most convenient one) due to the port limited capacity.

Trade Facilitation in reality - Current story

- International observers -Policy Research Note by John S. Wilson and Ben Taylor they reference that
 - on average, the ASEAN members require 32 days and 11 documents for an import transaction, compared with 12 days and 6 documents for the average OECD country.

Tentative Diagnostics

- Trade facilitation seems perceived as “obligations/compliance” to international commitments rather than a “should do/a good thing to do” to Vietnam government/public/private sectors.

Tentative Diagnostics

- In Vietnam, trade facilitation is mainly associated with the process of Customs modernization which is being carried out.
- Other aspects of trade facilitation such as port efficiency, regulatory environment, and ICT are inadequately covered.

Tentative Diagnostics

- There is much room to reduce trade transaction cost in Vietnam at every stages:
 - Customs
 - Port clearance/efficiency
 - Transport and IT infrastructures
 - Other regulatory reforms

Lessons Learnt

- Need to change
 - The mindset (from “compliance” to “development” approach)
 - The attitude (from passive/responsive to active/pro-active one)
 - The coordination (combine top-down and bottom-up)
 - The action plan (Strategic prioritization)
 - Cooperation in technical assistance and capacity building with other regional economies

Lesson Learnt

- Targeting investments in specific areas to realize TF benefits
- Enhancing public – private partnership in information sharing, policy-making process, infrastructure improvement, human resource development and institutional capacity building and outreach activities.
- Identifying and addressing most urgent needs and priorities of businesses in movement of goods
- Building capacity through synergy between key actors - APEC, WTO, regional and bilateral arrangements and other international organizations including the World Bank.

Lessons Learnt

- What to do from policy/research views:
 - Cost and benefit analysis of TF in Vietnam context
 - Institutional analysis for a sustainable TF
 - Trade Facilitation Measuring

*For a government/public/private consensus and synergy
in TF implementation/monitoring
in Vietnam.*

Thank you for your attention!