Asia-Pacific Trade Briefs

Viet Nam

Merchandise trade: Merchandise trade accounted for 92.6% of Viet Nam's total trade in 2015. Exports increased by 22.4%, on average, during 2010-2015 which was almost three times faster than the Asia-Pacific average export growth of 7.5%. In 2015, merchandise exports continued to expand rapidly by 7.9% despite a regional contraction of 9.7%. The major export products comprised electronics and machinery – such as telephone sets and electronic integrated circuits – and footwear. The relatively robust export growth was largely driven by competitiveness in the labour-intensive manufacturing sector, especially in electronics, textiles and garments, and by currency depreciation. Likewise, merchandise imports grew considerably by 12.3% compared with an average contraction of 15% for the Asia-Pacific region. Major import products comprised electronics and machinery, and petroleum products.

Services trade: The services trade share of total trade in 2015 was 7.4%, and it remained the lowest among the South-East Asia economies and below the subregional average of 21.2%. Nonetheless, services exports by Viet Nam grew by 8.5%, on average, during 2010-2015, which was slightly higher than the Asia-Pacific average of 6.4%. In 2015, this growth was more modest at 2%, but was still more impressive than the average contraction rate of 4.8% in the Asia-Pacific region. Travel services constitute the largest component in services exports. Services imports grew considerably at 6.9%, largely driven by robust growth due to demand in the transport and insurance services.

Intraregional trade: In 2015, 44.5% of goods exports from Viet Nam were absorbed by the ESCAP region. The largest export destination was the United States (23%), while China (14.6%) and Japan (8.8%) were the two largest intraregional export partners. Meanwhile, 79.8% of goods imports were from the ESCAP region, with China (43.9%) as the largest import source.

Foreign direct investment (FDI): Viet Nam is a net recipient of FDI inflows, which grew by 8.1%, on average, during 2010-2015. In 2015, in particular, inflows expanded by 28.3%. The increase in FDI inflow to Viet Nam was much faster than the regional average (5.6%) during the same period. FDI inflows went mainly to the manufacturing and processing, real estate and tourism sectors. The FDI attractiveness of Viet Nam during this period of global and regional investment slowdown reflected favourable conditions in the country including political stability, robust economic growth, and progressive trade and investment policies.

Tariffs: In 2014, Viet Nam's binding coverage was 100% of its tariff lines while the MFN bound duty was 11.6%, which was more than half of the regional average of 20%. Average MFN applied rate (9.5%) was also higher than the regional average (6.9%), but the country's participation in preferential trade agreements (PTAs) slightly reduced the effectively applied rate to 6.6%, which was higher than the Asia-Pacific region's average of 5.9%.

Trade costs: International trade costs in Viet Nam fell steadily during 2009-2013. The trade costs incurred by Viet Nam in reaching four major developing economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation) were 14.9% higher than those incurred by East Asia-3 in 2013; however, the gap has been closing compared with the 2010 level. In 2013, trade costs incurred by the European Union-3 in reaching the four major Asian economies were 35.5% higher than for Viet Nam.

Trade agreements: Viet Nam has 10 PTAs in force, which is higher than the Asia-Pacific average of 7.6 agreements. Of total exports, 41.4% were to PTA partners, compared with 33.3% across the Asia-Pacific region. Of total imports, 79% were from PTA partners, compared with 44% for the Asia-Pacific region.

Figure 1. Key trade and investment indicators

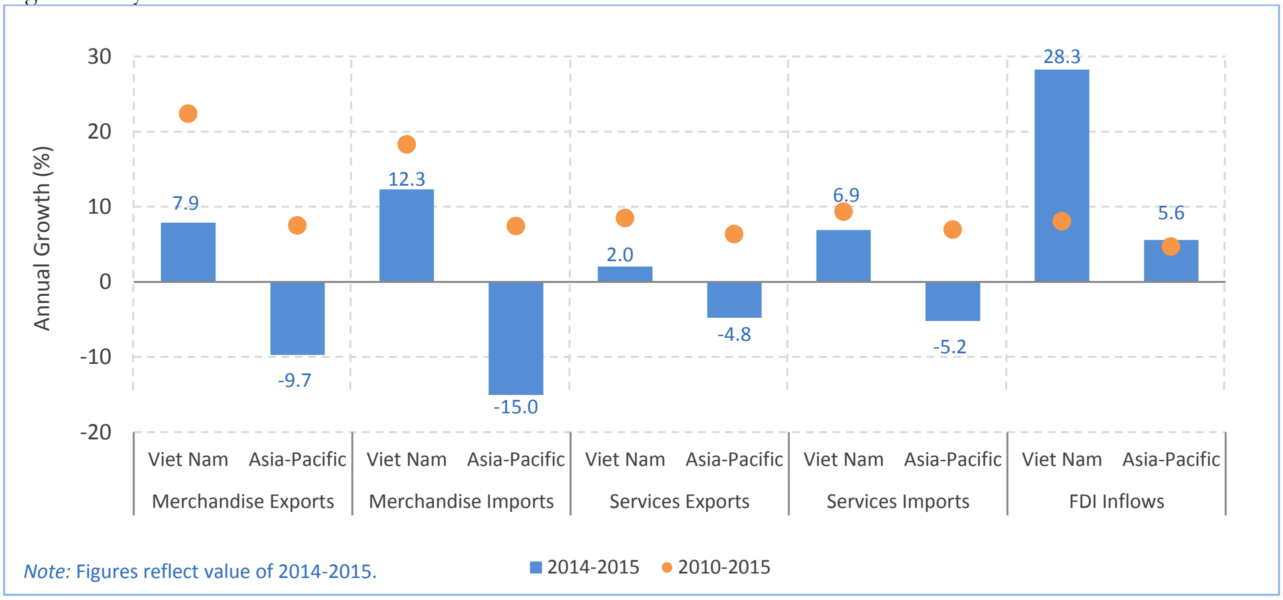

Figure 2. Top merchandise markets

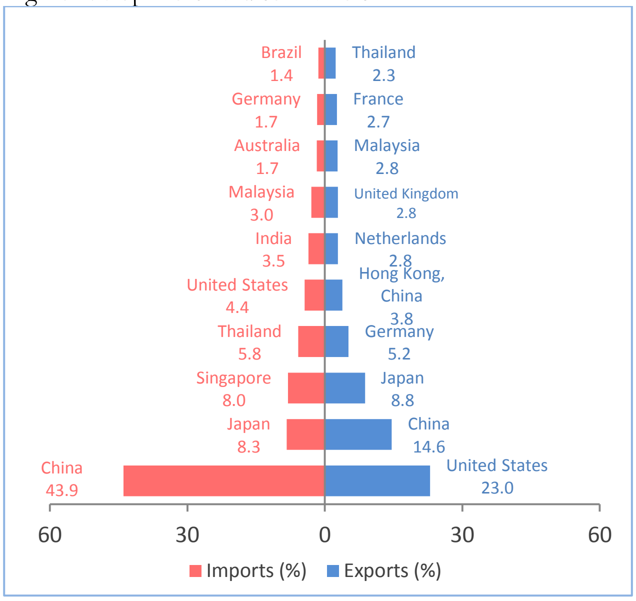

Figure 3. Top merchandise products

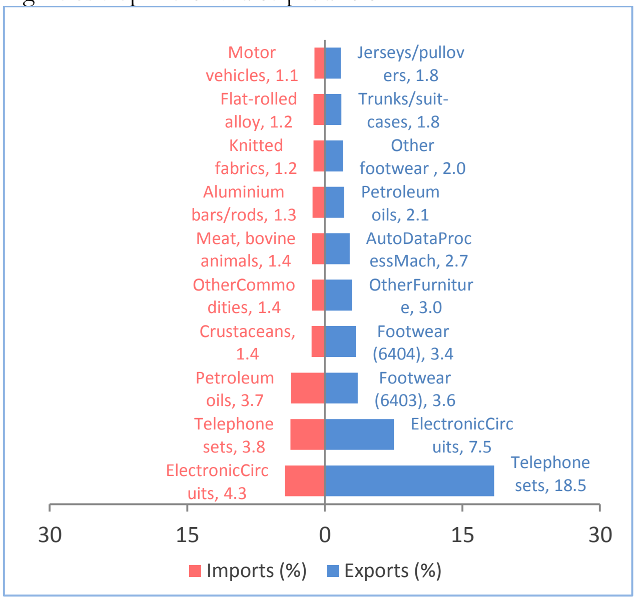

Figure 4. Trade within the region and rest of the world

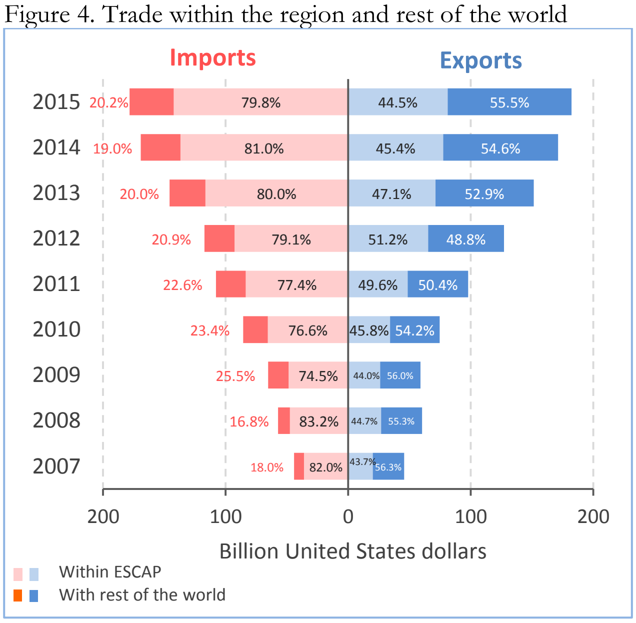

Figure 5. Foreign direct investment

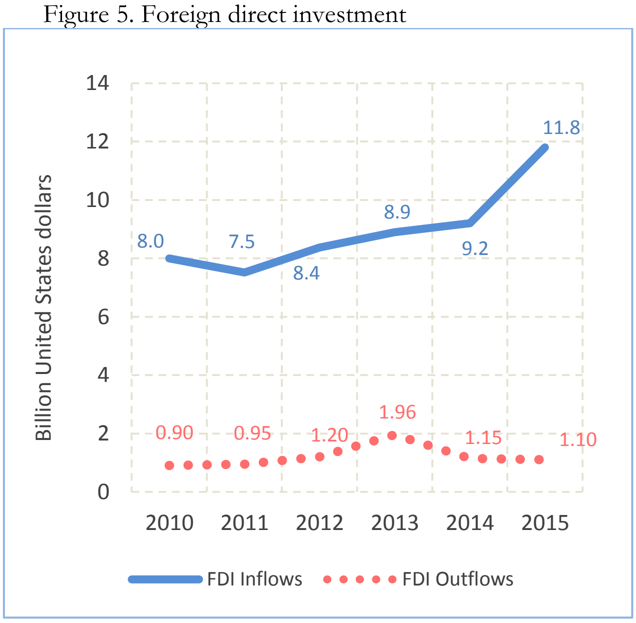

Figure 6. Tariffs (as of 2014)

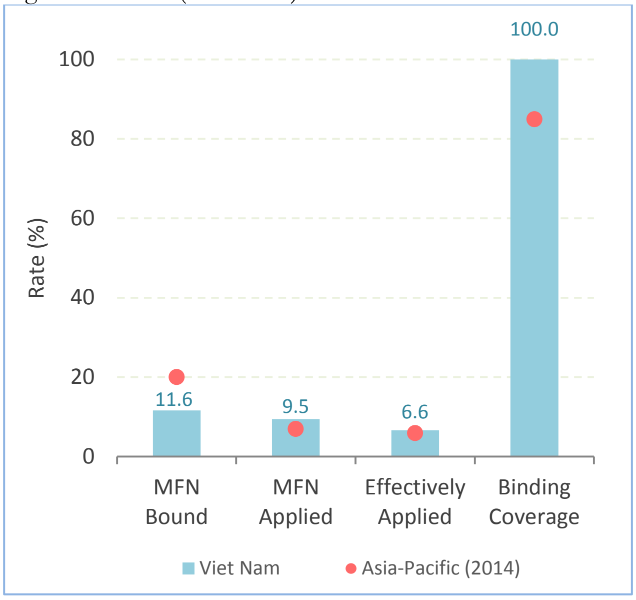

Figure 7. Trade costs