

Sustainable Trade Development in Vietnam

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Abstract:

The study was conducted for the purpose of an overview of the theoretical basis for sustainable trade development. From the theoretical basis of sustainable trade, we analyze the current situation of trade activities between Vietnam and India in the direction of sustainable development. It details the achievements and limitations that need to be overcome in international trade activities between Vietnam and India. From there, make recommendations to promote international trade between Vietnam and India. Help Vietnam increasingly develop and integrate internationally.

Keywords: sustainable trade development, Vietnam

1. The nature and role of sustainable trade development

1.1. The nature of sustainable trade development

Trade means business, or more specifically, it is the activity of exchanging - buying and selling goods and services on the market for profit. Entities participating in the market are buyers and sellers, as required by law. If entities in a country have a business relationship with goods or services with foreign partners, this is called international trade.

Trade includes many different activities, mainly: exchanging and trading goods and services on the market, such as: trading in goods, trading in services, investing, intellectual property, ...

Trade development is an increase in all aspects of trade activities, reflected in the increase in quantity - scale, speed; movement in the structure of trade in goods and services and improvement of the quality of trade in the process of exchanging and trading goods and services (trade in goods, trade in services, investment, and intellectual property, ...). The ultimate goal of trade development is to constantly increase the benefits from commercial activities.

Accordingly, sustainable trade development is high (rational), stable, long-term growth in terms of scale, speed of trade activities associated with structural and advanced quality of trade in goods and services. Trade development must ensure a harmonious and rational combination between economic, social, environmental and security aspects.

Thus, the implications of sustainable trade development include:

+ Sustainable trade development must have high or reasonable growth (stability), stability, and long-term scale and speed of trade in goods and services. The results of the growth of trade in goods and services have contributed positively to sustainable economic development, affecting the restructuring of the economy in a positive, modern, advanced-developed manner. developing sectors and fields with high added value, employing high quality labor, creating high added value.

Trade development inevitably requires the use of material resources (capital, labor, natural resources, science and technology) and non-material resources (tradition, history, culture, etc.). ensure that the current use of resources for trade development does not impede or affect the future generations' use of resources for trade development.

In international trade, the manifestation of sustainable trade development, on the one hand, is shown in the balance of international trade ensuring the balance between export and import, not only leading to trade deficit but also trade in goods and services, investment, intellectual property, ... gaining more and more foreign currencies, rapidly increasing foreign currency accumulation for the economy, ... On the other hand, international trade must have make a positive contribution to promote the transformation of a broad-based economic growth model (the economy uses mainly traditional elements - raw natural resources, cheap labor without accompanying scientific progress. learning - technology) to depth (economy using technology - high technology, high quality labor associated with development). Ministry of Science and Technology).

+ Sustainable social development of commerce must be linked to ensuring creation of high value-added jobs, professional and modern working conditions, a secure living environment, etc. Increase income for workers in commercial activities associated with social security, poverty reduction through trade in goods and services, ...

+ Developing environmentally sustainable trade to ensure all goods and services trade activities must be linked with ensuring the preservation of fresh air and solid waste treatment. Especially, trade in goods and services must ensure the thrifty and efficient use of natural resources, preserve the soil and water environment ...; ensure public health, ...

In international trade, import and export activities of developing countries, especially low-level developing countries, must comply with the laws of bilateral and multilateral trade agreements. avoid importing goods, as machines and equipment forming the technological landfills of developed countries. Or import of poor quality food and consumer goods affecting the health of the community.

In the process of promoting trade in goods and services, developing countries not only focus on ensuring security in importing goods and services for production and consumption but also need to pay attention to. ensure national security and defense, ...

Commercial sustainable economic development is very important and is a necessary condition for sustainable trade development in society, environment, and national security. Because commercially sustainable economic development will create existing physical resources to address issues of economic, social, environmental and national security.

1.2. The role of sustainable trade development

- Sustainable trade development contributes to promoting a reasonable (continuous), continuous, stable and long-term economy.

The nature of commerce is the business of goods and services. Therefore, sustainable trade development will promote efficient trading of goods and services. Through that, activities of exporting and importing goods and services; investment activities; Intellectual property is strengthened, has a positive impact on domestic production, creating more and more goods and services. In particular, the production of quality and value-added goods and services will boost exports. Thereby increasingly creating job openings, increasing incomes, stimulating consumers, promoting growth, sustainable economic development.

- Sustainable trade development contributes to promoting the transformation of economic growth model associated with economic restructuring.

Trade development, especially international trade development, is to promote export, import, investment activities, etc.

Through export activities, receiving direct investment of countries importing goods and services, especially modern machinery and equipment; advanced services from abroad contribute to the renovation of outdated economic growth model, mainly using outdated technology, cheap labor, consuming natural resources, ... to use. advanced technology, high quality labor, saving natural resources ...; improve the quality of economic growth.

That is, import and investment activities have directly participated in the process of renewing the nation's economic growth model from width to mainly depth.

Once the country imports goods or services; attract and absorb the efficiency of foreign direct investment; acquiring science and high technology through machinery and equipment, contributing to the renewal of a successful economic growth model is one of the important factors that ensure the economy to take off.

- Sustainable trade development contributes to the development of high quality human resources, job creation, income generation, poverty reduction and social security.

Through effective and sustainable trade activities, it will create an economy that creates high quality human resources, proceeds to develop high-quality human resources to participate in the production process - It is a decisive factor to improve productivity, product quality, and competitiveness of the economy.

At the same time, sustainable trade development will increasingly create new, high-value-added workplaces; Increase income for employees.

As the economy grows in quality, wealth is increasing more and more. The fruits of growth impact the increase of income for workers; create material conditions to solve social problems, sustainably reduce poverty and ensure social security.

- Sustainable trade development contributes to ensuring the economical and efficient use of natural resources, protection of plant and animal carpet (forests, wildlife, etc.) in association with protecting the ecological environment.

Sustainable trade development is in the context of globalization, international integration, and commercial activities must comply with the laws of the country with international commitments on sustainable development, with restrictions, thrifty use of natural resources, protection of forests, wildlife, protection of vegetation, living environment, ...

In particular, with the commitment of nations in the Earth Summit to the goal of sustainable development, contributing to economical, efficient use and protection of natural resources. Through bilateral and multilateral commitments in FTAs, especially new generation FTAs, must comply with and ensure the criteria and standards of sustainable trade development, especially the traceability of industrial products, agriculture, ... exports is one of the mandatory principles that have promoted the development of sustainable trade in particular and the development of a sustainable economy in general.

In addition, sustainable trade development creates strategic trust in exports and imports between countries, promoting national, regional and international security and order.

2. Actual situation of trade development between Vietnam and India

2.1. *These achievements*

Since Vietnam and India established diplomatic relations (January 7, 1972), developed into a strategic partner (July 2007) and became a comprehensive strategic partner (September 2016). two-way trade between Vietnam and India flourishes. The system of policies and laws on trade between Vietnam and India has been built, renovated and perfected in the direction of deep and broad integration into the global economy. Infrastructure for trade development, especially infrastructure development using modern technology in trade development between Vietnam and India has been increasingly expanded and strengthened, etc. Therefore, the results The achievements in bilateral trade relations between Vietnam and India have been strengthened and strengthened.

- Two-way turnover between Vietnam and India is increasing, which is most evident in export - import. Vietnam's goods exported to India ranked 15th and at the same time, India was also the 10th largest import market for Vietnam's goods and services.

Bilateral trade between Vietnam and India increased rapidly from 1.01 billion USD (2006) to 2.74 billion USD (2010), reaching 5.4 billion USD (2016). In particular, Vietnam's export turnover to India reached nearly 2.7 billion USD, up 8.8% and the import of Indian goods into Vietnam was over 2.7 billion USD, up 1.9% compared to with 2015. In 2017, the two-way turnover between Vietnam and India reached a high level of USD 7.5 billion

Vietnam's exports to India are quite diverse and plentiful. In particular, the main export products with potentials and strengths in terms of output as well as quality and grades of goods exported to India are agricultural, forestry and aquatic products; iron and steel, phones and mobile phone components, coal, plastics, ... The export turnover reached USD 992 million in 2010 increased to USD 2.4 billion in 2014, ...

+ The structure of export products between the two countries has been increasingly diversified and diversified, based on the comparative advantages of Vietnam and India.

According to a report of the General Department of Customs, the structure of commodity lines between the two countries has also had positive changes. If the trade between Vietnam and India depends on three main products: Animal feed, maize and pharmaceutical products (imported by Vietnam), now, the structure of trade products between the two countries has been affected. shifting towards progress, even developing into higher value-added goods such as electronics, mobile phones, components, machinery and equipment, pharmaceuticals, chemicals, textiles. garment, fiber, automobile, ... Imported goods of Vietnam are mainly machinery, raw materials for domestic production and husbandry with key products of all kinds of seafood, machines, equipment, western medicine, cotton, steel, animal feed, ...

In particular, in recent years, India has carried out development investment activities in Vietnam. The most obvious is India's deployment of activities of oil and gas exploration, processing, petrochemical and other related services. Vietnam Oil and Gas Group (PVN) and the National Oil and Gas Group of India (ONGC) have signed and implemented oil and gas exploration and exploitation activities on the basis of product division in a number of lots. exploited in the East Sea, under Vietnam's sovereignty. At the same time, the two groups also signed a Memorandum of Understanding and are implementing cooperation in oil and gas exploration in third countries.

+ Trade promotion, market research and investment activities are increasingly strengthened and expanded from commercial services to development of investment, production and business activities, promoting Indian investors. to Vietnam production - business. In particular, on August 13, 2009, the signing of the Agreement on Trade in Goods between ASEAN and India - AIFTA in Thailand has contributed to create a new impetus in cooperation and promote trade and development. high-tech processing industry, oil and gas exploitation, minerals, investment, science and technology, human resource training and development, infrastructure development, ...

The ASEAN-India Trade in Goods Agreement (AIFTA), the two countries will have more incentives to cooperate, not only in trade but also have great potential in the fields of industry, oil and gas exploitation, minerals. production, investment, science and technology, human resource development, infrastructure, agricultural processing, ...

In fact, large and potential Indian companies, such as International Manpower Resources, Thermax Babcock & Wilcox, Ion Exchange, Lasen & Torbo Ltd, Godnej & Boyce, are trying to reach the Vietnamese market, providing services. advanced technical services, modern management, ... for the development of Vietnam's oil and gas industry. Since May 2013, Vietnam has agreed to assign India's Tata Power Group to be the owner of a BOT project to build Long Phu 2 Thermal Power Plant, with a designed capacity of 2 X600 MW, the total investment posted. signed over 2 billion USD in the Central Province - Soc Trang. In December 2015, the Prime Minister allowed the Ministry of Industry and Trade to sign and approve a pre-feasibility study to speed up the progress and put the commercial project into operation in 2021-2022. In the automobile manufacturing

industry, Tata Motors Co., Ltd. has signed a contract with TMT Automobile Joint Stock Company to enter into a cooperation agreement on the distribution and technology transfer of its commercial vehicle products.

According to the analysis of researchers, in Central Asia and West Asia, India is the largest foreign direct investment partner in Vietnam, mainly focusing on developing manufacturing and processing industry. , information technology, mining, with 164 projects and total registered capital of over 755 million USD, ranked 28th out of 116 countries and territories investing in Vietnam.

2.2. *Some limitations and causes*

* Some limitations

- Regarding trade development to promote economic growth and development

+ Vietnam and India trade development is still quite slow. Since the establishment of diplomatic relations between the two countries, now up to 46 years, meaning that nearly half a century of diplomatic relations between Vietnam and India, trade between the two countries has not yet been commensurate with the thickness of time to establish relationship and as a comprehensive strategic partner for 11 years.

Although diplomatic activities between Vietnam and India have been strengthened and taken a step ahead to pave the way for commercial activities, but in fact, trade and investment activities have not been progressing fast and timely. Political and diplomatic activities make the goal of sustainable trade development still at a potential level.

+ The structure of export and import goods is not really diversified, plentiful and developed in depth. Vietnam exports to India mainly traditional goods, agricultural products, plastic processing machines, Iaminate plastic products, rolled steel, ... especially agricultural products with low added value. While Vietnam has to import relatively high value-added goods from India, such as machinery, technology, pharmaceuticals, etc., the trade balance between exports and imports is unbalanced. . Vietnam's trade deficit with India continued.

+ Vietnam and India establish diplomatic relations as a comprehensive strategic partner, but in reality, the trade development between the two countries is still mainly the export-import of customs-shaped goods. In the traditional mode of commerce, there is still not much commercial activity associated with high technology development, such as e-commerce, although India is a country that develops technology, especially software technology. world ranking.

- Regarding trade development in association with human resource development and poverty reduction

In the trade development between Vietnam and India, the focus is mainly on the strong development of economic activities and other activities related to social sustainable development, such as technical and professional training. High technology for workers (in the commitment between the two countries) has not been properly focused and developed properly, making connectivity and promoting sustainable trade development not on a par with that of true strategic partnership.

In fact, India is a country that has been developing a number of key economic sectors, bearing global brands and high added value, such as information technology development, creating software technology products. High quality, annually providing a number of information technology human resources to developed countries, such as the United States, the EU, ... While, Vietnam is a country with abundant labor, a relatively young population, have great software technology development potential. However, the connection between the two countries in training and developing human resources has not been developed strongly and firmly.

Moreover, Vietnam is also a densely populated country, under great pressure from climate change, from the environment, ... often faced with the occurrence of diseases and epidemics; The proportion of people suffering from the disease is high, needing medicine and having good medical care. India is a country capable of

developing production of curative medicines and supplying high quality pharmaceuticals, but cooperation and technology transfer in pharmaceutical and curative medicine production still stop at pure trade. Tuyý. Vietnam imports medicine from India annually, has not been shared and has access to pharmaceutical manufacturing technology, medicines, etc. Promoting cooperation in training and developing human resources for the pharmaceutical industry Products between the two countries are still very limited.

At the same time, India is also a country with a good tradition and capacity in developing world-class textile and silk products, etc. mind and properly implement as strategic partners, ...

In addition, trade development associated with trade development cooperation associated with climate change response, environmental protection, ... between Vietnam and India has not really been paid attention.

* The basic causes

There are many causes for this situation, but the basic causes are:

Firstly, mechanisms and policies on trade development associated with sustainable development, although gradually mentioned in trade development commitments, have not been thoroughly understood in all sectors and fields. commercial business. The implementation of committed policies is not good. This has caused difficulties in implementing the goal of sustainable trade development, clearly reflected in the coordination of trade and investment policies, encouraging investors between the two countries, promoting development. production - business sectors, especially supporting industries.

Second, although globalization, liberalization and international integration are an irreversible process for all world economies, including Vietnam and India. In fact, however, the Indian economy still presents a typical trade protectionist market in Asia, with high levels of tariff and non-tariff protection barriers. Customs tariffs under the standard MFN standard of India are still over 30%, ranking among the countries with the highest customs duties in the world.

Thirdly, there is a big difference between Vietnam and India in terms of culture, traditions, customs, languages ...; India's rich-poor gap is still high. In addition, difficulties in developing technical and cultural infrastructure, etc. are barriers in sustainable trade development between Vietnam and India.

3. Policy implications for promoting sustainable trade development between Vietnam and India until 2025 with a vision to 2035

Vietnam is conducting renovation of economic growth model associated with economic restructuring in the context of globalization and international integration, promoting sustainable trade development with countries in general and with India. in particular is an indispensable objective. In the coming time, to develop a sustainable trade between Vietnam and India, it is necessary to attach importance to the renewal and completion of the following policies:

Firstly, to continue renewing the policy of developing trade policies in association with the sustainable development goals under new conditions. Proactive international integration and the leap forward development of science and technology, with the industrial revolution 4.0, towards the 5.0 revolution to guide the sustainable trade development between Vietnam and India in the the next decade.

- Completing the trade policy in a synchronous, comprehensive and modern manner, proactively integrating into the world, based on the bilateral commitments with India and in accordance with bilateral international commitments and multilateral agreements from traditional FTAs - World Trade Organization (WTO), Vietnam - US Trade Agreements, etc., especially commitments in new generation FTAs - EVFTA, NAFTA, ASEAN + 1 FTAs, AUSFTA , ...

- Trade policy must link harmoniously, reasonably, closely and effectively with the policy system: Trade - investment policy, human resource development policy, competition policy, exchange rate policy, and market policies, ... in association with the criteria and common standards of the International Trade Agreements as well as the requirements of sustainable development, promoting the sustainable trade development between Vietnam and India.

- Innovating and perfecting trade policies in general and trade policies between Vietnam and India in particular on the basis of respecting the interests of the two countries; ensure both the implementation of bilateral commitments and the multilateral commitments, connecting with the internal and external sectors and with high quality; respond promptly and effectively to unpredictable fluctuations of global trade, provided that all countries put their interests first.

- Trade policy should be a foundation for developing a sustainable trade relationship, promoting the efficiency of export and import activities between Vietnam and India. In particular, renewing trade policies in parallel with innovating financial policies, credit policies, exchange rate policies, tax policies, etc. to ensure that these policies have a positive impact, creating a driving force for Sustainable trade development.

Second, promote investment promotion; promote the image, country and people between the two countries. Through this, each side will enhance the mutual understanding. Entrepreneurs operating in the manufacturing and business sectors can explore the industries and fields in which Vietnam and India can cooperate and develop towards sustainable trade development both economically. - society, environment, ... In particular, it is necessary to promote cooperation in information technology development; tourism development; developing tax, management and insurance consulting services; logistics, construction materials; activities of exploration and exploitation of petroleum energy; developing high-tech agriculture; educations; cooperation in manufacturing - trading in pharmaceutical products, medical care for the people ...

Thirdly, promoting the development of synchronous and modern infrastructure systems, creating favorable conditions for trade between Vietnam and India; India with Cambodia, Laos, Myanmar and Vietnam (CLMV). Through the development of improved infrastructure and border trade infrastructure, it will overcome the increasing cost of transporting goods among CLMV countries - an obstacle to sustainable trade development. /.

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