

## Assessment of Current Situation of Vietnam's International Economic Integration

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### **Abstract:**

*The article discusses international economic integration. Specifically, the author reviews the studies on international economic integration from which to assess the status of international economic integration activities in Vietnam. Assess the current situation and analyze the achievements as well as the shortcomings and challenges of international economic integration in Vietnam. Finally, the author presents solutions to enhance the efficiency of international economic integration activities in Vietnam*

**Keywords:** *International economic integration, Vietnam*

### **1. Introduction**

The history of the whole world shows that if a country closes, it cannot develop because without "demand", "supply" will shrink; If we do not acquire external resources such as capital, technology, etc., we will be in a state of backwardness. Not so that the strong countries or resort to siege and embargo to stifle economies they dislike. Under the impact of development needs, the trend of internationalization and globalization arises, spreads, attracts countries into the global flow, so the flow of goods, capital, services and information, labor, means of transportation spread throughout the world.

Economic globalization is an inevitable trend that shows the rapid development of production forces due to the international division of labor which has been taking place more and more extensively on a global scale under the impact of the public scientific revolution. technology and capital concentration accumulation lead to a unified economy. The economic unity between nations has a strong and profound impact on the political economy of countries in particular and of the world in general. It is a remarkable development of the world economy with high economic growth rate and many changes in the economic structure. The birth of world economic organizations such as WTO, EU, AFTA ... and many other development triangles is also brought about by globalization.

Following the general trend of the world, Vietnam has been gradually trying to proactively integrate into the international economy. This is not a temporary task goal but a vital issue for the Vietnamese economy today as well as later. Because a country that goes against the general trend of the times will become obsolete and isolated, sooner or later it will be eliminated in the international arena. Moreover, a developing country, which has just experienced fierce and fierce wars ..., the initiative of economic integration with the region and the world is even more necessary than ever. In the integration process, the abundant internal resources and the external forces will create opportunities for economic development. Vietnam will expand the import-export market, attract foreign investment, acquire advanced science and technology, valuable experiences of developed countries and create a favorable environment. for economic development. However, a problem always has two opposing sides. International economic integration has brought Vietnam many favorable opportunities but also brought many difficulties and challenges.

### **2. Research overview**

#### **2.1. Concept of International Economic Integration**

The term "international integration" in Vietnamese originated from foreign languages (English is "international integration", French is "intégration internationale"). This is a concept mostly used in the fields of international politics and international economics, dating back to around the middle of the last century in Europe, in the context of institutionalist advocates ending. promote cooperation and linkages between former enemies

(Germany-France) to avoid the risk of recurring world war through the building of the European Community. In fact, up to now, there have been many different interpretations and definitions of the concept of "international integration".

In Vietnam, the term 'international economic integration' began to be used in the mid-1990s along with the process of Vietnam's accession to ASEAN, joining the ASEAN Free Trade Area (AFTA) and other entities. other international economic institutions. In recent years, the term "international integration" (even briefly called "integration") has been used more and more widely and with a wider meaning than international economic integration. It is worth noting that before the term "international economic integration" was put into use, the terms "international economic links" and "unification of economy" appeared. international". All three terms are actually used to refer to the same concept that English calls "international economic integration".

## ***2.2. The role of international economic integration***

Joining world and regional economic organizations will give member countries an opportunity to develop their economies quickly. This opportunity comes from the role of international economic integration, including: expanding the export and import markets of the countries participating in the process of international economic integration; increase foreign investment attraction, official development assistance and international debt settlement; absorb advanced science and technology, train staff and solve job problems; or contribute to the training and retraining of staff in many fields. In the specific case of Vietnam, another role of international economic integration is to maintain stable peace, create a favorable environment for Vietnam to build foundations, develop capacity, and implement. soft power. However, many challenges are posed, such as: the ability of people, businesses, state institutions, as well as institutions and government agencies to adapt to fiercely competitive international environment. that international economic integration brings.

## ***2.3. Policy of international economic integration***

The policy of international economic integration can be interpreted as a state-oriented action program, aimed at implementing cooperation, bilateral or multilateral, with countries around the world to achieve and protect the Agreement that brings economic benefits to that country.

### **Characteristics of policies of international economic integration**

It can be said that the inevitable trend of international economic integration is that along with the increase in international economic integration, trade barriers between markets will gradually disappear.

In order to identify international economic integration policies, it is important to classify them according to the characteristics they have. In terms of geographical scope, it is possible to divide international economic integration policies into directions: bilateral, multilateral, and regional. With regional economic integration policies, the countries participating in this type of policy are often linked together on the basis of geographical areas, the typical and closest example is Hiep. Association of South East Asian Nations (ASEAN), a political, economic, cultural and social union. In addition, bilateral economic integration policies are considered as the basic content that any country implements. International economic integration through bilateral policies is an integration based on policy agreements between the two countries, in which, the terms and contents are put forward by the parties in the agreement. Approved and committed to implementation. The strength of bilateral international economic integration policies is that the exchange of policy negotiations between the two countries will be direct and take less time (compared to the form of multilateral international economic integration policies. ). However, the weakness of bilateral policies is that the smaller and weaker countries will have more difficulties in negotiating with larger countries, because the window of negotiation for small countries will be narrower, leading to their ability to be pressured by major countries, and to accept agreements that are not really as favorable as possible for them.

## **3. The reality of international economic integration in Vietnam today**

Vietnam is actively participating and promoting its membership in international economic organizations.

As a member of international economic organizations: WTO, ASEAN, APEC, Vietnam has made efforts to fully and seriously implement commitments and actively participate in activities within the framework of organizations. this. As follows:

**\* In the framework of WTO:**

- After joining the WTO, Vietnam has implemented many trade policy reforms towards greater transparency and liberalization, which is reflected in multilateral commitments on laws and institutions as well as other undertaking to open the market of goods and services.
- Vietnam has correctly implemented its multilateral commitments and commitments to open markets for goods and services as well as comprehensive reform measures to take full advantage of opportunities and overcome challenges in our period. deeper integration into the global economy.
- As a member of the WTO, we have tried to actively participate in negotiations within the framework of the WTO in Vietnam-related content such as agriculture, industry and intellectual property. , fishery subsidies and the WTO's trade assistance program... ..
- Vietnam is actively preparing for Vietnam's first trade policy review session, scheduled for early 2013.

**\* Within the framework of ASEAN**

- After 16 years of joining the Association of Southeast Asian Nations (ASEAN, 1995-2011), the regional cooperation relationship between Vietnam and ASEAN is increasingly comprehensive and has profound impact on economic life. economic, social and political issues of Vietnam, contributing to empowering Vietnam's position in regional and international cooperation forums. For Vietnam, ASEAN has always been the largest trade and investment partner (particularly in 2009, ASEAN was the second largest investor of Vietnam, after the United States).
- The implementation of extensive integration commitments to build the ASEAN Community in 2015 has made practical contributions to improving the domestic legal environment, facilitating business production and attracting direct investment. foreign countries, as well as being a basis and a premise to help Vietnam participate in other bilateral and multilateral cooperation frameworks.
- After successfully completing the rotating chairmanship of ASEAN in 2010, in 2011, Vietnam has actively participated in cooperation programs to implement the ASEAN Community in 2015. So far, Vietnam The South is one of the countries with high rates of implementation of the measures and initiatives set out in the ASEAN Economic Community Master Plan.

**\* In the framework of APEC**

- For Vietnam, the APEC Forum is very important. APEC is the region with the largest development assistance, accounting for 65% of total foreign investment, 60% of export value, 80% of import value, and 75% of total international tourists to Vietnam. Male. Most of our important strategic partners and leading economic and trade partners are APEC member economies.
- Since becoming an official member of the APEC Forum in 1998, Vietnam has seriously implemented the commitments of cooperation of APEC such as the Annual National Action Program Report, the implementation of the Action Program. collectives, cooperation plans on trade facilitation, investment ... We also assume the position of Chairman and run many important Working Groups such as the Health Working Group for the 2009-2010 term, the Group Working on Emergency Response, E-Commerce Working Group, etc. Vietnam has successfully implemented more than 60 initiatives, co-sponsoring hundreds of initiatives in almost all fields of trade and investment. , economic and technical cooperation,

health, coping with natural disasters, combating terrorism ... Vietnam has been assessed as one of the cities. Dynamic members have made many positive contributions to the APEC Forum.

**\* In the framework of ASEM**

- ASEM represents more than 60% of the world's population and contributes more than 50% of global gross domestic product (GDP), ASEM is not only a bridge for new partnerships between the two Eurasia continents. also aims to bring practical contributions to peace, cooperation and development in the world.

- In the past two years (2010-2011), Vietnam has actively proposed and implemented many initiatives and activities of ASEM, notably the successful organization of many important seminars such as "Strengthening workshop". image of ASEM through cultural activities ", ASEM workshop on crisis recovery- shaping sustainable development ", ASEM Forum on food security ", ASEM forum on climate change " ", ASEM Forum on social safety net ", Asia - Europe Forum (ASEM) on green growth with the theme: " Working together towards increasing green economies "...

In recent years, the world has been witnessing a rapid increase in free trade agreements (FTAs) to establish free trade areas. In line with international and regional economic integration trends, the process of negotiating and signing FTAs of Vietnam has been started and implemented along with the process of joining regional and international organizations. field.

The international situation has been happening with many complicated and unpredictable developments to protect interests, many countries have taken measures to protect trade and even participate in "trade war". In this context, Vietnam is one of the few countries that continues to be consistent with international economic integration.

One of the important guidelines was set out in Resolution No. 06-NQ / TW of November 5, 2016, on "Effective implementation of the process of international economic integration, maintaining socio-political stability. Association in the context of Vietnam joining new-generation free trade agreements". This policy has helped our country confidently enter a new stage of the process of international economic integration, proactively formulating new rules in international trade through free trade agreements (FTAs). new system.

The first result of the process of implementing policies on international economic integration is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which was passed by the National Assembly of Vietnam and came into effect in November. 1/2019.

Right after being approved by the National Assembly, the Prime Minister issued Decision No. 121/QĐ-TTg dated January 24, 2019, approving the Plan for implementation of the CPTPP Agreement. The decision clearly defines the specific tasks to implement the implementation of the CPTPP, which includes the contents of the work, the lead agency, the coordination, the product and the time to complete the work.

Following the direction of the Prime Minister, ministries, agencies, central agencies and localities have developed their own implementation plan of CPTPP (as of July 9, 2019, there have been 23 ministries, branches, central agencies and 55 local authorities issue plans to implement their CPTPP Agreement).

On June 30, 2019, Vietnam and the European Union (EU) signed a free trade agreement (EVFTA). Thus, not only 1 but 2 "new generation" FTAs are joined by Vietnam, contributing to establishing equal partnerships, on the basis of mutual benefits with some of the most developed economies. gender.

In particular, Vietnam is the second country in ASEAN and the first developing country in the region to sign FTA with EU (EVFTA). This is the result of a long way, showing great strides to bring Vietnam from a latecomer country to the first of the region leading countries in the process of proactive international economic integration.

EVFTA is forecasted to have many positive contributions to export growth as well as the process of diversifying markets and exports for Vietnam. Once the Agreement comes into effect, 85.6% of goods items (equivalent to about 70.3% of Vietnam's exports to the EU) will enjoy 0% tax. After 7 years, 99.2% of goods items will enjoy 0% tax, equivalent to 99.7% of Vietnam's export turnover (the remaining items under the tariff quota and the import tax within the quota are 0%).

However, with the new generation FTAs, the scope does not stop at commitments to open commodity markets. The EVFTA Agreement covers many other issues such as the opening of markets for services, investment and procurement of Government agencies; ecommerce; Intellectual property rights; State-owned enterprises (DN) and sustainable development. Regulations are based on international standards in many areas of business, trade, investment, bidding, and intellectual property.

According to experts' calculations, if EVFTA is implemented immediately, it may contribute to the increase of Vietnam's gross national product (GDP) at an average of 2.18 to 3.25% for the period. 2019-2023; 4.57 to 5.30% for the period 2024 - 2028 and 7.07 to 7.72% for the period 2029 - 2033. In parallel with economic growth, EVFTA helps increase employment for about 146 thousand workers every year. This is the highest result compared to the FTAs that Vietnam has signed and implemented so far.

#### **4. Achievements of Vietnam's international economic integration**

*Firstly*, INTERNATIONAL ECONOMIC INTEGRATION has contributed to increasing national synergy. Vietnam's economy has been gradually restructured in association with renovation of growth model, strengthened economic infrastructure, human resources to provide for socio-economic development (socio-economic). ) rapidly developing. Business investment environment is improved, transparent, more equal, and competitiveness of the economy is raised.

Vietnam is considered by many international organizations to be one of the fastest growing economies in the region as well as in the world and has good prospects thanks to continued macroeconomic stability and balances. big guaranteed, inflation is controlled, create an environment, motivating economic development. Vietnam's economic scale in 2019 is forecast to reach 5.5 million billion VND, equivalent to 240.5 billion USD, 1.3 times higher than 2015, currently ranked 44th in the world by nominal GDP and th 34 according to purchasing power parity.

*Secondly*, INTERNATIONAL ECONOMIC INTEGRATION has a strong impact on growth, contributing to promoting socio-economic development. GDP per capita increased from USD 2,109 (in 2015) to USD 2,587 (in 2018), about USD 7,650 based on purchasing power parity. Especially, after joining the World Trade Organization (WTO), Vietnam has maintained a high growth rate, in 2007, GDP growth reached 8.46% (the highest level in the previous 11 years). ). However, 4 years later, due to the impact of world economic fluctuations, GDP growth in the period of 2011 - 2013 decreased to 5.6%. Notably in the following years, the economy prospered. Specifically, in 2014 reached 5.98%, in 2015 reached 6.68%; 2016 reached 6.1%, 2017 GDP reached 6.81%, 2018 reached 7%, the size of the economy was about 240 billion USD, per capita reached 2,540 USD, the highest growth rate within 10 years. by (2008-2018).

*Thirdly*, INTERNATIONAL ECONOMIC INTEGRATION promotes the strong development of international trade activities of Vietnam to increase import-export turnover (import-export), expand the market of diverse types of goods participating in import and export. Vietnam has become a part of the global economy with a total export and import turnover of nearly US \$ 480 billion, nearly double the GDP. From the place of frequent trade deficit, Vietnam has turned to import and export balance, even trade surplus. Vietnam now has trade relations with over 200 countries and territories. As a member of the WTO, Vietnam has been recognized by 71 partners as a market economy, many products have gradually gained a foothold and competitive ability in many markets with high quality requirements such as the European Union. , Japan, USA ...

*Fourth*, the deeper international economic integration contributes to making Vietnam an important "link" in the network of economic links with the world's leading economies (including 12 signed FTAs and 2 agreements have been signed, 4 FTAs are negotiating to ensure a free and high preferential trade connection with 60 economies, accounting for 90% of Vietnam's trade turnover); at the same time, creating new impetus and new "pressure" to strongly promote the improvement of socialist-oriented market economy institutions associated with renewing the growth model and restructuring the economy. The legal environment, economic policies and domestic management mechanisms have been reformed towards becoming more and more consistent with high standard commitments in FTAs and becoming more and more transparent, creating an investment and business environment. Domestic businesses are becoming more and more open, close to the high international standards of the region and the world.

*Fifthly*, attracting foreign investment of Vietnam achieved many impressive results. United Nations Conference on Trade and Development, Vietnam is one of the 12 most successful countries in attracting foreign direct investment (FDI). Currently, there are nearly 26,000 FDI enterprises operating in Vietnam, with the committed capital of over 330 billion USD from nearly 130 countries and partners. FDI into Vietnam accounts for 25% of total social investment. The partners have pledged more than US \$ 3 billion in aid to Vietnam in 2018-2020. Vietnam has gradually become one of the world's factories on the supply of electronics, textiles, footwear, mobile phones, etc.

### **5. Some issues posed to Vietnam's international economic integration**

Besides the achieved results, the process of INTERNATIONAL ECONOMIC INTEGRATION of Vietnam still exists some limitations and difficulties. Specifically as:

- Policies and laws on INTERNATIONAL ECONOMIC INTEGRATION are missing and incomplete. The organization of the Party's undertakings and resolutions, the State's law on INTERNATIONAL ECONOMIC INTEGRATION is not serious and drastic. The operating capacity and economic management capacity of domestic enterprises are still weak. That limitation has a negative impact on increasing resources for the country's socio-economic development.
- The strategy of INTERNATIONAL ECONOMIC INTEGRATION is not comprehensive, leading to not taking full advantage of the benefits of INTERNATIONAL ECONOMIC INTEGRATION in the implementation of the country's socio-economic development objectives. In some cases, INTERNATIONAL ECONOMIC INTEGRATION is still passive, not consistent with the real situation of national development, not fully promoting the efficiency and benefits of integration.
- In the economy, there still exist some internal limitations such as: Macro balance and big balances of the economy are not solid; Business investment environment and competitiveness are slowly improved; Administrative procedures still have many problems; The situation of production and business still faces many difficulties; The number of enterprises dissolved, stopped operating is large; The financial and management capacity of most domestic enterprises is limited ...
- A focal point of INTERNATIONAL ECONOMIC INTEGRATION in a number of ministries, departments, sectors and localities has not focused on the coordination and consultation with the action programs on INTERNATIONAL ECONOMIC INTEGRATION. Therefore, the implementation of INTERNATIONAL ECONOMIC INTEGRATION has not achieved the desired results.

### **6. Solutions to promote international economic integration**

Although the process of INTERNATIONAL ECONOMIC INTEGRATION has achieved positive results, in the context of unpredictable world developments, Vietnam needs to proactively implement INTERNATIONAL ECONOMIC INTEGRATION to the full extent. more extensive, innovative, and more effective. In the immediate future, it is necessary to focus on the following key contents:

Firstly, international integration is the cause of the entire people and can only be successful with the participation of businesses and people. Therefore, the whole political system, all levels and sectors need to be fiercely involved in order to continue promoting the INTERNATIONAL ECONOMIC INTEGRATION in the spirit of the Politburo's Resolution No. 22-NQ / TW on international integration. International; Directive No. 25-CT / TW on promoting and raising multilateral foreign relations to 2030 and the Government's resolutions, action plans and integration plans.

Secondly, along with promoting trade and investment activities, Vietnam needs to improve its capacity to prevent, resolve and handle disputes, complaints and lawsuits about international trade and investment. It focuses on training, fostering and developing a contingent of lawyers and legal officers to protect the legitimate and legitimate rights and interests of the people and businesses.

Thirdly, identify the major development trends and trends of the world, thereby correct and timely adjustments in the development strategy, making full use of newly opened opportunities. At the first meeting in 2019 (June 2019), the Inter-sectoral Steering Committee for International Integration in Economics proposed: Ministries, sectors and localities should consider and enhance research, evaluation and projections. announces new issues of INTERNATIONAL ECONOMIC INTEGRATION affecting Vietnam ...

Fourthly, it is necessary to seize the opportunities and identify the challenges of FTAs in order to have appropriate integration but not to be dependent and caught up in the short-term trends, the trends of elimination and the formation of links. closed in FTA wave.

Fifth, establishing a full, transparent and modern market economy is both a goal and a requirement of integration. In order to achieve this, policies to strengthen ownership are needed to promote long-term investment; effective implementation of public administration reform to increase transparency, reduce bureaucracy and lower transaction costs which have a significant impact on small and medium-sized enterprises.

Sixthly, creating favorable conditions, promoting the role of localities and businesses in the work of INTERNATIONAL ECONOMIC INTEGRATION. The biggest development is in the continuous efforts and creativity of every enterprise and every people. Local, businesses are the central subject of integration, must enjoy the fruits of integration. Businesses and people must be more proactive, fully and seriously implement mechanisms, policies and legal provisions on integration, not to let the law violations continue, affect prestige and the image of the country and people of Vietnam.

Continuing to promote the achieved results in the process of international economic integration, Vietnam continues to proactively deploy international economic integration to a more comprehensive, extensive, innovative and more effective manner.

In addition to promoting trade and investment activities, Vietnam needs to improve its capacity to prevent, resolve and handle disputes and complaints about international trade and investment. In particular, focusing on training, fostering and developing a contingent of lawyers and legal officers to protect the legitimate and legitimate rights and interests of people and businesses.

Along with that, Vietnam needs to proactively identify the major development trends and trends of the world, thereby making correct and timely adjustments in the development strategy, making full use of newly opened opportunities. .

Vietnam also needs to establish a full, transparent and modern market economy, meeting the requirements of integration. Accordingly, there should be policies to consolidate ownership to promote long-term investment; effective implementation of public administration reform to increase transparency, reduce bureaucracy and lower transaction costs which have a significant impact on small and medium-sized businesses.

In addition, there should be mechanisms and policies to create favorable conditions, further promote the role of localities and businesses in international economic integration ...

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