



Trade Policy Review Body  
17 and 19 September 2013

## TRADE POLICY REVIEW

VIET NAM

### MINUTES OF THE MEETING

*Chairperson: H.E. Mr Joakim Reiter (Sweden)*

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Note: Advance written questions and additional questions by WTO Members, and the replies provided by Viet Nam are reproduced in document WT/TPR/M/287/Add.1 and will be available online at [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp\\_rep\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm).

## 1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The first Trade Policy Review of Viet Nam was held on 17 and 19 September 2013. The Chairperson H.E. Mr Joakim Reiter (Sweden) welcomed the delegation of Viet Nam headed by H.E. Mr Quoc Khanh Tran, Vice-Minister of Industry and Trade; the rest of the delegation from Viet Nam; Mr Trung Thanh Nguyen, Permanent Representative of Viet Nam to the WTO and to other colleagues from the mission in Geneva; and the discussant, H.E. Mr Francisco Pirez Gordillo (Uruguay).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by Viet Nam was contained in document WT/TPR/G/287 and that of the WTO Secretariat in WT/TPR/S/287.

1.3. Questions by the following delegations had been submitted in writing at least two weeks in advance and had been transmitted to the delegation of Viet Nam: El Salvador; Australia; Switzerland; Pakistan; Malaysia on behalf of ASEAN; the United States; Singapore; Chile; the Republic of Korea; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Indonesia; India; New Zealand; China; the European Union; Brazil; Colombia; Japan; and Thailand. The following delegations submitted written questions after the two week deadline: Hong Kong, China; Dominican Republic; Canada; Ecuador; and Argentina.

1.4. This was Viet Nam's first review after having joined the WTO in 2007. As Viet Nam pointed out in the Government Report, this review "allows us to highlight both the vital role that the trade and trade-related domestic policies have played in the country's rapid economic and social development, and the future direction".

1.5. Obviously, Viet Nam's journey towards integration into the global trading and investment system started well before the accession to WTO. Since 1986, it had pursued a persistent policy to gradually move from a centrally planned command economy towards a socialist-oriented market economy. These reforms, which its WTO accession process was part of and helped accelerate, had contributed to improved competitiveness and thus export-led growth. They had allowed Viet Nam to substantially decline poverty levels among its population, to create very high rates of economic growth and impressive expansion of international trade, and to transform the country from one of the poorest in the world to a lower middle income country – with the established goal of becoming a modern industrialized country by 2020.

1.6. More recently, at the macroeconomic level, growth was supported by a generous economic stimulus package in 2009. Its recent slowdown had, *inter alia*, been the outcome of the global financial crisis but also the slow pace of structural reforms and tighter macroeconomic policies since 2011. Viet Nam's international competitiveness therefore seemed to have increasingly come under threat. The surge in foreign direct investment after WTO accession had been followed by a decline of inflows. While the contribution of foreign-invested enterprises to the economy had been noteworthy, including to export-led growth, state involvement in certain activities remained relatively high. These and other challenges seemed to pose downside risks to Viet Nam's immediate economic outlook.

1.7. At the level of trade policy governance, and despite the impressive reforms already implemented and envisaged, Viet Nam's hierarchy of legal acts and other documents remained complex, creating uncertainties and unpredictability for economic operators (it comprised 12-levels, and it was not always evident to what extent new legislation abrogated or supplemented existing legislation). Uniform implementation of legislation across governmental authorities was also a continued challenge, and so was transparency, despite the fact that the Vietnamese Government attached great importance to external and domestic transparency in trade policies and had strongly welcomed this review. Specifically, although Viet Nam had submitted many notifications to the WTO, important gaps persisted for agricultural and industrial subsidies, and state trading, and timeliness issues could be raised with respect to import licensing, TBT, and SPS.

1.8. With regard to trade and trade-related policies, very important and positive changes had clearly occurred in recent years, including through the implementation of WTO commitments. But, also judging from Members' questions prior to this meeting, not all changes in recent years appeared to unequivocally aim at further opening up to trade and investment. For example, in the

area of tariffs and despite an overall downward trend, there had been changes in import duties, such as to stabilize domestic energy prices, as well as tariff increases towards bound levels to “support” selected industries. In the area of non-tariff measures, Viet Nam had supplemented a “line management import licensing system” with automatic licensing requirements, the identification of so-called “non-essential” imported commodities and consumer goods, and reference prices for many goods, and established additional documentation requirements or restrictions on the ports of entry for certain imports. Other possible areas to examine were the efforts to strengthen the protection of intellectual property rights and Viet Nam’s implementation of its commitments regarding trading rights.

1.9. Perhaps more fundamentally, the role of state owned enterprises in Viet Nam’s economy remained considerable. Similarly, from an industrial policy point of view, emphasis seemed to be put on certain activities (e.g. mining, manufacturing) involving, *inter alia*, local content, domestic value-added, and market-share improvement objectives. Viet Nam’s future policy directions in this area, such as the “Master Plan on Economic Restructuring” from 2012, would play an important role for whether it was to achieve the stated objectives of improving “quality, efficiency and competitiveness” in the years to come.

1.10. The Chairperson was sure that Members wished to raise many other issues as well. Overall, he considered that this review could offer a rather unique opportunity for all Members to look more in depth at, and gain a better understanding of, a recently acceded Member, the consequences of its accession, its achievements and remaining challenges, as well as its trade policy trajectory following its Membership to this organization.

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## 2 OPENING STATEMENT BY THE REPRESENTATIVE OF VIET NAM (H.E. MR QUOC KHANH TRAN)

2.1. Thank you, Mr Chairman, for the warm introductory remarks. It is my great honour to head the Vietnamese delegation to our very first Trade Policy Review today.

2.2. I would like to express my gratitude to his Excellency Ambassador Francisco Pirez Gordillo, for kindly accepting the request to act as the Discussant for our today's reviewing sessions.

2.3. I would like to acknowledge the hard work done perfectly well by Messieurs Sergios Stamnas, Adrian Cato and John Finn, and other colleagues at the Trade Policy Review Division in preparing the informative Report which, in my view, is a fair account and assessment of the current situation of our economy as well as our trade policies, and shall serve as an important basis for meaningful and candid exchange of views, concerns and, more importantly, recommendations for improvement.

2.4. Let me also thank those Members and groups of Members for their nearly 476 advance written questions, and counting. We have been trying our best to provide responses to all of the questions submitted in advance, and will try to give answers to any follow-up questions.

2.5. Last but not least, I would like to express my sincere appreciation to all the distinguished delegates, colleagues, friends, guests and associates for setting aside your busy time to be here today, which demonstrates a genuine encouragement to us in the course of pursuing our economic reshuffle and sustained trade liberalization agendas, to continue the nation's epic quest for prosperity at this important juncture where the whole world is struggling to weather down the aftershocks of the recent economic downturn.

2.6. It is exciting for me to be here today at our first Trade Policy Review, not so long since the historic moment when His Excellency Pascal Lamy bang his gavel, giving effect to Viet Nam's becoming the 150th Member of this important multilateral trading system, concluding more than 11 years of countless negotiations and domestic self-adjustment efforts. The fear of failure within this global playing field has gone, giving rise to optimism and even stronger determination in furthering our structural reforms and trade liberalization.

2.7. Twenty years ago, during the primitive stages of the country's international economic integration with the introduction of CEPT/AFTA, not so many people believed the country's ailing industrial and agricultural sectors would be capable to survive the already fierce competition among regional market players from our neighbouring more developed market economies. The comprehensive reforms initiated with the *Doi Moi* aimed at transforming Viet Nam from a centrally-planned command economy towards a socialist-oriented market economy also have provided our entrepreneurs, traders, and policy makers with an important guidance: make rules, play by the rules, and abide by the rules. Private ownership has been explicitly protected by the 1992 Constitution, which recognizes this sector as an indispensable element of the economy. The legal and institutional reforms undertaken as early as 1986 have provided the economy with a sound fundamental for change. ASEAN membership, the BTA with the U.S., and the recent WTO accession have catalysed the country's legislative and regulatory drafting process, which results in a more transparent, stable, predictable, and efficient legal system that has gone well beyond the framework of international trade.

2.8. The creation of a level playing field for domestic and foreign market players compels significant changes in the legislative drafting rules. Not so long ago few people in the business community would have expected the Government to solicit their comments or inputs for a draft law, a government regulation, or a ministerial circular. Only a few years back, not many public servants were able to conceptualize how to carry out a Regulatory Impact Assessment before, during, and after a measure is drafted and implemented. Not so long ago, the business community would not have thought of being consulted on Market Access and Trade Liberalization issues for the on-going FTAs negotiations, such as TPP or EVFTA. These changes, which implied a radical departure from traditional legal and institutional practices, ultimately have brought about a rule-of-law mindset, which in turn significantly induces economic and social changes. The magnitude of the changes in the legal system came along with the *Doi Moi* in 1986 and more recently with the WTO accession, and should not be underestimated given the difficult starting

point where the public sector lacks experiences in market-oriented legislative making. This difficulty has been exacerbated as the majority of civil servants have been accustomed to methods of central economic planning for so long.

2.9. The radical departure from a centrally-planned economy mindset, dictated by the nation's imperatives to grow and prosper, has helped the country to achieve one of the most remarkable performances internationally in economic growth and has helped shape our vision for the next decade's structural reforms, charting the course of continued trade liberalization and fulfilling the Millennium Goals in the face of a rapidly changing world. Economic growth surpassed 9% per year just prior to the Asian financial crisis in 1997–1998, and exceeded 8% per year before the great recession and financial crisis in 2008–2009. Between 2005 and 2010 Viet Nam's GDP has grown by 35.8%, foreign trade has expanded at the rate of nearly 20% per year in the period 1986–2006, and the country's high export growth has been by far the most dynamic among Asian exporters. Although the economic growth has been slowed down in recent years due to the impact of the recent global financial crisis, export growth continues to be a bright spot on the nation's economic landscape. The high economic growth over the last two decades has allowed impressive progress in raising standards of living, poverty reduction in a pretty short period of time, which has declined substantially from 58% in 1993 to 16% in 2006 and again to 14.5% in 2008, and extreme poverty and hunger have been halved. We did it.

2.10. For the Government of Viet Nam, WTO accession, by no means is the end of a process, but rather a renewed impetus for further domestic reforms. We believe that, by pursuing a concerted trade liberalization agenda, nations could prosper by ways of maximizing their comparative advantages, at the same time minimizing the adverse effects brought about by the downturn cycles, thus increasing the aggregate welfare.

2.11. Being a small and open country, our economy has never been so vulnerable to external shocks. Our commitment to trade liberalization has never been so strong and our path towards trade liberalization will never be reversed. Even during the mid of the recent global financial crisis, we never steered the economy toward protectionism, resorting to protective measures. For us, the openness, stability and predictability that the multilateral trading system can provide in international trade is of utmost importance. Its rules and principles will continue to guide us in furthering the economic reforms and restructuring as stated in the Master Plan on Economic Restructuring attached to change of growth model towards improvement of quality, efficiency and competitiveness for the period 2013-2020, in which structural reforms in the financial sector, SOEs and public investment remain top priorities in the short run, in order to create better conditions for efficient resource allocations, level playing field for market players and reinvigorated economic growth. Successful implementation of the Master Plan is vital for Viet Nam in attaining economic growth in a new, efficient, productive and internationally competitive paradigm by 2020, and achieving the goal of becoming a modern industrialized country by that time.

2.12. We recognize the pivotal role of the multilateral trading system as well as its relevance for conducting our international trade activities. We will continue to do our part in reinforcing its rules and disciplines in many multilateral arenas, and consider them as the foundation for our trade and economic policies.

2.13. As a newly-acceded Member, we attach a great interest to a successful completion of the Doha Round. We support a successful negotiated outcome of the Bali Ministerial Conference as it will contribute substantially to rebuild Members' trust and faith in the WTO and the multilateral trading system. A successful WTO Ministerial will also provide impetus for world economic growth at this very critical moment, and that's why we are deeply concerned to see the deadlock it is now facing, and consider that an early completion of the Doha Round would allow Members to rebuild the confidence in the multilateral trading system, which could also be, in particular, supportive to the on-going major economic structural reforms within our country.

2.14. The aftermaths of the recent global economic downturn take toll on many small and vulnerable economies, and Viet Nam is not an exception. A number of enterprises have been either dissolved or become insolvent. Many economies' productivity and competitiveness have been substantially reduced. However, we remain defiant. We remain determined in pursuing the path we chose. We remain resolved in successfully pursuing the economic restructuring process, and the public administrative reforms. We remain resolved in furthering our international economic

integration agenda through a sustained and concerted liberalization effort on the multilateral, regional and bilateral levels.

2.15. Within the WTO framework, we remain committed to continue to work towards success in negotiating groups and urge all Members to do the same to achieve the targets set.

2.16. Before leaving the floor, let me take this opportunity to express my heartfelt appreciation and gratitude to all of my friends, colleagues, associates at the WTO, ASEAN and elsewhere, including those who have departed for other endeavours, for your tireless work and efforts made over the years since well before our accession, without which we could not have been able to be here today to tell our story.

2.17. Finally, I would like to thank the Secretariat staff, including the interpreters, the secretaries, for your excellent works leading towards this review sessions and we should be thankful and privileged to continue receiving such excellent services in the next couple of days, not to mention the next Policy Review, which, I very much hope, could well be happening within four years from now.

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### 3 STATEMENT BY THE DISCUSSANT

3.1. I would like to begin by welcoming to this important opportunity the large delegation of the Socialist Republic of Viet Nam led by His Excellency Tran Quoc Khanh, Deputy Minister of Industry and Trade.

3.2. I would also want to thank Viet Nam and the Secretariat for the high quality reports that were presented to us and that will be a very important base for exchanges during the two-day exam.

3.3. It is an honour and privilege to have the opportunity to be the Discussant at this first Trade Policy Review of Viet Nam. My comments will focus on (a) economic environment, (b) the trade policy framework and, in particular, the analysis of some sectorial policies. My intention is to constructively contribute with the discussion at this high level session. English is neither my mother tongue nor my country's official WTO language, but I will happily use it to facilitate Viet Nam's and other delegations' comprehension.

3.4. I must say that the preparation of this intervention was very enriching because I could take a closer look at the different progress that Viet Nam is doing. As well, it helped me to better understand some of the past and future challenges that this interesting country of more than 90,000,000 (ninety million people) is facing.

#### Economic Environment

3.5. Regarding the economic environment is worth highlighting as noted on the Report of the Secretariat, series of political and economic reforms are taking place in the country since the early 80s with the implementation of the *Doi Moi* that, in Vietnamese, means "Renovation". These reforms undertaken by Viet Nam meant great progress since the country has gone from being one of the poorest countries in the world to be a lower middle income country, giving also a big leap forward in improving human development.

3.6. During this process, the economy was transformed turning from being a centralized economy to become a more market-oriented one. This process enabled a gradual integration into the global system of trade and investment. Progressive trade liberalization, regional integration in ASEAN in 1995, the signing of bilateral agreements with other trading partners, direct foreign investment, as well as Viet Nam's entry to the WTO on 11 January 2007, after 11 years of negotiations, have generated a number of benefits to the country such as achieving a significant average annual growth rate of 6.3% in 2007-2012 driven by increased exports, but also has allowed the country to keep low percentages of unemployment.

3.7. The remarkable growth of the Vietnamese economy has shown in recent years some signs of slowdown, which is an interesting challenge for the Government. However, it is important to mention that the country has managed to reduce significantly the large deficits that it had in commodities trade as well as in the current balance account and have even managed to have some surplus.

3.8. Efforts to cope with macroeconomic instability seem to have been successful so far, though sustainable growth, productivity and competitiveness challenges remain. It would be interesting to know the action that has been taken and the results achieved so far.

3.9. Master Plan is an important policy tool in this area. Despite these important efforts, it's going to be fascinating to learn the measures that the authorities are taking in order to follow up the implementation of the different Master Plans.

3.10. On a different topic, it is worth mentioning that the economic activity of the country is characterized by strong State involvement. Given the importance of state-owned enterprises in the country's life, the Government had decided to implement a series of restructuring measures in this sector to achieve higher levels of competitiveness demanded by the market economy.

3.11. The reports highlight a number of changes that the Government has adopted in order to achieve a substantial improvement in the competitiveness of their different economic sectors.

Direct Foreign Investment has greatly contributed to the growth of the country, for this reason the fact that the authorities are taking further measures to improve the existing commercial and economic system is very positive. As consequence, the country will receive more benefits and technology transfer through these investments. In this context of opening its economy, foreign investments have been playing a critical role. Therefore, it would be interesting to know what measures Viet Nam is taking to attract more foreign investment.

3.12. The implementation of competition law and consumer protection goes in this direction because it provides greater transparency to all the actors who are operating in this booming Asian economy.

3.13. Regarding tariffs, Viet Nam has consolidated the maximum rate tariff of its nomenclature comprising 10,600 lines (ten thousand six hundred). All tariff lines are consolidated to *ad valorem* except second-hand vehicles that were consolidated to a mix type or 200% *ad valorem*. The Secretariat Report indicates that Viet Nam has reserved the right to apply specific import duties or compounds to certain "sensitive" products to fight against customs fraud.

3.14. In this topic, some Members raised some concerns over the frequent tariff changes on certain products introduced on short notice. So, it would be interesting to hear from the authorities the actions that have been taken to improve predictability in this area.

### Trade Policy Regime - Sectorial Policies

3.15. With regard to the second part of my intervention related to the trade policy framework, it is possible to identify the trade participation of Viet Nam in the international arena with a strong regional component but also open to the world, so is the case that considers ASEAN since joining in 1995, as one of its main trading partners and in which several of the guidelines issued by the authorities aimed at improving the country's position within that regional integration.

3.16. At the same time, we see that Viet Nam has established an extensive network of bilateral agreements with various trading partners and continues to negotiate with other partners. To be recognized as a market economy also plays an important role in this process of openness, this is why the authorities continue their efforts to gain more recognition at this level.

3.17. As a member of ASEAN, Viet Nam is a party to several trade agreements and it has a couple of bilateral agreements as well. In common with other WTO Members, it is negotiating more, including the Trans-Pacific Partnership. It is going to be important to listen how Viet Nam reconcile its participation in RTAs with its objectives in the WTO.

3.18. Regarding the analysis of some of the different sectors of the Vietnamese economy, it should be noted that agriculture represented in 2012 about 17% of GDP and 47% of employment, with rice being the main harvest in Viet Nam, followed by coffee and rubber. It is also considered one of the largest global producers in different products such as cashew nuts, pepper, coffee, rubber, rice, tea, pork and yucca. The international context where prices have remained on the rise contributed to a considerable growth of the sector. The land reform carried out has played an important role. However, challenges such as increasing the productivity in a sustainable manner and improving the infrastructure to reduce significant costs facing the industry today remain for the authorities.

3.19. Given the importance of the sector and the population of the country, it would be interesting to know from the authorities the steps that they are taking to address the issue of food security.

3.20. In relation with the fish sector, it would be interesting to know the measures being taken or planned by the authorities to reduce overfishing.

3.21. The manufacturing sector has had a reduction in the share of GDP due to the increasing importance of agriculture and the extractive sector. However, the numbers show that labour productivity had an interesting increment.

3.22. The services sector remains the most important of the economy; the Report of the Secretariat states that this sector has been liberalized in terms of the commitments made by the



country under review during its accession process. In this sense, it would be interesting to know how the authorities evaluate the implementation of the Master Plan Services Sector Development which was commissioned in 2011 to address the weaknesses in certain aspects of this area of the Vietnamese economy.

3.23. Viet Nam is an observer in the Plurilateral Government Procurement Agreement, and has also agreed to join the Plurilateral Agreement on Information Technology. Regarding sectorial initiatives, the country only participates fully in medical equipment.

3.24. With respect to Intellectual Property, it is important to note the progress that Viet Nam has been doing. According to the Global Innovation Index 2013, it is located on the place 76 (seventy sixth) among 142 countries, and fifth among ASEAN countries. Also, it stands in the 75th (seventy-fifth) place among 144 countries according to the Global Competitiveness Report 2012-2013. Moreover, it should be noted that Viet Nam has become a country that also provides technical assistance, as is the case with Lao PDR.

3.25. Regarding this area, it would be interesting to know what steps have been designed by the authorities to resolve the issues of counterfeit and pirated goods, a situation that raises concerns in some trading partners.

3.26. Also, it would be good to listen to Viet Nam's experience in protecting IPRs.

3.27. Finally, regarding the energy sector, I would like to indicate that the oil and gas industries are a major source of income for Viet Nam. The Secretariat Report shows that despite being one of the leading exporters of crude oil in Southeast Asia, Viet Nam remains a net importer of refined petroleum products. The big challenge ahead seems to be to take some measures that help the country to reduce considerably this dependency.

3.28. Also, improving efficiency of the electricity sector appears to be another important challenge to face.

## Conclusions

3.29. Entering into the final part of my speech of this first day, I want to highlight some points that may be considered by the authorities in future analysis.

3.30. From the documentation reviewed for this occasion, it is possible to conclude that Viet Nam has made tremendous progress since the 80's. Like everything in life and despite success there are some challenges to face and solve in the future in order to maintain and improve the rate of annual growth that the country has been having to increase the competitiveness of business sectors and to achieve higher levels of inclusive development. In this sense, it is positive to see the economic restructuring Master Plan for the period 2013-2020 through which the Vietnamese authorities aim to resolve and strengthen those areas that today would be identified as less strong. Some of them are:

- Specialization of the country –currently- centred in the competitiveness of low added value products;
- Efficiency of the business environment;
- Problems caused by the lack of infrastructure;
- Reform of public sector;
- Operability of the banking system.

3.31. Additionally, it would be interesting to know the actions the Government of Viet Nam will take to prevent the signing of certain regional agreements that, through complex and restrictive rules of origin, could prevent the country from provided raw materials and intermediate goods from other regions.

3.32. Unfortunately the short time is not enough to analyse in greater detail the process of openness, integration and active participation in the global trade community that Viet Nam has been carrying out for quite a while now. I believe that these days of exercise will be of paramount importance to further familiarize ourselves with the dynamics of this amazing country. At the same time, I think it will be an instance of great use to the Vietnamese authorities in its internal reform process.

## 4 STATEMENTS BY MEMBERS

### MALAYSIA ON BEHALF OF ASEAN

4.1. Viet Nam has been actively contributing to ASEAN over the past eighteen years and has done a lot by opening up its economy and liberalizing trade within the region. Viet Nam accounts for around 9% of total trade in ASEAN, and its total commitment is shown through Viet Nam's active participation towards our collective efforts to build and ASEAN Community by 2015, in all the three ASEAN pillars of political and security, socio-cultural and economic cooperation.

4.2. ASEAN congratulates Viet Nam on its impressive economic performance as reported by the Secretariat and the Government reports. A remarkable annual average growth rate of 6.3% from 2007 to 2012, low unemployment, improved trade and current account deficits over the past years, and increasing foreign exchange reserves are indicators that Viet Nam has progressed in the right direction with its economic policies.

4.3. Viet Nam's commitments to the multilateral trading system and the World Trade Organization are encouraging. We commend Viet Nam for the progressive role in the global trade such as the simple average MFN tariff having declined from 18.5% in 2007 to 10.4% in 2013 and their continuing efforts in equalizing the treatments accorded to Vietnamese and foreign investments. We also noted the fact that Viet Nam continues to restructure its state-owned enterprises.

4.4. Some of us in ASEAN have submitted written questions to the Vietnamese delegation to clarify particular issues. We thank them for their written responses and we are certain that Viet Nam will be able to carry on all the necessary reform obligations and become an open and liberalized economy.

4.5. We congratulate Viet Nam on the notable economic progress it has achieved in the WTO and ASEAN, and we would particularly like to thank Ambassador Nguyen Trung Thanh and his team for their constructive efforts and engagement with all delegations, especially with ASEAN members here in Geneva.

### SWITZERLAND

4.6. Both reports by the Secretariat and the Government of Viet Nam highlight Viet Nam's remarkable achievements in economic development, fuller integration into the multilateral trade system as well as poverty reduction. My delegation would like to echo this.

4.7. However, Viet Nam's economy is currently experiencing its longest spell of slow growth since the early days of political and economic reforms in the late 1980s. This is the first time that Viet Nam faces two consecutive years of 5% growth, the lowest level since 1998. Significant weaknesses persist and the delayed implementation of important structural reforms, such as strengthening the regulation and supervision of the financial sector or restructuring the state-owned sector could have further adverse effects on economic prospects undermining investors' confidence.

4.8. Despite these challenges, I am very pleased to say that the economic relations between Switzerland and Viet Nam are both excellent and diversified. In recent years, Viet Nam is both excellent and diversified. Viet Nam has been reinforcing its position among our important economic partners in Asia and the bilateral economic relations continue to grow. In 2012, the bilateral trade volume of Viet Nam and Switzerland has amounted to about US\$960 million. Swiss exports have increased by 25% last year and comprise mainly machinery, pharmaceutical and chemical products.

4.9. Swiss business continues to perceive Viet Nam as an interesting market with a huge growth potential. This is reflected in a steady growth of Swiss foreign direct investments in Viet Nam securing over 14'000 jobs.

4.10. Furthermore, Switzerland is convinced that the conclusion of a Free Trade Agreement currently under negotiation between Viet Nam and the EFTA States will further boost bilateral trade and strengthen our economic ties.

4.11. In addition, Viet Nam is a priority country for Swiss economic development cooperation. In the past five years, Switzerland's assistance in this regard amounted to over 40 million in grant funding. The Swiss economic cooperation programme aims at fostering sustainable and inclusive growth by supporting sound legal and business framework conditions, enhancing productivity and increasing the competitiveness of SMEs, as well as by promoting environmentally friendly policies.

4.12. Despite Viet Nam's remarkable progress since its accession to WTO, there is still potential for further improvement. In its written questions, Switzerland raised a number of concerns and areas where further reform is needed, in particular, we would like to highlight the following:

4.13. Switzerland attaches considerable importance to an adequate and effective protection of intellectual property rights as an essential pre-requisite for attracting investment and encouraging research and development. We welcome the efforts made by Viet Nam to improve the legal framework pertaining to the protection and enforcement of intellectual property rights and patents, especially so regarding pharmaceutical products which are of particular importance for (a significant part of) Swiss companies (that are) active in Viet Nam. Switzerland will closely follow the developments in this field.

4.14. Swiss companies thus heavily invest in Viet Nam's health sector and signalled a strong commitment to further increase their presence. However, pharmaceutical companies have encountered a number of obstacles. It seems that Viet Nam still imposes additional obligations for the import of finished products by foreign-owned pharmaceutical companies, thus restricting the import trading rights of foreign-owned pharmaceutical companies. Also, they encounter additional regulatory burdens, such as delays in the renewal of market authorization registrations. Furthermore, Viet Nam does not recognize clinical trials for New Chemical Entity registration already conducted under international standards with the consequence that such clinical trials again have to be conducted in Viet Nam. These difficulties and limitations are of great concern to my Government and the Swiss companies concerned.

4.15. At last, we would like to mention that many of our firms have reported a certain lack of transparency in public procurement procedures. In this regard, Switzerland has very much welcomed Viet Nam's request for observer status in the Committee of government procurement of the WTO in 2012 and would like to strongly encourage an expedited accession to the Government Procurement Agreement in order to further improve Viet Nam's government procurement regime.

4.16. Let me conclude by emphasizing the importance of Viet Nam as a fast-moving and developing trading partner, as well as the important role it plays for the WTO. A solid rule-based system is crucial for a small, highly integrated and open economy like Switzerland. We therefore attribute utmost importance to a full respect of WTO rules by all our partners, as well as to the further development of multilateral trading system. In this respect we appreciate Viet Nam's efforts and progress in integrating into and thereby strengthening the multilateral trading system.

## PAKISTAN

4.17. It is a matter of great satisfaction to note that Viet Nam has emerged from a state of acute poverty to the ranks of a lower middle income country, also signalling a successful transition from state monopoly on trade to free trade and from import substitution to export-oriented policies. It is one of the most dynamic emerging countries in East-Asia region. Its series of reforms has led to an increase in its competitiveness making it an active player in export-led growth. It remains an attractive destination for FDI and reflects a long term growth potential, registering an annual average growth rate of 6.3% from 2007-12, that was spurred by strong domestic investment, the export sector and the 2009 stimulus package.

4.18. Other indicators also reflect an equally impressive success story, including a high degree of decentralization leading to inclusive development, poverty reduction, human development and income equality.

4.19. Viet Nam has been posting a strong performance in production and merchandise trade, and has achieved surpluses in current account since 2011 and trade account since 2012. Production and trade of agricultural products has increased and Viet Nam exports several agricultural products, including rice, coffee, and cashew nuts, and with a large surplus in trade in agricultural

products. Viet Nam has a large trade surplus in fisheries products as both marine catch and aquaculture production and exports have increased over the past few years. However, overfishing remains a serious problem to be addressed.

4.20. Viet Nam also faces considerable issues. Significant weaknesses noted include macroeconomic instability, the quality and sustainability of growth, relatively incomplete transition to a market economy, undercapitalized banking sector, addressing systemic risks facing the financial sector (i.e. level of non-performing loans, liquidity crises, stability of foreign reserves), and delays in SOE reforms. The country also experiences competitiveness issues, increase in external debt ratio, and a high rate of protection in certain sectors including apparel and clothing, footwear, ceramic products, automobiles and motorcycles. Viet Nam's simple average MFN tariff has declined significantly from 18.5% in 2007 to 10.4% in 2013. However, differences between bound and applied rates have been used to provide additional protection to selected industries since 2008.

4.21. It needs to improve the operational framework of trade-related sectors (e.g. electricity supply, transport infrastructure), and to intensify SOE restructuring, besides regulatory reforms and trade liberalization in certain sectors. The Secretariat Report recommends that a key challenge for Viet Nam is to prioritize trade and trade-related policies conducive to the attainment of these objectives within a stable, transparent, and predictable policy framework.

## AUSTRALIA

4.22. Viet Nam has made remarkable economic progress since introducing its *Doi Moi* initiatives in the late 1980s. Viet Nam has benefitted from acceding to the WTO in January 2007 and it stands to gain further benefits from future multilateral trade liberalization through the WTO. Australia encourages Viet Nam to continue the process of trade policy reform, and looks forward to continuing our support for Viet Nam's efforts to develop its economy further, as well as its greater integration into the global trading system. A more prosperous and confident Viet Nam will improve the quality of life of its citizens, contribute to regional security, and become an even more significant export market and trading partner for Australia.

4.23. Viet Nam's future trade trajectory holds many challenges and opportunities. Reducing trade barriers has been an important part of Viet Nam's domestic economic reform process, strengthening trade and competitiveness and supporting long-term economic growth. Continuing structural reform of the economy is essential if Viet Nam is to realize its full potential. Long-term commitment to macroeconomic stabilization measures such as Resolution 11 will be important to ensure the enduring prosperity of the country.

4.24. Viet Nam, like many other WTO Members, faced economic challenges resulting from the Global Financial Crisis. Australia and others have been concerned about the direction of some of Viet Nam's trade policies, particularly relating to non-tariff barriers and import licensing. We welcome recent improvements, as outlined in the Secretariat's Report. This underlines the importance of transparency and international efforts to help us all resist pressures to resort to protectionist policy responses.

4.25. Australia looks forward to continuing to work with Viet Nam and other WTO Members to achieve a credible package of outcomes at MC9. Australia also encourages Viet Nam to participate in the ITA expansion negotiations.

4.26. In 2013, Australia and Viet Nam marked the 40th anniversary of bilateral relations. Australia and Viet Nam share a strong bilateral trade and investment relationship. The Australia-Viet Nam Comprehensive Partnership signed in 2009 underscores the breadth of the relationship, which encompasses dialogue and cooperation on many fronts and provides a structure to support further cooperation, including on trade and economic issues.

4.27. Viet Nam and Australia are both members of the ASEAN-Australia-New Zealand Free Trade Agreement, which entered into force in 2010. Australia is pleased that Viet Nam has committed to negotiate regional free trade initiatives such as the Trans-Pacific Partnership Agreement and Regional Comprehensive Economic Partnership, which will provide additional bilateral export opportunities and increase Viet Nam's economic integration with the region.

4.28. In terms of specific issues which have been raised previously with Viet Nam in the WTO, Australia notes the announcement that Viet Nam has lifted the ban on imports of white offal from 1 September 2013. Australia looks forward to the opportunity to consider any conditions on the import of white offal that are transparent, based on scientific principles and not more trade restrictive than necessary to meet Viet Nam's appropriate level of protection. We would welcome Viet Nam's advice on the development of proposed conditions on the import of white offal, and whether it plans to expedite outstanding processes to restart trade in a timely way.

4.29. Similarly, Australia would appreciate advice on further notifications Viet Nam expects to issue to guide the operation of the Law on Food Safety. Finally, Australia would encourage Viet Nam to submit notifications to the WTO in a more timely manner and ensure greater consultations with trading partners.

## UNITED STATES

4.30. Viet Nam is an important commercial partner for the United States. Our bilateral trade relationship has deepened significantly since the signing of the United States–Viet Nam Bilateral Trade Agreement (BTA) in 2001 and since Viet Nam's accession to the WTO in 2007. Bilateral trade between the United States and Viet Nam has grown by more than 1500% since the BTA entered into force, and more than 150% since Viet Nam joined the WTO. By 2012, Viet Nam was the 29th largest goods trading partner of the United States with US\$24.9 billion in total two way goods trade. Foreign investment also has grown steadily, with stock of U.S. foreign direct investment in Viet Nam totalling US\$1.1 billion in 2012, an increase of 10.4% from 2011.

4.31. The United States and Viet Nam continue to work together to further advance the multilateral trading system, as well to expand our bilateral trade relationship. In June 2007, the United States and Viet Nam signed a bilateral Trade and Investment Framework Agreement. Additionally, in 2010, Viet Nam joined the negotiations for the Trans-Pacific Partnership (TPP), representing an important next step to further enhance the trade and investment relationship between the United States and Viet Nam. Through the TPP negotiations, the United States, Viet Nam and other TPP parties seek to develop a comprehensive, high-standard, 21st-century regional trade agreement that will support economic integration across the Asia-Pacific and promote regional prosperity and stability. During President Obama and President Sang's meeting in July of this year, the Presidents welcomed efforts to further bilateral economic, commercial, and investment ties and affirmed their commitment to opening a new phase of bilateral relations.

4.32. We recognize the economic and political reforms that Viet Nam has undertaken since the 1980s, which have facilitated Viet Nam's integration into the international trading system. However, despite significant achievements by Viet Nam, there are certain areas in which the Government of Viet Nam could make further improvements and implement additional reforms, thereby further enhancing its competitiveness in the multilateral trading system.

4.33. For example, the United States appreciates that Viet Nam publishes laws, regulations and administrative procedures of general application in its Official Gazette. Further, Viet Nam posts full drafts of legal acts on a government website, and provides opportunities for public comment before these legal documents go into effect. However, we note that there have been several examples where Viet Nam has not posted draft measures and allowed time for comment, and has promulgated and enacted several regulations in less than the prescribed 45 day period, creating some uncertainty for traders. We urge Viet Nam to ensure that it meets the procedures and timeframes established for all draft laws, regulations and administrative measures, including notices and circulars.

4.34. While we recognize Viet Nam's efforts to gradually open its telecommunications market in line with its GATS commitments, the United States understands that Viet Nam's Decree 72 was implemented on 1 September, which impairs the telecommunications commitments that were made in the GATS both with respect to Internet Access Services, and packet-switched data services. We urge Viet Nam to ensure that, in practice, this Decree will not affect the ability of internet service providers to continue offering news and social media that sustains the viability of the commercial internet market, and that this Decree will not affect the free flow of online information necessary to support growth of electronic commerce.

4.35. We are also concerned that, as the Secretariat's Report suggests, since Viet Nam's accession six and a half years ago, Viet Nam has not properly notified or clarified its import licensing procedures in light of the WTO Import Licensing Procedures Agreement. We look forward to Viet Nam's complete response to the questionnaire regarding its import licensing regime prior to the upcoming annual 30 September deadline.

4.36. The Secretariat's Report also states that, according to Vietnamese businesses, the application of HS codes at the time of importation is sometimes inconsistent. The identical goods are often subject to different classification and therefore different tariff duties, and exporters and importers report that product misclassification remains a significant challenge. We ask that Viet Nam take steps to address these concerns and to ensure uniform application of all customs regulations.

4.37. With regards to SPS issues, we encourage Viet Nam to provide notifications required by the SPS Agreement at an early stage to ensure a reasonable period of time for consideration of comments prior to adoption and enforcement of final rules. We acknowledge Viet Nam's commitment to lift its ban on imports of offal products, which has been raised by the United States at the WTO SPS Committee, and look forward to Viet Nam's notification to the SPS Committee that the ban has been lifted.

4.38. The United States commends the commitments made by Viet Nam on intellectual property protection and enforcement, which will promote investment in the Vietnamese market. We urge Viet Nam to notify amendments to its 2008 legislation to the TRIPS council and sign the most recent treaties negotiated in WIPO and trademark procedural treaties. The United States also encourages Viet Nam to ensure the robustness of criminal decrees and circulars as an effective deterrent against intellectual property infringement.

4.39. We also recognize that Viet Nam undertook significant market opening on goods in the technology sector by joining the Information Technology Agreement (ITA) as part of its Accession. As a result, Viet Nam has become a more attractive place for foreign investment and an important link in global and regional production chains for IT products. We encourage Viet Nam to continue this liberalization trend by joining the negotiations to expand the ITA.

4.40. In closing, the United States wishes to commend Viet Nam for its strong efforts overall to implement its accession commitments and make WTO provisions the main point of reference for the onward development of its trade policies. We thank the delegation of Viet Nam for its active participation in this important process, and welcome the opportunity to continue to work cooperatively with Viet Nam to further expand our bilateral relationship and to promote the multilateral trading system.

## SINGAPORE

4.41. Singapore recognizes and congratulates Viet Nam on the significance of this first WTO Trade Policy Review. The decision, as a Recently Acceded Member, to undergo a TPR in such a short period after its accession in January 2007 is testimony to Viet Nam's commitment to the principles of transparency and predictability in its trade liberalization efforts. The benefits of WTO accession are abundantly clear from Viet Nam's impressive GDP growth rate of 6.3% from 2007-2012 and the surge in FDI following accession. These dovetailed with Viet Nam's successful *Doi Moi* reform measures. Also noteworthy has been Viet Nam's resistance of protectionist measures during the global economic downturn of 2008-2009 despite rising inflationary pressures. This steadfast attitude against protectionism has meant that Viet Nam was strongly poised for the post-downturn rebound in international trade. Viet Nam's trade volume grew by double digits annually in the past three years, reaching US\$228.9 billion in 2012, recording a trade surplus for the first time in 20 years.

4.42. Viet Nam and Singapore enjoy strong political and economic ties, with our two countries agreeing recently to establish a Strategic Partnership to enhance cooperation in several spheres. Bilateral trade has almost tripled over the last decade to US\$15.8 billion in 2012. In 2012, Singapore was Viet Nam's 7th largest trading partner while Viet Nam was Singapore's 15th largest trading partner. As of June 2013, Singapore was the second largest foreign investor in Viet Nam, with registered cumulative investments of US\$28.3 billion in more than 1000 projects. Despite



global economic uncertainties, Singapore companies continue to see Viet Nam as an attractive investment destination, particularly in the areas of real estate, industrial parks, logistics, hospitality, retail and modern services.

4.43. Singapore warmly welcomes the progress that Viet Nam has made in areas such as the reform of SOEs, its financial system, the liberalization of services such as banking, construction, health and tourism, and the creation of a more even playing field for Foreign Direct Investment. Its trade facilitative customs modernisation strategy to develop more simplified and effective customs procedures harmonized with international standards and best practices by 2020 is also prescient to what Members at the WTO are aiming to do with the TF Agreement. This includes a national customs single window, integration with the ASEAN Single Window and the set-up of modern customs IT system.

4.44. Singapore and Viet Nam share a deep belief in the importance of a rules-based multilateral trading system. At the multilateral level, we appreciate that Viet Nam's simple average MFN tariff fell from 18.5% in 2007 to 10.4% in 2013, and Singapore encourages further improvements in this area. Both countries have also worked together on pursuing complementary trade liberalization at the regional and bilateral levels. Within ASEAN, Viet Nam has made good progress towards the ASEAN Economic Community Blueprint. We are also close partners in the on-going negotiations for the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP), which we hope will serve as building blocks for greater regional trade liberalisation. Advancing trade and investment liberalization through such efforts will help spur greater regional economic integration and support the multilateral trading system. We also encourage Viet Nam to strongly consider joining the Information Technology Agreement, which several ASEAN countries are already party to.

4.45. Singapore looks forward to working closely with Viet Nam in furthering our common goal towards deeper and more progressive trade liberalization at all levels.

## CHILE

4.46. Chile was the second country in Latin America after Cuba to establish diplomatic relations with Viet Nam in 1971. Almost ten years ago in October 2004, Viet Nam reopened its embassy in Santiago and Chile opened its embassy in Hanoi and, two years later, a ProChile trade office was opened in Ho Chi Minh City.

4.47. Political relations between the countries are currently excellent, as demonstrated by the busy exchange of high level visits between the two countries, including a visit by Chile's president, Sebastian Piñera, in March of last year. In 2012, the Vice President of the National Assembly visited Chile. This year, there has been a definite increase in bilateral visits.

4.48. There are significant areas of convergence between the two countries, particularly in the multilateral sphere and in various fields of cooperation. Chile actively supported Viet Nam's accession to the WTO and to APEC. Moreover, it has granted Viet Nam recognition as a market economy.

4.49. Viet Nam's growth rate of 6.3% over the past five years, and the reduced deficit in trade in goods and in the current account balance are highly commendable. Viet Nam's economy has unquestionably turned outwards: trade in goods and services represent 171.5% of GDP.

4.50. We also commend Viet Nam for its progress in equalizing the treatment accorded to Vietnamese and foreign investors as well as for its efforts in binding its entire tariff schedule when it joined the WTO.

4.51. We note that thanks to Viet Nam's package of reforms, including the introduction of the *Doi Moi* (renovation) policy and its accession to the WTO in 2007, in the space of 15 years it has succeeded in reducing poverty from 58% (1993) to 14.5% (2008). It has also improved its ranking in the Human Development Index, and has reached five of its ten Millennium Development Goals.



4.52. However, we would urge Viet Nam to introduce, in the near future, a one stop shop system for business registration and investment licensing. We also think that it would be wise for Viet Nam to authorize private ownership of land.

4.53. Although trade between Viet Nam and Chile has not reached significant levels (US\$575 million in 2012), it has expanded by almost 800% since 2004.

4.54. The two countries concluded a free trade agreement in November 2011 which covers only goods, and places 4.1% of the tariff universe in the exceptions category. With its entry into force, approximately 73% of Chile's total exports to Viet Nam will enter duty free.

4.55. With respect to technical barriers to trade, a committee was set up to act as an enquiry point to resolve any disputes. Similar steps were taken for sanitary and phytosanitary measures.

4.56. The agreement also includes a chapter on "cooperation" in areas of mutual interest. It provides for the creation of a forum to promote cooperation activities and for following up those activities, opening up possibilities for developing closer links between the two countries beyond the strict confines of trade.

4.57. Chile is confident that Viet Nam will complete its internal procedures and notify Chile before the end of the year so that the FTA can enter into force.

4.58. Both countries are active members of the Trans-Pacific Partnership negotiating process. Participation in this process will unquestionably help to reinforce trade channels between the two countries and will provide bilateral relations with disciplines on trade in services and investment, which do not currently form part of the bilateral FTA.

4.59. At the same time, Chile is following very closely the different economic integration processes in the region. Chile welcomes Viet Nam's entry, as an ASEAN member, in the Regional Comprehensive Economic Partnership (RCEP), which aims to create one of the largest free trade zones in the world and is certainly of great interest to all of the countries along the Pacific.

## REPUBLIC OF KOREA

4.60. It is worth noting that both Viet Nam's launch of across-the-board economic reform some 30 years ago in 1986 which is well-known as *Doi Moi* and its WTO accession 6 years ago in 2007 have transformed the nation into one of the most brilliant models among developing countries. Endowed with its human and natural resources, its trade liberalization and inward foreign direct investment have been driving forces that have resulted in Viet Nam's improved competitiveness and growth as we see today.

4.61. During the period under review, the Vietnamese economy has grown at an annual average rate of 6.3% thanks to its vibrant export and domestic investment. Indeed, Viet Nam is an outward oriented economy, with its trade in goods and services accounting for 171.5% of GDP. As the Secretariat also indicates, we are pleased to note that Viet Nam has successfully integrated itself into the global trading system. We very much hope that today's first TPR will provide a good opportunity for both Viet Nam and its trading partners, including Korea, to assess the points of progress, as well as to help identify further ways forward.

4.62. On the bilateral front, Korea and Viet Nam celebrated 20 years of diplomatic ties last year which is characterized by an ever expanding growth in trade and people-to-people exchanges over the past two decades.

4.63. Specifically, the bilateral trade between our two countries in 2012 reached US\$21.7 billion, which represents a whopping 40 fold increase since the establishment of the diplomatic relations between our two countries in 1992.

4.64. .What's equally important is that Korea's total stock of investments in Viet Nam has steadily increased, reaching US\$15.3 billion last year. Viet Nam is currently Korea's 4th largest investment destination globally, and the largest within ASEAN.

4.65. In this regard, we are very pleased to note that our President's successful visit to Viet Nam last week will further boost such an excellent "strategic and cooperative partnership" between our two countries. Along these lines, Korea and Viet Nam will make every effort to conclude their FTA negotiations at an early date, as the leaders of both countries reaffirmed in Hanoi last week.

4.66. As the Secretariat's Report indicates, there are issues that are of interest to us and perhaps to other Members as Viet Nam works hard to continue improving certain economic aspects that would need to be addressed for Viet Nam's continued growth and development. I would like to touch upon some of them.

- First, it appears that the Government provides domestic support to manufacturing activities in the form of tax and non-tax incentives, as well as government procurement practices. Industry-specific domestic support is also given to some key areas such as the steel industry while the automotive sector is under consideration. Thus, providing more information on its subsidy and incentive scheme in this regard would be appreciated.
- Second, as the Secretariat's Report notes, a Steering Committee for restructuring SOEs (State-Owned Enterprises) was set up to examine the process of legally separating state ownership from the State's regulatory function. Given that the state-owned sector continues to account for a lion's share of its GDP, which is 38%. Viet Nam is expected and encouraged to further intensify its efforts to reform SOEs in a way that will make its economy more competitive.
- Third, intellectual property protection is currently the focus of attention of Viet Nam, as well as many of its trading partners, including Korea. We hope and expect that the Vietnamese Government will continue to work hard to further improve in this important area.

#### SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.67. Since joining the WTO in 2007, Viet Nam has been implementing, almost continuously, a full programme of economic reform measures and throughout this time its economic and export performance has been truly outstanding. Its economy grew at an average annual rate of 6.3% over the years between 2007 and 2012, and it has now become one of the leading exporters of agricultural products in the world and a very attractive foreign investment destination. Viet Nam's broadening regional economic integration within the ASEAN community and beyond is continuing to boost its exports. While it may be experiencing a slowdown in growth at the present time, Viet Nam already seems to have taken most of the actions needed to deal with these new challenges.

4.68. As far as trade policy is concerned, we are encouraged by the fact that Viet Nam is a strong advocate of the rules-based multilateral trading system, as embodied in the WTO. The trade policies practiced by its Government, including its commitments undertaken on becoming a WTO Member, appear to be helping Viet Nam to reach its development goals.

4.69. However, having said this, we still find that there is room for improvement. Firstly, although Viet Nam's investment regime is gradually opening up to foreigners, restrictions still apply in some areas and the approval process for investment remains quite burdensome. In this respect, we would encourage Viet Nam to liberalize further in this area as a matter of urgency. Secondly, we have noted a certain tendency on the part of Viet Nam to discourage the importation of "non-essential" goods. Hopefully, the Viet Nam Government can confirm that the trade regulatory measures being employed do not constitute non-tariff barriers. And, thirdly, as indicated in the Secretariat Report, State-owned enterprises (SOEs) currently account for 38% of Viet Nam's GDP and enjoy favourable market access in certain sectors. The restructuring and privatization of SOEs could help to increase overall efficiency and productivity, and improve the competitiveness of Viet Nam's whole economy.

4.70. We enjoy very close and long-standing economic ties with Viet Nam. In 2012, the total value of two-way trade between us amounted to over US\$10 billion, which makes us Viet Nam's fifth largest trading partner. Aside from trade, our investment in Viet Nam reached a cumulative total of US\$27.46 billion by the end of July 2013, making us its third largest source of foreign investment. If investments made via third countries are included, we are Viet Nam's largest

foreign investor. And, despite all this, we are still convinced there is enormous potential for further expanding the volumes of trade and investment between us in the future.

4.71. Like us, Viet Nam is a member of the Group of Recently Acceded Members (the RAMs) and as coordinator of the Group we naturally continue to work closely with the Viet Nam Mission here in the WTO. Also, we know that the Viet Nam Government attaches great importance to developing the Information Technology sector. Therefore, we take this opportunity to invite them to consider joining us in the ITA expansion negotiations that are taking place right now.

4.72. In conclusion, we hope that Viet Nam will continue its structural reforms in the various sectors mentioned previously and that we will see it gaining greater economic and trade integration through further liberalization at the multilateral, regional and bilateral levels in the future.

## INDONESIA

4.73. Indonesia regards its trade and investment relations with Viet Nam as very important. Trade balance between the two countries in 2012 was around US\$4.87 billion, 103% higher compared to 2008. Indonesia's export to Viet Nam for the same period increased by 35.9% reaching US\$2.27 billion in 2012, while its import from Viet Nam increased by 259% from around US\$0.72 billion in 2008 to US\$2.59 billion in 2012. These figures reflect the strong economic ties between the two countries. Indonesia has every confidence that our economic partnership will continue to grow in the future, especially since both countries are members of ASEAN which envisions further regional economic integration through ASEAN Economic community by 2015.

4.74. Despite the increasingly growing trade relations, Indonesia is concerned that some of Viet Nam's Trade policies have unfavourably affected Indonesia's export interests to the country. We have submitted a number of specific questions to the delegation of Viet Nam to clarify individual points and would like to highlight some of them, as follows:

4.75. Several agricultural products from Indonesia have been rejected by Viet Nam due to the issuance of a new regulation on food safety for imported foodstuffs of plant origin on 16 March 2011. This regulation has caused loss of market of Indonesia agricultural products in Viet Nam. In this regard, Indonesia would like to call Viet Nam to provide sufficient transition time before a new regulation enters into force; to use data on production sites of the registered Indonesia's exporters in exchange of verification process to each production site of Indonesia; and to provide the standard requirement for imported seeds of maize and the result of the risk assessment done by Viet Nam on seeds of maize of Indonesia.

4.76. Indonesia also has a concern on the lengthy procedure and process for registration of Indonesia's pharmaceutical products which has caused higher cost and delay of importation. Time for registration requires around 18-24 months, while time for renewal of registration is 10-15 months. Viet Nam also applies different period of registration for the registration of enterprises and products, which respectively last for 2 and 5 years. Indonesia requests Viet Nam to consider shortening or optimizing the registration time and equalizing the validity period of pharmaceutical product registration.

4.77. Our concern also relates to Viet Nam's treatment on antidumping and safeguard investigation. On antidumping investigation practice, particularly regarding imports of cold-rolled stainless steel, we request Viet Nam to exclude import from Indonesia from the measure since its quantity is relatively small. As for the safeguard investigation on vegetable oil, we also request similar treatment since Indonesian producers only contribute to a very small portion of Viet Nam's total import of the subject good. In this opportunity, we would like to request Viet Nam to seriously take into account the cooperative Indonesian producers.

## INDIA

4.78. India and Viet Nam share close and friendly ties, marked by wide-ranging cooperation on various fronts. Bilaterally, trade and economic linkages have grown significantly under India's look-east policy, paying rich dividends. Two way trade crossed US\$6 billion in 2012-13. Viet Nam is also an attractive investment destination for Indian companies engaged in oil and gas

exploration, mining, agro-processing, chemicals and IT. At the Government level, India continues to render development assistance through concessional lines of credit and training for capacity building and human resource development.

4.79. Regionally, Viet Nam is an important partner in South East Asia under the overall umbrella of ASEAN, ASEM and East Asia Summit. A regular exchange of high level visits from both sides has helped in cementing this relationship further. 2012 was celebrated as the year of friendship between India and Viet Nam to mark the 40th anniversary of our diplomatic relations.

4.80. As a friend and partner, we have watched Viet Nam's impressive growth with great interest. As we heard from Minister Tran this morning, far-reaching structural reforms implemented under the *Doi Moi* Policy launched in 1986 have transformed Viet Nam into a socially oriented market economy. These domestic reforms, coupled with liberalization on the trade and investment front, have catapulted Viet Nam into one of the most dynamic economies in Asia. FDI liberalization has played a key role in promoting Viet Nam's economic development by attracting massive inflows of foreign investment, leading to improved competitiveness, growth in exports and industrial output, creation of jobs and increase in incomes. High growth rates have been accompanied by improvements in living standards and reduction in poverty levels.

4.81. Despite a difficult global economic environment, we are happy to note that Viet Nam has worked sincerely to implement its accession commitments. Considerable progress has been made on the legislative front, establishing key institutions and creating a favourable business environment. Several sectors like banking services, distribution services, construction, health care, tourism, insurance and business services have been liberalized in line with its commitments in the services schedule. It has also abolished export subsidies for agricultural products and amended its IP law. The simple average MFN tariff has been brought down significantly from 18.5% in 2007 to 10.4% in 2013.

4.82. As a result of these reforms, manufacturing, IT and high-tech industries now form a large and fast growing part of the Vietnamese economy. Viet Nam has also become a major exporter of agricultural products like cashew and rice. While Viet Nam has benefitted immensely from its WTO accession through improved market access for its products, we are encouraged to note that the Government of Viet Nam considers WTO accession as a means for further domestic reforms and not as an end in itself.

4.83. With trade in goods and services accounting for 171% of its GDP, Viet Nam has followed a successful export led growth strategy. However, the deteriorating external environment has negatively impacted the Vietnamese economy, bringing down its growth rate in recent years. We hope that the 2012 Master Plan on economic restructuring will help the Government overcome its current challenges and achieve the desired objectives of stable and long term economic growth.

4.84. As a fellow developing country, we understand Viet Nam's challenges and share several common concerns. Like Viet Nam, we value the multilateral trading system and the stability and predictability it provides. We therefore agree with Viet Nam that early completion of Doha Round negotiations and a successful Bali Ministerial would allow Members to rebuild confidence in the multilateral trading system.

#### NEW ZEALAND

4.85. New Zealand joins other Members in recognizing the significance of Viet Nam's first WTO Trade Policy Review since becoming the organization's 150th Member in 2007. The last six years have seen continued, impressive economic and trade growth in Viet Nam. This demonstrates that Viet Nam has taken advantage of opportunities created by WTO Membership.

4.86. New Zealand is pleased to note that, over this same period, our bilateral economic relationship with Viet Nam has deepened, with two way trade in goods and services doubling. Viet Nam is a close regional partner for New Zealand; the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) has offered benefits, and we are now cooperating to negotiate the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP).

4.87. New Zealand acknowledges the continued ambitious trade and economic reform agenda pursued by Viet Nam since 2007. The process of moving from a state-controlled to market-led economy has not been without challenges, and some remain. It is to Viet Nam's credit that it has retained, and even strengthened, its commitment to global economic integration and further trade liberalization throughout this period. We welcome Viet Nam's active engagement in Geneva and proactive trade policy, which is supported by its busy FTA negotiating agenda, including in TPP negotiations.

4.88. We also recognize the increasing leadership role played by Viet Nam in ASEAN and the wider Asia-Pacific region on trade and economic issues, typified by its achievements as ASEAN/East Asia Summit Chair 2010 and its contributions to the development of an ASEAN Economic Community.

4.89. New Zealand is pleased that Viet Nam has recently removed a number of measures that had impacted on our bilateral exports to Viet Nam to varying degrees. This will help both countries to achieve our stated goal of US\$1 billion in two-way trade by 2015.

4.90. As reflected in our questions submitted on Viet Nam's Trade Policy Review, however, New Zealand has concerns about some of Viet Nam's trade policies and practices which have had a negative impact on bilateral and regional trade in the period under review.

4.91. Viet Nam's policy and legal systems and processes remain complex. The review notes Viet Nam's twelve levels of legal and regulatory documents. A wide range of government ministries and other agencies are involved in aspects of trade policy formulation and implementation. We urge Viet Nam to continue its efforts to progress meaningful administrative reform in the trade policy area, and to ensure government agencies are joined up and acting consistently in interpreting and implementing policy and regulation. We would also encourage removal of unnecessary administrative burdens such as automatic import licensing, and greater clarity in some critical areas such as the implementation of Viet Nam's Law on Food Safety.

4.92. Given the complexity, it is particularly important that Viet Nam continues to improve transparency and provision of accurate information to trading partners consistent with its WTO obligations. This includes the early and full notification of proposed new or amended policies to the WTO, to allow trade partners to consult and prepare; and provision of other information such as subsidy notifications required under the Agreement on Agriculture and Agreement on Subsidies and Countervailing Measures, as well as state-trading enterprises.

4.93. New Zealand is concerned by the support programmes, including subsidies, which Viet Nam applies to the fisheries sector, and, in particular, the possibility that these are increasing fishing effort on stocks that are already overfished. We encourage Viet Nam to review its programmes in order to redirect support away from effort and capacity enhancing support.

4.94. We also encourage Viet Nam to continue to ensure that foreign investors enjoy a stable and predictable investment environment. This is essential if Viet Nam is to maintain FDI flows as a desirable investment destination. The review highlights issues such as repeated tax and royalty increases in some sectors. Changing policies in areas such as foreign employment and business licensing can also have a negative impact on investor sentiment.

4.95. Viet Nam has generally embraced trade liberalization principles and practices. We urge this positive orientation to continue, despite periodic economic challenges that may arise.

## CHINA

4.96. Viet Nam has been one of the fastest growing economies in the world since its accession to the WTO in 2007. As pointed out in Viet Nam's Government Report, WTO accession was a logical consequence of its domestic reforms and trade liberalization that it had been pursuing for decades; it was also a milestone in the process of reform and international economic integration. It witnessed not only a surge in foreign trade and investment, but also successful integration into the global value chain.

4.97. This could be exemplified by the commendable efforts of Viet Nam, as a Recently Acceded Member (RAM), to implement its accession commitments. The simple average MFN tariff has declined significantly and services market has been gradually liberalized. What's more, the country has taken steps to establish a comprehensive legal system that aligns with the WTO rules, providing an even more equal, transparent and foreseeable business environment. As a strong outward-oriented economy, Viet Nam recognizes the pivotal role of the multilateral trading system and has been committed to play a constructive part in the efforts to reinforce the role of WTO by bringing DDA to a successful conclusion. It has also been pursuing trade liberalization and regional integration in Asia and Pacific through ASEAN, as well as through bilateral initiatives.

4.98. China applauds these achievements and believes that Viet Nam is just another good example of economic success boosted by the accession to the WTO, domestic reforms and trade liberalization. This will surely inspire other acceding countries to follow suit and expedite reforms and liberalization.

4.99. Having said this, we also notice that Viet Nam still has room for further improvements in trade and investment policies and measures. We agree with what the Secretariat Report has pointed out in the following issues:

4.100. Investment regime: concerns have been raised about unequal treatment towards Vietnamese and foreign investors, difficult and time-consuming approval process for investment and establishment of businesses, complex administrative procedures, as well as un-coordinated implementation of laws and regulations by responsible government agencies. China would encourage Viet Nam to take more proactive actions to facilitate foreign investment.

4.101. Tariff regime: Viet Nam reserved the right to apply specific or compound import duties on certain "sensitive" goods to address customs fraud, which has so far not proven necessary. Viet Nam also increased a number of tariffs to afford protection to certain domestic sectors. China would encourage Viet Nam to take more prudential approach to assess the rationality of these measures and promote further trade liberalization.

4.102. Transparency: China is concerned with the inspection system related to issuance of the license for import and export goods. In addition, some information such as plans in support of manufacturing activities, budgetary outlays and tax expenditure related to these plans are not available from the authorities. The Secretariat Report also pointed out that some notifications are still overdue. China would encourage Viet Nam to make more efforts and enhance transparency in its trade and investment policy.

4.103. Finally, China and Viet Nam share good economic and trade relations and common grounds on many issues in the WTO. We stand ready to continue working with Viet Nam to strengthen the multilateral trading system, including through the Bali Ministerial Conference, as well as the successful conclusion of DDA.

## EUROPEAN UNION

4.104. This is Viet Nam's very first Review, following its accession to the WTO in 2007, and I would like to start by noting that Viet Nam is a very good example of how the participation in the WTO can help a country to boost its economy.

4.105. The impressive transformation of Viet Nam from one of the poorest countries in the world to a lower middle income country, and from a centrally-planned economy towards a more market-oriented economy has been possible thanks to the political and economic reforms (*Doi Moi*, "renovation") launched in the 80's, but it should be emphasized that this process of economic modernization has been further enhanced by Viet Nam's accession to WTO and its gradual integration into the global trading system.

4.106. Just to mention some data, between 1990 and 2010, Viet Nam's economy grew at an annual average rate of 7.3%, the per capita income almost quintupled and Viet Nam managed to reduce the yearly inflation rate around 6-7%. In terms of trade in goods, Viet Nam is today a significantly integrated economy, with exports representing approximately three quarters of its GDP.



4.107. Viet Nam is an important economic and political player in ASEAN and the Asia region. But Viet Nam is becoming an increasingly important partner also for the EU. In terms of trade, the EU has gradually become the most important export market for Vietnamese products, and it is now the second largest two-way trade partner after China.

4.108. The EU has an interest in intensifying its bilateral relations with Viet Nam. The signing of a Partnership and Cooperation Agreement and the launch of the negotiations for a bilateral Free Trade Agreement in June 2012 are a demonstration of our enhanced cooperation.

4.109. Despite these impressive achievements, Viet Nam is facing a number of important challenges on its way to become a fully industrialized and modern economy, as noted by the Secretariat Report.

4.110. During the years under review, although many of Viet Nam's economic fundamentals remained strong and much progress has been made in its economic transformation, significant weaknesses persist.

4.111. According to the Secretariat Report, further action is required by Viet Nam to stabilize the country's economic situation. While the macroeconomic data appears solid, the state of the financial sector and decreasing confidence in Viet Nam as an investment destination, are starting to have a dampening effect on the economic performance of the country.

4.112. The EU notes that Viet Nam, after having performed well in the first years after its accession, now seems to lack the necessary vigour to pursue the process of economic reforms in a timely manner. The EU is concerned particularly about the persisting high level of influence from the State in a wide number of sectors and the by rise of trade barriers in Viet Nam, as expressed in the questions submitted by the EU.

4.113. Turning to the EU questions, let me stress that they cover several areas of Viet Nam's economy. The issues we raised are considered and confirmed by EU operators as obstacles to trade. I will list only some of them.

4.114. We are concerned that trading partners are not able to compete on a level playing field with Vietnamese state-owned enterprises and enterprises granted special or exclusive rights or privileges in Viet Nam and also on markets outside Viet Nam where they are in competition. While the EU recognizes fully the right of Viet Nam to designate and maintain state-owned companies, the EU encourages Viet Nam to continue on the path to reform its state sector.

4.115. We are also particularly concerned about the restrictions still present in the field of distribution services, particularly for wines and spirits, chemicals and pharmaceutical products. The EU industries would welcome clarifications on the new legislation adopted by Viet Nam on wine production and wine trading as it seems that it might result in reducing the scope of business of already established companies.

4.116. We have also expressed our concern about Viet Nam's local content requirements in public procurements. While we welcome Viet Nam as a new Observer to the WTO Agreement on Government Procurement, the EU would appreciate further progress in Viet Nam's reform for addressing these concerns.

4.117. The EU is confident that this TPR will provide the opportunity to examine the measures adopted by the Government and assess their real impact on the economy of the country and on the WTO Members gathered today. The EU hopes that this will also help Viet Nam in reviewing its own policies so as to ensure that they are most favourable for attaining its economic and social objectives while respecting its international commitments in this forum.

## BRAZIL

4.118. It is a matter of great satisfaction for Brazil to participate in the first Trade Policy Review of Viet Nam, as the relations between our countries have experienced a very marked and positive growth over the past few years. The historic ties between our people were deepened and strengthened, and are now spread over many different areas.

4.119. Brazil's commitment to Viet Nam goes beyond the political approach, as the intensification of technical cooperation programmes and the significant increase of trade flows demonstrate. For instance, I note with great satisfaction that, since the accession of Viet Nam to the WTO, in 2007 – which Brazil strongly supported since day one - until 2012, the trade flow between our countries has increased approximately 400%.

4.120. Since the launch of the *Doi Moi* policy and, in particular, after WTO accession, Viet Nam has experienced intense transformations in its economy, with high rates of economic growth, rising investments and vigorous exports. There was also a sharp rise and subsequent drop in inflation rates. The country grew at an annual average rate of 6.3% from 2007 to 2012, in line with the world average economic output, albeit trending slowly downward in the last years.

4.121. According to the Secretariat Report, Viet Nam's economy is "strongly outward oriented". Data released by the World Bank reveals that trade in goods and services currently accounts for 180% of the country's GDP, and the representativeness of foreign direct investments in the GDP rose 52.47% between 2006 and 2012. Such numbers reveal the liberalization trend experienced by Viet Nam after the intensification of its accession procedure to the WTO. Nevertheless, it is important to stress that high state intervention, including direct control of production through state-owned enterprises (SOEs) in certain sectors, and differences between the treatment granted to Vietnamese and foreign investors are still obstacles to trade and foreign investment full liberalization.

4.122. As mentioned, trade flows between Brazil and Viet Nam have significantly intensified throughout the period from 2007 to 2012. Despite this, it remains at relatively modest levels, currently at only US\$1.6 billion. Brazilian exports to the region mainly comprise raw materials, such as grains and seeds, cotton and leather. Exports from Viet Nam to Brazil are also well below their potential. Naturally, there is still room for much improvement. Bilateral trade can be further expanded, either in terms of value, volume and diversity of goods. As regards direct investments between our countries, it is still an area to be strongly developed.

4.123. Pursuant to the Secretariat Report, "Viet Nam bound the entire tariff schedule in the context of its WTO accession", and "the simple average MFN tariff has declined significantly from 18.5% in 2007 to 10.4% in 2013". Nevertheless, there is a concern on a number of tariff increases since 2008 that apparently are motivated by a decision to afford higher protection to certain domestic sectors, including meat products.

4.124. The Secretariat Report also points out that some restrictions remain, in a way that "goods identified and subject to "state trading" may only be imported by designated enterprises". Thus, products such as aircrafts may only be brought into the country by designated importers. Brazil urges Viet Nam to observe WTO regulations as to grant full import trading rights to foreign individuals and enterprises on par with domestic traders.

4.125. As regards non-tariff measures, Viet Nam prohibits the importation of goods generally considered harmful to human health and safety or national security. We recall that import restrictions shall only be applied when in conformity with WTO rules, international treaties and conventions.

## COLOMBIA

4.126. On 7 November 2006, the then Director-General of the WTO, Pascal Lamy, welcomed the accession of Viet Nam to the WTO with the following words: "Becoming a fully-fledged Member of the family, Viet Nam will be able to benefit from the market access and global trading rules developed over the past 50 years. It will also be able to use the WTO dispute settlement to solve its differences with other Members and fully participate in the on-going negotiations to design the trade rules of the future." These words were an accurate prediction of what was to happen over the next six years.

4.127. Indeed, the Secretariat Report clearly shows that Viet Nam's economy is well integrated in world trade flows, with trade in goods and services accounting for 171.5% of GDP. Its exports, which cover a broad range of sectors, have become more diversified in the past years – and this



greater integration in world trade flows, partly attributable to its accession to the WTO, have enabled Viet Nam to considerably reduce its trade deficit.

4.128. There has also been an appreciable increase in foreign direct investment in the country since its accession to the WTO. Today, Viet Nam is an interesting market for foreign investors, and these investors are contributing to the diversification of Viet Nam's exportable supply and to job creation; in fact, their contribution could be even greater, in that the State is still very much present in certain sectors of the economy.

4.129. The package of reforms introduced over the past few years, forming the basis for development of the export sector and foreign investment flows, led to robust economic growth during the review period at an average rate of 6.3%, in spite of the difficult world economic situation. We would like to highlight, in particular, the enormous progress achieved in reducing poverty and improving human development.

4.130. The challenges facing Viet Nam in the coming years would appear to revolve around maintaining a level of competitiveness that would support economic growth. The Secretariat Report points to certain factors that need to be borne in mind, such as restrictions in energy production, the need to strengthen the financial sector, rising real estate prices and logistical costs, and the increasing lack of qualified manpower, all of which call for structural reforms on the part of the State.

4.131. On the foreign trade front, the Secretariat Report points out that between 2007, the year of its accession to the WTO, and 2011, Viet Nam doubled its world trade and was able to overcome the difficulties encountered in 2008. The growth in Viet Nam's exports was impressive: they rose from US\$48 billion to almost US\$97 billion during the period, and their composition is already beginning to show signs of change.

4.132. A key to maintaining this trade momentum in the future will be trade facilitation. In this connection, we highlight Viet Nam's customs modernization project, which aims to introduce electronic customs clearance procedures as a first step in establishing a one stop shop mechanism; the planned introduction of an automated cargo clearance system and a customs intelligent database system for next year; and the authorised economic operator programme introduced in 2011, under which 14 companies have already qualified as AEOs.

4.133. We note that the relevant laws and regulations are published, online as well, and that they provide for a reasonable period of time prior for approval and entry into force, as this enables the operators to comment on the drafts and familiarize themselves with the new legislation. However, there is a need for better clarification of which aspects of the new legislation repeal or supplement the previous legislation.

4.134. We note that during the review period, Viet Nam's simple average tariff decreased considerably, from 18.5% to 10.4% in 2013. However, there have been adjustments in certain sectors which, although respecting the limits agreed under the WTO, cause a certain amount of uncertainty and undermine the predictability of access to the Vietnamese market.

4.135. Let me conclude by quoting Pascal Lamy once again. In announcing the completion of Viet Nam's accession process, he said: "WTO membership will help Viet Nam firmly anchor these reforms and use trade opening as an engine for economic growth and development."

4.136. In our view, the results of this review are a clear testimony to the contribution that the WTO and the multilateral trading system can bring to countries which, like Viet Nam, are ready to follow the path of trade liberalization as a means of achieving economic development.

## JAPAN

4.137. Let me start with Viet Nam's macroeconomic environment and policies. Through the liberalization of its economy, the introduction of political and economic reforms *Doi Moi*, as well as its accession to the WTO, Viet Nam has recorded high economic growth led by an increase in trade and investment. According to the Report by the Secretariat, GDP of Viet Nam grew at an annual average rate of 6.3% from 2007 to 2012. As has been pointed out, Viet Nam is a success story

which can be a model of development. However, its economic growth has tended to slowdown in recent years partly because of the global financial crisis, but partly also due to the apparent delay in structural reform. Japan hopes that Viet Nam will make efforts to promote further structural reforms in order to maintain high economic growth.

4.138. Now let me move to trade and trade-related policies.

4.139. First, today is the first TPR for Viet Nam since it acceded to the WTO in 2007. Japan commends that Viet Nam made significant efforts to shift from a national planning economy to a market-oriented economy throughout the accession and the proceeding process. Japan hopes that Viet Nam will continue its structural reform to maintain economic growth and make contributions to strengthening the multilateral trading system. In this light, Japan hopes that Viet Nam will join in the negotiations for ITA expansion soon.

4.140. Second, Viet Nam has concluded regional trade agreements with many countries including Japan and is actively participating in new RTAs negotiations, for example TPP. Japan commends Viet Nam's positive attitude to trade liberalization having in mind that such RTAs will serve as a complement to the multilateral trading system.

4.141. Further, a Viet Nam-Japan joint initiative has served to maintain and improve Viet Nam's investment environment since 2003. This initiative is a process of promoting economic reforms and the improvement of the investment climate through a continuous bilateral dialogue not just by the government officials and donor agencies but also with the participation of high level private sector representatives. Japan commends that the efforts of both sides, the joint initiative has produced concrete achievements. One of many such achievements is the improvement of the framework to disclose, infringement on intellectual property, which is reinforced by the strengthened punishment. This joint initiative will continue in order to maintain Viet Nam's investment environment.

4.142. Now, let me turn to specific points. We will refer to 4 points: the legal system and its implementation; transport; intellectual property; and the measures for broadcasting and film industry.

4.143. First, on the Vietnamese legal system and its implementation. Apparently, the role of laws and that of administrative regulations are not clearly defined in Viet Nam. So, certain provisions in administrative regulations sometimes create obligations of a disproportionate magnitude which have significant influence on foreign enterprises which are often not prepared. In addition, we can find inconsistent policies and measures because each ministry issues various ordinances without coordination among related ministries. There is a lack of coordination with local Governments to implement regulations as well. Sometimes, the same regulations could be implemented in a different manner from one region to another. These problems need to be properly addressed.

4.144. Second, on transport. According to the Annex of Viet Nam's WTO accession protocol, it is supposed to abolish the foreign equity restriction on some of the transport services from January 2014, seven years after its accession. However, since it is reported that Viet Nam has not yet decided the detailed rules, foreign suppliers cannot make their investment plans in such certain transport services. Japan hopes that Viet Nam will establish detailed rules in a timely manner in advance.

4.145. Third, on intellectual property. As is shown in the Report by the Secretariat, statistics on infringement of intellectual property have been prepared by the Government during the review period. Japan commends Viet Nam on these efforts to address counterfeited and pirated goods in Viet Nam, and hopes that it will continue to actively disclose the infringement of intellectual property.

4.146. Fourth, the regulations on broadcasting and film industry. For example, the Amended Cinematography Law requires at least 20% of the time must be allocated for local films. There is also a requirement of translation from foreign language to Vietnamese in pay-TV programmes. Japan would like to know, a little bit more in detail, the background of the introduction of these regulations, and the possibility and the prospect of relaxation of such regulations.

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## THAILAND

4.147. Viet Nam is Thailand's fourteenth trading partner, and Thailand is Viet Nam's fifth largest trading partner. From 2010-2012, our trade value averaged at US\$8.6 billion per year. In 2012, we traded at approximately US\$9.47 billion, increasing 4.17% from 2011. Thailand also ranks among top ten of Viet Nam's foreign direct investment in terms of value.

4.148. Thailand and Viet Nam have developed a strong bilateral relationship over the past years. In July 2012, the Minister of Commerce attended the first Joint Trade Committee meeting with Minister of Industry and Trade of Viet Nam in Hanoi, in which they consulted and exchanged opinions on how to strengthen the trade and investment relationship between the two countries. The Ministers also discussed cooperation on exchange of information and experience with regard to productions, marketing and productivities of common agricultural products of both countries. Thailand hopes that this meaningful relationship will continue to prosper in years to come.

4.149. On the private sector cooperation, the Thai Chamber of Commerce, the Federation of Thai Industries, and Thai Bankers' Association have developed a close relationship with the Vietnamese Chamber of Commerce and Industries. At the Joint Trade Committee Meeting last year, the establishment of Viet Nam-Thailand Business Chamber was proposed, and we hope that this idea will grow into a concrete result, from which business people can benefit.

4.150. In the multilateral trading system, Viet Nam has shown a very promising development since the time of its accession to the WTO. Thailand is impressed with Viet Nam's progressive move in their economic and trade policies, such as the remarkable decrease of the simple average MFN tariff, the effort of equalizing treatments to foreign and domestic investors, and the macroeconomic policy to maintain stable account deficits and foreign exchange reserves.

4.151. Thailand appreciates Viet Nam's cooperation with Thailand both as ASEAN members and in the WTO. We believe that Viet Nam's strong commitments to the regional and multilateral trading systems have been fruitful and we continue to support Viet Nam's efforts in necessary reforms in the future.

## HONG KONG, CHINA

4.152. We are very glad to participate in the first Trade Policy Review of Viet Nam since it became a Member of the WTO in 2007. We congratulate and are impressed by the efforts made by Viet Nam in liberalizing its trade regime and making substantial progress in regional and international economic integration in recent years.

4.153. Hong Kong, China and Viet Nam have long enjoyed close trade and economic relation. Moreover, Hong Kong, China and ASEAN are now pursuing an FTA. Viet Nam was Hong Kong, China's second largest supplier of rice in 2012. Our bilateral trade in goods has grown robustly in recent years with an average annual growth rate of 31% from 2008 to 2012 in goods, and 16% in services.

4.154. On tariffs, we appreciate that Viet Nam has bound all its tariff lines at *ad valorem* rates except second-hand motor vehicles. We also commend Viet Nam for reducing its average applied MFN tariffs significantly from 18.5% in 2007 to 10.4% in 2013.

4.155. We commend Viet Nam's continuous efforts in reducing the tariffs of agricultural products. We encourage Viet Nam to continue its liberalization efforts. We also urge Viet Nam to submit notifications on agricultural subsidies. It is noted that Viet Nam has not submitted any since its joining the WTO.

4.156. We also note that overfishing and destructive fishing remain a serious problem in Viet Nam. We encourage Viet Nam to review the effectiveness of the current ban effected by a Prime Minister's Directive and Central Steering Committee documents, and to consider the need to introduce further measures or national legislation on fishing means, quotas and bans.

4.157. We note that state ownership remains a major feature of Viet Nam's economy accounting for 38% of its GDP in 2012. While we appreciate the efforts Viet Nam has made in reforming its

state-owned enterprises (SOEs), SOEs still account for nearly all of its domestic production of key goods and services, e.g. energy, telecommunications, aviation and banking. We encourage Viet Nam to continue its reform of SOEs and to introduce more international competition. Viet Nam has not made any notification of its state-trading enterprises and so we would also urge Viet Nam to comply with its notification obligations.

4.158. We appreciate Viet Nam's firm commitment to comply with the WTO TRIMs Agreement. Foreign investors have reflected certain areas in its investment regime that could be improved, e.g. the approval processes of investment and establishment of businesses for foreigners are difficult and involve complex administrative procedures. We believe Viet Nam has noted such opinions and will seek improvements, e.g. to operate a one-stop shop system to simplify the business registration and investment licensing for investors, as appropriate.

4.159. On corporate governance issues, we note that corruption remains a real concern in Viet Nam which ranks relatively low in international comparisons in corruption indices. Corruption lowers investment, slows economic growth and has an adverse impact on trade. We are encouraged to note that Viet Nam's legal framework for curbing corruption is now well developed. We strongly encourage Viet Nam to continue its efforts further to fight corruption and improve its corporate governance.

4.160. We appreciate that Viet Nam has taken steps to simplify and modernize its customs procedures. For instance, e-customs procedures were launched in early January 2013 covering the electronic submission customs declarations, as well as the automatic processing of declared tests and analyses by the Customs. In 2011, it also adopted an ambitious plan known as the Strategy for Customs Development through 2020, as another major step to facilitate trade.

4.161. We note that Viet Nam has undertaken various legislative changes to implement its GATS commitments and provided incentives to attract trade and investment during the review period. Nevertheless, SOEs are significantly involved in key services sectors such as banking, insurance, telecommunications, maritime transport and air transport. Services sectors are key drivers for its GDP and employment, and continued liberalization of trade in services would add to Viet Nam's further economic growth. We encourage Viet Nam to continue liberalizing the trade regime for foreign investment, for instance, by lifting foreign equity cap or eliminating foreign investment restrictions.

## CANADA

4.162. Canada is pleased to take part in this very first Trade Policy Review of Viet Nam, and we are certain that this process will assist Viet Nam to better integrate into the global economy, and attain its international trade and investment objectives.

4.163. I note the strong and consistent growth of Viet Nam's economy in the last ten years and more, albeit at a reduced pace since 2011, alongside significant progress in monetary policy and overall fiscal management. We are also glad to see Viet Nam constructively participating in negotiations for the Trans-Pacific Partnership alongside Canada and ten other trading partners. Viet Nam's achievement of Middle Income status demonstrates its capacity to implement major policy and economic changes; however, this achievement now creates the need for further adjustments so that Viet Nam can compete effectively with the similar emerging economies whose ranks it has joined.

4.164. Viet Nam now finds itself in a position where it needs to further refine and clarify its trade policy approach and practices. This, in addition to further work on some longstanding issues, will help "lock in" and capitalize on the hard-won gains of several decades of structural reforms, as well as avoid a slowdown or reversal of its economic development. I would like to mention three broad areas in which Canada believes Viet Nam should maintain and increase its efforts.

4.165. First, we urge Viet Nam to improve its business environment, by streamlining and coordinating bureaucratic procedures and legislative measures, including between national and provincial levels of government. Businesses in Viet Nam frequently have to deal with rules and procedures that are contradictory and subjectively applied, especially outside the large population centres. For example, while non-binding official letters and notices may be published to improve

regional administering of legislation, such letters and notices often have the opposite effect if they enable too much official discretion, and cause confusion. Greater coherence across all levels of government and between jurisdictions would enhance the predictability and certainty of doing business in Viet Nam.

4.166. Some policies and rules create a potential for a two-tier market access system favouring local companies to the detriment of foreign products, and thus appear discriminatory and inconsistent with WTO obligations. For example, new liquor licensing requirements restrict international producers, while local producers benefit from exemptions. A news article in the Hanoi English newspaper of 10 September mentions Decree 94, enacted in early 2013 by the Ministry of Industry and Trade, which aims to restrict alcohol imports. Under the new regulatory measure, "enterprises must now have a "letter of attorney" from manufacturers or alcohol brand owners in order to import alcohol". Along with restrictions on advertising and promotion, this would appear to be another measure to hinder foreign spirits imports, along the lines of the Decree 197.

4.167. Another hurdle to business is when responsibility for a certain sector or product is shared between multiple ministries and departments. Frequently, this leaves businesses waiting for the results of lengthy internal consultations before they can start or resume their activities. Increased simplicity, predictability, and transparency in Viet Nam's business environment would ensure that Foreign Direct Investment keeps pace with the nation's economic growth.

4.168. The unpredicted increase in royalties in the mining sector is a good example of another challenge to foreign investment. Investors in Viet Nam's natural resources are now facing a Ministry of Finance proposal which would increase royalty rates to record levels. If this proposal were to be passed, it could jeopardise the plans and operations of several Canadian and foreign mining investors. There are alternatives: other ministries and state agencies are recommending that other ways be found to increase state revenues – the basic requirement being a predictable and stable investment climate.

4.169. As our second key area to highlight, we recommend that Viet Nam accelerate the reform of its financial services and banking sectors, and its large state-owned enterprises, which continue to play a dominant role in many industrial sectors, distorting the market to the detriment of the private sector. Lack of financial credit and excessive state ownership are limiting factors in the evolution to a modern market economy in Viet Nam. Both the financial sector and state-owned enterprises should remain targets of Viet Nam's anti-corruption efforts. Measurements and perceptions gathered by Transparency International (TI) reveal relatively high levels of financial secrecy, corruption and lack of transparency. The 2012 World Bank's Report on "Costs of Doing Business" ranks Viet Nam low in terms of protection for foreign investors. A healthy financial sector and a rationalized, focussed public sector, would afford maximum opportunity for local and foreign businesses to drive Viet Nam's development.

4.170. Third, Canada would encourage Viet Nam to allow market economy principles to play a greater role in the development of its trade and trade-related policies. Many current practices fail to take into account factors such as marketing strategies, product seasonality, customer segmentation or overlap with the export regulations of most of Viet Nam's trading partners. Such practices include: (i) minimum prices or reference pricing for duty valuation; (ii) insufficient use of HS codes to define import measures, which can then become needlessly broad; and (iii) individual exporter approval systems.

4.171. We believe that these issues are not so much conflicts between Vietnamese state goals and market economy principles but rather may be the result of insufficient consultation, both internally and externally, when such policies and rules are being developed. We encourage Viet Nam to seek greater and earlier input from the private sector and other stakeholders, as well as to undertake technical discussions with its main trading partners during the development of policies and regulations.

## ARGENTINA

4.172. We are pleased to be participating in the first Trade Policy Review of Viet Nam, a country with which Argentina maintains excellent relations, as testified by President Cristina Fernández de Kirchner's visit to Viet Nam in mid-January this year.

4.173. Trade between the two countries has grown steadily over the past few years. Argentine exports to Viet Nam rose from US\$331 million in 2007 to US\$870 million in 2012, while imports grew from US\$48 million to US\$150 million over the same period. In 2012, total trade reached more than US\$1 billion, an increase of 15% over 2011.

4.174. Viet Nam is a success story when it comes to political and economic reform, with a strongly outward-oriented economy in which trade in goods and services represents more than 170% of GDP. Thanks to the economic reforms launched in 1986, the country has undergone significant economic growth which has resulted in higher living standards and a reduction in poverty.

4.175. Although affected by the world economic crisis of 2008, Viet Nam took a series of steps which enabled it to maintain sound economic fundamentals and keep unemployment under control.

4.176. We are confident that the Vietnamese government's determination to continue its economic restructuring in accordance with the Master Plan for 2013-2020 will enable it to improve quality, efficiency and competitiveness, and achieve its objective of transforming Viet Nam into a modern industrialized country, with sustainable and inclusive growth.

4.177. In the trade policy area, we note that while Viet Nam bound its entire tariff universe in the 0-40% range upon joining the WTO, its average MFN tariff has decreased significantly, from 18.5% in 2007 to 10.4% in 2013.

4.178. As regards non-tariff measures, in the case of standards and technical regulations, we note that at the end of 2012 Viet Nam had 6800 national standards of which only 40% had been harmonized with international or regional standards. In the case of sanitary and phytosanitary measures, although the objective is to harmonize them completely with the standards established by the OIE, the Codex Alimentarius and the IPPC, no date has been set for achieving that objective.

4.179. We urge Viet Nam to continue the process of harmonizing its sanitary and phytosanitary measures and complete it within a well-defined period of time.

4.180. We would like to stress our agreement with Viet Nam's view of the multilateral trading system, which it considers central to ensuring the stability and openness of the world trading system and to settling trade disputes.

## PHILIPPINES

4.181. The Philippines fully associates itself with the statement made by Malaysia on behalf of ASEAN.

4.182. It is worth noting that six years ago, Viet Nam became the 150th Member of the WTO. Viet Nam's membership ensured its integration into the global economy and enabled it to gain more access to attractive markets while at the same time opening its own market to others. Thanks to Viet Nam's comprehensive economic reforms, its transformation from a centrally planned economy into a market-economy and the implementation of open door policies gained remarkable achievements in its economic development. In the period 2007-2012, annual economic growth rate is 6.3% while per capita income increased more than three times with the economic structure shifting towards reducing the share of agriculture and increasing the share of industry and service.

4.183. As close neighbours and ASEAN members, the Philippines and Viet Nam share common interests and converge in many areas reflecting both the diversity and complementarities of our economies. Based on the five-year statistics on merchandise trade, the flow of goods between the Philippines and Viet Nam has been growing stronger every year. With more trade promotion activities between Viet Nam and the Philippines, we are hopeful that the trend of growing bilateral trade can be sustained. The regular convening of the Philippines-Viet Nam Joint Trade Committee (JTC) meeting is one mechanism that allows both sides to meet and discuss trade and market



promotion initiatives that could pave the way for more active and mutually beneficial economic engagements.

4.184. The Philippines and Viet Nam recently celebrated over 37 years of diplomatic relations, yet, our engagement goes further back in history when our ancestors, who were largely seafaring adventurers, crossed the seas to trade and build friendships. The Philippines and Viet Nam are therefore not divided by seas but are connected by them. These historic ties continue to be the anchor of our relations to this day.

#### URUGUAY

4.185. The opening up of the embassy of Uruguay in Hanoi has contributed to the development of closer bilateral relations between the two countries. We repeat that we firmly expect that Viet Nam will be opening up its diplomatic mission in Montevideo in the near future, providing yet another important tool and channel for the promotion of economic and trade relations between the two countries.

4.186. Once again, Uruguay is ready to grant Viet Nam recognition as a market economy: this is a matter which has been discussed between the two countries but has not gone beyond discussion.

4.187. We would also like to point to the recent opening up of the Vietnamese market for bovine, ovine and swine meat (fresh, chilled or frozen), with or without bone, and the corresponding approval of a number of export plants. We are also confident that other Uruguayan products, such as citrus fruit, blueberries, and other fruit as well as soya, wheat, etc., will be given full access to the Vietnamese market in the near future. At the same time, Uruguay should shortly be included on the list of countries eligible to export fisheries products to Viet Nam. We expect to become a reliable and permanent supplier for Viet Nam.

4.188. On 15 August of this year, the technical part of the negotiation of an agreement to avoid double taxation and prevent tax evasion in relation to income and property tax was completed. At the same time, the Bilateral Agreement on Promotion and Protection of Investments - in force since 9 September 2011 - was ratified. It is hoped that these two instruments will help to strengthen economic and commercial ties between Viet Nam and Uruguay.

4.189. In a very short time, Viet Nam has become an important trading partner for Uruguay in Asia, and it is therefore also important that Viet Nam should perceive Uruguay as a gateway to the southern cone and South America.

#### CUBA

4.190. During the period under review, Viet Nam's economic and commercial development has been significant, with the result that poverty has decreased and human development improved. Many sectors have grown considerably over the past few years, including agriculture, fishing, mining and services, and we congratulate Viet Nam for these achievements. At the same time, we value Viet Nam's firm commitment to the SCM Agreement and WTO rules as a whole.

4.191. Ties between Cuba and Viet Nam are strong and stable. Our relations are based on the similarities in levels of socio-economic development, certain common features of our history, and shared interests within the framework of South-South relations.

4.192. Trade between our two countries has been developing gradually, albeit far below its potential. Viet Nam is Cuba's second trading partner in the Asian region.

4.193. In view of the importance of Viet Nam in our external economic relations, the two countries agreed to begin work on a bilateral economic agenda to help map out a medium- and long-term work strategy. Our common objective is to deepen and extend trade, joint investment and bilateral cooperation in priority sectors for both countries. With the introduction of this agenda, bilateral cooperation will become more diversified, opening up new opportunities for business and joint investment.

## HONDURAS

4.194. Viet Nam is unquestionably a success story when it comes to development. Thanks to the *Doi Moi* political and economic reforms introduced as of 1986, Viet Nam has gone from being one of the poorest countries in the world to being a lower-middle-income country in a quarter of a century. These reforms were the driving force behind the economy's transition to trade and investment.

4.195. Thanks to these reform policies, Viet Nam has achieved one of the most impressive performances internationally in terms of economic growth, in particular as regards standard of living and poverty reduction. The proportion of the population living in poverty has gone from 58% in 1993 to 14.5% in 2008, and most of the welfare indicators have improved. Viet Nam has already achieved five of its ten original Millennium Development Objectives, and is well on the way to achieving two more by 2015.

4.196. During the two decades that elapsed between the launch of *Doi Moi* and WTO accession in 2007, market-oriented economic reforms together with trade and investment liberalization have contributed to Viet Nam's impressive development. We note with considerable satisfaction that since its accession to the WTO in 2007, Viet Nam has greatly benefitted from the multilateral trading system. It now enjoys legally guaranteed MFN status in all WTO Members' markets which creates a level playing field in its export markets. WTO membership has also boosted textiles and clothing exports thanks to improved market access conditions for the country's goods and the elimination of the quota system.

4.197. We welcome the renewed efforts undertaken by the Vietnamese Government last year to help stabilize the macroeconomy which resulted in the Master Plan on economic restructuring associated with a change in growth model to improve quality, efficiency and competitiveness in the period 2013-2020. This plan focusses on structural reform, environmental sustainability, social equity, and emerging macroeconomic stability issues. It defines as growth areas the promotion of human resources, improvement of market institutions, and development of infrastructure with a view to laying the foundations for the transformation of Viet Nam into an industrialized society by 2020.

4.198. At the bilateral level, Honduras and Viet Nam established diplomatic relations in May of 2005. However, our relations are not, thus far, as close as we would like. President Lobo Sosa has stated in the past that he would like to strengthen the relations of friendship and multifaceted cooperation between the two countries, while at the same time promoting links between the Central American Integration System and the Association of Southeast Asian Nations (ASEAN). We feel confident that in the near future we will be able to strengthen our relations both at the bilateral and regional levels.

## GUATEMALA

4.199. Like those who took the floor before me, I would like to highlight the good work that Viet Nam has been doing over the past few years in terms of political and economic reform, thanks to which it is one of the countries in the region with the highest inter-annual average growth rate. This does not mean that it does not face enormous challenges, like all of us. But the Secretariat Report shows that in spite of these challenges, Viet Nam has achieved considerable progress, for example, in curbing unemployment and increasing the competitiveness of its exports.

4.200. We are pleased to note that the Vietnamese economy is geared towards foreign trade, particularly in the Asia-Pacific area. We are convinced of the importance of cooperation in the Asia-Pacific Forum, of which Viet Nam is a member. Guatemala has therefore taken steps to become a full member of that Forum, so that although trade between Guatemala and Viet Nam is not particularly significant at the moment, the stage is being set for an improvement in trade relations and cooperation between the two countries.

4.201. At the same time, some of the results contained in the Secretariat Report in relation to Viet Nam's trade policies are a source of concern, including the fact that the country continues to support specific sectors, such as agriculture, clothing and textiles, through a number of subsidies in the form of tax and non-tax incentives, on which there has been no information



since 2007. We are also concerned by government procurement practices that are inconsistent with the WTO Agreement on Government Procurement.

4.202. Similarly, we have learned that Viet Nam has invested heavily in exporting companies, and we would like to know what kinds of incentives or direct subsidies are behind those investments.

4.203. For many Central American countries, including Guatemala, agriculture and clothing are among the main economic activities and the main sources of employment, so that it is essential that we compete at the global level on a similar footing and in line with WTO provisions and commitments.

4.204. Generally speaking, we recognize Viet Nam's efforts in important areas and hope that those efforts will enable the country to move progressively towards attaining its objectives.

## NORWAY

4.205. The ties of cooperation and friendship between Norway and Viet Nam are strong, and have expanded in many areas since 1971, when formal diplomatic relations between our countries were established. In 2008, the Norwegian Government launched the "The Viet Nam Strategy" as the basis for contacts with Viet Nam.

4.206. These ties are further strengthened as negotiations on a free trade agreement between Viet Nam and the European Free Trade Association (EFTA) are currently on-going. Norway is proud to be the EFTA-coordinator in this process, and we hope to see the conclusion of a comprehensive FTA as soon as possible.

4.207. Norway acknowledges and welcomes the economic reform and subsequent liberalization of trade and investment regime, that has taken place over the past decades and especially since Viet Nam became the 150<sup>th</sup> WTO Member in 2007. Trade and FDI reforms and liberalization were keys to improved competitiveness and the export-led growth strategy.

4.208. Transparency and predictability are central parts of a well-functioning trade regime. In that context, we commend Viet Nam for having bound all its tariffs. We also acknowledge and appreciate the work done on customs modernization within the framework "Strategy for Customs development through 2020" mentioned in the Government Report. We would at this juncture reiterate and emphasize the significance of all border agencies dedicating themselves to working together to attain the benefits of trade facilitation.

4.209. Along the same lines, there seems to be still some room for improvement regarding the transparency and predictability of the systems for business registration and investment licensing, as well as for clarification of the hierarchy of legal documents which can be unnecessarily complicated and unclear.

4.210. In recent years, there has been a substantial increase in bilateral trade and investment between Norway and Viet Nam. A number of Norwegian businesses in the maritime industries have established a presence in Viet Nam, seeing opportunities for strong growth in Vietnamese sea-based and off-shore economic activity.

4.211. With Viet Nam's growing energy needs, renewable energy is likely to be another key area of commercial collaboration in the years ahead. Norway has developed hydropower for more than 100 years, and renewable energy now covers about 60% of our energy consumption. It is positive that Viet Nam has made efforts to increase the share of renewable energy sources in the total domestic energy production.

4.212. We note with particular interest the developments in the regulatory framework concerning implementation of wind-power projects described in section 4.75 (p.112) of the Secretariat Report. We also note that Viet Nam is taking steps towards establishing a competitive power market (section 4.77 p.114) as well as to increase private participation in the power sector through open competitive bidding (section 4.78 p.115). We welcome the possibility for increased cooperation between Norwegian and Vietnamese companies in the renewable energy sector.

4.213. In April this year, Norway's minister of Trade and Industry visited Viet Nam. During his stay he had the opportunity to engage with Norwegian businesses large and small in Hanoi, Ho Chi Minh City and Vung Tau, experiencing first-hand the Norwegian business community's favourable view of Viet Nam as a place for investment and doing business.

4.214. There is, however, one issue that we would like to highlight on a less positive note: GIEK, the Norwegian Guarantee Institute for Export Credits, has an outstanding, unsettled and overdue claim on the state-owned enterprises and the public sector in Viet Nam, and specifically GIEK's ability/willingness to issue guarantees for new projects in Viet Nam. A speedy resolution of this matter would help alleviate concerns about investment and financial risks in Viet Nam.

4.215. Norway appreciates Viet Nam's continued support for and contribution to the multilateral trading system, and commends Viet Nam for the implementation of its WTO-commitments as a recently acceded Member.

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## 5 REPLIES BY THE REPRESENTATIVE OF VIET NAM AND ADDITIONAL COMMENTS

5.1. First of all, I would like to thank Ambassador Francisco Pirez Gordillo and all the Members for your very insightful views, comments and questions that were raised at the first review session. Most of the issues raised at the first meeting were already addressed in our replies to advance written questions that were distributed on Tuesday. Bearing that in mind in my statement today, I would like to focus on the issues of common interest among the Members.

5.2. Regarding the economic environment, we would like to thank all the Members for your compliments and encouragement for the achievements made during the past 25 years of *Doi Moi*, as well as for our efforts to cope with the macroeconomic instability within the review period. In order to attain long-term sustainable economic growth, the Government of Viet Nam is determined to successfully implement the Master plan for economic reforms and restructuring, with the reforms in the financial sector, SOEs and public investment being top priorities, which could in turn help improve the investment environment for domestic and foreign investors.

5.3. We have been making tireless efforts to build a transparent, predictable economic environment. Since WTO accession, we have become more determined in working towards a rule-based economy, which is built upon the guiding principles of the multilateral trading system and the commitments we made. We have been serious in removing all the WTO-incompatible measures such as export and import-substitution subsidies. We have been streamlining the policy making process that takes the inputs and comments from the public seriously. However, there are a few exceptional instances, where a measure may have been promulgated either without adequate consultation with the business community, or entered into force before the prescribed period for emergency reason. We take note of your legitimate concerns and will try our best to correct the situation in the future.

5.4. With respect to investment and export-import procedures, we acknowledge that there is room for further improvement. We are determined to minimize the inconsistencies among provinces and agencies. We will find a way to ensure better coordination among the government agencies and between the central and local levels of government, as suggested by Members.

5.5. We are fully aware of the detriments that corrupt practices might bring to the investment environment. We are also conscious of the problems related to SOEs. That's why the Government has vowed to reform the state-owned enterprises, including economic groups. With the ratification of the United Nation Convention on Anti-Corruption and the recent amendment of the Anti-corruption Law and implementing decrees, which provide for more effective, proportionate and dissuasive sanctions, Viet Nam has been more ambitious than ever in the fight against corruption, promoting integrity among public officials, and reforming corporate governance. With high political will, we believe that the fight against corruption will achieve more meaningful results.

5.6. With respect to Trade Policy Regime and transparency in legislative process, we concur with Members that, in a number of cases, business registration and investment licensing remain complex for both domestic and foreign investors. However, built on the encouraging results of the administrative reform programme during 2001-2010, also known as "Project 30", we believe that administrative procedures will be greatly simplified during its succeeding stage, reducing administrative burdens and thus transactions costs for both the government and the business community.

5.7. In my opening remarks, I mentioned that transparency and predictability is some of the most enduring benefits that WTO Membership could bring about. Therefore, despite resources constraints, we have been making efforts in notifying to the TBT, SPS, Trade Remedies, and Trade in Goods Committees in a timely manner. However, we fully agree that we could, and should do better. I do hope that, with the continued technical assistance and support from the Secretariat and Members, we will make notable progress in this area in the near future.

5.8. Let me now turn to trade policies by measures, which attract a good deal of attention from Members.

5.9. As mentioned in the Report, Viet Nam's average *ad valorem* tariff rate has been reduced from 18.5% upon accession to 10.4% in 2013. That is well below our average final bound rate of more

than 13%, showing the willingness of the Government to create more favourable conditions for international trade. However, during the time of global crises, we were forced to go back to the bound rates in a limited number of cases. Although it was done in full compliance with our WTO commitments, we do hope that, as the world economy recovers, we will be able to consider going back to a more favourable applied rate.

5.10. With respect to the issue of Reference Price, Viet Nam confirms that reference price is not minimum price for custom valuation, and it is not used as a mechanism for the purposes of customs valuation. Reference price is rather used as a risk assessment tool, helping filter cases exposed to risk in fraudulent declared value by importers. Indeed, this tool is allowed under the Customs Valuation Agreement. Specifically, as defined in Article 17, "no provision of this Agreement shall be construed as limiting or questioning the right of the customs authorities in the implementation of measures to ensure the truthfulness or accuracy of any statement, any documents or any declaration given for customs value determination". Viet Nam follows strictly six methods provided for under Article VII of the GATT and the Agreement on Customs Valuation.

5.11. Regarding the inconsistency in the application of HS codes at the time of importation, we acknowledge the existence of product misclassification in certain cases, and are taking steps to restrict the deviation from proper application of HS Codes. Specifically, Minister of Finance has recently approved the "Scheme for improving the capacity of the customs agencies on the classification of goods and the determination of the customs value by 2020", which focuses on, *inter alia*, advanced training on customs, building databases, investment in upgrading facilities and technical equipment, and strengthening international cooperation on classification of goods and customs value.

5.12. With respect to the issue of antidumping and safeguard investigation on imports of cold-rolled stainless steel and vegetable oil, we take notes of the comments made and would like to assure that we will make every efforts to ensure the proceedings be transparent and in full compliance with WTO rules.

5.13. On the issue of fisheries subsidy raised by a number of Members, we will make efforts to notify in the coming time.

5.14. A number of Members raised their concerns with respect to Circular 25 regarding individual exporter approval systems. While more clarification is needed to provide a detailed response, we would encourage concerned exporters to contact SPS Enquiry Point under the Ministry of Agriculture and Rural Development in Hanoi for assistance.

5.15. With respect to IPR enforcement, on 17th of September we have provided updated responses to certain questions from a number of Members, please refer to those for more information. What I would like to emphasize here is that apart from civil and criminal measures, Viet Nam does apply administrative measures as complementary to criminal enforcement. In our opinion, the current level of administrative fines is sufficiently high to deter IPR infringement.

5.16. With respect to trade policies in certain sectors, a number of Members raised the issue of registration of pharmaceutical products, on which we have provided written responses. We would like to reassure here that registration process is not a protective measure and is not designed to discriminate imported products.

5.17. With regards to overfishing, Viet Nam does not intend to encourage overfishing and always attaches high importance to marine resources protection and proper exploitation.

5.18. Regarding liquor production and distribution pursuant to Decree 94 mentioned by a number of Members, there must have been some misunderstanding. Let me affirm here that there is absolutely no protective or discriminatory provision in that Decree. We will give you more detailed written clarification in due course.

5.19. A Member has raised concerns with respect to Decree No.72, which, in our view, is supposed to promote competition, create fair and transparent business environment for enterprises and enhance security on the Internet. The identification of a clear and transparent legal framework associated with the Law on Telecommunication and other guiding documents will

facilitate the development of telecommunication and internet infrastructure in Viet Nam, facilitate the development of new forms of information in accordance with the actual development of the internet in Viet Nam, and ensure preserving traditional culture, national identity, protect public morals, and social order.

5.20. With respect to the request to provide background to the treatment of local and foreign films, we would like to assure you that our regulation is absolutely in line with WTO provisions, which aims at preserving the national identity and cultural diversity.

5.21. With all the other requests and suggestions for Viet Nam to further liberalization by acceding GPA, joining negotiations to expand ITA, removing capital restrictions on certain services sectors, etc. we take notes of your suggestions and will take them into account during the process of implementing the economic reforms.

5.22. This is the very first Trade Policy Review of Viet Nam, which I think is an excellent opportunity to look back and reflect on the achievements as well the outstanding issues that our economy is facing. We would like to thank the Members for all the insightful comments, suggestions and recommendations for improvement. We look forward to engage and consult with all of you in a meaningful way to improve our economic environment as well as to strengthen the multilateral trading system. With that in mind, we are prepared to listen to Members' concerns and comments at any time, not six years from now. With all the outstanding questions, we will try our best to provide responses in a timely manner.

5.23. Once again, I would like to express my sincere appreciation to His Excellency Ambassador Joakim Reiter for his excellent chairmanship, His Excellency Ambassador Discussant Francisco Pirez Gordillo for your thoughtful views to facilitate the exchanges of views, all the Members and the WTO Secretariat for the smooth running of the first Trade Policy Review of Viet Nam. I also would like to thank our colleagues from the TPR Division, the interpreters and secretaries for their hard work.

#### DISCUSSANT

5.24. The first Trade Policy Review of the Socialist Republic of Viet Nam has allowed us to better understand the evolution of its trade policies and practices and has helped us to understand the past and future challenges facing this interesting country.

5.25. We must not forget that only less than seven years have passed since the Viet Nam's entry to the WTO and that during that short period of time, the country has transformed many aspects of its economy and its society to permanently integrate in the multilateral trading system. That is why it attaches great importance to the success of the Ministerial Conference in Bali as an intermediate step that will allow a successful conclusion of the Doha Round.

5.26. This clear commitment to international economic integration was reiterated again by the Vice Minister Quoc Khanh during the first day.

5.27. Progress on the level of economic openness through its various reforms, growth of 6.3% observed during the period 2007-2012, the competitiveness achieved in certain sectors of the economy, low unemployment rates, as well as inclusive development that Viet Nam has achieved deserve a special appreciation as most Members have expressed.

5.28. It is also important to note that many Members highlighted Viet Nam's low tariffs and, in particular, that despite the different economic crises, it has largely refrained from taking protectionist measures.

5.29. Like everything in life and despite successes, there are also challenges to face and solve in the future. I will not present an exhaustive list but I will refer to some of the main concerns raised in the different interventions. In this regard:

- Some Members mentioned the need to achieve greater coordination between different authorities to establish different regulations because this will avoid the complexity that

exists today in the legal system, at the same time it will provide greater transparency and predictability to all stakeholders operating in the market.

- In the line of transparency, some Members encouraged Viet Nam to submit its outstanding notifications to the various WTO bodies.
- Other Members made mention to the need of continuing the efforts and reforms to achieve greater efficiency in the business environment and solve the problems of lack of infrastructure.
- The protection of intellectual property was another point mentioned by several Members not only as essential element to attract new investments but also to promote the development of different economic areas.
- In the area of state-owned enterprises, several Members expressed the desire to see greater openness in this sector and equal treatment among domestic and foreign operators.
- Members had different concerns about some sectorial policies such as in agriculture, food security, fisheries, mining, manufacturing, energy and services among others, that could be improved to achieve greater competitiveness, transparency and efficiency. We thank the Vice Minister Quock Khanh for the answers given to some of the questions raised during the first day.

5.30. There is no question that the transformation process of one country does not happen overnight, so it is important to consider not only what needs to be done but also what Viet Nam has achieved so far during this short period of time.

5.31. I am confident as I have noticed in the dialogue held with the authorities of Viet Nam, after the first day of examination, that this exercise will be useful to continue the process of internal reforms that the country has decided to make since the 80s when began with the implementation of *Doi Moi*.

5.32. The gradual and progressive opening of the economy of a country means adopting a hard road to travel that it is not an easy one for any Member, so I congratulate again Viet Nam with the progress made so far and also for the constructive attitude adopted during its first trade policy review. This attitude gives me the confidence that in the next TPR many of the comments we have made will be collected in the different future policies that the country will implement.

5.33. Finally, I want to express once again the honour and privilege of having participated as Discussant in this first TPR of Viet Nam and I wish the country every success in the future.

## UNITED STATES

5.34. The United States would like to start its comments today just by expressing its appreciation for its active participation in Viet Nam's first TPR. We also want to say thanks for your responses to our advance written questions.

5.35. The United States does have three follow-up questions which we have submitted to the Secretariat in writing. I just want to briefly cover them.

5.36. The first one has to do with notifications, with a specific question on import licensing. We just want to ask Viet Nam to confirm that it intends to include all of its licensing procedures, whether they are automatic or non-automatic, in its upcoming Article 7.3 submission to the WTO under the Import Licensing Agreement.

5.37. The other two questions are in the area of intellectual property. The first was a follow-up of a question we asked on the variations in the monetary amounts of fines. We would appreciate to know if there are specific external factors that can explain considerable variations highlighted by the Secretariat Report in the number of cases being handled each year.

5.38. The final question, also in the area of intellectual property, is a follow-up question to a response given to the European Union where Viet Nam indicated that it has taken steps to improve its IPR enforcement regime, including "Reform IPR related administrative procedures". The United States would appreciate clarification on these reforms and specific information on what they entail.

#### EUROPEAN UNION

5.39. The EU would like to express its thanks and appreciation to the delegation of Viet Nam for the efforts to reply to almost all of our questions on time. We have raised a large number of questions to Viet Nam but this only reflects our keen interest in Viet Nam's trade policy.

5.40. We also have some follow-up questions that we have submitted to the WTO Secretariat, notably in the areas of corporate governance and anti-corruption action; investment regime; import procedures and requirements; government procurement; state-owned enterprises; privatization; and services, in particular banking and finance.

5.41. The EU hopes that Viet Nam would take advantage of the comments raised by several WTO Members to address certain aspects in the areas of its trade policies, particularly in the state-owned sector. In this respect, we have taken note of the statement of Deputy Minister this morning.

#### JAPAN

5.42. Japan highly appreciates Viet Nam's delegation for providing us with informative explanations. I also would like to express my appreciation for the insightful comments from the Discussant, H.E. Mr Francisco Pirez Gordillo.

5.43. Japan submitted several follow-up questions to the Secretariat regarding the answers to our questions provided in writing format. Those are about an organization which can mediate in case of problem arising between foreign investors and agencies, the new Information System of Customs, trading rights, the fees and the charges under consideration at the ports of Cai Mep-Thi Vai, and the infrastructure in the areas planned for goods trading activities.

#### RUSSIAN FEDERATION

5.44. Let me congratulate Viet Nam for its first Trade Policy Review. We appreciate the hard work of Viet Nam delegation and we are very glad to participate in this meeting.

5.45. Viet Nam is an important trading partner for the Russian Federation. Moreover, as you may know, we are holding negotiations on free trade agreement between Viet Nam and the Russian Federation, the Republic of Kazakhstan and the Republic of Belarus at the moment. So, once again, it is very important for us to have a chance to participate in this meeting.

5.46. At the same time, we have to apologize as we didn't manage to submit our questions in accordance with the deadline. Thank you for giving us the opportunity to submit them after the deadline. We would appreciate receiving answers and we share concerns of delegations who had the floor on the first day, particularly in the fields of application of safeguards, antidumping and countervailing measures. And, for example, how the application of safeguards measures for a period of ten years is complied with the WTO provisions. We would also like Viet Nam to clarify the reason for the absence of Viet Nam's subsidy notifications to the WTO Secretariat since 2007.

#### VIET NAM

5.47. On the follow-up questions from Members received after the deadline, we confirm that we will reply in due course within the timeframe specified by the TPR Mechanism. We will do every effort in order to answer all the questions. We will not only answer to the follow-up questions and to the late questions but we will update and give more clarification on the answers already circulated to you.

5.48. To answer to the US question concerning the import licensing and the notification process, we fully understand that we need to improve the notifications to the WTO. During the past, due to

constraints and some technicality of the problems, we have not been able to notify all the things that we had the obligation to notify to the WTO. But when we will come back home, there will be a programme to improve our notifications to the WTO, and during that process I would very much appreciate if the Secretariat and Members could give us a hand by giving us technical assistance. As you know, making a notification is very burdensome, complicated and complex. In the future, I confirm that they will be notification on the import licensing mechanism, either being automatic or non-automatic. On the IPR question from the US, we will give the answer in due course.

5.49. Concerning the follow-up questions from the EU, Japan, and other countries, we will make every effort to answer you as soon as possible within the timeframe of the WTO Mechanism.

5.50. Thank you again for your suggestions, comments, and questions. We came to this TPR very open-minded and it is a very good opportunity for us to receive comments from Members to help to improve our economic environment and the environment for the investors. Please come to us at any time if you have problems. At first, some procedures could be complicated but once people learn about that it is much easier. For example, there was a total misunderstanding with Decree No. 94 concerning the legal importation and distribution. We will give you the written clarification on that. Let me assure you that everything we do is with good intention. We never had any intention to have some kind of protectionism or discrimination against imported goods and services.

5.51. With that in mind, let me thank you very much for your presence, attention, comments, and suggestions. We will take them into serious account and I hope that at the next TPR you will see the big improvements from Viet Nam.



## 6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. This first Trade Policy Review of Viet Nam has provided an excellent opportunity to improve our understanding of its trade and investment policies. I would like to sincerely thank H.E. Mr Quoc Khanh Tran, Vice-Minister of Industry and Trade, Ambassador Trung Thanh Nguyen, Permanent Representative of Viet Nam to the WTO, and the rest of the very large Vietnamese delegation, for their open, frank and constructive engagement throughout this exercise. I would also like to thank Ambassador Francisco Pirez Gordillo, Permanent Representative of Uruguay to the WTO, for his interventions as discussant. Viet Nam's written answers to the over 500 written questions have been well appreciated by Members and we look forward to its replies to the additional and outstanding questions, no later than one month after this meeting.

6.2. Members congratulated Viet Nam on its achievement in moving from being a low-income country with a centrally-planned economy to become a market-led lower middle-income economy. They strongly commended Viet Nam on its impressive socio-economic performance, allowing the country to substantially reduce its poverty levels, and secure high growth rates over the last couple of decades, as well as its gradual integration to the multilateral trading system and rising competitiveness, making it an active player in export-led growth. Members recognized that these successes were the result of significant reforms initiated prior to, during and after its WTO accession and welcomed Viet Nam's determination to ensure that its WTO membership provides a renewed impetus for further domestic reforms rather than being an end in itself. In this context, while noting the recent macroeconomic stabilization, some Members also expressed concern over Viet Nam's growth slowdown, underlining delays in the implementation of certain important structural reforms, not least of state owned enterprises (SOEs), and the systemic risks facing the financial sector. Viet Nam was encouraged to address these macroeconomic and structural challenges, including through its "Master Plan on Economic Restructuring" from 2012, if it is to maintain its development trajectory and achieve its established objective of becoming a modern industrialized country by 2020.

6.3. Members commended Viet Nam for its continued, active pursuit of trade liberalization in a multilateral, regional and bilateral context. Many Members praised Viet Nam for its firm commitment to trade openness as a means for development and its rejection of protectionism in general. Members welcomed Viet Nam's clear support for the WTO, the conclusion of the DDA and a successful outcome in Bali, illustrated by its constructive role, among other things, as Recently Acceded Member. At the same time, with such an ambitious regional and bilateral agenda, the need to ensure compatibility with the multilateral trading system was highlighted. Some Members also invited Viet Nam to accede to the GPA in an expedited manner, and to join the on-going negotiations to expand the coverage of the Information Technology Agreement (ITA).

6.4. Members recognized Viet Nam's serious efforts to implement its WTO accession package, among other things, highlighting the extensive tariff reductions undertaken by Viet Nam and its relatively comprehensive services' reforms, as well as expressed appreciation for Viet Nam's efforts towards administrative reform, improved transparency of its trade regime, and enhanced protection and enforcement of intellectual property rights.

6.5. Even so, despite the many positive and important steps taken to open up Viet Nam's trade regime and instil necessary reforms of its economy, Members pointed to a number of areas where further improvements could be made. The main – although admittedly non-exhaustive – areas for possible improvement brought up by Members during the review include the following points and we take due note of the Vice-Minister's constructive statement in this regard:

- **Transparency of the regulatory and institutional framework:** Several Members noted that Viet Nam's administrative and legal system remains complex, and its functioning could be improved through simplification, elimination of overlapping responsibilities, and increased transparency. Incoherence of laws and regulations, and inconsistency in their application by authorities, presents serious problems for economic operators. As also recognized by Viet Nam, work to comply with its notification obligations towards the WTO needs to be stepped up and Members have taken due note of Viet Nam's request for support in this area. Many Members also saw a simpler, more stable, and predictable investment regime as essential for Viet Nam to attract more foreign direct investment.

- **Tariff and non-tariff measures:** Despite Viet Nam's general thrust towards trade liberalization, a number of issues were highlighted by Members in their interventions and written questions, including frequent tariff changes and the use of the gap between bound and applied rates to "support" selected industries and the relatively high tariff protection afforded to some industrial sectors and agriculture. Similarly, Members pointed, with concern, to new licensing requirements, customs valuation, minimum or reference prices and classification issues, tax incentives and subsidies, and local content requirements in government procurement. Concerns were also expressed regarding measures affecting specific goods such as motor vehicles, pharmaceuticals, chemicals, and alcoholic beverages. Effective protection of intellectual property rights remains a matter of high priority for both Viet Nam and many of its trading partners.
- **Technical standards and sanitary and phytosanitary measures:** Although some progress has been made in setting of technical regulations and standards and SPS measures, some Members were concerned over the lack of sufficient opportunities to comment on proposals, that the measures were more trade-restrictive than necessary, particularly those relating to food safety, and that the measures deviated from international standards. Members encouraged Viet Nam to act in line with its international obligations, including under the TBT and SPS Agreements.
- **State owned enterprises and state control over the economy:** While noting the steps taken to ensure equal treatment between foreign and domestic companies, Viet Nam was strongly encouraged to continue reforms of its state owned sector to create a more level playing field for all concerned. Considering the very sizable part of Viet Nam's economy that is represented by state owned enterprises, a number of Members underlined that this situation runs the risk of negatively affecting the overall business environment in Viet Nam and thereby hindering its future economic development.
- **Sectoral issues:** Some Members noted the high rate of protection and support for certain manufacturing activities, as well as new measures affecting mining royalties, some telecommunication activities, air transport, distribution, and the broadcasting and film industry. Certain Members recommended improving the operational framework of trade related sectors (e.g., electricity supply, transport infrastructure), besides regulatory reforms and trade liberalization in certain sectors. It was further noted that while agriculture production had increased considerably and Viet Nam was now a major producer and exporter of several agricultural products, there was concern over the lack of information available on Government assistance to the sector, as well as that support to the fisheries sector risks contributing to over-exploitation of fishing stocks.

6.6. In conclusion, Members generally recommended that Viet Nam continues undertaking further trade policy and structural reforms to further improve its overall efficiency, productivity, and competitiveness, and to maintain an open WTO-consistent trade and investment regime to secure sustainable growth and realize its full potential. Members invited Viet Nam to avoid resorting to trade restricting or distorting measures to promote domestic production.

6.7. Members warmly welcomed that this first TPR of Viet Nam has provided an opportunity to assess the points of progress and to identify further ways forward. The numerous questions posed and the participation of a large number of delegations in this meeting reflect Members' substantive interest in Viet Nam's trade and investment policies and practices. In closing, I would like to thank the Vietnamese delegation, all the other delegations, the discussant and the Secretariat for this successful review.

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