

LESSONS FOR VIETNAM'S TRADE POLICY  
FROM MALAYSIA'S EXPERIENCE

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Chapter I

INTRODUCTION

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Vietnam was an underdeveloped country with weak and poor economy at the end of the war in 1975. The national productivity could not provide enough goods for the people. Industry, agriculture and other economic sectors developed slowly and ineffectively. The main cause of this situation was the mechanism of centralized and bureaucratic economic management. It did not encourage the full use of national resources, talent, equipment and labour. Foreign trade was neglected in the economy of the country.

In order to overcome that situation, Vietnam introduced the first micro economic reforms in agriculture, small industry and trading in 1979. It was to address the shortcomings of central-planned command economy. However, the years 1985-1986 saw Vietnam was in a deep socio-economic crisis.

Together with changes in international relations and politics in the middle of 1980s, at the sixth congress of

the Vietnam Communist Party in December 1986, the program of economic reform was presented.

The new policy aimed to develop a multi-sector economy, opening the door to the outside world by shifting a central-planned economy to an economy operated by the market mechanism.

The new policy concentrated on the concepts of reforms and macro-economic adjustments. Elimination of the subsidy system was to be gradual and keyed to the rate of development of the national economy.

The movement from the economy with the mechanism of centralized, subsidized and bureaucratic economic management to the market economy in Vietnam requires changes in economic policies, in which there is trade policy.

Trade sector plays an important role in the economic development of Vietnam. In the previous years, the export value was about 8% of GDP and increased in recent years. However, the trade policy prior to 1986 had many shortcomings. It prevented development as a whole and did but also not promote sectoral developments.

Presently, Vietnam is formulating a trade policy among other economic policies. There are a lot of difficulties facing by this work due to shortage of experiences in its formulation and implement. Hence a study of trade policies in Malaysia and other neighbouring countries would be very useful for Vietnam. Vietnam and Malaysia are two Asian

countries. It can be said that socio-economic conditions in Vietnam now were similar to those in Malaysia few years ago. Therefore, successes in trade policy of Malaysia would be valueable and applicabe to Vietnam.

The main objectives of this study are as follows:

i)- to study the situation of trade sector and trade policy in Vietnam.

ii)- To study and analyze trade policy in Malaysia and draw some lessons for the formulation of Vietnam's trade policy .

iii)- To address how Vietnam could learn experie\nce from Malaysia.

This paper is organized in five chapters . Chapter 1 is an introduction. The economic reform in Vietnam and changes in trade sector are provided in chapter 2. Chapter 3 presents Malaysian trade policy. In chapter 4, we introduce changes in Vietnam's trade policy. Chapter 5 addresses how Vietnam could learn from Malaysia and the necessary conditions required to implement the trade policy effectively, the conclusion is also provided in this chapter.