

5.4. CONCLUSION

The first results of the economic reform in Vietnam shows that economic reform is very important and necessary. It would open the door for growth and development because its objectives are to get country out of the state of crisis, stabilize the economic and social situation ; overcome the country's poverty and underdevelopment, improve the people's living standards and create favourable conditions for a faster development of the country.

Together with changes in international economic relation, economic reform in Vietnam would create significant conditions for Vietnam to integrate world economy because we are living now in a world of inter-dependence. Vietnam must exchange with the rest of the world. Vietnam must trade with the other countries, commodities and services, capital and technologies. Therefore, trade becomes more and more important.

Vietnam has introduced an "open door" policy with objectives of integrating the national economy into the world economy and abolishing the mechanism of centralized, subsidized and bureaucratic management. Thank to this policy, foreign trade was liberalized, all economic establishments are allowed to trade with foreign countries under

the government's law. There are many important changes in trade sector, the discrimination between state and non-state sectors was ended and the monopoly in trade sector was removed. Vietnam trade was improved, trade turnover has increased and trade relation was expanded. In 1994 Vietnam has trade relation with 104 countries. However, Vietnam export value was only UD\$ 4.5 billion, this shows that it is too small compared with other developing countries. Vietnam's share of world exports was only 0.026%, while that of Indonesia, Malaysia, Philippine and Thailand were 0.73%, 0.86%, 0.2% and 0.7% respectively. In addition, trade structure of Vietnam has not changed, it still depends on exports of primary goods and imports of producer goods.

As other developing countries, Vietnam found that trade is always mutually beneficial, profitable and success of trade activities depends mainly on economic development policy in general and trade policy in particular. Therefore, trade policy was improved step by step. Actually, Vietnam is formulating its trade policy, but there are a lot of difficulties due to shortage of experience. So that learning experience from other countries in formulation and implementation of trade policy is very useful for Vietnam.

Malaysia has a liberal and outward-oriented trade policy replacing the import-substitution policy in the 1960s. In trade policy of Malaysia, tariffs are main instrument which is used to encourage and promote industrializa-

tion. It was very important for protecting domestic industries in the initial stage. However, tariff protection in Malaysia has never been as high as in many other developing countries and it is expected to be reduced, and only small number of industries are given temporary protection. Malaysian trade policy also presents export incentives and export promotion measures which encourage greater efficiency, competitiveness and abolishes restrictions and biases in trade sector. Malaysia is a party of many trade agreements, this is very useful for Malaysia to expand trade relations and to be given references from other countries. In addition, Free Trade Zones and Export Processing Zones have been established in many parts of Malaysia, so that it promotes export expansion. Furthermore, trade policy in Malaysia is combined with other trade-related policies such as foreign exchange policy, investment policy and other regulations. It can be said that Malaysia was successful not only with import substitution but also with export-oriented policies. From successes of Malaysia, Vietnam can learn some experiences such as combination of import substitution and export oriented policies in developing countries, tariff reduction at reasonable level to liberalize trade, introducing export incentives and trade cooperation through trade agreements. Although there are differences in socio-economic situation between Vietnam and Malaysia, but there are also some similarities, especially situation in Vietnam now and

situation in Malaysia in the 1970s. Vietnam also has some backgrounds to learn experience from Malaysia that are open door policy and available trade relations with other countries. However, in order to learn experience from Malaysia, Vietnam has to improve and create convenient environment and conditions for it , to ensure stability of policies as well as formulate other policies that until now Vietnam does not have.