

Vietnam's international trade in 2013

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■ General assessment of Vietnam's international trade in 2013

- Vietnam has fulfilled its target of reducing trade deficit. The country has run merchandise trade surplus for two consecutive years of 2012 and 2013 while reducing its trade deficit in services. The growth rate of merchandise exports was lower than that of 2012 while the rate of imports increased. This situation is considered as the sign of momentum for the development of the country's export activities. It can be seen through the country's import structure, the majority of which are machineries, raw materials, parts and components. Those items are inputs for the productions of Vietnam's exports. In addition, export of tourism services is an area that Vietnam should focus on.

■ Vietnam's international merchandise trade

- *Exports.* Vietnam's export turnover in 2013 reached US\$132.2 billion, increasing 15.4% compared to the figure in 2012. The export growth rate in 2013, however, was still lower than those in 2011 (34.2%) and 2012 (18%). One of the major reasons for the declining growth rate is the falling export price index due to the global crisis and the pressure to lower prices in international competitive market. The 2013 index was 2.41% lower than the figure in 2012, which decreased 0.54% compared to that of 2011.

- *Export structure.* The export structure of Vietnam in 2013 slightly changed compared to that of 2012. Table 1 shows that Vietnam's exports structure has changed following the country's orientation which is increasing the exports of manufactured goods while decreasing the exports of unprocessed items. Products from heavy industry and minerals accounted for the highest portion with 44.3%. The export ratio of some industrial items, such as mobile phone, parts and components, garment and textile, electronics and footwear, increased more than 12%. Meanwhile, the export ratio of items from agriculture, forestry and fisheries keeps decreasing over the period of 2007-2013.

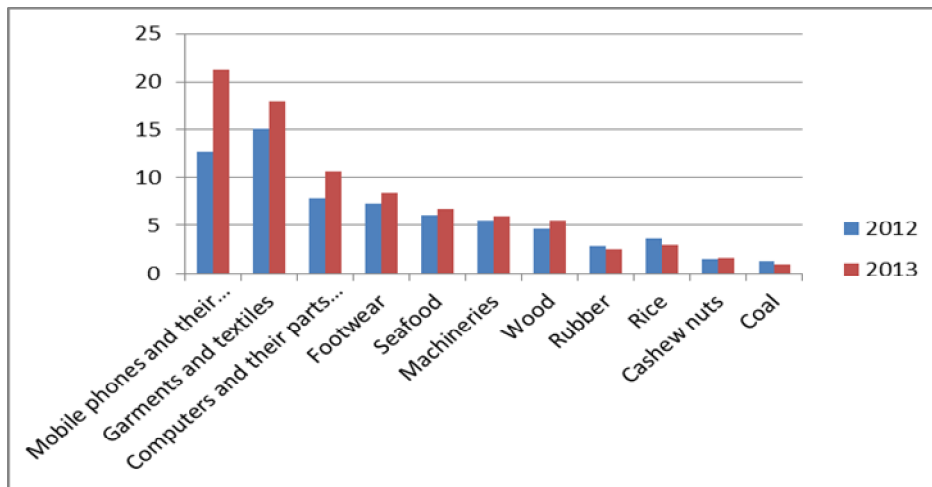
Table 1 – Vietnam’s export structure, 2007 – 2013*(Unit: %)*

Year	Heavy industry and minerals	Light industry and handicraft	Agriculture, forestry and fisheries
2007	34.4	42.6	23.0
2008	37.0	39.8	22.6
2009	30.9	44.8	22.9
2010	27.8	45.1	23.0
2011	35.6	40.3	21.7
2012	42.1	37.8	20.0
2013	44.3	38.1	17.6

Source: General Statistics Office of Vietnam

- *Major export items.* Among Vietnam’s main exports, mobile phones and their parts and components are the most notable group with the export turnover in 2013 recorded US\$21.24 billion, showing an increase of 67.1% compared to the figure in the previous year. The main export markets for this group of products from Vietnam included EU (US\$8.15 billion), UAE (US\$3.41 billion), India (US\$926 million) and Hong Kong (US\$888 million). The second major export group was garments and textiles with the export value of US\$17.95 billion, increasing 18.9% compared to the number in 2012. These items were mainly exported to the US (US\$8.61 billion), EU (US\$2.73 billion), Japan (US\$2.38 billion) and South Korea (US\$1.64 billion). The next export items were computers and their parts and components with the export turnover reached US\$ 10.6 billion while the figure in 2012 was only US\$7.84 billion. The destinations for this group of exports were EU (US\$2.4 billion), China (US\$2.09), the US (US\$ 1.47 billion) and Malaysia (US\$1.18 billion). Footwear reserved the fourth position with the export value of US\$8.41 billion, showing an increase of 15.8% with two main export markets including EU and the US. Other traditional export items including seafood, machineries and their parts and components, wood, rubber, rice and cashew nuts and coal were still major export products with increasing values, except for rice, rubber and coal, compared the statistics in 2012.

Figure 1 – Vietnam’s major exports in 2012 and 2013



Source: Vietnam Customs

- *Export market structure.* EU continues to be Vietnam’s largest export market with export value of US\$24.4 billion, an increase of 20.4% compared to the figure in 2012, and the main export items including mobile phones, parts and components, footwear. Other major export markets for Vietnam are the US, ASEAN, Japan, China and South Korea with the export turnovers of US\$23.7 billion, US\$18.5 billion, US\$13.6 billion, US\$13.1 billion and US\$6.7 billion, respectively.

Figure 2 – Vietnam’s export market structure in 2013

(Unit: US\$ billion)



Source: General Statistics Office of Vietnam

- *Imports.* Vietnam’s imports in 2013 was US\$131.3 billion, which showed an increase of 15.4% compared to that of 2012 but was lower than those of 2011 and 2012, which were 25.8%

and 6.6%, respectively. Accordingly, Vietnam has run trade surplus of approximately US\$800 million for the second consecutive year after two decades of persistent trade deficit.

- *Import structure.* Vietnam witnessed a little bit change in its import structure. The import of production materials reached US\$131.3 billion, accounting for the highest portion with 92% while the figure in 2012 was 90.9%. Particularly, the portion of the category of machineries, parts and components increased 1.4% while the import of raw materials slightly decreased (0.3%). In the meantime, the export ratio of consumer goods was US\$10.5 billion, accounting for 8% of Vietnam's total imports, showing a decrease of 1% compared to that of 2012. Imports of some items such as mobile phone, parts and components, electronics, computers, materials and fabrics dramatically increased compared to the figure in 2012. A close look at Vietnam trade pattern in 2013 reveals that the major imports are also the country's major exports. It implies that Vietnam heavily depends on imports for its exports as the country has weak supporting industries. The country's imports are inputs for its assembly activities, the outputs of which are then exported.

Table 2 – Vietnam's import structure, 2007 – 2013

(Unit: %)

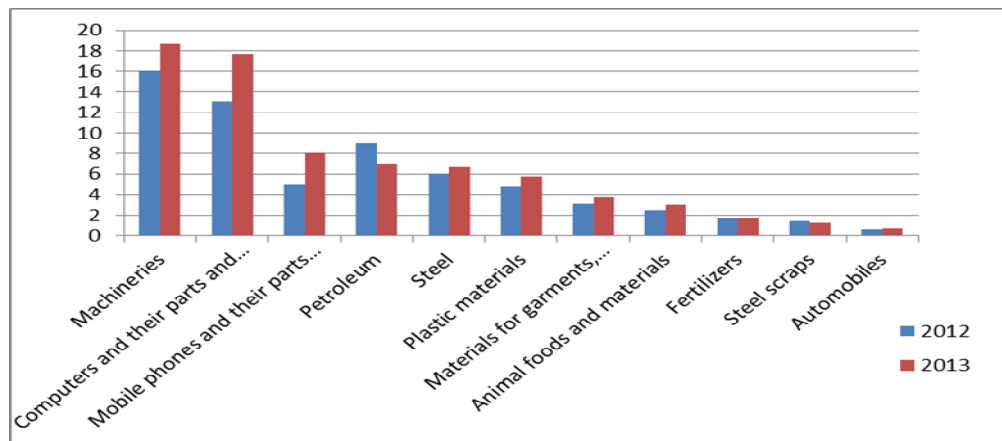
Year	Machineries, parts and components	Raw materials	Consumer goods
2007	29.2	63.2	7.6
2008	28.9	63.0	8.0
2009	29.4	61.2	9.3
2010	29.6	61.5	8.9
2011	29.0	61.6	7.6
2012	35.3	55.6	9.0
2013	36.7	55.3	8.0

Source: General Statistics Office of Vietnam

- *Major import items.* The items that Vietnam imported the most in 2013 were machineries with the total value of about US\$18.69 billion, increasing by 16.5% compared to the figure in 2012. The major suppliers of those items for Vietnam are China, Japan, EU, South Korea, Taiwan and the US. The country also imported US\$17.69 billion of computers and their parts and components, most of which came from South Korea, China, Singapore and Japan. The third main group of Vietnam's imports was mobile phones and their parts and components with the import value of US\$8.05 billion, showing an increase of 59.6% compared to the number in the previous year. China and South Korea were the two main suppliers of this group of imports

with the values of US\$5.7 billion and US\$42.2 billion, respectively. Other major imports of Vietnam included petroleum, steel, plastic materials, fertilizers, materials for garments, textiles and footwear, animal foods and materials, steel scraps and automobiles.

Figure 3 – Vietnam’s major imports in 2012 and 2013



Source: Vietnam Customs

- *Import market structure.* China is the biggest import market for Vietnam. In 2013, Vietnam imported Chinese products with the value of US\$36.8 billion and ran a trade deficit with China of US\$23.7 billion. The major imported items from China include machineries, parts and components, mobile phones, computers and electronics. Other main import markets for Vietnam are ASEAN, South Korea, Japan, EU and the US with the import values of US\$21.4 billion, US\$20.8 billion, US\$11.6 billion, US\$9.2 billion and US\$5.1 billion, respectively.

Figure 4 – Vietnam’s import market structure in 2013

(Unit: US\$ billion)



Source: General Statistics Office of Vietnam

■ Vietnam's international trade in services

- Vietnam's exports of services in 2013 was about US\$10.5 billion, showing an increase of 9.1% compared to the figure in 2012. Specifically, the turnovers from tourism and transport were US\$7.5 billion and US\$2.2 billion, respectively.

Table 3 – The structure of Vietnam's international trade in services in 2013

(Unit: US\$ million)

Type of services	Exports	Imports	Trade balance
Transport	2,190	9,120	-6,930
Postal services and telecommunications	150	48	102
Tourism	7,530	2,050	5,480
Financial services	160	190	-30
Insurance	68	627	-559
Government services	120	185	-65
Others	282	980	-698
Total	10,500	13,200	-2,700

Source: General Statistics Office of Vietnam

- The value of Vietnam's imports in services in 2013 was US\$13.2 billion, increasing 5.4% compared to the previous year. The imports of transport and tourism services were US\$9.1 billion and US\$2 billion, respectively. Accordingly, Vietnam ran trade deficit in services of US\$2.7 billion, showing a decrease of 12.9% compared to the figure in 2012. The most notable in the country's trade in services was its trade surplus of US\$5.5 billion in tourism, implying a potential to which Vietnam should pay more attention. Most foreign visitors go to Vietnam for leisure or travel purpose. China, South Korea, Japan, ASEAN, the US, France, Germany, Canada and Russia are the markets providing the majority of tourists for Vietnam

References

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