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## The process of international integration in Vietnam

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### Abstract

International integration is an inevitable and objective trend, strongly attracting the participation of all countries and regions in the world. With its vastness and complexity, international integration has had a strong impact on all nationalities, all fields of social life, especially for the economy. For Vietnam, international integration has brought opportunities and opportunities, and at the same time also

created real challenges and risks in economic development. Therefore, the urgent issue now is to fully and deeply identify and have reasonable strategies, take advantage of opportunities, overcome risks in order to develop economic in integration and development has important theoretical and practical implications.

**Keywords:** Renewal of thinking, international economic integration, Viet Nam

### Introduction

Sustainable, innovative and inclusive development is attractive, appealing and spreading issue throughout the world. This is understandable because until now, no country claims to develop in a sustainable, creative and inclusive way. Even in the most developed countries, sustainable development is only relative; innovative development is found in a few areas and inclusive development can hardly be achieved. Therefore, sustainable, innovative and inclusive development in the Fourth Industrial Revolution (Industrial Revolution 4.0) has become a practical new direction that every country sees necessary to meet immediate and long-term needs and goals.

For each country, in order to develop in such a good orientation, it is necessary to combine domestic resources and international strength and domestic economic development with international economic integration. Therefore, in order to change the way of economic thinking for sustainable, innovative and inclusive development, it is necessary to pay attention to innovating thinking in international economic integration.

Two research questions are revealed as following:

Question 1: How is the current perception of international integration in Vietnam?

Question 2: How to renew the thinking of international economic integration in Vietnam today?

### Methods

The analysis process was carried out by using historical information and with historical and dialectical materialism methods. Besides, the article uses a combination of research methods, such as historical and logical methods, comparison and comparison, analysis and synthesis, inductive and interpretation, statistical methods from the sources. references to serve in research and presentation.

### Results and Discussions

The Communist Party of Vietnam confirms that international integration is a strategic direction to build and protect the Fatherland, considering international integration as the cause of the entire people and the whole political system. International integration is based on maximizing internal resources, taking advantage of external strength, considering economic integration the focus, gradually expanding integration in other fields, strictly abiding by international commitments while proactively and actively participating in developing and implementing common standards to ensure national interests. The Party has deepened understanding of the need to satisfactorily resolve relations between international integration and national independence, self-reliance and sovereignty as well as characteristics of the international environment and tools and power systems used to regulate and control international integration.

Reality shows that international integration is not limited to any scope and area of international life but takes place at all levels,

all areas of the region and the world. Participating in all aspects of international relations means participating in economic, political, cultural, social and security processes. International integration is both an objective requirement of the times in general, and the internal needs of each country. The process of international integration takes place at many levels and different ways. Depending on the specific situation, on time and space as well as field, international integration is carried out in different forms, such as bilateral, triangle, quadrilateral, regional and global. It can be said that international integration has been speeded up and expanded to different fields, leading to increased interdependence. Therefore, international integration is a complex process, with both cooperation and struggle.

While embarking on international integration, it is necessary to carefully calculate the long-term impact and consequences of socio-economic integration and transition in the country. Associate the socio-economic development strategy and specific steps in the country with changes in the world economy, objectives and roadmaps of bilateral, sub-regional, inter-regional and global cooperation frameworks, so that commitments and agreements within those cooperation frameworks are harmonious without gaps and contradictions. In order to avoid social upheavals, it is necessary to ensure a reasonable balance between accelerating the renewal of the country with proactive, active international integration; between national rights and obligations in international integration, between the socio-economic development objectives of Vietnam with the requirements and from outside; between economic fields and other fields. Adapt, react flexibly, create and capitalize the country's comparative advantages for successful international integration.

*However, awareness limitations remain.* In international relations, the core issue is national interests, but some cadres at all levels and sectors are still locally-minded, not fully and comprehensively aware of the national interests. They have not thoroughly studied the relation between international integration and safeguarding independence, self-reliance and national sovereignty. There are still conflicting opinions, or concerns about the ability to maintain independence and self-reliance in the process of international integration, maintaining that there will be more "losses" than "gains." Some people find more gains and pay less attentions to losses. In this place and elsewhere, the awareness of the objects and partners is not complete.

Comparing to the orientation of sustainable, creative and inclusive development, there are limitations in thinking about international integration. Some are concern only of the immediate benefits without taking into account the long-term harm, and want to accelerate international integration, especially to attract foreign investment by all means for quick economic growth in spite of its downside, such as environmental pollution or import of outdated technology. Some rely entirely on external technology, paying no attention or belief to internal innovation and creativity which results to lack of dynamism and creativity. Some only focus on promoting international integration or investment in fields that they find beneficial without clear understanding of the overall socio-economic inclusiveness which leads to unbalance and disharmony in the development process.

Implementing the line of "proactive and active international integration," in the past years, Vietnam's international integration process has reached a new height in all fields. It has had great, multisided and powerful impacts on Vietnam

economic development, creating more jobs and increasing incomes for people; put pressure on and facilitated economic institutions; improved national, business and product competitiveness. Per capita income of Vietnam in 1988 was only \$US86, the lowest level in the world, but has increased almost continuously over the following years and by 2016 was \$2,200, by 2017 was \$2,385 and by 2019 was \$2,580. If the average annual GDP growth in the period of 1986-1990 was only 4.4%, it was 7.34% in 1991-2011. Especially, after joining the World Trade Organization (WTO), Vietnam has maintained a high growth rate. In 2007, it stood at 8.46% (the highest level within the previous 11 years). By 2018, it was 7%, the scale of the economy bagged about \$240 billion. In 2019, Vietnam officially signed and approved new free trade agreements (FTAs), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPT) in March 2018, finished legal review process for the Vietnam and the European Union Free Trade Agreement (EVFTA) in June 2019, and stepped up negotiations for the Regional Comprehensive Economic Partnership (RCEP). These are comprehensive, wide-ranging FTAs with high levels of commitment, and new contents.

Vietnam has become a part of the global economy with total export and import turnover reaching nearly \$480 billion, nearly 2 times higher than GDP. Implementing commitments for WTO accession, such as liberalization of import and export business rights, elimination of export and import restrictions, elimination of export subsidies that impact competition, minimizes the State's interference in business activities, commitments to open goods and services markets, policy transparency, among others, Vietnam's legal system has been improved, becoming more transparent, creating an equal business environment. Vietnam has a growing position in global exports and is ranked among the top 30 largest exporting economies in the world. From an economy often faced with trade deficit, Vietnam has moved to a balanced export and import, even trade surplus.

Practically developing a sustainable, innovative and inclusive economy is also to build an independent and self-reliant economy, which has a rational and efficient economic structure and necessary safety. That economy develops sustainably, has high competitiveness, and a balanced import and export structure. In that economy, foreign direct investment in a number of economic sectors, especially important economic sectors should not regulate the economy and is not allowed in sensitive sectors. In other words, an independent and self-reliant economy in the context of globalization should be highly adaptable to changes in the international situation, less vulnerable to these fluctuations, and in any situation is able to maintain normal activities of the society and effectively serve the task of national defense and security.

Vietnam's independent and self-reliant economy is manifested by the independent and self-reliant line of socialist-oriented development, industrialization and modernization, creating economic, science and technology potentials, sufficient material and technical facilities, rational and effective economic structure and high competitiveness, focusing on developing key economic sectors, fields and products of primary important and efficiency. Besides, national food security, energy, financial-monetary and environmental safety are ensured to rapidly, effectively and sustainably develop the country.

In the era of globalization and international integration,

national economic independence does not mean isolation, close, and autarky. Self-reliance does not mean to rigidly and absolutely make decisions without taking into account regulations of international financial and economic institutions, not comply with international commitments, laws and practices. Participating in the global "playground," Vietnam has opened its domestic market, actively changed its economic structure, formed concentrated industrial parks and planned to establish a number of special administrative-economic zones to meet the demand of attracting a large volume of investment capital. This is done under the fixed-term lease of a territory with certain rights. On the other hand, we implement economic liberalization according to international commitments, i.e. transferring some significant rights from the State to the market. Given such changes in the independent economic structure, the focus of ensuring economic sovereignty is to comprehensively enhance economic self-reliance.

By correctly identifying objectives and contents of building an independent and self-reliant economy, Vietnam has focused on developing key sectors and fields to create a foundation for sustainable development and meet internal and export demands. Resources for industrialization, modernization and construction of such economy are domestically and internationally mobilized, harmoniously combining internal and external strength, and promoting internal strength.

A success in building an independent, self-reliant economy during 35 years of renovation is the economy has stably developed; economic growth has been maintained at a reasonable level, higher year after year with higher growth quality. The economy has been gradually restructured in association with the renovation of the growth model, enhancement of the economic infrastructure system, and development of human resources for socio-economic development. Vietnam's economy has stood firm and developed in the face of great challenges from the global economic crisis. The government has successfully fulfilled its role of management and facilitation. Business investment environment has been improved, transparent, more equal; economic competitiveness has been raised. Notably, the indicators of international economic integration have reached a high level. According to a Government's report, foreign direct investment (FDI) registered a total capital of \$334 billion as of the end of September 2018 after 30 years. There are currently 128 countries and territories investing in Vietnam. FDI into Vietnam accounts for 25% of the total social investment. Partners have pledged more than \$3 billion to Vietnam from now until 2020. In 2017, the number of international tourists to Vietnam reached 13 million. Up to now, more than 70 countries have recognized Vietnam as a full market economy. Successful international economic integration has brought about more internal resources for the country.

However, there remain several limitations in international economic integration under the perspective of sustainable, creative, inclusive development as follows:

*First*, lack of policies and laws. Policies and laws are not synchronized. The Party lines and resolutions and the State laws on international economic integration are not strictly, strongly and drastically implemented. Capacity of economic management and execution, especially of domestic enterprises is weak.

*Second*, the strategy of international economic integration is

not comprehensive, not specific. Thus, we have not fully capitalized on the benefits of international economic integration to increased resources for economic development, industrialization and modernization. Due to the lack of a strategy for international economic integration with a specific roadmap, suitable to the general conditions of the country, orientations on sustainable, creative and inclusive development in international economic integration have not been implemented synchronously and fully at some stages. In some cases, international economic integration is still passive without scientific and practical foundation suitable to the situation of national development and benefits of integration international.

*Third*, International economic integration requires regular coordination between ministries, departments and agencies, between state and enterprise management agencies, communities, and coordinated and synchronized implementation from the Central to local levels. However, over the past time, focal points of international economic integration at a number of ministries, departments, and localities have not attached importance to coordination and consultation with the action programs on international economic integration. Therefore, the implementation of integration has not achieved expected results. In addition, most of the focal points in ministries, departments and localities had not plans, schemes, and programs on international economic integration. Since there is no regulation on supervision, monitoring and evaluation mechanisms, it is difficult to fully and timely review and evaluate the results of the implementation in a synchronous and comprehensive manner.

### **Renewal of thinking and orientations on promoting international integration**

*Firstly, innovation in analysis and forecast.* Amid the complex situation in the world and the region, there is an urgent need to improve analysis, strategic forecast and system risk assessment to handle complicated situations. It is necessary to early identify major development movements and trends of the world to make correct adjustments in the development strategy, and make full use of new opportunities. The current context is an opportunity for Vietnam to reconsider development thinking including new awareness about industrialization and modernization, growth model and socialist-oriented market economy in accordance with the common rules and trends, thereby to step up reforms and overcome obstacles to the fast and sustainable development.

Vietnam cannot continue to develop rapidly, sustainably, creatively and inclusively by only relying on labor-intensive industries and materials but needs to modernize, use new technologies in traditional production branches, make breakthroughs in high-tech based production sectors, set great store by knowledge services and most importantly become a "link" in the manufacturing and distribution network of multinational companies. The trend of economic development on the basis of innovation and the popularity of global production networks are new conditions for Vietnam to bridge the gap of knowledge and technology, even when conditions for innovation-based growth has just been formed. Vietnam needs to catch up with the wave of FTAs to have an appropriate international economic integration, but not let itself dependent on and entangled in short-term, eliminating trends and forming closed links in the FTA wave. The

challenge is that Vietnam needs to actively participate in the establishment of *open regional communities*, with harmonious relations with all big countries and developed economies in the world. Vietnam must also be more proactive when participating in global and regional cooperation processes, keeping with the rules of initiators and participating in drafting the "rules." Nevertheless, fierce strategic competition among big countries requires Vietnam to map out careful, flexible and clever policies to balance its relations with all big countries, creating intermingled benefits, avoiding falling into confrontation, isolation or dependence.

*Secondly, implementation of the "dual" agenda in sustainable, creative and inclusive development.* From now to 2030, Vietnam has to overcome weaknesses, remove "bottlenecks" in the old development model, ensure macroeconomic stability and develop elements for a new, sustainable, creative, inclusive growth model. It is necessary to encourage the application of technology, nurture innovation and creativity to adapt to the rapid changes of world and international integration.

The stable and sustainable macroeconomic environment is a prerequisite for maintaining, strengthening and promoting the achievements gained over the past 30 years of innovation. This is also a condition to address the weaknesses of the economy through restructuring process because it ensures that this process does not push the economy into a more turbulent cycle. Vietnam has identified three key areas of the economy that need to be restructured, namely: investment with a focus on public investment; financial market with a focus on commercial banking systems and financial institutions; state-owned enterprises with a focus on state-owned corporations and groups. The restructuring of the above sectors will contribute to repairing the basic defects of the economy, eliminating risks in the long run, thereby ensuring macroeconomic stability and rendering premise for growth model transition.

In order to make breakthroughs in the new development model, experiences of East Asian economies show that it is necessary to design an industrial policy that concentrates on upgrading technology foundation and developing the private economic sector to achieve shortened development goals. The industrial policy needs three main factors: *First*, principles that create a cooperative atmosphere between the Government and the private sector rather than merely providing preferential finance; whereby the Government needs to work together with the private sector to identify problems, opportunities and solutions to encourage investment in developing a number of priority sectors and support businesses with high potential. *Second*, it is necessary to use both "carrots" and "sticks" to direct the private sector to identified areas of priority. *Third*, transparency, accountability, and inclusiveness. (Vietnam Academy of Social Sciences, 2016.)

In particular, it is necessary to capture the entrepreneurial wave of technology businesses and have policies to help entrepreneurs overcome difficulties in capital, risks, human resources and realize their creative ideas in business projects. Develop a financial system to support absorption and application of technology, and promote innovation. The State should focus on building and perfecting mechanisms and policies, facilitating the establishment and operation of venture capital funds; combining state support capital with

private investment capital to finance start-up enterprises. (Osborne, 2006).

With just over 30% of the population living in urban areas, Vietnam still has "room" to accelerate urbanization with available policy tools, especially urban planning and management, effective public investment, creating an appropriate driving force to engage the private sector in the development of hard and soft infrastructure. The main result must be a modern system of interconnected urban centers, including worth-living big cities, which provide high quality services, research and development centers; medium-sized cities having industry clusters; small cities, where agricultural enterprises can easily reach rural farmers and at the same time closely connect with customers everywhere in the country. Cities of different scopes if closely connected will contribute to improving technology readiness, nurturing innovation and sharing of results from this process throughout the country.

Independence and self-reliance are also to generate human resources, heighten the quality of human resources through education and training reform, linking training with practice, promoting entrepreneurial culture, giving special attention to vocational and talent training. Vietnam needs technical and technology schools well connected to the business sector, focusing on training industries related to spearhead technologies, such as STEM (science, technology, math), robotic, green economy, internet of things, artificial intelligence, automation, energy and new materials. In addition, creative environment must be developed for young people right at schools, helping them to form their own will of startup to be ready for the future.

*Thirdly, improvement of the socialist-oriented market economy institution, improving the quality of national governance.* Establishing a full, transparent and modern market economy is both a goal and a requirement of international integration. To achieve this goal, there should be policies on ownership to encourage long-term investment; effectively implement public administration reforms to increase transparency, reduce bureaucracy and lower transaction costs which have a significant impact on small- and medium-sized enterprises. These measures contribute to accelerating the process of formalizing the economy and the labor market, because bureaucracy leads to a rise in business costs and time of businesses which operate officially on the market. It is necessary to maintain and scale up such efforts nationwide, including improving governance at the local levels and promoting business development. These measures play a particularly important role in provinces outside the "growth poles," helping neutralize the concentrated growth in key areas.

Reform the model of public service provision to involve the private sector and the community. Accordingly, it is possible to promote the application of the "new public management" model, with the requirements of streamlining the state apparatus, upholding market principles, and applying the business leadership method for public organizations and encourage private companies to participate in providing public services to reduce burdens for the government. In order to satisfy the people's increasing and diverse service needs, it is necessary to lead the market mechanism and enterprises towards empowering organizations which provide public services, ensuring that they are highly autonomous in terms of apparatus, people and finance.



**Fourth**

*Develop an accountable administrative apparatus based on three pillars: First, increasing transparency in the policy cycle. Second, ensuring that different stakeholders are responsible for developing, implementing and evaluating policies. Third, strengthening the role and responsibility of the heads. Strongly realize e-government in all areas to minimize and modernize administrative procedures, prevent corruption and receive feedback from people. Establish continuous dialogue mechanisms to monitor public administration and remove barriers and constraints in policy implementation. (Vietnam private economic forum, 2016)*

**Conclusion**

With the political determination of the Party, the State and the entire people, we continue to bring the country to an increasingly deep and comprehensive integration in all areas of social life, regardless of conditions or circumstances. Vietnam still makes good use of the process of international integration in order to build a developed economy, maintain independence and autonomy in parallel with international expansion, multimodalization and diversification of the external relations system. and step up to socialism with the goal of "rich people, strong country, democracy, justice and civilization".

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