Chapter 16
The Digital Economy in Vietnam as an Instrument of Global Integration

Clara Volintiru
Bucharest Academy of Economic Studies (ASE), Romania

Mihai Volintiru
Bucharest University of Economic Studies (ASE), Romania

Radu Mușetescu
Bucharest University of Economic Studies (ASE), Romania

ABSTRACT

The existent literature on the economic integration in South East Asia has been predominantly focused on trade agreements and market liberalization (Thanh 2005, Dee 2007). While preferential trade agreements and regional institutional cooperation have been important stepping stones in the catching up process of many economies in the region, we argue that other drivers should be considered for the following years. Looking at the case study of Vietnam we therefore firstly account for its historical process of integration in the regional and global economy by way of the international agreements. This allows us to understand the relative positioning of this country in the world market. We subsequently develop an in-depth analysis of the current drivers for economic integration and internationalization. We argue that Vietnam’s potential in the digital economy is distinctive in the Indochina region, and we develop a systematic analysis of the market trends.

TRADE LIBERALIZATION AND ITS LONG-TERM EFFECTS IN SOUTH EAST ASIA

With the establishment of the Association of Southeast Asian Nations (ASEAN), a long process of trade liberalization was ignited in the region. Former colonies and generally dependent economies have managed to pull through the hazards of globalization and to proper. Overall, the region has steady benchmark examples of economic growth such as Singapore or South Korea. These economies are not

DOI: 10.4018/978-1-5225-2160-0.ch016
only quantitative performers judged by their annual Gross Domestic Product (GDP) growth, but also, and probably more importantly, score consistently high in terms of more complex measurements as the Human Development Index (HDI).

According to the latest HDI ranking, Singapore has an HDI value of 0.912 (ranked 11th), while South Korea scores 0.898 (ranked 17th). As highlighted by Giovanni Capannelli and Masahiro Kawai, this is also because of a different developmental logic in the ASEAN regionalism model: “one dimension useful to understand how Asian regionalism is thriving with accelerating regional dynamics, is the increasing shift from global to regional players in the provision of public goods that transcend national boundaries” (2015, p. 7). In mirroring the developmental programmes of the World Bank, the International Monetary Fund (IMF), or the World Trade Organization (WTO), Asian economies have managed to set their own pace of development, and have done so by linking their fortunes together.

Thinh (2005) makes an overview assessment of the implications of trade liberalization and economic international integration for Vietnam. He finds that one of Vietnam’s main challenge in the process of economic integration into the world market is to avoid the “low wage trap” (2005, p. 88). From the “open regionalism” of ASEAN, the accession to the WTO, and to the recently ratified Trans-Pacific Partnership (TPP), Vietnam has positioned itself as open for international collaborations on more than simply economic issues. While maintaining its domestic political regime, Vietnam’s strategic approach was to develop diplomatic ties that would ensure its security and stability in the long-term.

In terms of the internal market reforms, much of the burden in the region was to manage in a sustainable manner the shift from a centrally planned economy to a more openly competitive one. From the point of view of the political structure, Vietnam’s path towards market liberalization for example resembled that of China throughout the 1990s (Perkins, 2001). Still, in Vietnam, as opposed to China, the privatization of state companies was initially a superficial process, as the “total number of state-owned firms fell from 3,020 in 1989 to 1,958 in 1995, largely because the Vietnamese closed many inefficient state firms managed by local governments” (Perkins, 2001, p. 259).

Furthermore, the institutional capacity in Vietnam is challenged by salient issues of corruption. Tromme has recently developed an encompassing overview of corruption in Vietnam: “the opening of the economy created significant opportunities for diversification and personal enrichment for a greater number of people (...) because marketisation, internationalisation and decentralisation created more opportunities for both bribetakers and bribe-givers to extract lucrative rents” (2015, p. 4).

The distinctive nature of the Vietnamese market economy has been seldom covered in the academic literature. The coverage of this topic has been heavily imbued with normative frames. On one hand we find the broader assessments from the point of view of the economic integration and liberalization trends within the ASEAN group of countries. On the other hand, case studies reflect heavily on the path dependencies and historical implications of the Doi Moi Policy. For example, Edwards and Phan (2013) argue that it only through the perspective of Vietnamese managers themselves that we can understand the culture and logic of management in this country, rather than by applying broader regional or international models of management.

Throughout the following decade, the Communist Party of Vietnam consistently recognized the need to continue reforming the State Owned Enterprises (SOEs). Vietnam has also actively sought and encouraged foreign investments (FDI), not only as a means of attracting capital, but rather as systematic business development strategy. While all South East Asian economies have been preoccupied with achieving economic growth through liberalization, some of the most competitive have had a much more
Related Content

Achieving Competitively Cooperative Economic and Trade Relations: Lessons Over the Years (2018). *Uncertainties and Risk Assessment in Trade Relations* (pp. 77-85).
[www.igi-global.com/chapter/achieving-competitively-cooperative-economic-and-trade-relations/196284?camid=4v1a](www.igi-global.com/chapter/achieving-competitively-cooperative-economic-and-trade-relations/196284?camid=4v1a)

Social Impact of the Fiscal Crisis Upon the Livelihood Conditions of the Children of Greece

How Knowledge, Technology, and Project Management Processes in Brazilian Universities Help Innovation in Industry

Revisiting the Problem of Regional Allocation of Investment: Aggregate Efficiency or Regional Equity?
[www.igi-global.com/chapter/revisiting-the-problem-of-regional-allocation-of-investment/180223?camid=4v1a](www.igi-global.com/chapter/revisiting-the-problem-of-regional-allocation-of-investment/180223?camid=4v1a)