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VIETNAM - AUSTRALIA ECONOMIC AND TRADE COOPERATION IN THE NEW NORMAL: OPPORTUNITIES AND CHALLENGES FOR VIETNAMESE INVESTORS

Nhu Nguyen Phuc Quynh, Anh Nguyen Thi Nguyet, Duy Nguyen Anh*

Ho Chi Minh City University of Economics and Finance

nhunpq@uef.edu.vn

Abstract:

As a highly developed country with a mixed economy, Australia has many favorable conditions to build the economy in general and expand international trade cooperation relationships. Australia is on the list of 10 countries with the highest human development index in 2022 (Highest Human Development Index) and ranked 7th on the OECD Better Life Index (2022) based on living conditions and quality of life. In the 1980s reforms, Australia promoted innovation and modernization in the economic process, followed by economic reforms aimed at transforming an inward-looking economy into an export-oriented and internationally competitive economy. On February 26th, 1973, Vietnam and Australia officially established diplomatic relations and embassies in each country, jointly developing strongly in most fields. It is not only within the bilateral framework, but the cooperation between the two countries also contributes to the strong development of the multilateral cooperation relationship. The two governments have paid attention to many investment activities through the negotiation and the signing of many cooperation agreements and memorandums of understanding to create the legal framework for businesses. Australia has more than 300 investment projects in Vietnam with a total investment of USD 1,65 billion, ranks 19/101 countries and territories investing in Vietnam. Australia's FDI projects are implemented effectively, focusing on industry and construction, services, education, processing industry, agriculture, forestry, and fisheries... Therefore, it is essential to understand the international trade policies between Vietnam and Australia thoroughly. It will help investment enterprises create competitive advantages in the market, along with minimizing unnecessary disadvantages so that we can expand cooperation opportunities and integrate more deeply into the development process of the world economy. However, in the face of the global recession and the difficulties in the process of trade cooperation nowadays, what will be the new opportunities and challenges for Vietnamese enterprises when participating in the trade cooperation?

Keywords: *economic cooperation, international trade, trade policy, Australia, Economic Investment*

1. Introduction

Australia is on the list of 10 countries with the highest human development index in 2022 (Highest Human Development Index) and ranked 7th on the OECD Better Life Index (2022) based on living conditions and quality of life. In the 1980s reforms, Australia promoted innovation and modernization in the economic process, followed by economic reforms aimed at transforming an inward-looking economy into an export-oriented and internationally competitive economy. On February 26th, 1973, Vietnam and Australia officially established diplomatic relations and embassies in each country, jointly developing strongly in most fields. It is not only within the bilateral framework, but the cooperation between the two countries also contributes to the strong development of the multilateral cooperation relationship.

The two governments have paid attention to many investment activities by negotiating and signing many cooperation agreements and essential memorandums of understanding to create a favorable legal framework for businesses between the two countries to have the opportunity to explore and expand economic investment. Some cooperation agreements have been signed, such as the Agreement on Postal Relations (October 1979); the Agreement on Trade and Economic Cooperation (June 1990); the Agreement on the Promotion and Protection of Mutual Investment (March 1991),... According to the Ministry of Industry and Trade (2022), Vietnam and Australia are standard members of at least three free trade agreements (FTAs), including the ASEA FTA, the economic and trade relations between Vietnam and Australia have developed impressively based on prioritization of 8 cooperation areas under the Strategy to strengthen economic cooperation between the two countries by the Prime Ministers of the two countries which announced November 2021. Besides the foundation of 3 multilateral free trade agreements to which Australia - Vietnam are all members (AANZFTA, CPTPP, and RCEP), Australia - Vietnam agreed and announced Australia - Vietnam Enhanced Economic Engagement Strategy (EEES), issues that the two sides wish to promote in trade in goods, trade in services, regional and multilateral cooperation, supply chain cooperation... Recently, with support from 3 FTAs that are in effect include CPTPP, RCEP, and AANZFTA. In the first five months of 2022, Vietnam - Australia trade reached over 6 billion USD, of which exports reached 2.335 billion USD, up 33%.

Australia has more than 300 investment projects in Vietnam with a total investment of USD 1,65 billion, ranks 19/101 countries and territories investing in Vietnam. Australia's FDI projects are implemented effectively, focusing on industry and construction, services, education, processing industry, agriculture, forestry, and fisheries...

Therefore, businesses must thoroughly understand the international trade policies between Vietnam and Australia. It will help enterprises to invest in creating competitive advantages in the market while minimizing unnecessary disadvantages so that they can expand cooperation opportunities and integrate more deeply into the development process of the world economy. However, in the face of the global recession and difficulties in the current trade cooperation process, Vietnamese enterprises will have many opportunities and challenges when participating in commercial cooperation. This study is conducted based on the methodology from the collected information and uses qualitative analysis methods to (1) present the theoretical bases; (2) Overview of trade policies between Australia and Vietnam; (3) Recognize the results of cooperation. From there, the study assesses the development potential, opportunities, and challenges of Vietnamese investment enterprises in the context of international trade cooperation today.

2. Theoretical basis

2.1. *Economic Cooperation:*

The concept of economic cooperation can be understood from many different perspectives.

From the perspective of the Chilean Agency for International Development Cooperation (December 1999), economic cooperation is the emergence of new challenges in globalization and trade integration. Economic cooperation is political relations between countries and economic ties established in the context of international trade.

Martin Feldstein (International Economic Cooperation, 2007) defined economic cooperation as a part of international political relations with particular problems such as sharp fluctuations in exchange rates and significant changes in the trade balance between countries, especially in foreign countries—developing countries. The international trade market is expanding and becoming more dynamic.

In other words, Economic cooperation is pivotal in a country's various fields. Because when a country has a solid economy, it can ensure its ability to integrate deeply and widely into other areas in the spirit of independence and self-reliance.

Today, Economic Cooperation is expressed in many different ways. It can be mentioned as signing agreements to liberalize trade and integrate into the international economy between countries. For example, in the process of economic integration, the EEES between Australia and Vietnam took effect on February 26th, 1973, with the signing of trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP), and ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). In 2022, Vietnam - Australia trade will reach over US\$6 billion, of which exports will reach US\$2.335 billion, up 33% and contributing to strengthening trade relations between the two countries.

2.2. Economic Integration:

From the perspective of Dr. Béla Balassa (1961), economic integration is a process including measures designed to eliminate discrimination between monetary units belonging to different countries.

El-Agraa (1998) redefined economic integration as removing discrimination from all impediments to trade between at least two participating countries and establishing some coordination element.

Assoc. Dr. Nguyen Van Trinh & Dr. Nguyen Hoang Tien (2020) gives the point of view: *“Economic integration is an active process of doing two things at the same time: on the one hand, linking the economy and market of each country with the regional and world markets. Through the opening and promotion of national economic liberalization; on the other hand, participate in and contribute to building global economic institutions.”*

2.3. International Trade

Brad McDonald (International Monetary Fund) defined international trade contributes to global efficiency. When a country opens up to trade, capital and labor move to industries where they are used more efficiently. That movement provides society with a higher level of economic welfare. However, international trade can be among the most contentious political issues within and between governments.

Jung Eun Sohn (December 2013) said that international trade allows each country, including developing countries, to benefit more by selling products with a comparative advantage and buying products with an equal advantage. However, trade barriers and high transaction costs prevent developing countries from taking advantage of trade. To assist developing countries to (i) recognize the role of development trade, (ii) build supply-side capacity and trade-related infrastructure, and thus (iii) better participate in trade and benefit more from trade.

Vesna Grozdanovskaa, Nikolche Jankulovskib, and Katerina Bojkovskac (IJSBAR, 2017) argue that international trade is the exchange of capital, goods, and services to satisfy their people between countries around the world. Producing goods and services requires resources. Every country has limited resources;

therefore, it can only make some of the goods and services it needs. Items that are necessary but cannot be produced or the quantity is not as required must be supplied by another country. Likewise, countries also sell their products to other countries when they have goods over their domestic needs.

Therefore, international trade can be understood as buying and selling between countries, which can be buying and selling across borders or buying and selling on the spot with foreigners. International trade exchanges capital, goods, and services to meet countries' needs worldwide. By participating in this process, each country can boost the supply & demand in the internal market and abroad and benefit more. International trade plays a vital role in promoting industrialization and modernization and maintaining the sustainable development of the world economy.

2.4. The Role of international trade

From the perspective of G. V. VIJAYASRI (International Journal of Marketing, 2013), International Trade is also concerned with allocating economic resources among countries.

Indeed, global trading exposes countries and consumers to multi-service and multi-commodity unavailable in their own country. International trading lets developed countries use resources like capital and labor effectively. International Trade allows different countries to participate in the global economy, encouraging foreign direct investors. Hence, the countries can become competitive global participants in the global value economy chain.

Moreover, International Trade has profoundly influenced a nation's economic growth and global competitiveness. The economic growth brought about by international trade can generate financial resources. To face the cross border competition challenges such as using non-tariff and tariffs,..., the need for more help or experience to solve international competition challenges. Therefore, some countries have negotiated bilateral or regional treaties to solve these problems. The authorities of different countries will come together to promote the International competition network by signing some treaties and agreements about international cooperation.

3. Vietnam and Australia have adopted international trade policies in recent years

3.1. Vietnam – Australia international trade relation

Australia is ranked 20th out of 143 countries and territories investing in Vietnam, focusing on the fields of processing industry, manufacturing, accommodation and catering services, agriculture, forestry, and fishery. Australian investors are operating 593 projects in Vietnam with a total registered capital of approximately US \$2 billion. Meanwhile, Vietnam has 88 investment projects in Australia with an actual worth of more than US \$590 million, mainly in agriculture, forestry, wholesale, retail, processing, and manufacturing.

Vietnam currently ranks 10th among Australia's trading partners, and Australia is Vietnam's 7th largest export market. In 2022, Australia exported AUD\$13.7 billion (US\$9.16 billion) worth of goods to Vietnam, while Vietnam exported AUD\$9.3 billion (US\$6.22 billion) from Australia. In 2021, Australia invested AUD\$1.98 billion (US\$1.32 billion) into 579 projects in Vietnam, and Vietnam invested AUD\$416 million (US\$278 million) in Australia. Bilateral trade turnover has exceeded the target of US\$10 billion set by the senior leaders and reached US\$15.7 billion in 2022, increasing by 26.9%.

Regarding the economic cooperation framework, Vietnam and Australia are members of several multilateral agreements. Both countries have a trade relation framework governed by three key FTAs: CPTPP, AANZFTA, and RCEP. Furthermore, Vietnam and Australia have signed up for the Indo-Pacific

Economic Framework (IPEF). That result reflects the coherence and complementarity between the two economies and the positive effects of several free trade agreements to which the two countries are members.

In October 2021, ASEAN and Australia established a Comprehensive Strategic Partnership (CSP). Furthermore, the two countries would prioritize cooperation in climate change response, digital transformation, green development, clean energy, sustainable supply chain, and coordination, which are expected to become new cooperation pillars elevating the Vietnam-Australia strategic partnership to a new height.

With the strong relationship, Vietnam and Australia had mutual solid trust and practical cooperation in many fields. In 2021, both nations agreed to bring the EEES into full play. The EEES is helping to realize the enormous potential between the two countries.

In 2023, bilateral friendly trade and diplomatic cooperation between Vietnam and Australia will be celebrated robustly developed over the last 50 years in economics, politics, and security. On July 16th, 2023, Vietnam and Australia had a two-way trade exchange meeting to closely coordinate and promote cooperation activities and bilateral trade by strengthening bilateral trade agreements, trade promotion activities, and exchanging business delegations soon opened the Vietnamese agricultural product market. At the same time, they discussed promoting international cooperation within the framework of the CPTPP and regional and multilateral economic and trade forums.

3.2. The Role of International Trade and Investment with Vietnam - Australia

Vietnam and Australia work closely in multilateral frameworks, especially the United Nations and ASEAN-led mechanisms. Besides that, the two countries will benefit from international trade agreements.

One of the benefits of ASEAN's colossal market is that this area is owned with a combined population of 685 million and nominal GDP of \$3.6 trillion. It can be one of the key attractions for MNCs' investment. More than two-thirds of the region's population is working age, and the number of middle-income and affluent households is growing by around 5% annually for the rest of the decade. ASEAN's combined GDP is projected to grow by nearly 4.6% annually. In terms of economic size, the trade bloc will be the world's fourth largest by 2030. ASEAN's economic diversity is also a further strategic advantage.

Furthermore, ASEAN is also a member of the RCEP, which as of February 2023, was the world's largest free trade area by GDP coverage. The RCEP also aims to harmonize nontariff measures, align standards, improve investment rules, and facilitate cross-border data exchange and paperless trade. In addition, Vietnam and other countries such as Brunei, Malaysia, and Singapore belong to the CPTPP. These trade pacts will give ASEAN value chains preferential access to markets representing 40% of global GDP.

Australia has always played an active role in supporting ASEAN's efforts in maintaining peace, security, and stability in the region, including ensuring maritime and aviation security, safety and freedom of navigation and aviation, promoting the rights of countries to participate in lawful maritime activities, exploiting resources, and advocating for the peaceful settlement of disputes in the East Sea by international law, especially the Convention United Nations Convention on the Law of the Sea 1982. These are fundamental conditions to ensure the promotion of free and open trade in the Indo-Pacific region. It also contributes to promoting Vietnam and Australia to work together comprehensively, working with partners around the world to solve economic-related challenges and economic coercive measures.

In January 2010, AANZFTA was an agreement between ASEAN Member States that officially entered into force with Vietnam and Australia. It brings far-reaching tariff cuts and greater certainty to service providers and investors. It is still considered a modern, high-quality agreement suitable for business

operations, strengthening regional supply chains, and supporting long-term economic recovery after the pandemic.

4. Results of bilateral trade and investment activities

Vietnam and Australia have critical sectors of cooperation. Vietnam's strong exports to Australia that record impressive growth include coffee, seafood, iron and steel products, and products from iron and steel and electronic components, particularly vegetables, fruits, and rice, which also increased by double digits.

Vietnam's imports from Australia include raw materials and input materials for production, such as coal of all kinds, wheat, cotton of all types, scrap iron and steel, and iron and steel of all kinds.

4.1. Field of economic cooperation

With a population of 100 million people, Vietnam is a large and growing consumer market. Vietnam achieved lower middle-income status in 2010; more than 50% of Vietnam's population is expected to join the global middle class by 2035, with real GDP per capita projected to grow at 4.5% annually out to 2030 (World Bank - Vietnam 2035 Report, 2014).

According to the Australian Trade and Investment Commission, investment continues to be a pillar of interest in promoting Vietnam-Australia cooperation, especially when the two countries celebrate their 50th diplomatic relations anniversary. Australian companies have invested in Vietnam for decades. Australia is Vietnam's 20th largest foreign investor, with 593 projects and more than US\$1.99 billion. Their cooperation in other fields, such as education and training, science and technology, innovation, agriculture and rural development, labor, and transportation, has also made progress.

Regarding investment, Australia's investment in Vietnam is still relatively modest. By the end of 2021, Australia had invested in about 550 projects in Vietnam, with a total value of nearly. Australia's FDI accounts for only 0.5% of the total FDI value in Vietnam. Investment fields are mainly the processing industry, manufacturing, accommodation and catering services, construction and real estate, agriculture, forestry and fishery, healthcare, mining, arts and entertainment, and education.

Telstra, RMIT, ANZ, Bluescope Steel, Allens, and BHP are manufacturers that have made strategic investments that have spurred Vietnam's economic and infrastructure development. Other notable investment projects from Australia include Austal, VMS, and Midway Metals in manufacturing and fabrication; Linfox and Aurecon in logistics and services; Blackstone Minerals and Blueleaf Energy in renewable energy and resources; and CBH and SunRice in the agricultural sector.

In 2020, Vietnam was the second largest market in ASEAN for Australia's rural exports, valued at AUD1.81 billion. These agricultural exports are essential inputs for Vietnam's value chains, helping to create jobs and raise incomes in Vietnam's food processing sector. Australia's largest food and agriculture exports to Vietnam by value in 2020 included live animals (mainly cattle) (AUD525 million), wheat (AUD355 million), fruits and nuts (AUD145 million), cereal preparations (AUD139 million), beef (AUD119 million), edible products and preparations (AUD103 million) and barley (AUD88 million), among other food and agricultural merchandise. Recently, aquaculture and fruit production in Vietnam have increased and become more export-oriented. Australian consumers now enjoy an increasing variety of farm produce and foodstuffs from Vietnam.

4.2. A good framework for future development

To further promote Vietnam-Australia investment ties, Ms. Nguyen Thi Bich Ngoc, Deputy Minister of Planning and Investment, suggested businesses join the Vietnam-Australia Business Champions Initiative in the framework of the EEES to boost their role as a bridge to encourage Vietnamese and Australian companies further to explore and promote mutual investment and trade. At the same time, they

will continue to research and expand investment in Vietnam's priority areas that Australia is strong at, including high technology, innovation, clean energy, renewable energy, infrastructure, telecommunication, services - education - tourism, high-tech agriculture, and high-quality human resource training.

Regarding development cooperation, Australia is one of Vietnam's significant non-refundable Official Development Assistance (ODA) donors. According to the announcement of the Australian Embassy, in 2022 - 2023, Australia has increased ODA for Vietnam by 18%, from AUD78.9 million (\$52.9 million) to AUD92.8 million (\$62.2 million).

The Australian Government's ODA for Vietnam focuses mainly on innovation, supporting the development and effective use of a highly skilled workforce; strengthening the economic empowerment of women, including ethnic minorities; responding to the COVID-19 pandemic; creating favorable conditions for and attracting the participation of the private sector in socio-economic development.

Two countries would prioritize cooperation in climate change response, digital transformation, green development, clean energy, and sustainable supply chain, as well as coordination at the Mekong sub-region, ASEAN, and other regional and international forums, which are expected to become new cooperation pillars elevating the Vietnam-Australia strategic partnership to a new height.

4.3. Agriculture sectors

The Australian Center for international agricultural research (ACIAR) started its Vietnam program in 1993. Since then, ACIAR has played a crucial role in delivering Australian support to Vietnam's socio-economic development through collaborative agricultural research, being an enduring and strategic partner of Vietnam in agricultural and rural development.

2023 marks the 50th anniversary of diplomatic relations between Australia and Vietnam and 30 years of ACIAR in Vietnam. ACIAR has funded 243 projects valued at more than AUD\$157 million, covering key research areas: forestry, fisheries, soil and land management, livestock systems, crops, agribusiness, and climate change. ACIAR is a unique funding organization that focuses solely on agricultural research for development and brings together Australian, Vietnamese, and international scientists in long-term partnerships to solve agricultural challenges. These partnerships' goal is to improve the livelihoods of smallholder farmers and their communities and develop sustainable farming.

Over three decades, the ACIAR-Vietnam research collaboration has moved from purely technical to more socially integrated programs focused on strengthening value chains and improving the livelihoods and participation of smallholder farmers, especially women and ethnic people. The partners from Vietnam have become more proactive in research design and co-funding.

Australia has provided long-term support to develop Vietnam's agriculture sector. Australian technology is used in Vietnamese agri-businesses to improve productivity, manage biosecurity risks, and assist Vietnam in developing world-class agricultural products. The ACIAR-Vietnam Strategy 2017-27 supports Vietnam's priorities in food safety, climate change, soil fertility and efficiency of crop-livestock systems, market knowledge, access, increasing value from forests, and growing value from aquaculture.

Bilateral trade in agriculture, fishery, and forest products surpassed the AUD\$ 6 billion milestone for the first time in 2022, more than doubling in the past two years. Australia's premium dairy, seafood, wine, fruit, and meat exports provide the Vietnamese domestic market with greater diversity and help Vietnam become a famous culinary destination, further reinforcing Vietnam's attractiveness to international tourists.

Besides that, solid bilateral relationships between government officials, trading enterprises, and industry associations continue to improve market access, deepen commercial engagement, and strengthen technical collaboration across shared agri-food and fiber supply chains. Vietnam is now the dominant

source of imported prawns into Australia, steadily increasing its market share over recent years at the expense of regional competitors. It reflects the Vietnamese shrimp industry's production advantages and compelling international value proposition. Vietnamese furniture and wood products continue to be highly regarded in the Australian domestic market for their quality and price, which has driven an expansion in their trade volumes. Australian consumers continue to enjoy in increasing abundance the delights of a wide variety of Vietnamese horticultural products sold as fresh, frozen, dried, processed, powdered, and juiced products. While Vietnamese fish, cashews, coffee, and rice are also prominent in the Australian market due to their strong demand and consumer appeal. Australian exports of consumer-ready dairy, seafood, wine, fresh horticultural produce, and quality meats provide the Vietnamese domestic market with greater diversity, extended windows of seasonal availability, and enhanced consumer choice. Significantly these high-end products also enrich Vietnam's reputation as a global food and culinary destination, further bolstering Vietnam's attraction to international tourists.

Moreover, commercially exploiting the embedded attributes of high-quality Australian commodities can assist Vietnamese agribusinesses in delivering enhanced value for downstream customers. The technical market development support given by Australia's agricultural export industries is an increasingly important feature of the Vietnam-Australia agrarian partnership. It helps Australia to expand and diversify its export markets. Enhancing supply-chain competitiveness and resilience creates shared value for trading partners and enhances mutual prosperity.

4.4. Energy and green renewable energy for future development

Energy security is a significant concern for Vietnam's economy as the demand for uninterrupted and affordable energy increases. Vietnam's resources and energy demand has snowballed over the past decade, and electricity demand in Vietnam is forecast to increase at an average rate of 9% from 2021 onwards. Vietnam aims to become a fully industrialized and modernized country by 2030 and needs a secure supply of energy resources to meet these goals.

At the same time, Australia is well-positioned to support Vietnam's energy needs. The Australian resources sector is one of the most technologically advanced in the world, with strong long-term growth potential. Despite global challenges related to the pandemic, which have disrupted operations across the globe, Australia's resources and energy export values are expected to rise to a record all-time high of AUD\$310 billion for the 2020-2021 period. This increase is due to growing trade volumes and strengthening prices. Australia remains a reliable supplier of Vietnam's energy needs. Australian coal exports have tripled in value since 2017 to AUD\$2.05 billion in 2020. Energy and resources exports now account for just over half of all Australia's merchandise exports to Vietnam. In the resources sector, Australian iron ore exports to Vietnam for steelmaking grew from no trade in 2015 to over AUD\$1.1 billion in 2020. Australia is a significant exporter of aluminum (AUD\$273 million), copper (AUD\$232 million), zinc (AUD\$143 million), and lead (AUD\$100 million). These are essential inputs for Vietnam's thriving manufacturing sector.

Furthermore, Australia welcomes further investment from Vietnam in the resources and energy sector. Vast deposits of minerals and primary energy resources exist in proven, underexplored, or unexplored sites. This stable market, its proximity to Vietnam, and solid economic complementarities make Australia attractive to investors in Vietnam seeking sustainable, long-term returns. In comparison, Vietnamese industry demand for Australia's resources exports will grow further. Australia has vast supplies of bulk commodities, precious metals, energy resources, and critical minerals of high quality, and there are many opportunities for increased bilateral trade and cooperation.

4.5. Green development and energy transition

The brightest minds in the energy transition sector in Australia and Vietnam are working together in a new knowledge-sharing partnership to increase green energy production, secure energy supplies, and achieve net zero emissions by 2050.

Furthermore, supporting Vietnam's development has been a top priority for successive Australian governments. During his recent visit, the Australian prime minister pledged AUD\$105 million (US\$69 million) to support Vietnam's clean energy transition. It has been received as Australian coal is the leading cause of Vietnam's greenhouse gas emissions – 17 million tonnes of coal imported into Vietnam in 2022 comes from Australia.

This cooperation has been made possible by both countries' outward-looking approach toward international trade, as demonstrated by their commitment to a series of free trade agreements (FTAs).

4.6. Service industries

Australian service providers are well-positioned to take advantage of Vietnam's growing wealth. Australian providers already on the market have developed an excellent reputation for delivering on-demand higher education, accounting, and legal services to Vietnam's increasingly affluent consumers.

Vietnam is a significant global producer and a leading producer of smartphones, computers, textiles, machinery, and footwear. The CPTPP offers many opportunities for Australian exporters to provide logistics, finance, engineering, and design services to Vietnam's manufacturing sector.

4.7. Health services

The demand for high-quality healthcare and medical services is increasing in an increasingly affluent Vietnam. Spending on healthcare is expected to reach \$21.6 billion by 2020.

The CPTPP supports the expansion of Australia's medical services exports to Vietnam. Vietnam has committed to providing Australian private healthcare providers and allied health services with greater certainty about access and operating conditions in the Vietnamese market. It allows Australian suppliers to bid for contracts for procuring pharmaceuticals and medical devices.

4.8. Aviation services

Vietnam is one of the world's fastest-growing aviation markets globally. Over the last decade, the average growth rate has been 17.4%, far higher than the 7.9% average growth across the Asia-Pacific region.

The emergence of low-cost carriers and a growing tourism industry has driven this growth. Vietnam's aviation sector has benefited from the ASEAN Open Skies policy, which allows airlines to fly freely throughout ASEAN member states in a unified air transport market.

Therefore, Australian aviation services providers stand to benefit from Vietnam locking in its investment regime in aviation (including the 30% foreign equity limitation) under the CPTPP. Vietnam has also guaranteed that future reforms will flow through to Australian airlines established in the Vietnamese market. For this reason, Australia has secured commitments from Vietnam on commercial flight training, giving Australian providers opportunities to expand into this growing market.

4.9. Science and technology

The government of Vietnam recognizes the importance of nurturing its growing science, technology, and innovation sector to achieve equitable, sustainable economic development. It has set itself ambitious goals towards becoming an innovation-led nation. The Socioeconomic Development Strategy (SEDS) for 2021-2030 identifies science, technology, and innovation as one the key drivers for development, with a

strong emphasis on innovation to change the economic growth model to ensure Vietnam becomes a high-income, inclusive economy by 2045.

So far, Australia has invested auD\$16.5 million in development assistance through the aus4innovation program. This program aims to strengthen Vietnam's innovation system, prepare for and embrace opportunities associated with Industry 4.0, and help shape Vietnam's innovation agenda in science and technology.

Through aus4innovation, Australia and Vietnam have been working together to explore emerging areas of technology and digital transformation, trial new models for partnerships between public and private sector institutions, and strengthen Vietnamese capability in digital foresight, scenario planning, commercialization, and innovation policy.

Some highlights include 130 organizations from Australia and Vietnam being together in 43 partnerships. These organizations are government agencies, research institutes, universities, and businesses – all critical stakeholders in the innovation ecosystem; Practical, innovative solutions delivering socioeconomic impact have been applied in different sectors of the economy – health, agriculture and food, smart urban infrastructure, and more; Overall capacity in science commercialization has been significantly enhanced through training for knowledge institutes and individual researchers, piloting of science commercialization models to find the most suitable model for Vietnam.

A remarkable result of this effort is the Commercialisation Plus – how to guide, co-developed with Vietnamese partners to introduce a structured commercialization process to Vietnamese research institutes; reports and econometric models have been developed to provide policymakers in Vietnam with technical support and teach lessons learned from Australia and the rest of the world.

4.10. Education services

Vietnam is a priority education partner for Australia. This relationship is long-standing and robust, based on mutual trust, understanding, and respect. The bilateral engagements on education policy foster opportunities for trade in education services and enhance Australia's reputation for education excellence. The Australian Strategy for International Education 2021 - 2030 will harness mutual opportunities with Vietnam that will support the long-term sustainability of Australia's education sector, enhance the student learning experience, help to meet countries' economic and workforce needs, and strengthen people-to-people.

Australia and Vietnam are committed to working together on education and training to benefit their economies. Through active bilateral education cooperation, Australia works to support Vietnam in strategically implementing reforms and reducing regulatory barriers to Australian education investment in Vietnam.

One of the critical achievements of cooperation and the development of relationships between Vietnam and Australia, education-training collaboration plays a crucial role. With more than 30,000 Vietnamese students and doctoral students studying in Australia, educational cooperation contributes not only to the development of Vietnam's human resources and Australia's economy but also to a strong cultural link and friendship bridge connecting the peoples of the two countries. Recently, a new RMIT's Hanoi Industry and Innovation Hub has been opened to mark the commitment to the next phase in education cooperation. According to the estimates, about 80,000 to 100,000 Vietnamese alumni have studied in Australia and returned to Vietnam to start businesses in many fields.

5. Assessing Potentials-Opportunities and Challenges for Vietnamese Investors

5.1. Potentials-Opportunities for Vietnamese Investors

The results of bilateral cooperation show that good political relations, the traditional friendship between the two countries, and Australia's abundant potential for natural, economic, and social conditions are favorable conditions that Vietnamese businesses can exploit and exploit.

Through bilateral cooperation and participation in international agreements, continuing to accelerate further in perfecting institutions and reforming administrative procedures will create an open and transparent environment. more favorable for Vietnamese investors. At the same time create all favorable conditions for Vietnamese businesses to invest and do business in Australia. Vietnamese businesses have many advantages when entering the Australian market, partly because the two countries have good political relations.

Moreover, the per capita income of Australians is very high (more than \$60,000 in 2021), equivalent to 481% of the world average (Trading Economics, 2022). In particular, there are many products that Australia has great demand for and can effectively invest in, such as mining, forestry, processing agricultural, forestry and fishery products, tourism, and restaurants serving Vietnamese dishes, fisheries, thermal power, &c. Besides, the investment and business environment in Australia is also quite favorable. English is the official language and is used by civil servants and businesses. Therefore, this is a very positive opportunity for Vietnamese investors. In particular, Vietnamese enterprises can invest in many fields highly encouraged by the Australian Government, including energy, mining, natural resources, resource management, forestry, fishery, animal husbandry, crop production; infrastructure development; agriculture and food processing, &c.

With close trade relations in many international agreements such as CPTPP, AANZFTA and RCEP, IPEF, and EEES, Australia and Vietnam's economic development and investment situation always has outstanding highlights, with various associations for investment enterprises.

In fact, on June 27, 2023, the Vietnam - Australia Business Forum was held in Australia with the significant participation of businesses from the two countries. It shows that the two governments attach great importance to the diplomatic-political relationship. The forum will open up many opportunities for the two countries businesses to learn more about each other, laying the foundation for promoting trade and investment relations between the two countries.

As a result of international trade and investment cooperation, Vietnam and Australia are two countries that cooperate in almost all fields. Regarding investment and development cooperation, Australia is one of the donors with large non-refundable ODA for Vietnam. According to the announcement of the Australian Embassy, from 2022 through 2023, Australia has increased by 18% of ODA for Vietnam from AUD 78.9 million to AUD 92.8 million. The ODA for Vietnam focuses on the following areas: Innovation; Supporting the development and effective use of a highly skilled workforce; Strengthening economic empowerment for women, including ethnic minorities; response to the COVID-19 pandemic; Creating favorable conditions and attracting the participation of the private sector in socio-economic development.

The trade aspect also has outstanding features, such as: by the end of 2022, the trade scale between the two countries has reached 15.7 billion USD, up 26.9% compared to 2021, and it is the second largest trading partner—7 of Vietnam. Vietnam's export turnover to Australia reached 5.6 billion USD, up 26.2% over the same period in 2021; Vietnam's import turnover from Australia reached 10.1 billion USD, up 27.3% over the same period in 2021.

Both countries especially pay special attention to the field of education. According to statistics from the Australian Department of Education, Vietnam is currently the fifth largest country globally, with international students studying there. As of December 2022, more than 22,000 Vietnamese students are

learning and researching at Australian educational institutions. On July 1, 2023, Australia recently announced a policy change for international students who can stay for two more years after graduation, bringing the total time to 4-6 years due to a shortage of skilled workers. It has created more opportunities for Vietnamese students and workers to have more time to study, live and work in Australia.

5.2. Challenges for Vietnamese Investors

Besides the cooperation opportunities between Australia and Vietnam for investment enterprises that can integrate profoundly into the global economy and enhance their competitive position internationally, this investment cooperation will also bring certain limitations to Vietnamese enterprises.

Firstly, Australia has great potential but also has policies and regulations on imported goods and policies on services. Australia's trade and tax policies are pretty transparent, but non-tariff barriers (food hygiene, safety, technical standards) are still tight. These standards are very strict with all kinds of goods imported into the market, mainly agricultural, forestry, fishery products, and food hygiene and safety standards. All fruits and food products must undergo an import risk analysis by the Biosafety Agency. Thus, the cooperation between the two governments still needs to be closer. Therefore, Vietnamese investors must learn about regulations and policies carefully to penetrate the Australian market and make the most of the opportunities.

Second, the two markets are geographically far apart and differ in consumer tastes. Investment enterprises need to learn detailed information about the market and difficulties in business operations. Therefore, Vietnam's trade promotion activities in the Australian market still need the support of the State, Government, and ministries and sectors. Typically, promoting diplomatic relations by strengthening economic-trade linkages; building knowledge and innovation partnerships that are increasingly in-depth and effective.

Third, Vietnam and Australia are highly dependent on carbon energy sources and have committed to reducing emissions to zero by mid-century (by 2050). However, the implementation of expanding cooperation has yet to make much progress. Therefore, investors in the fields of green economy and green transformation need to participate in large forums and discuss and expand cooperation opportunities in the context of green transformation and the development of the circular economy.

Fourth, the EEES between the two countries has been signed but must be more closely linked in implementation solutions. Vietnam is a massive market with nearly 100 million People and one of the fastest-growing economies in Asia and the world. Meanwhile, Australia needs to diversify its export markets. It has led to an imbalance in the balance of trade. In addition to taking advantage of opportunities from the two countries governments, investment enterprises can expand diplomatic relations by joining business communities in the two countries, increasing investment and cooperation in fields in each country. During the investment process, enterprises should take advantage of the opportunity to learn more from your country's experience and adjust their plans accordingly.

6. Conclusion

In conclusion, the achievements and proud marks in the friendly cooperation relationship between Vietnam and Australia have helped this relationship grow and opened up new investment business opportunities. However, there are still many significant challenges for investment enterprises in the context of globalization, international trade cooperation between Australia and Vietnam, and multilateral cooperation. Therefore, studying and researching bilateral agreement on the Australian market will be one of the opportunities for Vietnamese investment enterprises to grasp and adjust import and export activities

and expand cooperation to meet the strict regulations set forth by trading partners. Also, improve their competitive position in the global economic value chain.

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978-604 79-3782-0

ISBN: 978-604-79-3782-0

HO CHI MINH CITY UNIVERSITY OF ECONOMICS AND FINANCE

141 - 145 Dien Bien Phu, Ward 15, Binh Thanh District, HCM City

Website: uef.edu.vn - Hotline: (028) 5422 6666 * (028) 5422 5555