The Factors Affecting Trade Balance in Vietnam
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Currently, the world trade was decreasing very strongly and must face with the influence of financial crisis, civil conflict and natural disasters. In that context, AEC became more attractive with the foreign investors. But, this area was face with the impact of natural disasters and then had significant impact on trade. So, there are many countries in this area must facing with the trade deficits for a long time especially in the poor countries and developing countries. Vietnam is one of country must facing with the trade deficits problems for a long time. In 2011, Vietnam’s exports value were estimated at $96.2 billion, rising 33% and imports value were at $105.7 billion, rising 24.7% compare with last year. There were trade deficits in Vietnam in 2011 but it hit the lowest level within the last 5 years. Namely, it was $9.5 billion, falling 23% compare with last year. Political unstable is one of the reason that limit the foreign investors, facing with a lot of natural disasters problems, there are a lot of multinational corporations in industry and then impact on trade in Vietnam. The main objectives of this study are examined about the factors impact on trade balance in Vietnam including oil price, foreign direct investment (FDI), government spending, domestic price, manufacturing growth rate and agricultural growth rate by using the monthly data during the period 2002 – 2011. The expected benefit of the study are understand the factors that affect trade balance in Vietnam for the relevant parties to improve Vietnam competiveness; And useful for the policy makers to adjust the policies appropriately with the economy’s situation in Vietnam. This study used regression with logarithmic form to determine the impact of six factors on trade balance in Vietnam. And statistical program used to analyze the data. The regression
result showed that there is only domestic price variable impact on trade balance in Vietnam. Domestic price had negative impact on trade balance in Vietnam. The other factors include oil price, foreign direct investment, government spending, manufacturing growth rate and agricultural growth rate had no impact on trade balance in Vietnam. According to the result, there are some recommendations to solve the trade deficits problem in Vietnam. Namely, nowadays Vietnam must import 70% oil and gas in the outside. The government should have the policy to control the demand of oil in the domestic by using the other energies instead improve the operation of producing oil in the domestic. Besides that, the government should keep the policies stable to attractive more investors and should have policies to support export such as investment incentive, taxes incentive. The mainly limitations of this study are including: there might be some missing factors that this study didn’t examined, further research should be adding more; The study used 110 observations, further research should be adding more observations for the analysis; In this study just examine only factors impact on trade balance, it will be beneficial to explain factors impact trade balance if examine the impact of the same set of factors on export and import. Further research should be use export and import as the dependent variables as well.