



FACT SHEET



Trade Promotion

Name of Programme:
Trade Promotion Programme

Budget:
CHF 19.25 million (1995 – 2007)

- Partners:**
- Ministry of Industry and Trade
 - Ministry of Science and Technology
 - Ministry of Culture, Sport and Tourism
 - The Vietnam Cleaner Production Centre (VNCPC) at the Hanoi University of Technology
 - Ministry of Agriculture and Rural Development

- Ongoing Projects:**
- Trade Promotion and Export Development Programme
 - Swiss-Vietnamese Intellectual Property Project (SVIP)
 - Market Access Support for Vietnam, through Strengthening of Capacities related to Metrology, Testing and Conformity
 - Zoonotic and Animal Diseases affecting Trade in Vietnam
 - Strengthening the Vietnamese Competition Authorities
 - Beyond WTO Assistance (Trade Negotiation Support)
 - Strengthening the Vietnam Cleaner Production Centre
 - Factory Improvement Programme (FIP)
 - Linking Trade Demand and Sustainable Forest Management in the Mekong Region (LTDSFM)

Background

Participation in global trade brings developing countries unprecedented opportunities for economic growth, wealth creation and poverty reduction – but it also brings a number of challenges. Gradual regional and international integration have been cornerstones of Vietnam's economic policy during the past two decades. The country gained full membership of ASEAN in 1995 and acceded to the World Trade Organization (WTO) in 2007.

As a WTO member, to safeguard its legitimate interests and to preserve its ability to gain from liberalised trade, Vietnam will have to play an active role in further developing the multilateral trading system. A thorough knowledge of WTO rules and practices as well as excellent negotiation skills will be essential. WTO accession also requires adapting the legal and institutional framework to comply with compulsory WTO provisions.

To increase the overall competitiveness of the Vietnamese economy, measures are needed, and are being taken, to promote sound competition, to facilitate trade, to create an enabling business environment, while at the same time maintaining the country's poverty reduction gains.

In order to successfully compete in international markets, export-oriented enterprises need a well developed trade infrastructure, adapted to the demands of an open market economy. The services of state agencies and private business service providers can mutually reinforce each other to promote conditions conducive to the development of the trade sector. Such services include providing information on international markets, connecting enterprises with potential international buyers, assisting enterprises in protecting brand names or inventions and in complying with social and environmental standards, providing testing infrastructure, etc.

SECO's technical assistance under the Trade Promotion Programme in Vietnam started more than 10 years ago. Support is delivered through a portfolio of synergetic, well coordinated interventions with clear, measurable results.



Objectives

SECO's (State Secretariat for Economic Affairs) overall aim in trade promotion is to assist Vietnam by creating favourable conditions for participating in international trade and thus generating additional income and contributing to the reduction of poverty. The programme's main objectives are to:

- Assist Vietnam in integrating into the international trade system;
- Improve transaction efficiency in the trade sector through enhancing trade infrastructure;
- Increase the competitiveness of local enterprises in terms of productivity and product quality, and support exporters to comply with quality standards, and social and environmental norms (including sustainable use of natural resources) required by international buyers;
- Strengthen the competition authorities in order to contribute to a well-functioning market economy as a precondition for international competitiveness.

Approach

The Trade Promotion Programme seeks full alignment with Vietnam's Socio-Economic Development Plan 2006 – 2010, which defines integration into the multilateral trading system, improving trade infrastructure, strengthening export promotion, enhancing the competitiveness of local enterprises and the sustainable use of natural resources as major strategic objectives.

SECO's approach in commercial technical cooperation includes interventions on both the meso and macro level, grouped into the following three main areas:

- **Trade Policy and Framework Conditions:** SECO provides advice and capacity building in formulating trade policies, in successfully participating in bilateral and multilateral trade negotiations and in complying with WTO commitments. SECO's technical assistance to Vietnam in implementing WTO commitments focuses on the Agreement on Trade Related Intellectual Property Rights (TRIPS Agreement), the Agreement on Technical Barriers to Trade (TBT Agreement) and the Agreement on Sanitary and Phytosanitary Provisions (SPS Agreement). In addition, special attention is given to enhancing the Vietnamese competition system.
- **Export Promotion and Efficiency of Trade:** SECO strengthens services related to export competitiveness in order to comply with international requirements and better introducing SMEs in global supply chains and exports. Main areas of assistance include productivity improvements, compliance with internationally recognized technical-, social-, environmental- and quality standards, as well as marketing, design and packaging.
- **Facilitate Market Access to Switzerland/Import Promotion:** SECO facilitates the import of Vietnamese products into the Swiss market by adapting the General System of Preferences (GSP) in favor of developing countries and by actively linking Vietnamese SMEs with Swiss/European importers – via participation in fairs – through the Swiss Import Promotion Programme, SIPPO.

Ongoing Projects

• Trade Promotion and Export Development Programme

A business-oriented export strategy, based on a careful needs assessment of exporters, was used by the Government for the elaboration of the National Export Development Strategy 2006 – 2010. Sectoral export strategies and marketing guidelines for priority sectors such as footwear, garments, arts and crafts, provide the Government, together with the national export strategy, with an effective set of tools that facilitate qualitative export growth. Accurate and timely trade information assists local enterprises in better targeting the specific demands of export markets and in exploiting the potential opportunities global trade offers. This requires a sophisticated and updated trade information system providing the requisite information to meet the needs of the exporting enterprises.

The current project, co-funded by Sweden, aims to strengthen the capacity of the Vietnam Trade Promotion Agency (VIETRADE) and other trade support institutions to respond to the needs of exporting services by providing trade-related training, trade information and counselling services on a sustainable basis, in specific technical areas such as packaging, product design, standards/quality conformance, branding, and sales promotion.

The main partners are VIETRADE, the exporting enterprises and the International Trade Centre (ITC). This project is complementary to other initiatives within the Trade Cooperation Programme, namely the project “Strengthening of Capacities related to Metrology, Testing and Conformity” and the “Swiss-Vietnamese Intellectual Property Project” regarding the protection of brands as trademarks. The project is being implemented as a regional cooperation, with subsequent initiatives in Laos and Cambodia making use of synergies with the Vietnam project.

• Swiss-Vietnamese Intellectual Property Project (SVIP)

In order to benefit from increased international trade, Vietnam is shifting production and exports to more sophisticated, higher value-added products and services. Since these markets are, to a great extent, technology-driven, successful enterprises differentiate themselves from their competitors by their capacities to be creative and to innovate. Patents, for example, which are an incentive for investing in advanced technology, and trademarks, which avoid confusion between products of competitors, represent a fundamental value for enterprises. Only where legitimate intellectual property rights (IPR) are protected and enforced, will enterprises be able to amortise their significant investments into research and development, as well as into design or brand building. A well-enforced, non-discriminatory, protection system for intellectual property rights stimulates investment and trade, which contributes significantly to economic development.

A highly successful cooperation programme in the field of intellectual property was implemented between 2001 and 2006 and resulted in remarkable progress in the protection of intellectual property rights, including significant input into the establishment of a TRIPS-compliant institutional and legal system. With a new Intellectual Property Law approved by the National Assembly in 2005, the legal framework relating to the TRIPS Agreement has now been almost completed. However, challenges remain in order to put the newly established IPR protection system into practice and to use it as a tool to promote trade and economic development.

This follow-up project, which is jointly implemented by the Swiss Federal Institute of Intellectual Property, the National Office of Intellectual Property of Vietnam and the Copyright Office of Vietnam, aims to facilitate trade and investment by promoting the use of intellectual property.

Activities currently being implemented include:

- Assisting Vietnam in issuing implementing regulations for the new Intellectual Property Law;

- Strengthening the IPR enforcement system;
- Assisting Vietnam in the preparation of a system to protect Traditional Knowledge;
- Assisting producer's associations in the establishment and use of Geographical Indications;
- Introducing an IP curriculum at university level to raise awareness about the use of IP to protect and promote the commercialisation of inventions.

- **Market Access Support through the Strengthening of Capacities related to Metrology, Testing and Conformity**

The opening of trade and greater access to export markets resulting from the recent WTO accession, will present Vietnam's domestic producers with the major challenge of competing with producers from elsewhere on product quality and conformity to international market requirements during the forthcoming years. Although Vietnam committed itself to complying fully with these requirements immediately after its accession, the country's existing implementation capacity and infrastructure remain limited.

SECO supported Vietnam in upgrading the required technical infrastructure; the certification and accreditation system and the testing facilities in Vietnam's leading export sectors. The project also aimed to strengthen the commercial orientation and the management capabilities of the Vietnamese General Directorate of Standards, Metrology and Quality (STAMEQ). The technical inputs were provided by the United Nations Industrial Development Organisation (UNIDO).

Based on the achievements of this highly successful project, and a detailed assessment of WTO post-accession challenges, SECO decided to continue its support to the Vietnamese quality system. The focus will be on enhancing the identified standards, metrology, testing and quality infrastructure in focal growth areas e.g. Ho Chi Minh City or Danang. The project will further support Vietnam in implementing a food traceability system and conducting awareness seminars on international standard requirements.


Through the strengthening of consulting providers, the project will support not only the country's compliance with its WTO accession commitments, but will also enhance industrial development, contribute to rural poverty reduction and increase exports.

- **Zoonotic and Animal Diseases affecting Trade in Vietnam**

This project, implemented by FAO (Food and Agriculture Organisation of the UN) in cooperation with the Vietnamese Ministry of Agriculture and Rural Development, aims to enhance Vietnam's technical capacity for risk analysis and, specifically, risk assessments in the field of zoonotic and animal diseases. Training in risk analysis methodologies will facilitate application of SPS measures by Vietnamese authorities in compliance with WTO rules. Internationally recognized testing capacities will facilitate exports of Vietnamese enterprises to international markets, and at the same time help Vietnam to protect its market against substandard products and health hazards i.e. contribute to food safety. The project complements assistance provided by the project "Market Access Support through the Strengthening of Capacities related to Metrology, Testing and Conformity".

- **Beyond WTO Assistance – Trade Negotiation Support**

Since 1997, Mr. Arthur Dunkel, former GATT Director General, has been personally involved in providing strategic policy advice to high level WTO negotiators and trade policy makers. An external evaluation conducted in 2004 confirmed that this tailor-made policy advice programme was successful. In February 2007, after becoming a WTO member, Vietnam defined a comprehensive action plan to facilitate the rapid and sustainable development of the Vietnamese economy upon WTO accession, while ensuring sustainable pro-poor growth and protecting poverty reduction gains.



The project “Beyond WTO Assistance”, which is currently under preparation, aims to provide consultancy advice to the Government of Vietnam in how best to define its policies and increase its bargaining power in order to defend its interests in WTO. Specific activities will include the provision of direct high level policy advisory services and support in training diplomats in WTO affairs.

- **Vietnam Cleaner Production Centre**

The development objective of this project is to improve the competitive position of Vietnamese industry and its integration into the global supply chain through the promotion of sustainable production modes.

SECO has provided support to the Vietnam Cleaner Production Centre (VNCPC), a competence centre for environmentally compatible technologies and socially responsible production under the Hanoi University of Technology, since 1998, through a project implemented in close cooperation with UNIDO. During the first phase of its operations, VNCPC built up its expertise on core Cleaner Production (CP) services. It has gained a national reputation as a centre of excellence for CP and has also delivered policy advice to the Vietnamese Government. Furthermore, VNCPC has acted as the international reference centre for CP programmes in Lao PDR and Cambodia. VNCPC is well positioned to support Vietnamese enterprises in enhancing their productivity through applying CP methods and to improve their compliance with international social/environmental standards.

A special focus of the second phase was to develop a market for CP and Clean Technology services and to ensure the financial sustainability of VNCPC. In close cooperation with the Factory Improvement Programme (FIP), VNCPC expanded into offering services relating to Corporate Social Responsibility, including social accountability, occupational health and safety, compliance with social norms, etc. VNCPC also defines and verifies indicators for environmental improvements made as conditions to loans provided through the Green Credit Trust Fund (GCTF) in SECO’s Private Sector Development Programme.

- **Factory Improvement Programme (FIP)**

The FIP aims to build capacities within local consulting service providers to support local Small- and Medium-sized Enterprises (SMEs) through enhancing their competitiveness and to comply with social and environmental norms required to successfully participate in multi-national supply chains. This in turn will contribute to increased export capabilities of local SMEs.

The project, implemented by the International Labour Organisation (ILO) in close cooperation with the Vietnam Chamber of Commerce and Industry (VCCI) and VNCPC, has successfully developed and tested comprehensive, easy-to-use training materials.

The FIP demonstrates an innovative, holistic approach to operational improvements and emphasises the importance of good labour relations in successful enterprises. Training, involving representatives of both workers and managers, is followed-up by practical consulting work in participating factories. Topics covered within the training cycle include social dialogue, productivity, quality, labour management, organisational health and safety and cleaner production. The project applies a train-the-trainer approach, with the active involvement of local consultants in delivering training. Cleaner Production modules are covered by VNCPC, while VNCPC consultants are trained in labour-related topics.



- **Linking Trade Demand and Sustainable Forest Management in the Mekong Region (LTDSFM)**

In spite of their enormous ecological, economical, social and cultural value, tropical forests are rarely managed and used in a sustainable way. In order to save tropical forests from destruction, tropical countries must be in a position to sell their products to ecologically conscious and sensitised consumers in the high price economies of industrialized countries. This requires that tropical countries are capable of maintaining ecological and social standards that are necessary to succeed in the international market.

The project aims to provide export trade driven solutions to illegal and unsustainable logging through market linkages between production forests in Vietnam and companies with responsible purchasing policies in Europe. It will help exporters of furniture using tropical hardwood from natural forests to comply with credible international standards of forest management, such as FSC certificate required by many international buyers. This will be done by linking small scale wood suppliers to Vietnamese exporters of FSC-certified garden furniture through long term contracts to supply FSC-certified timber.

The project will benefit those communities working for and living around and within the State Forest Enterprises, and small-holder producers. By improving market access and the value of the raw materials derived from these areas, income generation will be stabilised and increased over the long term. The project will demonstrate how exports to responsible purchasers benefit locally produced and processed raw material supply chains. The economic contribution of these added value markets and the decreased dependence on imported raw material is significant and will contribute to national targets of poverty reduction and socio-economic development goals.

In addition, the LTDSFM will advocate policy reforms towards facilitating responsible international trade through its local partners. Dissemination efforts will ensure the transfer of the Vietnamese experiences to the rest of the Mekong region.

The project is implemented by the World Wildlife Foundation (WWF) Indochina Programme, with the Ministry of Agriculture and Rural Development of Vietnam as the main local partner.

- **Strengthening the Vietnamese Competition Authorities**

This project is a three year technical assistance programme on competition and consumer protection policies. It involves the strengthening of capacities in those Vietnamese institutions dealing with competition and consumer protection policy issues. The ultimate goal of this capacity-building programme in the field is to provide Vietnam with tools to promote competition in its market and to enhance consumer welfare through lower prices, better quality and a wider variety of choice.

The project builds on the positive results of an earlier project named “Advocacy and Capacity building on Competition Policy and Law in the Mekong Region” which aimed at advocating and building capacity for the adoption and effective implementation of Vietnamese competition policy and law. In partnership with local institutes, research activities on anti-competitive practices were undertaken and disseminated to a wide group of stakeholders, including lawmakers, journalists and consumer associations.

The ongoing second phase of the project, executed by the Swiss Competition Authority (COMCO), focuses on strengthening the Ministry of Industry and Trade’s Competition Administration Department (VCAD) in its day-to-day operations. Furthermore, it involves creating a better understanding of the benefits of competition among public officials, the private sector and wider civil society. This is expected to contribute to a business environment that is conducive to the development of the private sector, improved international competitiveness of the Vietnamese economy and increased exports.