

**CUTS CENTER FOR INTERNATIONAL TRADE
ECONOMICS AND ENVIRONMENT**



**CENTER FOR DEVELOPMENT AND INTEGRATION
VIETNAM**



**PROCEEDINGS
OF NATIONAL DIALOGUE
ON
AID FOR TRADE AND PRO-DEVELOPMENT INTEGRATION**

Hanoi, September 2007



TABLE OF CONTENT

INTRODUCTION.....1

SESSION 1 - OPENING.....2

SESSION 2 – Doha Round and Vietnam's WTO accession.....3

SESSION 3- Who gains and who loses? A preliminary assessment of WTO impact5

SESSION 4 – CLOSING8

AGENDA.....9

LIST OF ATTENDANTS.....10

INTRODUCTION

International aid for developing countries in their efforts towards development and economic reforms has been seen popularly by the international community. However, another issue of equal recognition is that of binding aid – aid that is attached to political and policy conditionalities – which prefers the concerns of donors to aid-receiving countries, and can affect poor countries in various harmful ways. While trade has been seen by the majority of policy makers and researchers as an important engine of growth, less developed countries fail to fully benefit from trade, due to their poor infrastructure and limited knowledge of market access. Aid for trade to enhance trading capacity of developing countries is becoming even more necessary in the context of trade liberalisation. As a developing country with an eleven-month WTO membership (since 7 November, 2006), Vietnam has been faced with both opportunities and challenges in its efforts to expand its market and increase its trade volume. Therefore, a look at the measurements of aid for trade is necessary, in order for Vietnam to better benefit from deeper economic integration.

For awareness building and policy-making, *Centre for Development and Integration* (CDI) with the cooperation of *CUTS Centre for International Trade, Economics & Environment* (CUTS-CITEE) have developed various activities on the topic of “*Linkages between Trade, Development and Poverty Reduction (TDP)*”. The national dialogue on this topic was expected to provide a forum for all stakeholders including policy-makers, academics, and the media to share their views, experiences and recommendations for relevant policy making in Vietnam.

This report is a summary of the main conclusions of Vietnam’s *National Dialogue on Aid for Trade and Pro-development Integration* held by CDI on 21 September, 2007 in Hanoi, Vietnam’s capital. The success of the Workshop would not have been achieved without the technical support from Vietnam Asian-Pacific Economic Centre. Furthermore, the presentations by experts from ministries, institutes and NGOs have been valuable sources for innovative ideas coming from discussions throughout the workshop.

SESSION 1 - OPENING

On behalf of the Centre, Dr. Nguyen Thi Tong delivered a short opening speech. She welcomed all distinguished participants and sincerely thanked them for joining in the National Dialogue *Aid for Trade and Pro-development Integration* in the context of implementation of the Project entitled “*Linkages between Trade, Development, and Poverty Reduction (TDP)*”. Special thanks were extended to experts from institutes and associations as well as many journalists who are indispensable in terms of information, policy-making, experience sharing and knowledge publicising

A brief introduction of the TDP project and objectives of the dialogue was delivered. Afterwards, Dr. Tong outlined the benefits, as well as some of the challenges of economic integration facing Vietnam after its WTO membership. In particular, she touched upon the challenges confronting vulnerable groups, such as the disadvantages experienced emanating from their lack of skills and knowledge to access benefits of integration.

SESSION 2 – Doha Round and Vietnam's WTO accession

*Chairman: Dr. Vo Dai Luoc
General Director
Vietnam Asian Pacific Economic Centre*

In this session, attention was paid to following presentations:

1. Doha round and aid for developing countries

*By Dr. Vo Dai Luoc
General Director
Vietnam Asian Pacific Economic Centre*

2. Vietnam's WTO commitment and implementation

*By Dr. Trinh Minh Anh
National Committee on International Economic Cooperation*

The main points of the presentations were as follows:

The presentation conducted by Dr. Vo Dai Luoc covered a variety of issues from the Doha round to orientation of properly utilising aid in Vietnam. The Doha round has failed to produce an agreement on trade liberalisation, and tariff and agricultural aid reduction, despite its commencement in November 2001. Although the hope for another agreement was handed over to the Cancun conference, the negotiators were once more faced with disappointment. Dr. Vo Dai Luoc stated that the standstill of the Doha round had not been found in economic issues, but political and social ones. The disagreement derived from the insistence of developed countries on keeping their agricultural aid and tariff barriers on agricultural products that are imported from other countries. This insistence also means more difficult access for the developing countries, including Vietnam, to the markets of the developed countries. Developing countries are in need of many kinds of aid for their integration with developed countries, and the correct orientation for utilisation of the aid is of equal necessity. In the case of Vietnam, effectiveness of some aid sources (especially Official Development Aid-ODA) was rarely seen in the period prior to 1980. The situation could now be solved by properly defining the needy beneficiaries and the most appropriate management methods. Dr. Luoc paid special attention to the trend of aid for institutional reform. She stressed the importance of implementing the reforms toward a market-oriented economy in Vietnam, as institutions are the core elements influencing the effectiveness of financial investment. Proper utilisation of aid also indicates better infrastructure, appropriate institution and an improved knowledge background for developing countries to fully reap the benefits of integration.

Regarding the practical issues of Vietnam's WTO accession, Dr. Trinh Minh Anh delivered an attractive presentation on Vietnam's commitments and implementation with plenty of examples. Dr. Anh presented an overview of the process of Vietnam

negotiation for this membership. Basic issues were covered, such as the WTO's organisation structure, objectives, functions, principles, agreements and so forth. Vietnam's commitments consist of three main fields on multilateral agreements, tariff and non-tariff barriers, and trade and service issues. Three points were emphasized in Dr. Anh's speech on the country's implementation of these commitments, including flexible execution, full compliance and proper consideration to product quality, and lastly quarantine and hygiene. Aid for institution and policy, infrastructure improvement and an information provision are preferred for facilitating accession to integration benefits of various groups in the economy, especially businesses. Much will need to be done to ensure good performance on our commitments, for the proof of our good will and prestige in integration.

Session III: Who gains and who loses? - A preliminary assessment of WTO impact

*Chairman: Dr. Vo Dai Luoc
General Director
Vietnam Asian-Pacific Economic Centre*

In this session, the following three presentations were delivered:

1. Improving competitiveness of Bac Ninh craft villages in economic integration

*By Dr. Nguyen Thi Tong
Centre for Development and Integration*

2. Impacts of trade liberalisation on female workers

*Ms. Ngo Van Hoai
Institute of Labour, and Social Studies,
Ministry of Labor, Invalids and Social Affairs*

3. Participation of the poor to agricultural value chain in Vietnam – The case of cassava products

*Ms. Pham Thanh Mai
Institute of Policy and Strategy for Agricultural and Rural Development*

The presentations shared views and studies on aid for specific vulnerable groups in the context of deeper integration.

The presentation “Improving competitiveness of Bac Ninh craft villages in economic integration” given by Ms. Nguyen Thi Tong mentioned the challenges and negative impacts of integration on craft villages. A survey conducted in two famous craft villages, Da Hoi and Duong O (among 62 craft villages in Bac Ninh province), by the Centre for Development and Integration showed their great contribution to local socio-economic development as well as urgent environmental and safety issues. Income generation and job creation are main benefits of production in the two villages. For example, craft villages in this province create an average annual GDP per person of 15-35 million dong, 5-10 billion dong in the annual state budget, and labour restructuring resulting in the recent ratio of labour in agriculture at 1.6-5 percent and roughly 20 thousand jobs for local workers and migrants. However, the two villages are also troubled with environment pollution, unsafe practices, and unsustainable production. Simple and backward technologies, input materials collected from scraps of other sectors, unskilled and untrained workers, etc. are some common features of production in both villages. As a result, they have faced serious air, water and land pollution, labour accidents, and a high risk of developing cancers. Recommendations have been made for dealing with these emerging issues, but various forms of aid are needed for improvement of production conditions, protecting the environment, and safeguarding

the health and livelihood of local villagers. Only when these matters are addressed, could competitiveness of these two productions be enhanced.

Challenges and negative impacts of integration also confront poor and migrant workers. Findings from the study named “Impacts of trade liberalisation on female workers and poverty reduction in Vietnam” performed by Ms. Ngo Van Hoai, indicated both beneficial and harmful impacts of economic integration on socio-economic development and workers’ livings, especially in the textile/garment and leather footwear production sectors. The two light-industry productions play an important role in contribution to state budget, unemployment settlement and income generation for workers. These sectors absorb more than two million workers and provide them steady average monthly salaries from 1.2 to 1.5 million dong (about 5 – 7 times higher than that of agricultural production). However, harmful social impacts of trade liberalisation on the two sectors and their workers after are also disconcerting. Almost all the workers in these productions are at risk of unemployment due to their limited capacity for departure point of low educational level, absence of training, knowledge and skills. Dismissal of employees could also result from international trade disputes. In fact, the anti-dumping case brought against Vietnam by the EU seriously affected local livelihoods. Hundreds of thousands of workers faced the risk of being let go or experiencing an income decrease of 20-30 percent from the previous year. Female and migrant workers challenged difficult and unstable living conditions, the failure to find replacement employment after losing their jobs in garment and textile or leather footwear factories, and returning to their hometown without savings, land or other conditions for another commencement. Social evils and instability can be derived from these situations. Several recommendations have been highlighted for minimizing the negative impacts, including the promotion of training courses for labour forces, especially rural employees, diversification of informal vocational forms for all economic ownership, expansion and building of more industrial zones, speeding up of urbanization for elimination of negative influences on migrants, support from the government for associations and businesses, etc. to enhance their competitiveness in trade liberalisation, and direct and indirect aid from international and local non-governmental organisations for improving workers’ capacity and living conditions.

Another vulnerable group that can be negatively affected by integration is poor farmers. The presentation of Ms. Pham Tuyet Mai from IPSARD on “Participation of the poor to agricultural value chain in Vietnam – The case of cassava products” provided a general overview on value chain outline, market management, the ability of upgrading, and the costs and benefits of each element in the chain. Cassava is considered the *‘plant for the poor’*, thanks to its small investment requirement, but its farming and preliminary treatment also degrade the environment with exhausted soil and polluted water some of the notable outcomes. Moreover, it is only capable of creating meagre profits for farmers as it is sold at very cheap prices. However, at the end of the value chain, pure starch is sold at steady, high prices in the international market. Thus, measures for increasing added values and upgrading the chain are of urgent need. High-quality and high yield cassava breed should be studied and provided for farmers. Besides, more intensive participation of each link in the chain for upgrading their functions is necessary for their achievement of enhanced benefits from the chain. Supports from the government and line agencies on market regulation and penetration, credit policy and land allocation were given much consideration in Ms. Mai’s recommendations.

Despite the fact that trade liberalisation influences the economy both positively and negatively, it seems to create a more favourable environment for the rich and developed countries. Conversely, vulnerable groups (poor farmers, female and migrant workers, craft villages with poor infrastructure and limited access to the market, developing countries, etc.) are far from reaching the full benefits of integration. Multi-aspect support should be granted for their improvement of capacity and competitiveness, to better benefit the economy in the context of integration.

Discussion of the dialogue saw the active involvement of participants, in the sharing of respective views and experiences. Participants agreed with many recommendations in the aforementioned presentations on aid for trade for developing countries, such as Vietnamese integration. Aid for institutional reforms, improvement of infrastructure and competitiveness, capacity building, enhancement of information systems and market access are all extremely crucial to improving our access to the positive effects of trade liberalisation. Properly defining the emerging issues, recognising target groups, and utilising the orientation of all granted aid is considered the key to successful integration.

SESSION 4 – CLOSING

In wrapping up the workshop, Dr. Nguyen Thi Tong highlighted the main advocacy points raised by all the participants. Comments from others included the notion that the information delivered in the workshop would prove very useful. The workshop was effectively an open discussion among policy-makers, researchers and development workers from NGOs. Despite the absence of creating a close link between the dialogue theme and the presentation content, the dialogue is considered successful by the serious involvement of all participants, and their active contributions of useful and motivating experience-sharing.

Through presentations with supporting evidence, participants were provided a comprehensive picture of both the positive and negative impacts that globalisation has on poverty. Resources distributed at the workshops, including the presentation materials and the “*Strengthening Linkages between Trade, Development and Poverty Reduction (TDP)*” report by CUTS–CITEE were welcomed by all participants. They expressed interest in sharing similar materials and discussions in the future. The presence of nearly 30 journalists was an important basis for widespread dissemination of the project, the dialogue and its results as well.

The dialogue shows our great efforts of contribution to publicise up to date information and support for raising public awareness on the issue of ***Aid for Trade and Pro-development Integration***.

**CENTER FOR DEVELOPMENT
AND INTEGRATION
(CDI)**



**VIETNAM ASIA PACIFIC
ECONOMIC CENTER
(VAPEC)**



**CUTS CENTER FOR
INTERNATIONAL TRADE,
ECONOMICS AND
ENVIRONMENT (INDIA)**



**NATIONAL DIALOGUE
AID FOR TRADE AND PRO-DEVELOPMENT INTEGRATION**

Hanoi, 21 September 2007

AGENDA

- 08:00 – 08:30 Registration
- 08:30 – 08:40 **Opening speech**
Ms. Nguyen Thi Tong, Director of Centre for Development and Integration
- 08:40 – 09:10 **Doha round and aid for developing countries**
Dr. Professor Vo Dai Luoc
General Director of Vietnam Asia Pacific Economic Centre (VAPEC)
- 09:10 – 09:40 **Improving competitiveness of Bac Ninh craft villages in economic integration**
By Ms. Nguyen Thi Tong, Centre for Development and Integration
- 09:40 – 10:00 Coffee-break
- 10:00 – 10:30 **Vietnam's WTO commitment and implementation**
By Dr. Trinh Minh Anh, National Committee on International Economic Cooperation
- 10:30 – 10:50 **Impacts of trade liberalization on female workers**
Ms. Ngo Van Hoai
Institute of Labor, and Social Studies, Ministry of Labor, Invalids and Social Affairs
- 10:50 – 11:10 **Participation of the poor to agricultural value chain in Vietnam – The case of cassava products**
Ms. Pham Tuyet Mai, Institute of Policy and Strategy for Agricultural and Rural Development
- 11:10 – 11:40 Discussion
- 11:40 – 12:00 **Concluding speech**
- 12:00 – 13:00 Lunch in Cong Doan Hotel

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ECONOMICS AND
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**NATIONAL DIALOGUE
AID FOR TRADE AND PRO-DEVELOPMENT INTEGRATION
*Hanoi, 21 September 2007***

LIST OF ATTENDANTS

No.	Name	Organization
I	Government organizations, Institutes, Associations, NGOs,	
1	Ngo Van Hoai	Institute of Labor, and Social Studies, Ministry of Labor, Invalids and Social Affairs
2	Pham Tuyet Mai	Institute of Policy and Strategy for Agricultural and Rural Development- IPSARD
3	Que Anh	CUTS Vietnam
4	Thanh Mai	CUTS Vietnam
5	Vo Dai Luoc	Vietnam Asia Pacific Economic Centre (VAPEC)
6	Trinh Minh Anh	National Committee on International Economic Cooperation
7	Tran Nhu Trang	Centre for Rural Progress
8	Nguyen Hoang Luu	Association of Small and Medium Enterprises
9	Nguyen Thi Tong	Centre for Development and Integration
10	Doan Hong Quang	Centre for Development and Integration
11	Le Van Ha	Centre for Development and Integration
12	Vu Van Ngoc	Centre for Development and Integration
13	Pham Hong Nhung	Centre for Development and Integration

No.	Name	Organization
14	Hoang Le Quyen	CUTS Vietnam
15	Pham Van Thanh	Institute of Policy and Strategy for Agricultural and Rural Development- IPSARD
16	Pham Thien Hoang	Central Institute for Economic Management
17	Le Quang Dao	Institute of Labor, and Social Studies, Ministry of Labor, Invalids and Social Affairs
18	Cao Thi Thu Hien	Centre for Development and Integration
19	Ly Phuong Lien	Centre for Development and Integration
20	Tran Hong Van	Centre for Development and Integration
II	Media	
1	Yen Trang	Tri tue Newspaper
2	Nguyen Chien Thang	Family and Society newspaper
3	Phuong Lien	Ha noi moi – Afternoon news
4	Viet Ha	Marketing and Family newspaper
5	Vu Huong Giang	Tuoi tre thu do newspaper
6	My Giang	Foreign Investment Magazine
7	Nguyen Viet Son	Thoi dai newspaper
8	Nguyen Thu Hien	Motherland E-news
9	Nam Suong	Vietnam communist party E-newspaper
10	Phuong Giang	Vietnam communist party E-newspaper
11	Tran Thu Trang	Radio the Voice of Vietnam
12	Doan Bich Ngoc	Vietnam Investment Review
13	Luong Quang Loc	Trade news

No.	Name	Organization
14	Chu Duc Dzung	Vietnam Economic review
15	Tran Nhat Minh	Capital women newspaper
16	Do Anh Vu	Social Science review
17	Duong Trong Nghia	Radio the Voice of Vietnam
18	Tran Duc	Dan tri newspaper
19	Luu Thi Le Thuy	Cong an nhan dan newspaper
20	Dang Thu Huong	Manager newspaper
21	Pham Ha	Law newspaper Ho Chi Minh city
22	Duong Nguyen Khai	Seafood trade review
23	Vu Dzung	Radio the Voice of Vietnam
24	Hong Minh	Social labour review
25	Viet Hoa	Law protection newspaper
26	Nguyen Thang	Health and Life newspaper
27	Minh Ngoc	Vietnam Education newspaper
28	Thuy Anh	Viettimes Newspaper
29	Hoang Hoa Hue	VTC news