

Analysis of Bilateral Trade Between Vietnam and China

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ABSTRACT

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The purpose of this study was to analyze the current status of trade between China and Vietnam. The study used data from the General Statistics Office report to uncover results of import and export activities of Vietnam and China, as well as the disparity between the two countries; aside from that, the study also pointed out the most significant products Vietnam exports to China as well as those Vietnam imports with great value from China. Furthermore, researchers have also found that Vietnam's trade deficit with China is growing, which is one of the major problems when our trade activities are highly dependent on China. Based on that analysis, the study offers several recommendations for enhancing trade between Vietnam and China; in the meantime, this also limits the current trade deficit between Vietnam and China.

Keywords: Trade, export, import, Vietnam, China

I. INTRODUCTION

In the context of the current deepening and wider scope of international economic integration, the development of bilateral and multilateral relations has become more and more universal and inevitable, which can promote important exchanges and trade relations between countries, create favorable conditions for trade activities, and promote the common development of social economy of all countries.

Vietnam and China are no exception, the two countries have extensive trade activities in various

fields, plus the favorable factors of their trade relations. Vietnam and China have a 1281 kilometer long border, and the two countries have a long term and multifaceted traditional relationship. The expansion of economic and trade cooperation between Vietnam and China has brought social and economic benefits, common development and interests to both sides.

With the continuous development of the cooperation between the two countries, especially in the field of trade, China has become one of Vietnam's main partners with many large investment projects. The group of countries that are among the top among

Vietnam, China, Vietnam and China exports goods to Vietnam, and is also a big market for Vietnam to export goods to China. According to the statistics of the General Statistics Office, Vietnam's exports to China in 2020 were about 48,905,157 thousand USD, and Vietnam also imported a large number of Chinese goods, with a total value of about 84,186,853 thousand USD.

However, in addition to the achievements made in the trade exchanges between Vietnam and China, it is undeniable that there are still some problems in the trade exchanges between the two countries, and the advantages and potential of the two countries have not been fully developed in trade.

Therefore, the purpose of this study is to analyze the current situation of trade between Vietnam and China between 2017 and 2020, in order to understand the achievements achieved, the limitations that may be proposed, and the solutions to further strengthen the trade between the two countries. Especially in the context of the continuous COVID-19 pandemic, this is also the objective environment that has a significant impact on the trade between the two countries.

II. LITERATURE REVIEWS

Trade exchange and factors affecting trade exchange have been studied in different ways in different research spaces. In the study by the author's Le Quynh Hoa and Phan Tan Luc (2021), the focus of the study is to assess the current situation of the impact of free trade agreements on Vietnam's agricultural exports. This study uses the gravity model with Poisson's ability to maximize the probability of overcoming the trade disadvantage of 0. The research results show that free trade agreements bring different effects, not all of them, but also positive results for Vietnam's agricultural exports. Nong Huu Tung, Tran Thi Ly and Dang Thi Hien (2020) also chose to export agricultural products for research. In

their research, they analyzed the current situation of the main agricultural product exported: Vietnam's rice, in order to find solutions to help the sustainable development of the industry. The data used in the study were collected from the rice exports during 2006-2018, and the SWOT analysis method, descriptive statistical research and comparative method were used to achieve the research objectives.

Vietnam's exports to other countries face not only barriers in terms of tariff measures, but also barriers in terms of non-tariff measures. In the study by author Doan Ngoc Thang, Le Thi An (2019), the largest export partner of Vietnam's 28 countries' export data tested the relationship between non-tariff measures and commodity exports. The results show that non-tariff measures have a negative impact on Vietnam's exports.

The authors Le Dang Minh (2014), Bui Thi Minh Nguyet, Tran Van Hung, Le Thi Mai Huong (2016) also studied the trade between Vietnam and China, using import and export data from Vietnam and China to calculate the trade balance, analyze the results achieved, limit the import and export between Vietnam and China, and propose solutions to promote the trade between the two countries. The research methods used in the two studies are relatively similar, that is, the method of collecting secondary data from the final report of the General Statistics Office, and the analytical method is descriptive statistics and comparative analysis of data to achieve the research objectives.

III. METHODOLOGY

3.1. Data collection method

The research data comes from the annual summary report of the National General Statistics Office, especially the data collected from Vietnam's import and export reports by country, region and country. Countries and regions; Report Vietnam's import value by country, region and industry.

In addition, the author also referred to the literature of professional scientific journals as a reference for carrying out this research.

3.2. Data analysis method

The author will summarize the collected data, use descriptive statistical methods, comparative methods and interpret the research results to analyze the bilateral trade activities between Vietnam and China.

IV. The actual situation of bilateral trade activities between Vietnam and China

During 2017-2020, the bilateral trade exchanges between Vietnam and China were very active, and the growth rate of exports and imports during the study period was the best proof. As follows Table 1.

Table 1 : Import and export volume of Vietnam and China from 2017 to 2020

Criteria	Unit	2017	2018	2019	2020
Export	1000 USD	35,462,686	41,268,385	41,414,093	48,905,157
Export value growth rate	%	-	16.37	0.35	18.09
Import	1000 USD	58,228,606	65,437,625	75,451,944	84,186,853
Import value growth rate	%	-	12.38	15.30	11.58

Source: GSO over the years

For Vietnam's exports to China: In 2017, Vietnam's exports to China were estimated to be about 35,462,686 thousand USD. During the study period, the export volume continued to grow, but the growth rate was uneven. In 2018, Vietnam's exports to China reached about US 41,268,385 thousand USD, an increase of about 16.73% over 2017. However, Vietnam's exports to China increased in 2019, but the growth rate was relatively low, only about 0.35%. In 2019, Vietnam's exports reached about 41,414,093 thousand USD. This is also a problem that Vietnam needs to study in order to further promote exports to China to meet Vietnam's available potential. 2019 and 2020 are the years when the world as well as Vietnam and China are affected by the Covid 19 pandemic, which has greatly affected the trade exchanges between the two countries. In 2020, Vietnam's commodity exports to China are estimated to be about 48,905,157 thousand USD, an increase of 18.09% over 2019 - a good sign for Vietnam's commodity exports

in the context of the huge obstacles to trade activities caused by the epidemic.

About Vietnam's imports from China: In fact, Vietnam's import activities from China are very large, and its high dependence on Chinese goods is also a matter of concern in Vietnam's activities, production, exchange and trade activities. In 2017, Vietnam imported about 58,228,606 thousand USD from China, a figure that continued to grow during 2017-2020. In 2018, Vietnam's imports from China increased by about 12.38% over the previous year. The estimated value in 2017 is about 65,437,625 thousand USD. In 2020, Vietnam imported about 84,186,853 thousand USD of products from China, an increase of about 11.58% over 2019.

Among Vietnam's exports to China, some key products have high export value, which is Vietnam's advantage, as follows Table 2.

Table 2 : Vietnam's exports of major products to China from 2017 to 2020 (Unit 1000 USD)

Commodities	2017	2018	2019	2020
1. Fruits and vegetables	2,650,557	2,783,769	2,429,652	1,839,855
2. Textile fibers and yarns of all kinds	2,042,467	2,216,215	2,400,738	2,147,834
3. Computers and accessories	6,860,566	8,363,669	9,557,546	11,086,692
4. Phone and accessories	7,152,499	9,375,135	8,293,173	12,342,785
5. Cameras, camcorders and accessories	2,088,496	2,801,052	1,533,926	1,439,426

Source: GSO over the years

The group of five products with the largest export value to the Chinese market of Vietnam are vegetables and fruits; fibers, textile yarns of all kinds; computers and components; phones and accessories; cameras, camcorders and accessories. The export value of these items is not the same.

For the item with the largest export value, it is the group of phones of all kinds and components; computers and components with export value in 2017 reached about 7 152 499 thousand USD and 6,860,566 thousand USD. The export value of this group of items continued to increase and reached about 12,342,785 thousand USD and 11,086,692 thousand USD in 2020. However, the export of these items Vietnam only plays the role of the main processing location.

Therefore, the value brought to Vietnam is not really great.

For Vietnam's strong agricultural products, the export value of vegetables and fruits in 2017 is estimated to be about 2,650,557 thousand USD, which shows a gradual downward trend, reaching about 2,429,652 thousand USD in 2019 and only about 1,839,855 thousand USD in 2020. The reality reflects the current difficult situation of agricultural exports. The epidemic situation is severe, the export of agricultural products is generally stagnant, the finished products cannot be exported, and the port trade difficulties continue. It is these objective difficulties that have a negative impact on Vietnam's fruit and vegetable exports to China in 2019 and 2020.

Table 3 : Import value of some Vietnamese products from China (Unit: 1000 USD)

Commodities	2018	2019	2020
1. Various fabrics	7,098,097	7,735,222	7,274,634
2. Computers, electronic products and parts	7,829,071	12,114,072	18,455,761
3. Other machinery, equipment, tools and spare parts	12,024,959	14,895,938	17,025,936
4. Mobile phone and accessories	8,581,992	7,579,252	7,795,950

Source: GSO over the years

The main products Vietnam imports from China are electronic products and various fabrics. The specific import amount is as follows:

The largest import value belonged to machinery, equipment, tools and spare parts of all kinds with import value in 2018 reaching about 12,024,959 thousand USD, this number increased to 17,025,936 thousand USD in 2020.

Computers, electronic products and components have the largest increase in import value among these four items, the growth rate in the period 2018-2020 is about 135%, specifically in 2018 the import value is about 7,829,071 thousand USD, this figure is about 18,455,761 thousand USD in 2020.

Phones of all kinds and components tend to decrease in import value during this period, which may be due to the impact of the epidemic on non-essential goods, and demand and consumption also decrease. The import value in 2018 was about 8,581,992 thousand USD, this item decreased to 7,795,950 thousand USD in 2020.

V. CONCLUSION

The analysis of the current situation of trade between Vietnam and China shows that the trade volume between the two countries has continued to grow, and Vietnam's exports and imports have increased. Vietnam and China had strong growth during the study period. However, this also shows that Vietnam is highly dependent on Chinese goods, and the trade deficit with China is also a matter of concern in the trade activities between the two countries.

In order to promote trade activities between the two countries, the author puts forward the following suggestions:

First of all, we should review the categories of Vietnamese goods imported from China and take measures to support domestic production to reduce the pressure of dependence on Chinese goods,

especially those produced and sold in Vietnam. From there, it is possible to narrow the current trade balance between the two countries.

Second, on the basis of giving full play to Vietnam's advantages, continue to promote the export of goods to China, especially encourage the export of deep-processed products with high value-added.

Third, improve product quality, meet non-tariff standards and applicable Chinese commodity standards, and avoid difficulties in the export process of partners.

Fourth, in addition to promoting imports and exports, Vietnam also needs to pay attention to the development and sustainable development of the domestic market to avoid the phenomenon of Vietnam's advantageous products "losing in the domestic market".

Fifth, it is necessary to focus on marketing measures to promote the search for new markets and reduce export pressure to traditional markets.

Sixth, it is necessary to take measures to strengthen the quality control of goods imported from China, to issue regulations related to the quality of products circulating in Vietnam, and to regulate the traceability of products.

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