

Viet Nam: Opportunities in Rapid Development

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26 June 2007, James Cook University, Townsville

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**VN: $< \frac{1}{2}$ of Australia N-to-S; $< 5\%$ of the area;
but $> 5x$ Australia's population**



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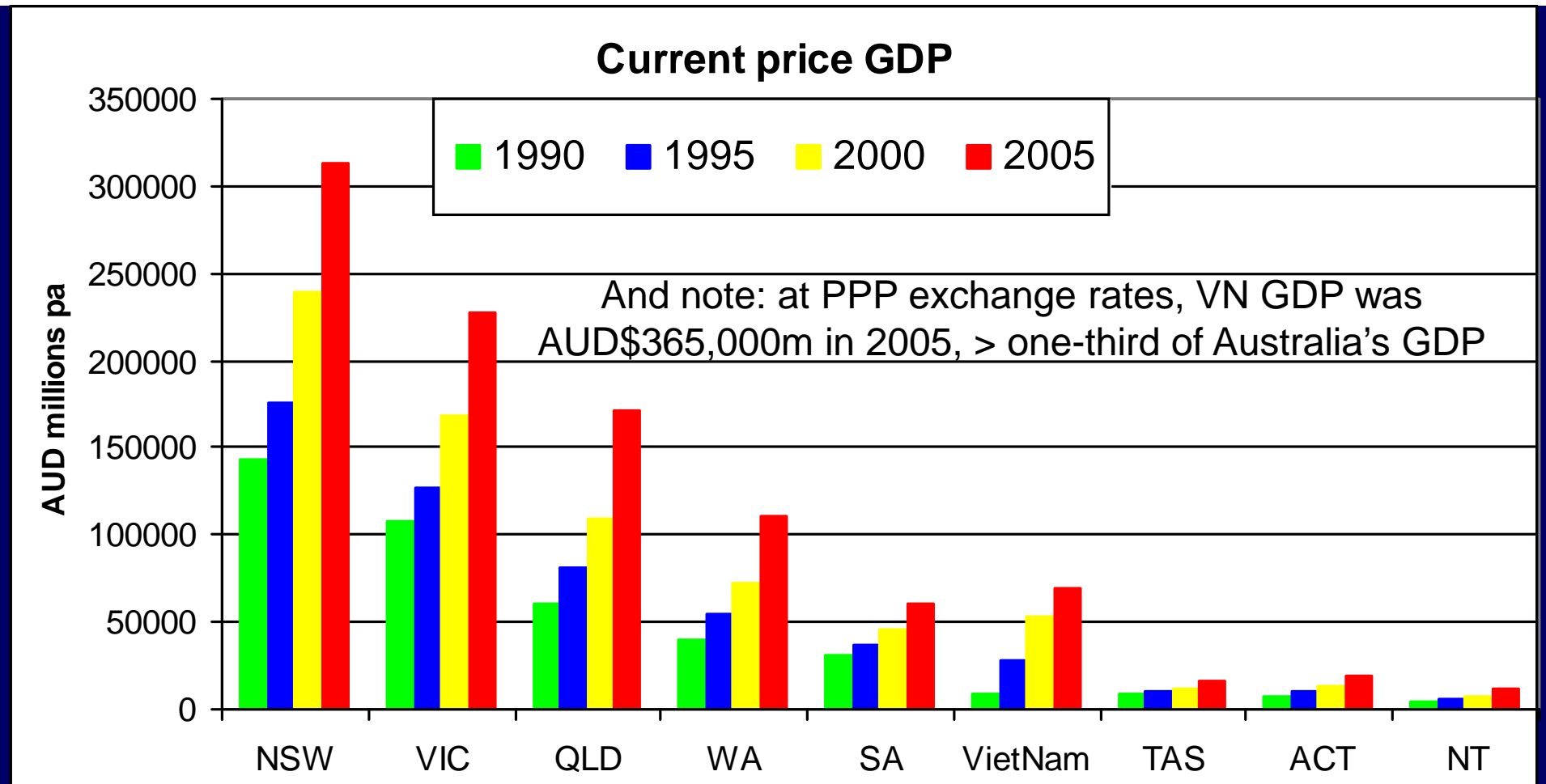
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GDP in VN was same as TAS in 1990 – by 2005 VN was bigger than SA



Source: Data from IMF WEO database April 2007 and ABS 5220.01

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VN: careful co-existence with “big brother” - after centuries of real “state of origin” wars



The battle of Bach Long river, 1288

Photos © Erskinomics 2007



3 sharpened stakes
recovered from river bed

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VN doi moi 'renovation' started in 1986: modern Asia but still in transition

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Eager to learn about the modern market economy



Uncle Ho is very much
“behind the scenes” now



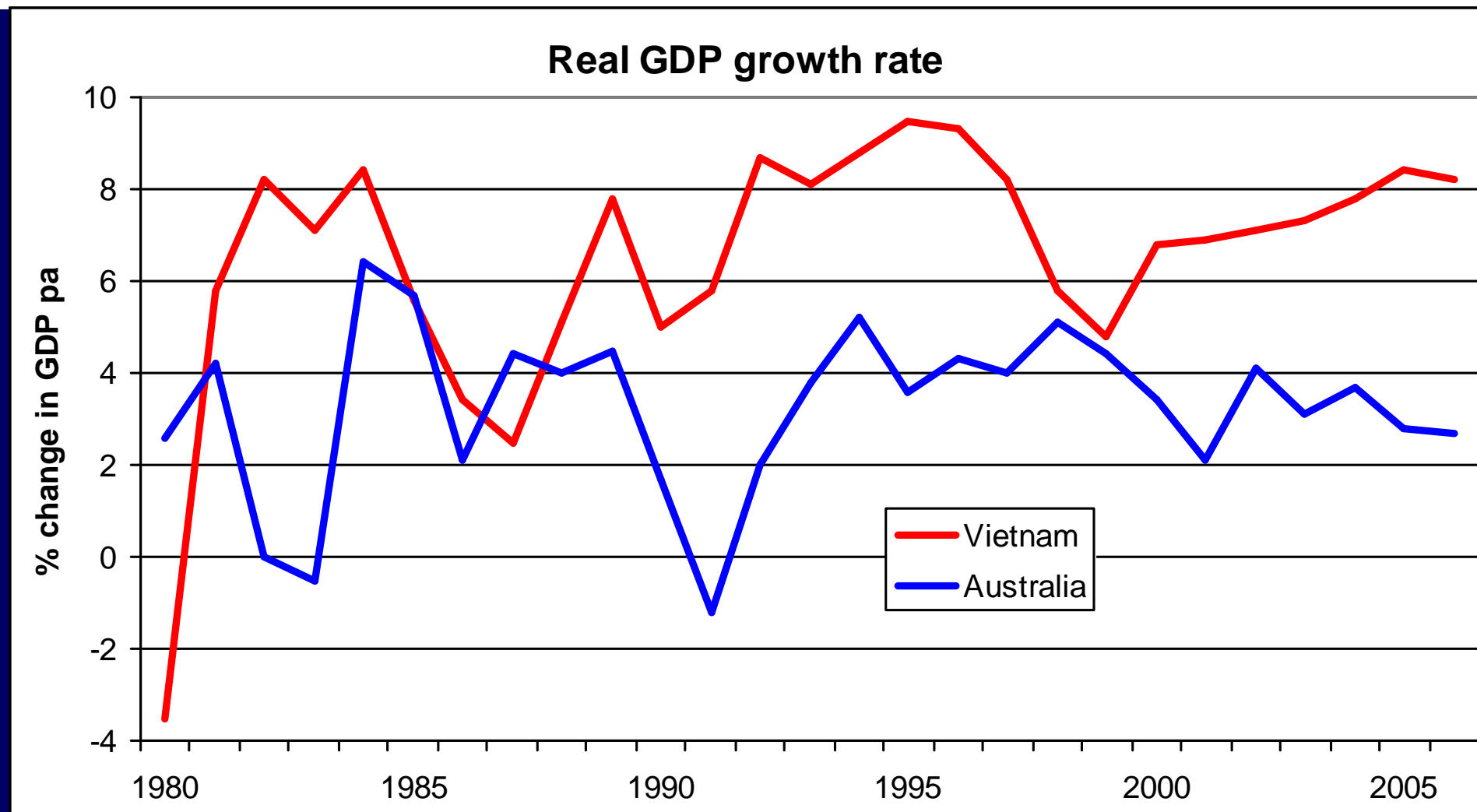
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VN GDP growth galloping – averaging 7% since 1990



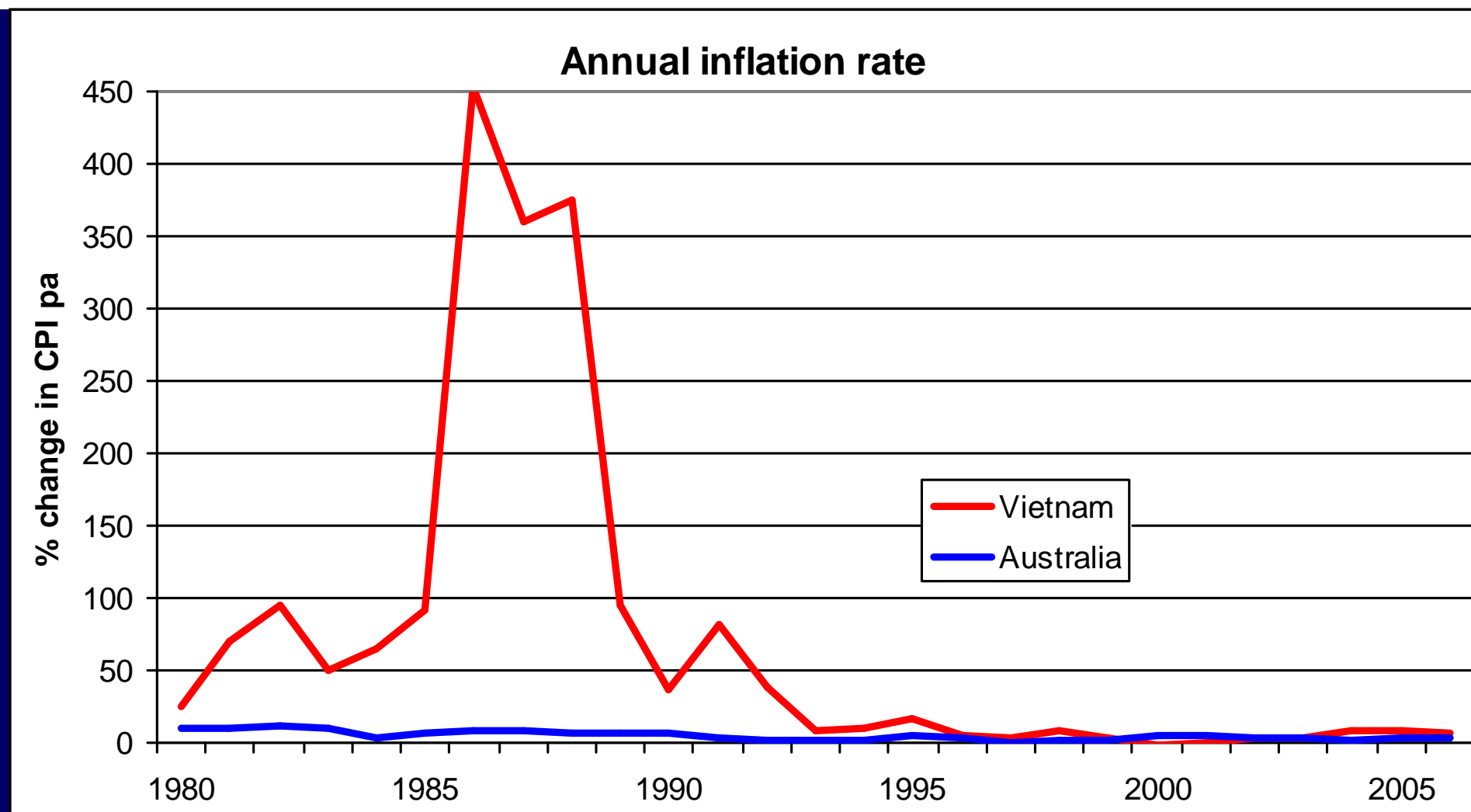
Source: IMF WEO database April 2007

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VN suffered high inflation in 1980s – but under better (perhaps not perfect) control now



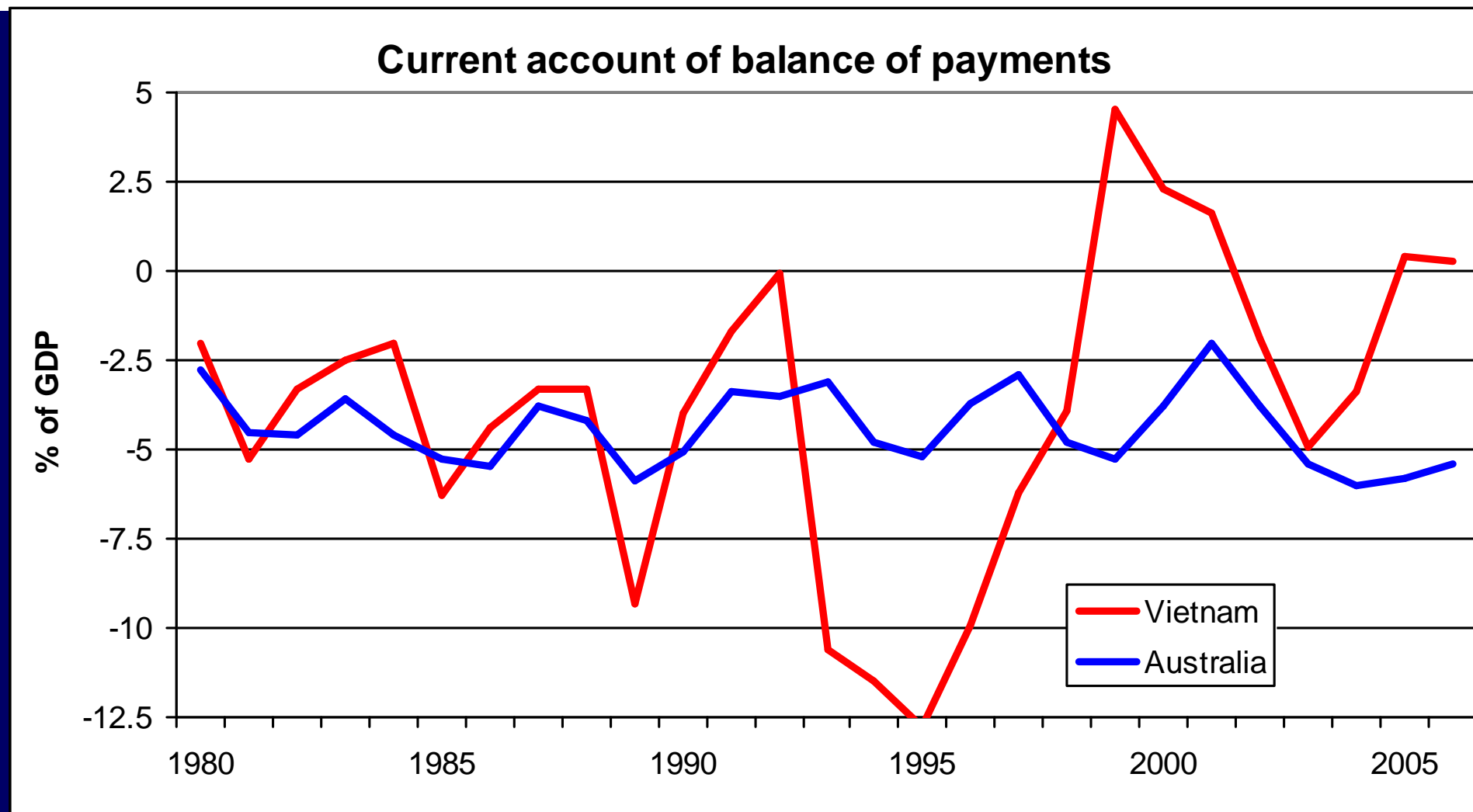
Source: IMF WEO database April 2007

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VN more volatile – today flooded with foreign capital inflows



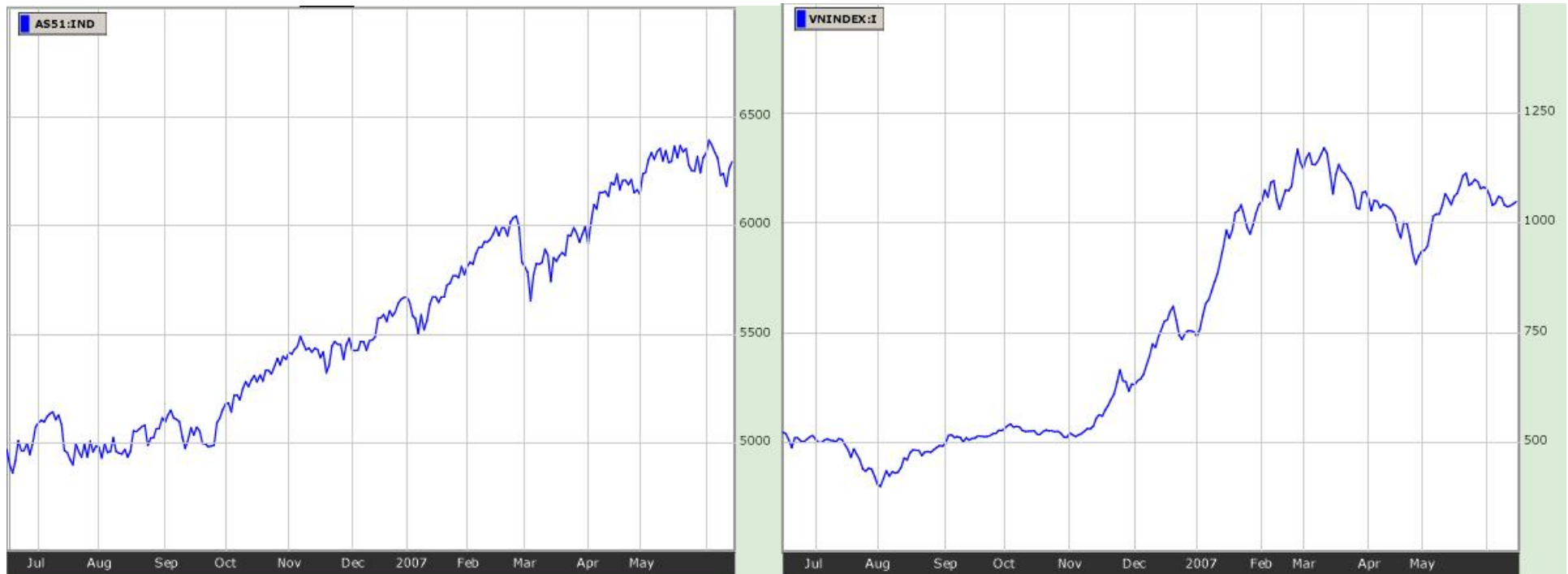
Source: IMF WEO database April 2007

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Last 12 months of equity market boom ASX200 hot (+30%): VN index hotter (+110%)!



Source: Bloomberg.com 21/06/2007

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VN traveling fast – so accidents will happen



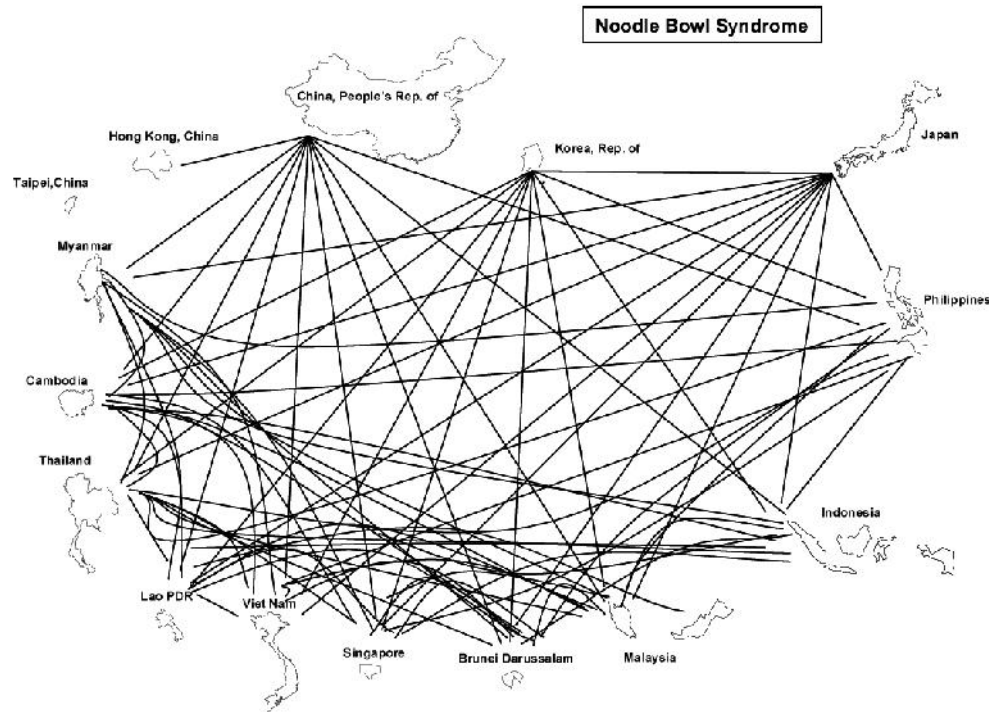
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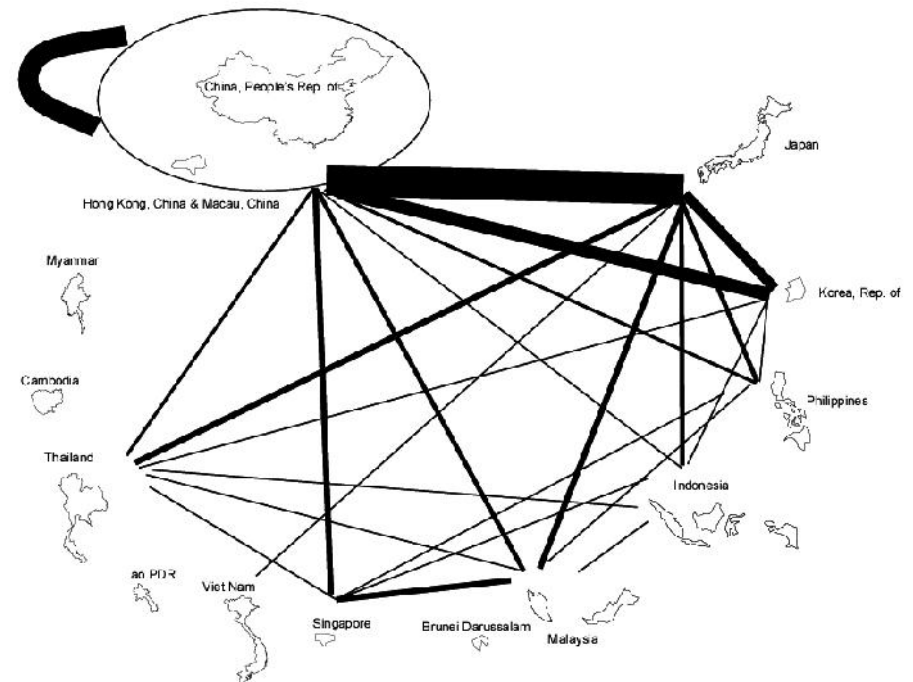
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Easy for Australians to be overlooked in the dynamism that is East Asia



Note: The map shows FTAs signed or under negotiation as of January 2006. East Asia is defined here as the 10 members of ASEAN, PRC, Japan, and Korea.

Figure 7: East Asian Bilateral Trade Flows Rounded to Nearest 1% of Regional Flows (line width proportional to %)



Source: IMF DOTS database.

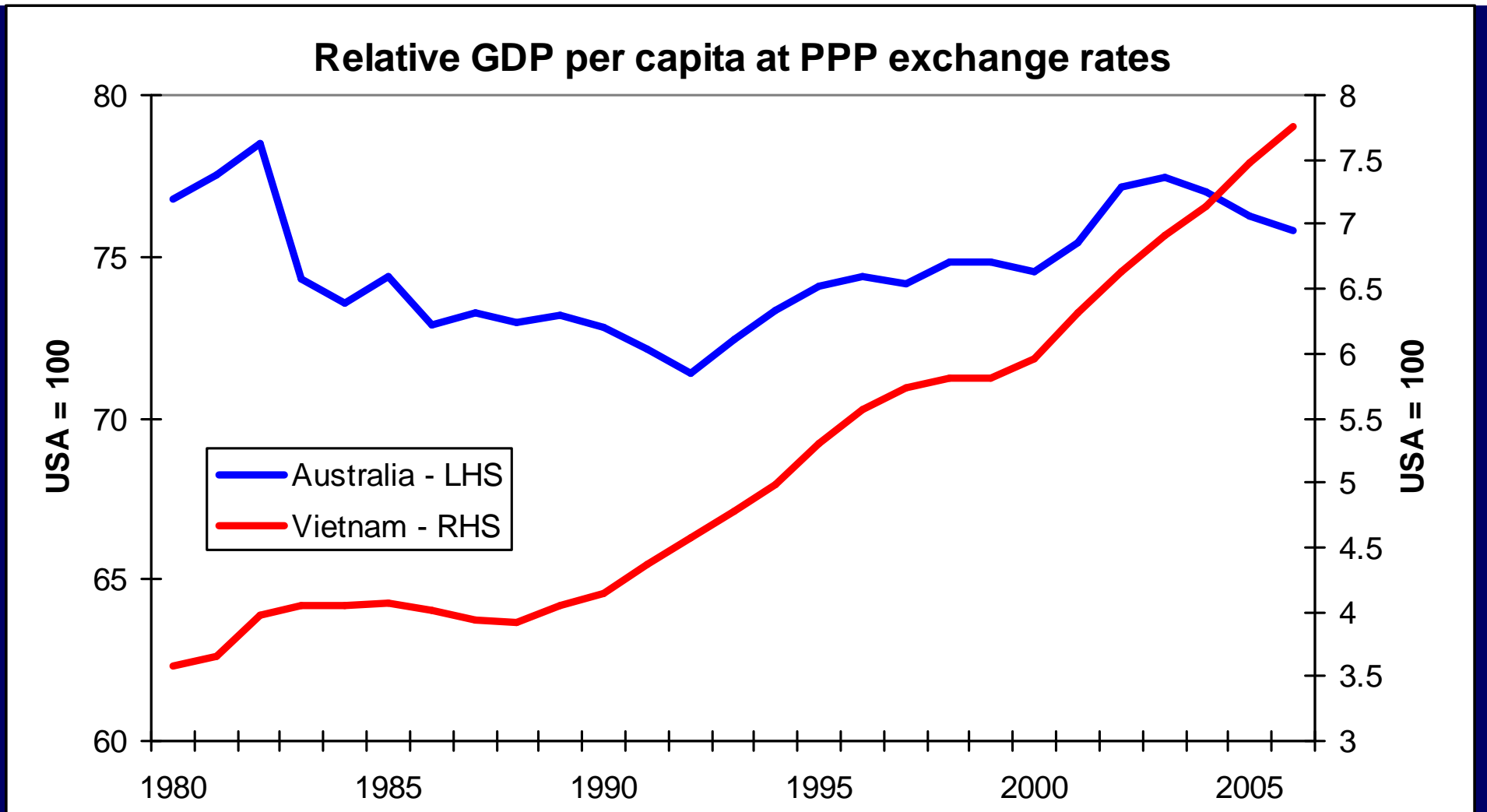
Source: Richard E. Baldwin *"Managing the Noodle Bowl: The Fragility of East Asian Regionalism"*
ADB Working Paper Series on Regional Economic Integration No. 7, Feb 2007

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Australia is 25% below the “technological & living standards frontier” while VN is more than 92% below – good time to utilise VN’s cheap labour as it catches up



Source: IMF WEO database April 2007 and Erskinomics

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VN attitude to Australians v. favourable

- Small, helpful, non-threatening power
- An export market and a source of capital & expertise
- ... and Australia is a good place to live

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VN business issues

- WTO entry on 11/01/2007 is leveling the playing field
 - VN joining the global supply chain
 - “Equitisation” of state-owned businesses & emergence of vigorous (but still small) private sector
- Transition *towards* a market economy
 - Need for local partners
 - Language and availability of skilled staff
 - Bureaucracy/provincial government
 - A few strikes aimed at foreign factory owners!
 - “Corruption in the business operating environment remains a key concern”*

* Andrew Currie, Chairman of Australian Chamber of Commerce, quoted in Vietnam Investment Review June 4-10, 2007 (published by the VN Ministry of Planning and Investment)



VN business issues easing for Australians

- Easier access
 - Qantas code-shares with Vietnam Airlines & has bought 30% share of Pacific Airlines (VN's 2nd carrier)
 - Jetstar flies to HCMC
- Easier living/learning
 - Australian International School in HCMC
 - RMIT in HCMC & Hanoi
- Easier banking
 - ANZ has branches in Hanoi & HCMC and a 10% share of Sacombank

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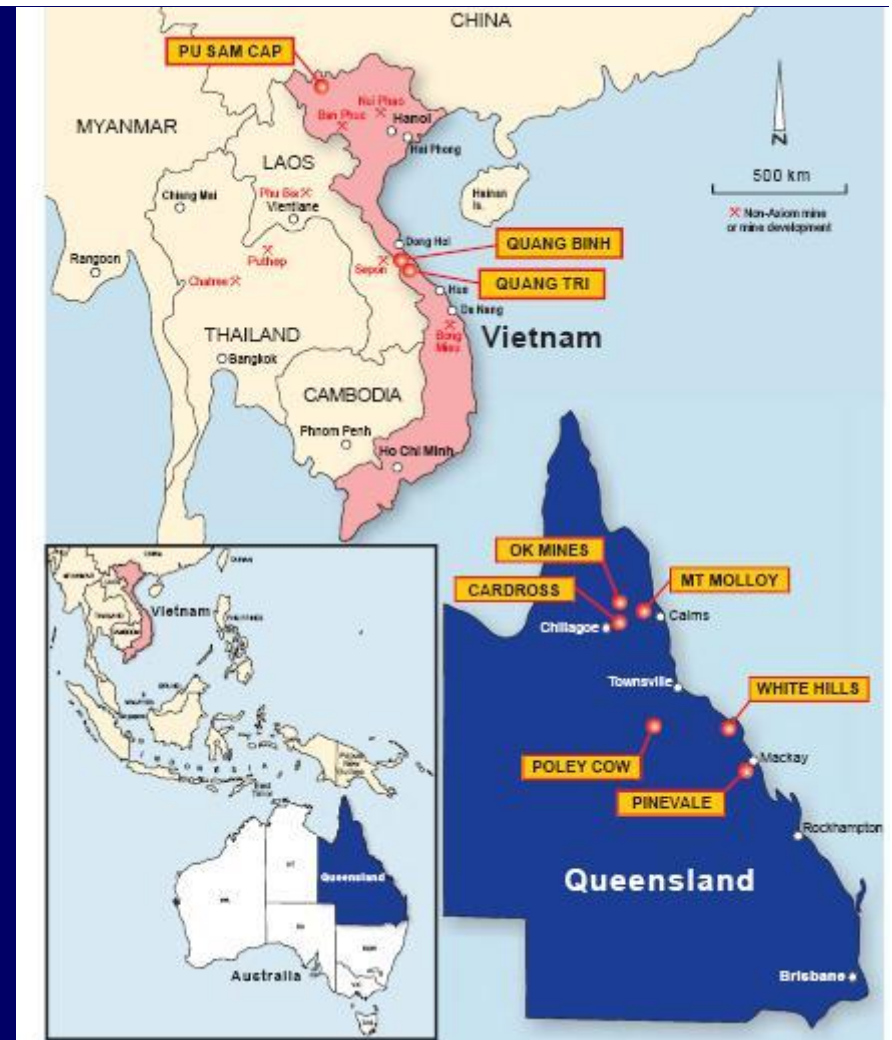
VN: Opportunities for North Queenslanders

Eclectic list in no particular order:

- Clothing, ceramics supplies etc.
- Minerals and oil exploration & development
 - Axiom Mining* & Santos* just the “early birds”
- Funds management in infancy
- Exotic fruits & fish farming
- Infrastructure & building projects
- ESL & other education
- Destination for holidays
- Offering refuge from drastic effect of global warming on the deltas – in due course

* Disclosure: the presenter has interests in both companies

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Source of map: www.axiom-mining.com



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Plenty to turn heads, and some nice sunsets



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The fine print

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