

PARTICIPATION OF NON-STATE ACTORS IN FORMULATION OF TRADE POLICY IN VIETNAM

Dao Ngoc Tien*, Nguyen Quynh Huong**
 Nguyen Thu Hang***, Ngo Chi Le****

Abstract

The trade policy making process in Vietnam is recently more open for non-state players to participate in and influence on the policy formulation. This research aims at analyzing and evaluating the participation of Vietnamese non-state actors in the formulation of trade policies through a survey with enterprises and associations. The survey results show that the grass-root enterprises (prefer to) contact policy making office indirectly via business associations, especially VCCI since they still expect the more prompt and detailed feedback from these authorities. In addition, the methods of consultation for business community (information from the competent authorities websites, email to the authorities, conferences held by the authorities, contact with VCCI or business/industry associations) are not efficient enough to assure two-way communication.

Key words: *trade policy formulation, multi-stakeholders consultation, non-state actor*

1. Introduction

In the nowadays global economy, international trading has become an essential part in the daily activities of all countries. Especially, export-import activities have become the locomotive for economic development of developing countries like Vietnam. Naturally, when it comes to export activities, one would like to enter markets with lower trade and non – trade barriers. So governments are encouraged to negotiate for lower tariffs, for instance, from their trading partners. Reciprocity basis would then require the exporting countries to as well open their markets for imported goods to come in more

freely. However, often governments would try to protect their economy from the competition of imported goods and presence of foreign

* PhD, Foreign Trade University, corresponding author, Email: dntien@ftu.edu.vn

** PhD candidate, World Trade Institute, Switzerland

*** PhD candidate, Foreign Trade University

**** PhD candidate, University of Barcelona, Spain

businessmen to some extent, especially when they want to nurture vulnerable industries. The export interest and import sensitivity do not go along together; hence, governments will have to make decisions: which domestic industries to protect with all cost? Which ones to trade off for market access into potential markets for strong export products? These decisions are realized in trade policies, and reflected in official documents between the governments of different countries, normally in the format of trade agreements, such as Free Trade Agreements (FTA) or a commitment/membership to a common trading framework (for example, the World Trade Organization (WTO)). Once governments bind their decisions in official documents, the country has to conform to its commitment, which can affect deeply the nature, the scale, the efficiency and the format of the business and activities of many sectors nation-wide. Needless to say, governments' decisions have to appropriately reflect the needs of the business community as a whole, after balancing interests of exporters and importers, of private and public sectors, of other social groups. In the process of making decisions related to trading activities, or trade policy making process, governments need to be backed up with information from interest groups, especially the private sectors to have accurate calculation of benefits (e.g. from exporting activities) vs. loss (e.g. from losing local market to foreign competitors). The information is necessary not only before the governments step in any trade negotiation (trade policy formulation) but as well after that, during the implementation of trade policy, so that any inappropriate steps can be revised somehow in the current policy or fixed in future commitment. This

information feeding – processing – selecting – implementing process is referred to as trade policy consultation or participation of non – state sector in international trade policy.

Not only government will benefit from the participation of non – state actors in the trade policy making process, but non – state actors also gain benefits from these opportunities. Non – state actors, especially private sectors, are heavily and directly affected from the implementation of trade policies in the countries. Therefore, if they succeed in delivering their concerns to the government, and have their interests reflected in the trade policies (e.g. opening foreign market access to their exporting products), their business activities will definitely boost up. Contrarily, if the trade policies contain unfavorable conditions for their activities (e.g. the government decides to open the domestic market of their sector), they will have to face fiercer challenges and competition. Participation in trade policy making process will possibly not only bring more opportunities and fewer challenges to non – state actors but as well prepare them for the outcomes of the process, i.e. the finalization of the policies and the implementation process. Participating in the trade policy consultation helps non – state actors to receive information on the direction of government's trade policy and helps them to be ready to reap opportunities and face with challenges.

In conclusion, participation of non – state actors in international trade policy formulation is very important for both government and non – state actors themselves. With the rationale set forth, the paper aims to answer following research questions:

Research question 1: Why do actors participate in the trade policy consultation process?

Research question 2: Who are involved in the trade policy formulation?

Research question 3: How do actors involve in the trade policy making process in term of methods and content of consultation?

Research question 4: When does the trade policy consultation process occur?

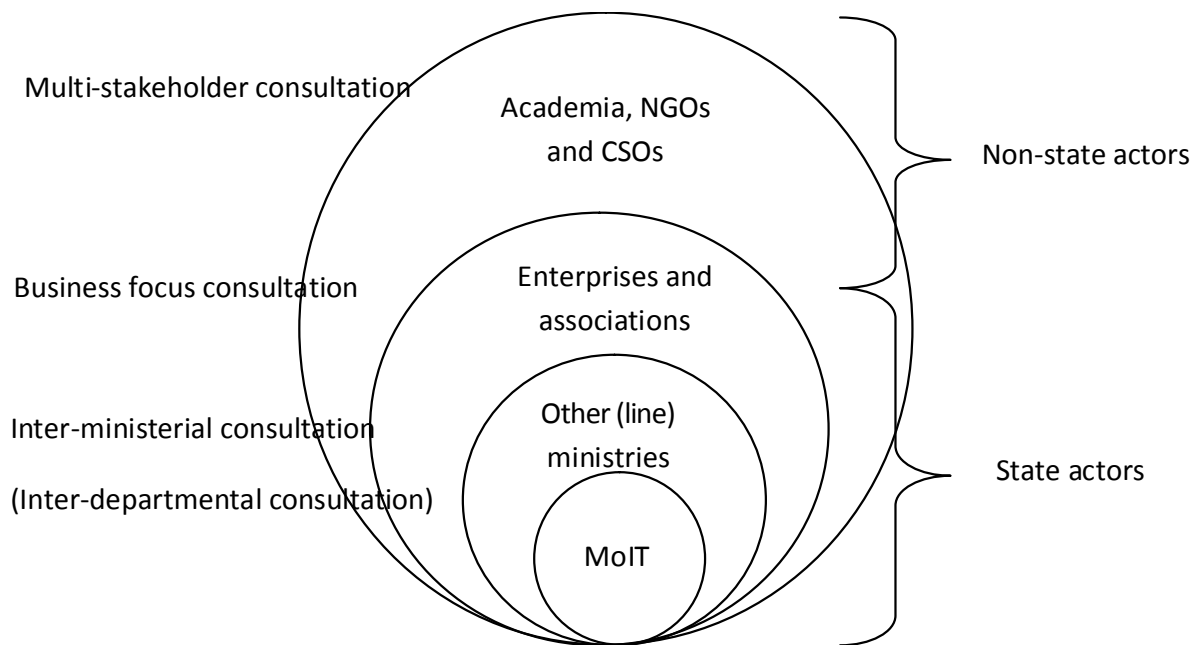
2. The structure of the trade policy making consultation mechanisms in Vietnam

Consultation is defined as the exchange of information through meeting, conference or any other medium. In the research studying

the reality of trade policy making process in five African countries, Kaukab et al (2009a, p.23) classify trade policy making consultation into three mechanisms: inter-ministerial coordination only; public and private sectors representatives only (business or enterprise focus consultation); and multi-stakeholders consultation (including government authorities, civil society and private sectors).

However, in Vietnam, the roles of civil society organizations and academia are limited, and therefore, the multi-stakeholder consultation is not very popular. In this paper, we will focus on the inter-ministerial coordination and business-focus consultations.

Figures 1: Consultation mechanisms of trade policy



Source: adapted from Kaukab et al (2009a)

Inter-ministerial/departmental coordination

The process of negotiation is led by Governmental Negotiation Delegation on

International Economic and Trade which was established by Decision No 30/2003/QĐ-TTg dated 21/2/2003. According to this Decision, the delegation, headed by a Deputy Minister

of Industry and Trade, will draw member from other ministries on the on-the-job basis. Supporting the delegation is the Secretariat which is part of the National Committee on International Economic Cooperation (NCIEC). This inter-departmental structure of consultation mechanism has very well supported the Vietnamese Prime Minister in the negotiation stage since it plays the role as the bottom-up connection link crossing all departments of the government for information input.

Business-focus consultation

Before 2012, there is no mandatory system in Vietnam for the consultation of non-state sectors in the stage of international trade agreement negotiation. However, under the management of the VCCI, the Committee on International Trade Policies (CITP) was initiated in January 2010. This focal agent has acted as the forum for the voice of both private sectors and government bodies on international trade issues. Interestingly, therefore, they are to some extents able to play their role both in the inter-ministerial consultation mechanism and the multi-stakeholders consultation mechanism in Vietnam. CITP's members include representatives of business associations in crucial industries, experts from competent authorities such as the National Assembly, the International Cooperation Department of the Vietnamese Ministries, Office of the Government and Experts from Universities, etc. Their missions are to support the authorities in the international trade agreement negotiation in providing the necessary input and domestic consensus as well as to assist the agreement implementation. Meanwhile, they would pass the opinions of business communities to the competent governmental bodies in regards to the negotiating and implementing

international trade commitments, informing them the progress and the feedback.

Hence, the Vietnamese private sectors normally could contact the competent governmental bodies via agents such as VCCI or CITP for their suggestions, their proposal of modification of existing or on-going formulated trade policies. However, CITP only can influence on the trade policy maker to some limited extents since their consultation with the government bodies and enterprises is not compulsory in Vietnam.

In January 2012, the Vietnamese Prime Minister issued Decision No.06/2012/QD-TTg on consultation with the business community on international trade agreements setting requirements for consultation at this stage. Who is the interested group for this multiple-stakeholders consultation? Then the interesting question is whether they are really efficiently involved into the consultation mechanism; which will be left for the later primary data analysis in this research. According to the scope of this Decision, it regulates the "consultation between agencies (which are ministry, ministerial level agencies, government attached agencies or negotiation delegation established by competent authorities to assume the prime responsibility for negotiating an international trade agreement with one or more than one partner) responsible for negotiation and the Vietnamese business community in the process of preparing and negotiating international trade agreements". Business community which is referred in this Decision is limited within only "Vietnamese enterprises defined under the Enterprise Law, business associations and lawful representative agencies and organizations of these enterprises as provided by Vietnamese law". Dordi (2012) commented after the

issuance of this Decision that the Vietnamese reluctant enterprises had been supported with the “lobby instruments”.

The decision required delegations to provide “minimum” information including the Decision on kick-start international trade negotiation/feasibility study on trade negotiation, email address and website of the agencies being responsible for the negotiation, trade partners, deadline for responses from the communities through e-mail and website to private sectors. The private sectors then could directly response to the government agencies being responsible for the international trade agreements or through Vietnam Chamber of Commerce and Industry (VCCI). The competent agencies also have responsibilities to provide VCCI related information including typical market opening agreements in which the trade partners had

signed with the third party; market opening agreements with third party equivalent to the on-going negotiated agreements; time schedule for conferences, meetings with the business community if happens.

So far, at the first glance, all the stakeholders and the governmental system have been connected in the “mutual talk” forum. The legislative regulation has made the information available and created opportunities for the private sectors to make use of it. It strongly enhances the transparency of the trade policies. Perhaps after the Decision 06/2012/QD-TTg, the “room next door consultation” does fully exist in Vietnam with the participation of the private players into the international trade negotiation. As noted by Dordi (2012), there were more than 20 recommendations sent to the Government until mid of June 2012.

Table 1: Consultation Mechanism in Vietnam

Mechanism	Agents	Role	Composition
Inter-department (Inter-ministerial)	National Committee for International Economics Cooperation (NCIEC)	Supporting Prime Minister, Coordinating, Ministries, Industries, Municipal agents in the international economics integration Supporting Governmental Negotiation Delegation on International Economic and Trade.	Members: Vice Prime Minister, Minister and Deputy Minister of Industrial and Commerce and other Deputy Ministers of other ministries, Vice Director of National Bank, Vice Director of the National Office Under the direct supervisor of the Prime Minister, but <i>de facto</i> , and belongs to Ministry of Industry and Trade.
	Office of National Committee on International Economics Cooperation	Supporting the National Committee on International Economics and Cooperation	Belonging to the Ministry of Industry and Trade

	Governmental Negotiation Delegation on International Economic and Trade	Supporting Prime Minister, Ministry of International Trade And Industry for international trade negotiation. Leading and coordinating Ministries, relevant government bodies to set the strategies and plans, formulation and implementation for international trade agreements.	Members: Minister of Industry and Trade Ministry, representatives of departments from other Ministries. Under the direct supervisor of the Prime Minister
	NCIEC (Supported by the Office of National Committee on International Economics Cooperation)	Technical Supporting, Providing information for the Ministry of Industry and Trade as well as other ministries in trade negotiation, trade policies' formulation and implementation.	
Business-focus consultation	Vietnam Chamber of Commerce and Industry (VCCI)	Creating forum for the meetings between private sectors and public sectors Supporting public and private sectors with trade information, updating negotiation trends in international trade agreements. Acting as the third parties in the consultation from the competent authorities for business community on the international trade negotiation. Assisting the government bodies for updating enterprises information database	Non-government organization
	The Committee on International Trade Policies (CITP)	Coordinating the forum for the consultation of international trade negotiation for business communities Being the connection between competent authorities and relevant enterprises for the feasibility study or negotiation of international trade agreements	Belonging to VCCI Members: representatives of business associations in crucial industries, experts from competent authorities such as the National Assembly, the International Cooperation Department of the Vietnamese Ministries, Office of the Government and Universities

	Vietnamese Business Associations	<p>Representatives of individual enterprises' voice on their proposal of modifications, suggestions on trade policies</p> <p>Providing information about relevant international trade agreements, trade partners, trade negotiations...</p> <p>Visame (Trade nuclei)-Vietnamese Association of Medium and Small Enterprises Setting up 12 groups of export oriented entrepreneurs in 8 provinces to pass the messages and suggestions from small and medium enterprises (Dordi, 2012)</p> <p>Offering trade counseling services to their member</p>	(i.e. LEFASO, VINASME, VICOFA, VINASA, VIETFOREST ; VITAS...)
	Enterprises Representatives of enterprises	Debating and commenting on the feasibility study or the negotiation of the international trade agreements on the time schedule provide by competent authorities (i.e. suggestions on strategies, requirements for trade partners or ideas for the negotiation process)	
Multi-stake holders	NGOs (i.e. EuroCham, AusCham, Academia) (do not directly participate, only support the enterprises)	<p>Assisting, representing the Foreign and Vietnamese enterprises in international Trade agreements</p> <p>Collecting information, providing information for those business communities</p> <p>Technical supports to Vietnamese government bodies in trade policies' making process, assisting enterprises, business association with lobby activities.</p>	
	Academia (research and training institutions)	<p>Conducting research projects by the request and funded by government.</p> <p>Providing information to society through conference and journals.</p>	<p>governmental institutions</p> <p>public institutions</p> <p>Private institutions</p>

Source: Information is collected and summarized from the Legal documents: Decision No.182/2007/QĐ-TTg, Decision No.06/2012/QĐ-TTg, and websites: <http://wtocenter.vn/citp>, <http://moit.vecita.gov.vn/>

In conclusion, the inter-department, business-focus consultation in Vietnam are arranged separately with the multi-stakeholders consultation. And it is obvious that non-state actors can formally react in the process via emails and comments on the competent authorities' websites or indirectly via the agents like business or industry associations, VCCI or CITP. They are provided information but are not allowed to participate in the negotiation of the international trade agreements with the trade partners. Are these lobby instruments really efficient in improving the non-states participation in the consultation process or enhance their influence sphere on the policy makers? The answer would be further considered in the statistics analysis.

3. Methodology

The authors have carried out a survey with enterprises, which are selected randomly given their variety in business types, scale and funding resources. Questionnaires were designed to provide information on reasons, methods and frequency of consultation in trade policy making. There are 3 different types of questionnaire, corresponding to enterprises, government officials and associations. A pre-test has also been used to assure questionnaires' validity and accuracy. Due to limited resources, convenient sampling was applied. The questionnaires were posted **online invitation** with a separate email sent to each potential recipient.

The table below reflects the proportion of groups of non-state actors participated in the survey.

Table 2: The proportion of surveyed recipients

Enterprises	Total	226	100%
By headquarters' location	North of Vietnam	190	84%
	South of Vietnam	36	16%
By state-owned capital	With state-owned capital	48	21%
	Without state-owned capital	171	78%
By Foreign direct investment	With foreign direct investment	57	25%
	Without foreign direct investment	162	72%

4. Analysis and findings

4.1. Why do actors participate in the trade policy consultation process?

Among three main reasons for trade policy's involvement, non-state actors mostly considered that the consultation would be for their own benefits because they will be affected by the policy (73%). Some of them seemed to be aware of the existence of winner and losers from policy. Surprisingly, 22%

respondents agreed that consultation is to provide real information to the government. It coincides with the assumption that enterprises just do what is beneficial for them. Consequently, the information provided will likely be biased toward business benefits rather than society's benefits. In other words, the direct consultation from enterprises in Vietnam will be inevitably avoided from these nested interest groups.

Table 3: Reasons for non-state actors to participate into trade policy process (by location)

Reasons	Percentage	Percentage by location		Difference
		The North	The South	
Providing the government agencies with real information	22%	17%	22%	0.053
Receiving adequate beneficial policy for their own enterprises	73%	62%	44%	-0.171*
For general benefits for all industries and society	51%	43%	33%	-0.098

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

For the first and the third reasons (see Table 3), no evidence shows that there is difference among enterprises' choice, including the Northern and the Southern ones and among their ownership.

Concerning the second reason, enterprises' opinion varies between Southern and Northern ones, and differs among their ownership. The proportion of Northern enterprises agreeing with this reason is significantly higher than

the Southern (62% and 44% respectively). It is interesting as in Vietnam, enterprises in the South are comparatively more business oriented and dynamic, which should lead to more active participation in consultation process. The possible reason is that they anticipate the poorly efficient process, leading to the "just do the business" rather than "try to change policy" attitude. In other words, they tend to accept all possibility from policy changes.

Table 4: Reasons for non-state actors to participate into trade policy process (divided by their ownership)

Reasons	Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
	State one	Non-state one	Difference	FDI one	Non-FDI one	Difference
Providing the government agencies with real information	25%	16%	9%	18%	17%	0.009
Receiving adequate beneficial policy for their own enterprises	48%	70%	-0.222*	64%	51%	0.127*
For general benefits for all industries and society	50%	40%	0.096	43%	42%	0.011

Source: Survey Results (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Relating to the presence of state capital among the domestic companies, the non-state enterprises more accept this second reason than the state ones (70% and 48% respectively). It might be the evidence that state-owned enterprises are less interested in policy consultation with the assumption that the government should protect the benefits of their state-owned enterprises.

As for FDI and non-FDI enterprises, 64% of the FDI ones agree that trade policy consultation is good for their own, and 51% of non-FDI companies approve for this choice (See Table 4). That implies that the non-state and FDI enterprises seem more pragmatic because they feel less safe and less protective from the government than the state ones in the economy.

Comparing the reasons from both sides, it seems to be a mismatch between the states and the enterprises. From the state's side, they see consultations mostly a way to improve policy transparency, which is understood by government officials as one-way flow of information from the state to the non-state actors. So they try to publicise the information to the public to fulfill this one-way flow of information. From the enterprises' perspective, consultation needs to provide benefits to them, which cannot be satisfied with one-way communication without government's responses to business's comments.

4.2. Who are involved in the trade policy formulation?

Among non-state actors, only associations have frequently participated in trade policy

Table 5: Actors involving in trade policy formulation in Vietnam with frequency

1	Ministries to Enterprises	67% of responded governmental officials has consulted enterprises
	Enterprises to ministries	29% responded enterprises has commented on draft of trade policy 52% responded enterprises has participated in conferences organised by government
2	Ministries to Associations	100% of responded governmental officials has consulted associations
	Associations to Ministries	100% of responded association representatives has contacted with ministries
3	Ministries to Academia	33% of responded governmental officials has usually consulted academia actors 67% of responded governmental officials has occasionally consulted individual researchers
4	Ministries to Governmental institute	50% of responded governmental officials has consulted governmental institutes
5	Enterprises to Association	44% responded enterprises has send their opinions through associations

Source: Survey Results (2013)

formulation through their relations with government actors. This can be explained by the fact that many associations’ staff and leaders are former governmental officials. Their personal relationships have allowed them to affect trade policy, either formally or informally.

The other actors such as enterprises and academia have much less contacts. While enterprises can indirectly involve in the process, academia actors has direct but less frequent roles in trade policy formulation.

In general, we see the consultation process seem to be based more on personal relationships. As mentioned above, there are movement of people among government officials to associations (as president of association after retired), state-owned enterprises (representatives of state capital contribution), government research institutes. Those actors are also more active in consultation process, creating core area of trade policy consultation in Vietnam.

As for the government, the internal consultation with other relevant ministries and within departments of the ministries seem to be most used (3.4 point and 3.1 point at ranking scale of 5 points) as 56% and 37.5% of government officials say that they always consult with other relevant ministries and within the ministries during trade policy – making process respectively. This result is similar to other countries, including developing and also developed countries, as the nature of trade policy has become more and more complicated, requiring the involvement of different departments and ministries. In addition to this internal policy consultation, all the other actors are consulted less frequently, especially independent research/university and enterprise (Table 6).

Table 6: The frequency of consultation with other partners in trade policy process

Actors	Average
Other department within the ministry	3.1
Other relevant ministries	3.4
Governmental institute	2.6
Institute and university	2.3
Association	2.9
Enterprise	2.5
Individuals, experts and researchers	2.5

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10% Average level 1 → 2 → 3 → 4 denote for occasionally → Sometimes → Usually → Always

Besides, the government usually pays attention to associations when they need consultation (2.9 point). Nevertheless, conforming to Hoang Van Chau et.al (2009), further interview says that association has not played its important role as enterprises’ representatives. The government also occasionally consults with individual experts, enterprise, and academic institute (2.6, 2.5 and 2.5 point respectively). It implies that mechanism for consultation is not open to non-state actors, especially enterprises and academia. It means that the enterprises will have few opportunities to interact directly to the government in trade policy – making process.

Table 7 shows different target groups including in governmental officials, legislators as policy makers and ministerial officers as policy negotiators for the enterprises’ advocacies

Table 7: The enterprises' targets of advocacies

Targets of advocacy	Average	By Headquarter			Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
		The South	The North	Difference	Non-state	State	Difference	Non-FDI	FDI	Difference
Directly make suggestion to the Government (governmental institutions and officials)	2.2	2.5	2.0	0.495*	2.6	1.9	0.710*	2.1	2.2	-0.115
Directly make suggestion to the National Assembly (legislators)	2.2	2.8	2.0	0.754*	2.4	2.0	0.404*	2.1	2.2	-0.093
Make suggestion to the Ministry (policy negotiator)	2.8	3.1	2.7	0.368	3.0	2.7	0.288	2.8	2.9	-0.093
Make suggestion to other relevant ministries	2.8	2.9	2.7	0.168	2.8	2.7	0.075	2.7	2.7	0.034

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Average level 1→2→3→4 denote for unnecessary → Necessity but Unimportant → Important → Very Important level

Table 7 shows that enterprises all consider policy negotiator at the Ministries as the most important target for their policy advocacy (2.8 point out of 4 at average level). Moreover, statistical tests show that there is no significant difference by headquarter ownership on their consideration. It implies that advocacy efforts are also targeted at lower level officials within ministries. This could be explained for many reasons. As for the enterprises, negotiators at ministerial level seem to have far better knowledge on the details and substances of

the country's trade policy, and easier to get in touch. Therefore, promoting relationships with officials from ministries could allow more space and opportunities to deliver their advocacy messages via these state actors.

In addition, It seems that enterprises in the South and non-state business target at higher levels (National Assembly) than the ones in the North and state business (ministerial officials). Once again, the possible reason might be personal relationship as all ministries are located in

Hanoi, so the personal interaction seems to be comparatively higher. In the South, or for non-state enterprise, it is difficult to directly discuss with lower officials at executive level, then they see legislators at National Assembly as the necessary and important target.

4.3. How do actors involve in the trade policy making process in term of methods and content of consultation?

Method of consultations

For the enterprises, there are several ways to seek to influence trade policy. These include participation through Vietnam Chamber of Commerce and Industry (VCCI), business associations, academic institutes & universities, public media channels, seminars & conferences, and self-initiate interaction with the Government. Table 8 summarizes ways used by enterprises to influence trade policy and the relative importance (average level) attached to each alternative by enterprises.

Table 8: Ways of enterprise's engagement into trade policy on participation's methods

Reasons	Average	By Headquarter			Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
		The South	The North	Difference	Non-state	State	Difference	Non-FDI	FDI	Difference
Through Vietnam chamber of Commerce and Industry (VCCI)	2.5	3	2.4	0.571*	2.3	2.5	-0.222	2.4	2.6	-0.198
Through Associations	2.6	3.0	2.6	0.432*	2.5	2.6	-0.037	2.6	2.9	-0.330
Through academia institutes & universities	2.0	2.5	1.9	0.622*	2.1	2.0	0.104	2.0	2.0	0.003
Through public media channels	2.7	3.0	2.6	0.409*	2.5	2.7	-0.291	2.7	2.7	0.005
Through seminars, conference	2.8	3.2	2.7	0.514*	2.7	2.8	-0.134	2.8	2.7	0.088
Self-initiated interaction with the government	2.5	3	2.3	0.616*	2.8	2.3	0.541*	2.4	2.6	-0.210

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Average level 1→2→3→4 denote for unnecessary →Necessity but Unimportant→ Important → Very Important level

The surveyed enterprises prefer to send their opinion and participate in conferences/seminars and public media. They rank these channels as the first and the second important ways to influence the policy with 2.8 and 2.7 out of 4 points in average level respectively. It's due to their thought that these channels can help to reach the government easier and get feedback faster. Besides, the responded enterprises consider associations as the third important approach to deliver their message and participate into trade policy process (2.6 out of 4 points at average level).

There is difference between the Northern and the Southern enterprises' consideration in all policy's involvement approaches. In each choice, the Southern companies always more agree with the importance of each way than the Northern ones. As the business environment in the South are more dynamic, enterprises here are also given more importance to the consultation process in trade policy formulation.

As for the Government, in consistent with the reason, state actors use different methods of consultation. The most frequent method is official letter sent to other ministries and association (not for enterprises). This is problematic and cannot assure an effective understanding and result because this method is indirect and one-way interaction. Besides, **governmental** usually organize conferences or **authorities** seminars to get information from others for consultation, which also is considered as the most important approach for trade policy's involvement by the enterprises. As a result, participation of the business community in conferences/seminars and in associations seems to be common channels for two way communication between the State and the business community.

Table 9: The government's ways to ask for consultation from non-state actors

Methods	Average
Sending official letter requesting information	2.9
Sending questionnaires requesting information	2.5
Posting questionnaire on their website	2
Organizing conference for information exchange	2.8
Publicizing draft on website	2.4
Ordering research	2.2

Source: Survey Results of the Research Team (2013)

Note: Average level from 1→2→3→4 denote for necessity level of none→ occasionally→ Usually→ Always

Table 9 also shows that there is no direct attempt from the state to interact with the enterprises even they consider this as necessary way. Therefore, the current methods of consultation are not efficient enough to assure two-way communication between the Government and the enterprises because organizing conferences/seminars still depends on the State's willingness, so the business is in a passive position to involve in the policy making process. Besides, the association as a current common channel has not played an important role on behalf of their representatives to deliver ideas and policy's advocacy.

Content of consultation

Table 10 shows enterprises' good understanding about trade policies. They are almost able to evaluate the impact of trade policy. 87% of responses say that they are able to analyze the direct effects from the

trade policies to its activities. Besides, about 79% of surveyed enterprises acknowledge that they can analyze the effects from the trade policies to related industries, which

may influence its activities. As for overall effects on trade policy, only 59% of surveyed enterprises see their ability to evaluate the impact.

Table 10: Enterprises' capability about trade policies

Enterprises' Understanding	Percentage	By Headquarter			Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
		The South	The North	Difference	Non-state	State	Difference	Non-FDI	FDI	Difference
The enterprise only can figure out (without analysis) the possible effects from the trade policies	64%	42%	45%	-0.035	40%	48%	-0.086	46%	48%	-0.016
The enterprise is able to analyze the direct effects from the trade policies to its activities	87%	39%	67%	-0.279*	71%	63%	0.076	65%	61%	0.040
The enterprise is able to analyze the effects from the trade policies to related industries, which may influence its activities.	79%	47%	58%	-0.106	58%	58%	0.004	58%	58%	0.001
The enterprise is able to analyze the overall effects of the trade policies	59%	36%	42%	-0.054	44%	43%	0.007	43%	39%	0.046

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Statistical tests have not disclosed any significant difference by locations as well as state/FDI capital presence, except in the capacity for analyzing direct policy impacts between South and North enterprises. Regarding this

aspect, enterprises in the North seems to be better. It can be explained the assumption that the North is more “academic” than the South through interacting with academic sector, which is mostly located in the North.

Table 11: The enterprises' attitude as the policy affects negatively their activities

The enterprises' attitude	Percentage	By Headquarter			Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
		The South	The North	Difference	Non-state	State	Difference	Non-FDI	FDI	Difference
Not follow the policy's regulations	2 %	0%	1.6%	-0.015*	2%	1%	0.012	1%	2%	-0.005
Adjust their activities alongside to the policy	68 %	56%	49%	0.066	46%	59%	-0.129	55%	42%	0.128*
Actively send feedbacks to the State bodies	37 %	19%	28%	-0.089	42%	19%	0.223*	26%	33%	-0.074
Actively send feedbacks to business associations	48 %	36%	37%	-0.007	29%	38%	-0.085	35%	46%	-0.104

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Table 11 shows that enterprises' attitude is quite positive even when the policy comes into effective and it affects negatively their activities. While 98% of surveyed enterprises will adjust their activities and send feedbacks for adjustment as they see the negative impact of the policy, only 2% of them are not going to follow the policy's regulation. It implies a positive signal for the Government in policy implementation. However, the choice of adjusting their activities alongside with the policy gets the highest proportion of 68% of responses. It implies that enterprises seem to be inactive when the policy could affect their activities.

Beside the first response of adjustment their operation, 48% of surveyed enterprises at both areas and in all types of ownership

acknowledge that they will send their feedbacks to the State agencies rather than via associations. Then, 37% of responses could actively send feedbacks to the State bodies. The non-state enterprises tend to agree with that choice more than the state enterprises (42% and 19% of each type of companies respectively).

We find the evidence that enterprises in the North have a comparative tendency of not to follow regulations. In addition, there is different opinion between FDI and non-FDI companies in adjusting their operation. The possible reason is that North location or non-FDI presence encourages them to depend on the weak enforcement of regulations seeking opportunity to "lobby" the revision of the policy.

4.4. When does the trade policy consultation process occur?

Table 12 shows enterprises' evaluating of the importance of the enterprise's participation in formulation and implementation of trade policy at each stage. The enterprises seem to prefer to participate into the stage of post-approval of policy.

According to surveyed enterprises, they appreciate the stage of policy implementation for participation as 100% of responses see this period is "important" and "very important"

time (and reach the highest point at 3.2 out of 4 at average level).

There shows no signs of significant difference by types of ownership but there exist contrast opinions between the Northern and the Southern ones in which the business in the South agree more with the choice than in the North.

Besides, the second average level of 2.9 is stage of drafting the policy and policy launching preparation. While the Southern enterprises are more acknowledged of the

Table 12: The importance of the enterprise's participation in formulation and implementation of trade policy at each stage

Stage	Average	By Headquarter			Between State and Non-state enterprises			Between FDI and Non-FDI enterprises		
		The South	The North	Difference	Non-state	State	Difference	Non-FDI	FDI	Difference
Preparation for negotiating international agreements	2.5	3.2	2.3	0.917*	2.4	2.4	0.917	2.4	2.8	-0.423*
In the process of negotiation	2.5	2.8	2.4	0.386	2.3	2.4	0.386	2.4	2.9	-0.5*
At the end of negotiation and Preparing approval of agreements	2.4	2.5	2.3	0.237	2.3	2.3	0.237	2.3	2.7	-0.489*
Policy draft	2.9	3.2	2.7	0.506*	2.8	2.7	0.506	2.8	3.0	-0.279
Finishing policy draft and start to launch the policy	2.9	3.1	2.8	0.363*	2.9	2.8	0.363	2.8	3.0	-0.252
Policy Implementation	3.2	3.6	3.1	0.514*	3.3	3.1	0.514	3.1	3.4	-0.247

Source: Survey Results of the Research Team (2013)

Note: *, **, *** denote for significant level at 1%, 5% and 10%

Average level 1→2→3→4 denote for unnecessary →Necessity but Unimportant→ Important → Very Important level

selection than the Northern ones, the business in all types of ownership have similar opinion on the stage that they should participate into the trade policy process.

On the other hand, enterprises consider the stage of preparation for agreement negotiation and in the process of negotiation as the third “important” level for consultation (2.5 out of 4 points at average level). As for the choice of negotiation preparation stage, Southern enterprises are more agreeable with the idea than the Northern ones. The non-FDI business agrees less with the chose than the FDI enterprises. And there is no difference between the state and non-state business.

The enterprises’ choice on period for participation into trade policy making- process does not go along with the target of their advocacy of policy negotiators. While the enterprises target policy negotiators (officials in ministries) who join the preparation for policy negotiation and in the process of negotiation in order to influence the policy, they

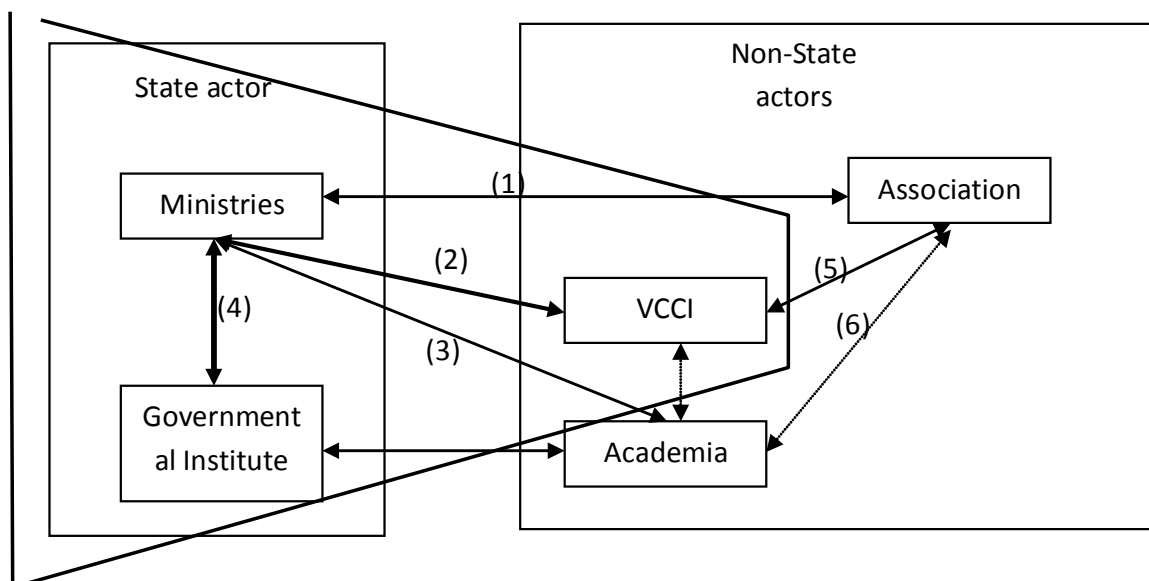
consider the stage of post-approval of policy as most important stage for consultation. It implies that the Vietnamese enterprises have not captured their role in active influence of trade policy- making process.

5. Conclusion and recommendations

Vietnam has laid the initial legal foundation for consultation in trade policy development. As a result, the consultation situation in the country has appeared in all three possible forms: inter-ministries, business-focus and multi-stakeholder consultations.

The current consultation of trade policy in Vietnam can be divided into three layers, based on relationships between the bodies. The core layer with frequent and effective consultation includes those currently working in state sector, including government research institutes. At the centre of this core layer is the operation of Ministry of Industry and Trade (MoIT) as the main ministry relating to trade policy and NCIEC as the inter-ministries

Figure 2: The spheres of State Actors and Non-State Actors in the trade formulation in Vietnam



coordinating agency. However, this should not be considered as the consultation as all the actors are government with different policy making authority. Expanding from this core, the second layer will include those are former governmental officials (head of business associations) and VCCI, which has a “special” relation with government. It is a part of business-focus consultation as it only allows indirect interaction rather than direct between enterprises and government.

The outer layer includes enterprises and academia that can only affect trade policy indirectly. However, in this layer, also depending on personal relationship, there are some enterprises more involved in the trade policy consultation. Enterprises in the North with geographical proximity and state-owned enterprises with channels of capital control and representativeness have participated more in the consultation process. The others, such as companies in the South, FDI and private enterprises, even though are more economic dynamic but more passive in involving in trade policy making. They put high expectation on the efficiency of trade policy consultation toward their benefits.

Resulted from the motivation for participation, the consultation does not assure effective two-way communications as it need to be. Currently, with the weak capacity in dealing with conflicted interest groups, it seems that the government just tries to disclose information to satisfy transparency requirement. On receiving information, preferred channel to reach out to non-state actors of the government is through business associations, and VCCI, which already processes the conflicted problems to some extent. From enterprises, with the expectation

that the policy will be beneficial for their own enterprises, the above accessible indirect mechanism seem not to be satisfactory for them, so they gradually move to the outer layer of the consultation process.

In recent few years, after the Decision 60/QD-TTg, the business consultation has been improved with the legally mandatory point of consultation of VCCI’s advisory committee on international trade policy. However, there is much improvement need to be done, including detailed and specific regulation on consultation:

There should be more actors to be involved as each has their own advantages that supplementary contribute to the quality of consultation which is currently a coordinating work between government (including governmental institute) and association (especially VCCI). Firstly, the academia can provide research-based report and impact forecast that not only support the policy decisions of government but also help “private loser” become more tolerant with the policy. Secondly, the enterprises should directly interact with the government as it will motivated them to participate further in the process as well as providing practical, update and details information on their own operation. Lastly, other non-state actors can somehow balance the benefits and loss of different players. But given the currently limited representative and neutrality of business associations, besides VCCI, other foreign chambers of commerce as well as civil social societies should be involved.

The governments should not only post information on their website but have regular conferences/seminars with the private sector.

In the conferences, there should be a discussion between state and private sectors. In the other case, rather than “posting”, government should create a forum for consultation in their website, which allows enterprises to receive feedbacks to their opinions within specified periods.

Awareness and capacity of all sectors need to be enhanced. As the consultation process

should be a two-way communications, where each side can send and receive information. So it will depend on the aware benefits of receiving, ability to analyze information of each side. In this aspect, efforts need to be spent on training all actors (enterprises, associations and even government) on trade policy consultation. □

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