BCEC BRIEFING NOTE

Vietnam-Australia Economic Relations[1]

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Key Points

- Australia's total trade with Vietnam is valued at over $6 billion, and has more than doubled since 2000.
- Australia exports wheat and metals to Vietnam and imports manufacturing products and crude petroleum. These patterns of merchandise trade are likely to continue into the future.
- Two-way flow in services is strong. Australia is an important destination for Vietnamese students, particularly in higher education and vocational training, and a large number of Australians visit Vietnam each year.
- Australia can benefit from Vietnam's industrialisation in two ways: Through exports of natural resources to facilitate infrastructure construction, and through investment in developing Vietnam's own resource industry.
- Vietnam is a recipient of foreign aid and significant private investment from Australia. Investment outflow from Vietnam is currently low but as it increases from sustained economic growth Australia is well-positioned to capitalise from Vietnam's demand for raw material, access to skilled labour and technology.

Introduction

2013 marks the 40th anniversary of diplomatic relationship between Australia and Vietnam. Through the Whitlam government in February 1973 Australia became one of the first Western nations to establish formal bilateral ties with the then Democratic Republic of Vietnam. Over the last 40 years, the two countries have benefitted from increasing linkage in the areas of trade, immigration and exchange of culture, financial aid and foreign direct investment. Today, the Vietnamese community in Australia is vibrant and contributes significantly to Australia's labour force and economic development.

This paper summarises the economic relationship between the two countries with respect to the aforementioned areas and includes a discussion on future areas of growth and collaboration between the two regional partners.

Trade Relationship

Notwithstanding the recent slowdown in Vietnam's economy, where the average GDP growth of 8.1% in 2003-2007 fell to 5.9% in 2008-2012, two-way trade between Australia and Vietnam have been strong and diverse in nature.

[1] This paper is prepared to accompany BCEC's presentation of the same title at the *JCIPP-Curtin International Seminar on Australia and Vietnam 1973-2013: 40 Years of Diplomatic Relations* on 18 July 2013.

Table 1: Australia's Merchandise Trade with Vietnam

Year	Export ($m)	Export growth (%)	Total export share (%)	Import ($m)	Import growth (%)	Total import share (%)	Total trade ($m)	Total growth (%)
1995	188	64.9	0.26	286	-1.7	0.37	474	17.0
2000	459	39.5	0.42	2,143	61.1	1.83	2,602	56.8
2010	1,522	9.9	0.66	3,120	0.0	1.48	4,642	3.1
2011	2,043	34.2	0.78	2,827	-9.4	1.24	4,870	4.9
2012	1,785	-12.6	0.72	3,151	11.5	1.30	4,936	1.4

Source: ABS (2013) International Trade in Goods and Services, Australia, May 2013; Tables 14a. Merchandise Exports, Country and Country Groups, FOB Value; Table 14b. Merchandise Imports, Country and Country Groups, Customs Value. ABS Catalogue No. 5368.0.

Australia is a net importer of merchandise with Vietnam. Total trade in goods with Vietnam was slightly below $5 billion in 2012. Whilst this may appear insignificant when compared with countries in the region, such as $15.0 billion with Thailand and $14.7 billion with Malaysia, it is worth noting that Australia-Vietnam trade was a mere $8.9 million 40 years ago when diplomatic relationships started between the two countries.

Major exports to Vietnam are in commodities and food. By far the largest item by value is Wheat, a $545.5 million industry in 2012. This is followed by almost a quarter of Australia's total export of Ferrous Waste and Scrap (a feed in Electric Arc Furnace steelmaking), for which Vietnam is Australia's top destination. Copper too is a major export item, as is Crustacean, mainly prawns, rock lobster and crab predominantly from Western Australia and Queensland, where Vietnam is Australia's second largest export destination next to Hong Kong.

Australia's major imports from Vietnam are in resources and manufacturing products. Crude Petroleum has value of $1.44 billion in 2012, where Vietnam is Australia's third largest source in Asia behind Malaysia and Indonesia. This is followed by Telecommunication Equipment and Parts (Australia's primary source in South-East Asia), Furniture, Mattresses and Cushions, and Footware. Though Vietnam is Australia's second largest import source of Footware with a value of $118.6 million, it is dwarfed by China from which Australia imported $1.01 billion of Footware in 2012.

Table 2: Australia's Export of Services to Vietnam, Top Five Items ($m)

Rank	2000	2010	2011	2012
1	Travel, 145	Travel, 847	Travel, 840	Travel, 826
2	Government goods and services nie, 16	Other Business Services, 38	Other Business Services, 43	Other Business Services, 64
3	Financial Services, 9	Government goods and services nie, 19	Government goods and services nie, 19	Government goods and services nie, 19
4	Other Business Services, 4	Personal, Cultural and Recreation services, 7	Personal, Cultural and Recreation services, 7	Personal, Cultural and Recreation services, 11
5	Telecommunication, Computer and Information, 2	Telecommunication, Computer and Information, 2	Charges for use of Intellectual Property, 4	Charges for use of Intellectual Property, 2
Others	Others, 2	Others, 4	Others, 5	Others, 4
Total credit	178	917	917	926

Source: ABS (2013) International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2012; Table 5. International Trade in Services, Credits, Calendar Year by Country & Service, $m. ABS Catalogue No. 5368.0.55.004.

Table 3: Australia's Import of Services from Vietnam, Top Five Items ($m)

Rank	2000	2010	2011	2012
1	Travel, 146	Travel, 558	Travel, 623	Travel, 619
2	Telecommunication, Computer and Information, 50	Transport, 82	Transport, 95	Transport, 111
3	Transport, 26	Other Business Services, 40	Other Business Services, 31	Other Business Services, 25
4	Government Goods and Services nie, 10	Telecommunication, Computer and Information, 10	Insurance and Pension Services, 8	Insurance and Pension Services, 8
5	Insurance and Pension Services, 9	Insurance and Pension Services, 8	Telecommunication, Computer and Information, 8	Telecommunication, Computer and Information, 7
Others	Others, 1	Others, 2	Others, 3	Others, 4
Total debit	242	699	766	772

Source: ABS (2013) International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2012; Table 7. International Trade in Services, Debits, Calendar Year by Country & Service, $m. ABS Catalogue No. 5368.0.55.004.

Tables 2 and 3 highlight Australia's net exporter position with respect to trade in services with Vietnam. Vietnam is Australia's 13th largest export market for services; its fourth largest in South-East Asia behind Singapore, Malaysia and Indonesia. Vietnam is ranked 20th as Australia's source for services import.

There is an important distinction between 'Travel' being the top ranked component of export and also for import. For export it is the Education-related component of Personal Travel that is dominant, where in 2011-12 Australia exported $761 million to Vietnam. For import, Travel is mostly Other (recreational) forms of personal travel. In 2012, almost 300,000 Australians visited Vietnam, the second largest source of foreign non-Asian visitors to Vietnam after the US.[2]

Australia's second largest services export to Vietnam is Other Business Services, which includes R&D, Professional/Management Consulting, Technical, and Trade-related Business. Transport, which includes Passenger, Freight, Postal and Courier, is the second largest services import component from Vietnam.

It can be difficult to discern notable trends in export and import values due to the lumpy nature of merchandise trade with Vietnam, particularly over the past few years. As an example, Australia's export of Food and Live Animals to Vietnam had alternating rates of growth and decline over the past five years though average annual growth rate from 2008-2012 was a strong 21.6%.

Going forward, however, Australian export of Wheat to Vietnam is likely to continue increasing as Vietnam does not produce wheat but requires it for not just human consumption but also as animal feed. Other items that experienced growth over the past five years were Beef, Crustacean, Cotton, and Medicaments (including veterinary).

As for Australian import, despite being the largest item by value, Crude petroleum has been declining over the past five years at an average rate of 21%. By comparison, imports from Malaysia and Indonesia have been volatile over the period. Many of the components of Machinery and Transport Equipment, including Office Machines, have trended upward over the past five years.

Turning to services the largest area of growth in export is education-related travel. Despite a small dip in the previous two years, the industry grew from $146 million in

[2] Vietnamese National Administration of Tourism (2012)

2002 to $826 million in 2012, a CAGR of 18.9%. The largest area of growth in services import is Travel which increased by a CAGR of 10.8% from 2002-2012.

As Vietnam continues to industrialise, the demand for natural resources that it currently does not produce or are not commercially exploitable (e.g. bauxite) is likely to increase. As such Australia is well positioned to be a key regional supplier of base metals to Vietnam. China is currently Australia's largest source of imported manufactured goods. Several South-East Asian countries are not far behind. A potential scenario occurs when Vietnam's economic growth rates vis-à-vis these countries tip in favour of Vietnam having relatively lower wage costs, which could well increase Australia's share of imported goods such as Office Machines and Telecom Equipment and Parts from Vietnam.

Key Research Questions:

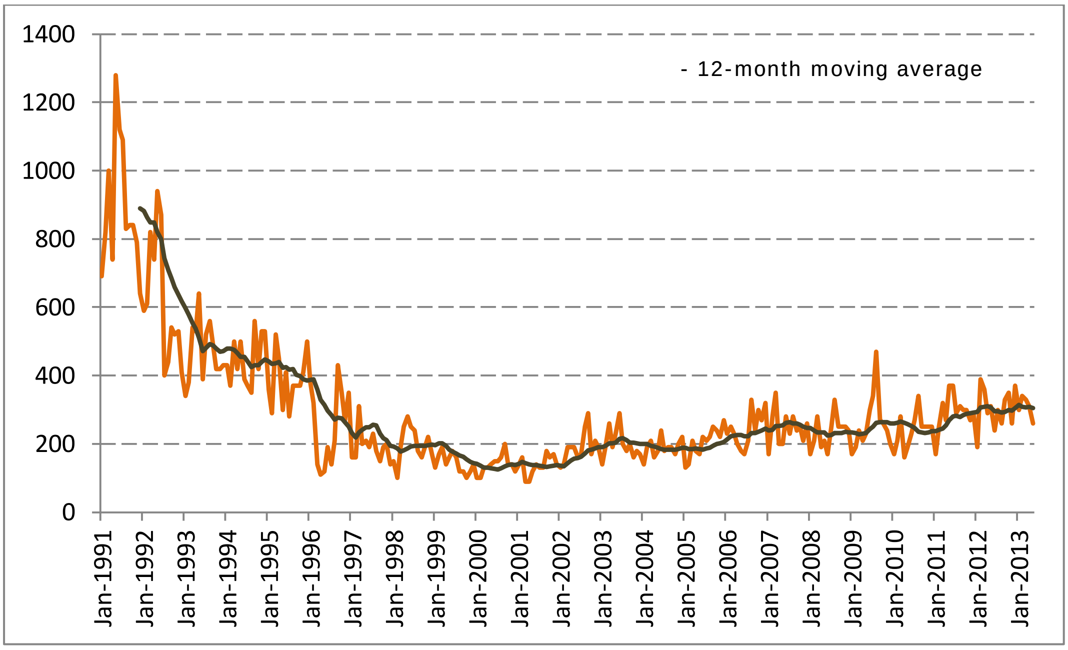
1. To what extent can Vietnam control inflation and move towards being a low wage cost nation that can compete with China as a global supplier of manufactured products?

2. As Australia's economy diversifies following the global slowdown in the mining sector will Vietnam benefit from the resulting change in industrial composition?

Permanent Migration to Australia

The Vietnamese first settlement to Australia coincides approximately with the time of Australia's diplomatic engagement with Vietnam 40 years ago. 2,427 Vietnam-born settlers in Australia were recorded in the 1976 Census. This has grown to over 200,000 in 2012.

Figure 1: Permanent Movement/Settler from Vietnam into Australia (Monthly, Number)



Source: ABS (2013) Overseas Arrivals and Departures, Australia, May 2013; Table 12: Permanent Movement, Settlers – Country of Birth, Major Groups and Selected Source Countries: Original. ABS Catalogue 3401.0. BCEC calculation.

Vietnam-Australia migration has mostly occurred over the past 30 years, and can be characterised into three distinct waves: Pre-1975 assistance to orphans, 1975-1985 resettlement of refugees and, following settlement, migration in the form of family reunion in the late 1980s and 1990s.[3]

Figure 1 shows the number of permanent settlers from Vietnam into Australia. The downturn witnessed from the beginning of the series to 2000 can be attributed to economic uncertainty surrounding the Australian recession in the early 1990s and the Asian financial crisis in 1997. More recently, permanent settlers from Vietnam have started to increase, with the year-to-May 2013 number being 3,650.

The Vietnamese Community in Australia

As at June 2011 there were 212,070 Vietnam-born Australians, which is 3.5% of the total overseas-born population and 0.9% of total population. The Vietnamese is the fifth largest overseas born ethnic group in Australia, behind the UK, New Zealand, China and India. A snapshot of the 2011-2012 flow of Vietnam-born people entering Australia is summarised in Table 4.

Table 4: Permanent and Temporary Migrants from Vietnam into Australia 2011-2012

Permanent visas issued	Number	Percentage of total	Temporary visas issued	Number	Percentage of total
Permanent migration	4,773	100	Temporary entry	34,968	100
of which skilled visas	1,068	22.3	of which student visa	8,161	23.3
of which family visas	3,685	77.2	of which 457 business workers	610	1.7
of which other	20	0.4	of which visitors	26,197	74.9

Source: Department of Immigration and Citizenship (2012) Country Profile Vietnam.

The majority of Vietnam-born permanent migrants into Australia in 2011-2012 were family visa holders. Family migration into Australia is largely in the partners and dependent children categories. In the case of the 3,685 Vietnam-born Australian family visa holders approximately three quarters were partners of an Australian resident.

At present, Vietnamese nationals represent only a small proportion of skilled migrants into Australia, with the 1,068 grants in 2011-2012 constituting less than one per cent of the total entrants of skilled migrants. Department of Immigration and Citizenship data do, however, point to an increase of 90 per cent since 2008-2009.

Consistent with the discussion on services import (Table 3) the majority of Vietnam-born temporary entrants into Australia are in the travel category, specifically leisure travel. This is followed by a significant source of international students (see next section), and finally temporary skilled work visas (subclass 457) where workers are permitted to stay in Australia for a period of up to four years.

In terms of the permanent settlement in Australia, the most popular state for Vietnamese migrants is New South Wales, followed by Victoria. Table 5 contains an analysis of the settlement of Vietnamese Australians by locality and at the general suburban level, together with an indication of the major industries and professions in those localities.

[3] Department of Immigration and Multicultural Affairs (2001)

Table 5: Top Vietnamese Communities in Australia and Prevalent Industry/Profession

Local Government Area	Broader Locality	Encompassing	Total Population	Vietnam-born residents 2011	Vietnam-born residents 2006	Top 3 Industries in Local Area	Top 3 Occupation in Local Area
Fairfield City	Greater Sydney	Cabramatta	198,381	27,441	24,697	Manufacturing, Retail Trade, Health Care and Social Assist.	Tech./Trade, Clerical and Admin., Labourer
City of Brimbank	Greater Melbourne	Sunshine	193,168	17,997	15,122	Manufacturing, Retail Trade, Transport, Postal and Warehousing	Clerical and Admin., Tech./Trade, Labourer
Bankstown City	Greater Sydney	Bankstown	193,085	12,394	10,686	Manufacturing, Retail Trade, Health Care and Social Assist.	Clerical and Admin., Professional, Tech./Trade
Maribyrnong City	Greater Melbourne	Footscray	76,703	6,778	6,133	Health Care and Social Assist., Manufacturing, Retail Trade	Professional, Clerical and Admin., Manager
Liverpool City	Greater Sydney	Liverpool	191,142	5,229	4,558	Manufacturing, Retail Trade, Health Care and Social Assist.	Clerical and Admin., Tech./Trade, Professional
Canterbury City	Greater Sydney	Canterbury	146,314	4,244	4,259	Retail Trade, Health Care and Social Assist., Manufacturing	Professional, Clerical and Admin., Tech./Trade
City of Port Adelaide Enfield	Greater Adelaide	Croydon Park	118,295	3,978	3,577	Health Care and Social Assist., Manufacturing, Retail Trade	Professional, Clerical and Admin., Tech./Trade
Auburn City	Greater Sydney	Granville	80,892	3,347	3,240	Manufacturing, Health Care and Social Assist., Retail Trade	Professional, Clerical and Admin., Tech./Trade
City of Salisbury	Greater Adelaide	Mawson Lakes	133,905	3,116	2,747	Manufacturing, Retail Trade, Health Care and Social Assist.	Tech./Trade, Clerical and Admin., Labourer
City of Wanneroo	Greater Perth	Marangaroo	169,201	2,699	2,264	Construction, Retail Trade, Health Care and Social Assist.	Tech./Trade, Clerical and Admin., Professional

Source: BCEC research. Total population data from ABS ERP 2012. Vietnam-born population and Industry/Occupation data from Census 2011 and 2006. Population and industry data from the ABS, extracted from profile.id, accessed at: http://profile.id.com.au

The most populous local government area for Vietnamese Australians is Fairfield City, located in the south west of Sydney. In 2011, there were 27,441 Vietnam-born Australians residing in the area, many of whom live in the vibrant suburb of Cabramatta. The top six areas are all located in Greater Sydney or Melbourne.

Three further points emerge from Table 5. First, the relatively small change between the Vietnam-born population in 2006 and 2011 indicates that these are well-established communities with incremental growth as opposed to the formation of new communities, which tend to witness bursts in population growth. Second, the main industries in these areas are Manufacturing and Retail Trade. Third, in terms of occupation, Technicians/trade, Clerical and administration, and to a lesser extent Professionals, are the primary employment sectors. Note that the data on occupation and employment spread across the entire population and are not specific to Vietnam-born settlers. However, separate data from the Department of Immigration and Citizenship indicate that, as at August 2012, consistent with Table 5, among the 105,000 Vietnam-born people working in Australia, the top occupations are Labourers (18%), Technicians and trade workers (17%), and Professionals (16%).

Going forward, two streams of demographic analyses should provide additional clarity and understanding to the continued contribution of the Vietnamese community in Australia. The first involves the possible overstating of the Vietnam-born resident unemployment rate of 7.4% (August 2012). Anecdotal evidence points to a sizeable number of people working in family-owned retail establishments that may not be captured in the workforce statistics. The second involves the propensity for younger Vietnamese to enter the workforce as Professionals, moving away from Labourer and Technicians/Trades workers.

Key Research Questions:

1. What is the likely future trend in skilled migration in terms of industry and profession?

2. Study on first-generation Australian-born population of Vietnamese ancestry in terms of industry and profession of choice.

Australia as an Education Destination

As early as 1973, there were 277 Vietnam-born overseas students in Australia, sponsored as part of the Colombo Plan. As at 2011-2012, with a stock of 15,500 Vietnamese student visa holders in Australia, Vietnam is the fourth largest source of international students in Australia behind China, India and South Korea. A total of 8,161 student visas were granted to Vietnamese nationals in 2011-2012

Table 6: Distribution of Vietnam-born Student Visa Holders by Category

Student visa category	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
ELICOS 570	184	346	324	366	157
Schools 571	814	1,093	904	681	578
VET 572	631	697	645	711	925
Higher Education 573	4,601	6,411	5,685	4,353	5,170
Postgraduate Research 574	230	321	376	472	552
Non-Award sector 575	29	41	50	41	91
AusAID/Defense sponsored 576	373	340	415	507	688
Total	6,862	9,249	8,399	7,131	8,161

Source: Department of Immigration and Citizenship, Student Visa Program Trends 2005-06 to 2011-12 and BCEC calculation.

Vietnam-born students are well represented in Australia across all educational sub-sectors. Over the past five financial years, the majority of Vietnam-born students in Australia enrolled in universities and higher education. The second highest category has alternated between Vocational Education and Training (VET) and primary/high schools. There is also a sizeable number of students sponsored by AusAid or Defense and, perhaps reflecting increased second-language courses in Vietnam, a smaller number of visas granted for English Language Intensive Courses for Overseas Students (ELICOS).

An interesting point to note is, with the exception of VET students and perhaps the Higher Education sector, the vast majority of application and subsequent grant of student visas was offshore as opposed to within Australia. This is neither a surprise nor a point of contention as there are indeed many cases of students who were originally intending on returning home after high school deciding to apply for an extension of their stay in Australia to attend technical colleges or university.

Another point to note is the steadily increasing number of Vietnam-born students partaking in Postgraduate Research in Australian institutions. This is consistent with University Lecturers being the main occupation of Vietnam-born academics sponsored under the long stay 457 visa program post study.

The market for overseas education is highly competitive. There are many alternatives to Australia around Asia in terms of schools, technical colleges and tertiary institutions of high standing that are available to the progressively higher-income Vietnamese. In recent times, the demand (and subsequent supply) for student visas in Australia have slowed due to persistent global economic uncertainty, the high value of the Australia dollar vis-à-vis the Vietnamese Dong, some college closures and the introduction of tighter student visa integrity measures[4]. However, there are reasons to be optimistic that the market for international students from Vietnam can be a growth area for Australia in the future. As Vietnam's economy continues to grow, the number of current students and recent graduates from Australia increase, and the offering of highly-marketable courses in high value-added areas such as mining engineering are on offer, Australia should continue to be an attractive overseas education destination for Vietnamese.

Key Research Questions:

1. What are the career aspirations of Vietnamese students and what can Australia do, particularly in the Vocational Education and Training sector, to attract more students from Vietnam?

2. As the number of Vietnamese postgraduate research students in Australia increases, what future research streams will likely benefit both Australia and Vietnam?

Bilateral Investment

Australia's investment in Vietnam is multi-faceted. Some of the initiatives are highlighted in Table 7.

Table 7: Nature of Australian Investment in Vietnam

Source	Investment	Initiatives
AusAID	$159.1m Total over 2013-2014(e) <u>Strategic goals</u> $62.0m Sustainable Economic Development $52.5m Promoting Opportunities for All $30.2m Saving Lives $8.0m Effective Governance $3.2m Humanitarian and Disaster Response $3.2m General Development Support	• Infrastructure, Economic reform, Climate change assistance • Australian Awards Scholarships, Vietnam in-country Engineering Scholarships, Vietnam Blended Learning Scholarship • Rural Water Supply and Sanitation National Target Program Phase 3, Delivering better health, Clinton Health Access Initiative Phase 3 • Vietnam Anti-Corruption Program, Vietnam Human Rights Technical Cooperation Phase 4 • Drowning Prevention Program, Strengthening Institutional Capacity for Disaster Risk Management in Vietnam, Community Based Disaster Risk Management under the ADB Flood and Drought Risk Mitigation Project
Other government	Several bilateral agreements and	Examples:

[4] Department of Immigration and Citizenship 2012

initiatives	Australian engagements	• Australian-Viet Nam Comprehensive Partnership (September 2009) • Law Enforcement Liaison Offices in Hanoi and Ho Chi Minh City
of which Education	RMIT	• RMIT International University Vietnam (2000) as Vietnam's first international university, Hanoi campus (2004), Saigon South campus (2005)
Private sector	Examples:	
	QBE Insurance	• Representative office in 1995, M&A activity to form QBE Vietnam in 2005, Offices in Hanoi and Ho Chi Minh City
	Commonwealth Bank	• Representative office in 1995, First branch in Ho Chi Minh City in 2008
	Santos	• Production sharing contract with Petrovietnam, Chim Sáo oil/gas project started production in 2011
	QANTAS	• Formation of Jetstar Pacific (previously Pacific Airlines) in 2007, Now majority owned by Vietnam Airways
	ANZ Bank	• Presence since 1993, Largest foreign-owned bank in Vietnam, Offices in Hanoi, Ho Chi Minh City and Can Tho

Source: AusAID (2013) Country Overview – Vietnam, accessed at: http://www.ausaid.gov.au/countries/eastasia/vietnam/home.aspx, Department of Foreign Affairs and Trade, RMIT Vietnam, BCEC research.

Australia's foreign aid program to Vietnam is guided by the Australia-Vietnam Joint Aid Program Strategy (2010-2015) and involves partners such as the Asian Development Bank, World Bank and the United Nations Development Programme. Aid is directed to development programs for infrastructure, economic reform and for the provision of education scholarships.

Australia has an accumulation of 276 foreign direct investment projects in Vietnam at the end of 2012, with a value of US$1.31 billion.[5] Market penetration into Vietnam has been made easier by the ratification of the ASEAN-Australian-New Zealand Free Trade Agreement (AANZFTA) in mid-2009, in operation by 2010. At a ministerial level the annual meetings of the Australia-Vietnam Joint Trade and Economic Cooperation Committee (JTECC) should ensure continuing support for bilateral investment between the two countries.

Vietnam's overseas investment in Australia remains in a state of infancy. Vietnam's current FDI outflow (including to Australia) should be viewed in the context of a developing economy with an inward-looking history. Indeed, FDI outflow only exceeded US$1 billion in 2011 (US$1.2 billion in 2012), from US$65 million in 2005, from close to 0 in 2004.[6]

Prospects of significant future bilateral investments are promising. As of 2011, 31% of Vietnam's population reside in urban areas. The rate of urbanisation is expected to increase by 3% till 2015.[7]. 3% of a 92.5 million population gives rise to opportunities to plan and supply housing and infrastructure facilities. As identified by Austrade, opportunities in the mining industry include coal refining and processing technology,

[5] General Statistics Office of Vietnam (2012)
[6] UNCTAD World Investment Report (2007, 2010, 2013)
[7] Central Intelligence Agency (2013)

bauxite mining and alumina processing, and consultant services for technical engineering and processing design.

A recent survey of East and Southeast Asian business executives by Ernst and Young illustrates well future opportunities for Vietnam's investment in Australia through FDI or joint ventures. Table 8 contains a summary of the 53 Vietnamese executive survey responses to the question:

> *"What are the most important benefits you would be looking to achieve through international expansion in developed markets and rapid-growth markets?"*

Table 8: Summary of Ernst and Young's Beyond Asia Survey by Vietnamese Executives

Benefits from Expansion in Developed Markets	Percentage of Respondents from Vietnam (All respondents)
Access to natural resources/raw materials	51 (32)
Access to skilled workers	47 (33)
Access to new technology or innovations	47 (38)
Access to low cost labor	38 (28)
Access to intellectual property	26 (28)
Tap a gap in the market for products and services	26 (32)
New customers/sales growth	26 (31)
Acquiring a respected international brand	13 (16)
Access to new distribution channels	11 (23)
Spreading risk across different markets	2 (11)

Source: Ernst and Young (2012) Beyond Asia: Strategies to support the quest for growth – Vietnam Highlights

More than half the respondents consider access to natural resources and raw materials to be the most important benefit to looking outward to developed markets. This is followed by the desire to seek skilled workers and have access to new technology and innovation.

It is interesting that Vietnamese business executives place more value on these top three reasons to look outward compared with its more developed regional neighbours. Also a departure from the collective regional trend is that higher priorities are placed on seeking resources, in the form of natural resources, labour and technology, than on tapping into new customers and sales growth.

These attitudes bode well for Australia given its positioning as a key global supplier of iron ore and coal, and with a skilled labour force and mature pre-existing technologies.

Key Research Questions:

1. What future opportunities are available for attracting Vietnamese FDI into Australia?

2. What are the barriers and how can they be overcome for Australian corporations to invest in Vietnam's large deposit of oil and gas and other mineral resources?

Concluding Remarks

Within months of taking office as Australia's Prime Minister in 1972, Gough Whitlam withdrew the remaining Australian troops from Viet Nam and thus established diplomatic relationships with the then Democratic Republic of Vietnam, now Socialist Republic of Vietnam. Over the past 40 years the two countries have steadily developed a strong and co-operative economic relationship.

Australia is a key supplier of wheat and base metals to Vietnam, and imports manufactured goods and crude petroleum from Vietnam. Australia is also an important destination for Vietnamese students, while Vietnam is one of Australian's recreational travel location of choice. A component of Australia's export of services to Vietnam is in the area of business, with transfers of business acumen and 'know how'. With AusAID, pro-investment bilateral agreements that link the two countries, and private investment, Australia has an important and multi-faceted portfolio of investment in Vietnam.

This paper has also highlighted opportunities that exist for future Vietnamese outward foreign direct investment in Australian entities. Other areas of grow such as in education and the supply of natural resources will ensure that the momentous occasion 40 years ago when links between Australia and Vietnam were formally established will continue into the decades ahead.

For More Information

For questions on Australia-Vietnam economic relationship and research opportunities in strategic trade direction and demographic trends please contact Kenneth Leong (k.leong@curtin.edu.au) at the Bankwest Curtin Economics Centre.

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