

South-South Economic Cooperation: Exploring the Mekong-Ganga Relationship

Minutes of the Vietnam National Dialogue

This report summarises the discussions that took place at each session of the national dialogue in Vietnam under the auspices of the MGR project.

Opening Session

- Opening remarks by Prof. Dr. Le Bo Linh, Vice Director of IWEP about the growing importance of South-South economic cooperation, especially cooperation between South Asian countries and Southeast Asian countries.
- Dr. Prasad Ranade, representative of CUTS –CITEE presented a brief introduction about the overall objectives, methodology and expected outputs of the MGR project.
- Dr. Sailendra Narain, regional representative of SDC stated the potential of regional economic cooperation and emphasized the importance of establishing a well-functioning regional research network. Dr. Narain also highlighted practical applicability as one of important requirements of the project outputs.

Session 2

- Dr. Doan Hong Quang, Team leader of the IWEP research team presented the main findings of the research work carried out in Vietnam as part of the MGR project. The presentation has two main parts: part I highlighted the trend in trade and investment between India and Vietnam in recent years, part II summarized the main findings from the perception surveys with various stakeholders.
- Key finding of part I is that while the two economies (Vietnam and India) have grown rapidly in the last two decades and become increasingly open to the world economy, trade and investment between two countries remained far below the potential, in particular export from Vietnam to India displayed a very modest rate of growth. The perception survey provides some useful explanations of this issue. Lack of information, lack of understanding consumers' taste and business culture, difficult payment procedures and underdeveloped infrastructure are reasons frequently cited by surveyed respondents.
- Dr. Quang's presentation was followed by the discussions led by Dr. Ranade, CUTS, and Dr. Vo Tri Thanh, CIEM. Dr. Ranade provided additional information from other national dialogues (Lao and Cambodia) that confirm the lack of mutual understanding the market of the other countries is one of the most important factors behind the slow growth of regional economic cooperation. He added that language barrier may also be another important factor preventing the growth of inter-regional trade and investment. Dr. Vo Tri Thanh mentioned various conditions for scaling up the economic relationship between two countries such as the size of Indian market with a very large share of middle-income class and recent "Look East" strategy of India. He emphasized the fact that while

Indian export to Vietnam continues to grow rapidly, Vietnam export to India remains stagnant and raised the issue whether or not it is an indicator of weak capability of Vietnam business sector to make the most out of the potential of Indian market.

- Prof. Le Van Sang, VAPEC questioned some of the findings of the survey such as the difference in culture as one of the barriers to the development of trade and investment between two countries. History of Vietnam showed that there were so many successful Indian businessmen in Vietnam and there were also several famous items imported from India. Mr. Bui Son, IWEP, raised the issue of incentives facing businessmen. He believes that if the profit is reasonable, then businessmen will jump in, regardless of cultural or language barriers.
- One emerging consensus from this session is the need to improve the information flow by various activities such as more research, trade and investment promotion activities, and better collaboration between academic and business people.

Session 3

- The main theme of this session is to discuss and exchange views about how to further develop South-South economic cooperation, especially the regional economic relationship.
- Mr. Kumar, Indian Embassy in Vietnam, informed the participants about several new initiatives to boost the regional cooperation. He emphasized that deepening India-ASEAN cooperation is an important pillar of the Look East Strategy of India. There will be some important initiatives, for example having a direct flight from New Delhi to Hanoi or scholarships for Vietnamese students. He stated that the Indian Embassy has and will focus on providing good information to Vietnam's business sector. He mentioned some factors that contribute to slowing down trade and investment between two countries including cumbersome customs and investment procedures in Vietnam as well as many products of Vietnam state-owned enterprises do not suit the demand of Indian customers. He also informed that India fully supports Vietnam becoming a member of WTO and the two parties concluded the negotiation last week.
- Dr. Nguyen Anh Tuan, Institute of International Relations, again stressed the potential of economic cooperation between Vietnam and India. He stated that many important foundations for deepening economic cooperation have been established with several agreements in trade and investment.
- Mr. Nguyen Minh Tuan, VCCI, confirmed the issue of information and mutual understanding. For instance, trade relationship between Vietnam and some African countries are more developed than between Vietnam and India despite the potential is much lower. As business confidence is of crucial importance for business, he recommended that all key stakeholders should work together to build and develop business confidence. He also recommended establishing an Information Exchange Center and creation of information contact points at sub-national levels to boost the cooperation between two countries.
- Dr. Prabir De, RIS, presented an Indian Perspective about Deepening Mekong-Ganga Relationship, focused on the infrastructure. He mentioned that the protection levels remain high in these countries and recommended that

- improvement of railway and roads, in particular the road linking India, Myanmar and Thailand to the East West Economic Corridor will make important contribution to reduce the business costs and boost trade and investment.
- Representatives of Lao and Thai Embassies confirmed the willingness of Lao and Thailand in further deepening the regional economic cooperation.
 - Prof. Le Van Sang (VAPEC) stated the importance of high-level support and activities to the development of the economic cooperation. He also mentioned that cooperation should not be constrained to economic but extended to cultural activities to improve mutual understanding. This view was widely supported by the participants including representative of Indian Embassy and Dr. Narain.

Closing Session

- In the closing session, Prof. Le Bo Linh, Dr. Ranade and Dr. Narain stated that this is only the beginning and the project needs to work out concrete actions and recommendations to raise the mutual understanding and awareness.

ANNEX 1: Workshop Agenda

**PROJECT “SOUTH-SOUTH ECONOMIC COOPERATION: EXPLORING
MEKONG-GANGA RELATIONSHIP”**

AGENDA OF THE NATIONAL DIALOGUE

Institute of World Economics, Hanoi, 29 August 2005

| Time | Activity |
|-------------|-------------------------------------|
| 8:15-8:30 | Participants Registration |
| 8:30-8:45 | Opening Remarks - IWEP - CUTS |
| | SESSION I |
| 8:45-9:15 | Presentation of the Country Report |
| 9:15-9:35 | Discussants (2) |
| 9:35-10:00 | Floor Discussion |
| 10:00-10:20 | TEA BREAK |
| | SESSION II |
| 10:20-11-20 | Panel Discussion: Panelists |
| 11:20-11:40 | Floor Discussion |
| 11:40-11:50 | Closing Remark |