

**AUSTRALIA-VIETNAM ENHANCED ECONOMIC ENGAGEMENT STRATEGY
SUBMISSION BY THE EXPORT COUNCIL OF AUSTRALIA**

The Export Council of Australia welcomes the Australian Government's intention to deepen and broaden two-way trade between Australia and Vietnam. Moving forward, we suggest the Government's efforts be targeted at SME traders. SME exporters are more likely to be able to pivot to new markets, and their success will contribute to employment creation and increased innovation.

Whether in Australia or Vietnam, SMEs, including start-ups, have strong entrepreneurial drive. But they are constrained by limited resources, access to information and networks. The challenges are even more pronounced when doing business at an international level, with difficulties in identifying commercial opportunities, cultural and language barriers, meeting ambiguous and inconsistent regulations and standards, and complex trade processes, including on finance and logistics. Enhanced government assistance to narrow these gaps, especially for exporting, will be essential.

Australia's approach to Vietnam must be informed by Vietnam's current phase of economic transition and development, as well as deficiencies in business-related infrastructure and skills. On economic transition, the Vietnamese government is shifting its focus from state-owned enterprises to SMEs in order to boost economic growth and competitiveness. And as the Vietnam middle class grows, their awareness and appetite for high quality Western goods and services will grow with it.

The US, Germany, Japan and even Canada have quickly taken advantage of commercial opportunities in Vietnam, such as in establishing manufacturing operations there. This means Vietnam is approaching near capacity, especially in terms of access to skilled workers. Australian investments in Vietnam will therefore have to compete with other countries for such inputs, and likely to involve more time, talent and treasure to establish businesses that meet its requirements.

In light of the above, the ECA believes that Australian businesses might find opportunities in the following industries, some of which might be considered niche areas:

- (i) Services – data analytics, marketing and design services, management consulting services, fintech, and environmental services.
- (ii) Manufactured goods – high quality foods, tools for advanced manufacturing, agriculture and environmental technologies, building materials, and health and beauty products.

To assist Australian businesses be more competitive in Vietnam, the ECA suggests that the Australian Government takes a more strategic approach, including by:

- creating a new vehicle to connect Australian and Vietnamese SME traders to foster ecosystems;
- building capacity of Vietnamese entrepreneurs to trade, and officials to apply regulations consistently, as part of an enhanced international development assistance program; and
- co-ordinating trade route (or transport and logistics) and travel bubbles between the two countries, as part of Covid recovery.

We look forward to engaging further with the Government on these issues. With ECA's current suite of training programs, expertise and network (here and overseas), we can work effectively with the Australian Government to achieve the above objectives.

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