



RESEARCH REPORT

LIBERALIZATION IN THE SERVICE SECTOR OF VIETNAM

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Hanoi, March 2019

INTRODUCTION

Services play an important role in any modern economy. Services serve not only as final products but also as inputs into the production of other sectors (including manufacturing and service). However, the development of the service sector in Vietnam is still limited, incommensurate with its potential and the demand of the economy for this sector. One of the reasons is the high restrictiveness of Vietnam service market to foreign service providers despite the fact that Vietnam has joined WTO and dozens of FTAs which include service opening commitments. The level of services liberalization of Vietnam is relatively low when compared to that of other economies with the same level of development.

On one hand, this has prevented foreign service suppliers from accessing the Vietnamese market. On the other hand, Vietnamese service sector has lacked a reasonable competitive pressure from outside to push for the development of domestic service industries. As a result, not only Vietnamese consumers but also Vietnam's manufacturing and exporting companies who use a huge amount of service products as inputs are at a disadvantage when they have much less chance to use services with more reasonable prices and better quality.

However, until now, there has not yet been a comprehensive study on the level of openness of Vietnamese service market according to Vietnam's international commitments (WTO, FTAs), as well as the voluntary opening of Vietnam under the internal needs. Therefore, the WTO and International Trade Center of the Vietnam Chamber of Commerce and Industry (VCCI) with the support of the Embassy of England and Northern Ireland in Vietnam, conducted a study on "Liberalization in the service sector of Vietnam". The purpose of this study is providing a comprehensive picture about the development of services and the process of service liberalization in Vietnam, especially exploring the role of service liberalization to Vietnam economy. From that, the study provides solutions and recommendations for Vietnamese Government and foreign service suppliers.

We hope that this study will contribute to exploring the current situation and the impacts of the service liberalization of Vietnam, recommending solutions to accelerate the process of service liberalization in a reasonable way, thereby promoting the development of Vietnam's service sector in particular and the whole economy in general.

The WTO and International Trade Center, VCCI, would like to thank the British and Northern Irish Embassy for their support in implementing this study.

The WTO and International Trade Center
Vietnam Chamber of Commerce and Industry

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