



The openness of Vietnamese economy compared to other countries in the region

Nguyen Hoang Tien

Ho Chi Minh City University of Industry and Trade, Vietnam

* Corresponding Author: **Nguyen Hoang Tien**

Article Info

ISSN (online): 2583-6641

Impact Factor (RSIF): 8.56

Volume: 05

Issue: 03

May-June 2026

Received: 06-04-2026

Accepted: 04-05-2026

Published: 02-06-2026

Page No: 121-126

Abstract

In today's era of deep globalization, the openness of an economy is not only an indicator of the level of international integration but also a crucial measure of a nation's adaptability and competitiveness in the global market. For Vietnam, the process of international economic integration over the past three decades has marked significant transformations, from a closed economy to an open, dynamic, and promising one. Vietnam has signed and participated in many new-generation free trade agreements, attracting a strong influx of foreign investment and boosting exports, thereby creating important growth drivers for the economy. However, an open economy also means facing more external impacts such as fluctuations in the global market, global financial risks, trade wars, and shocks from pandemics and climate change. Based on this reality, studying the openness of the Vietnamese economy not only helps clarify the level of integration of our country, but also provides a comparative view with economies in the region such as Thailand, Malaysia, Singapore, Indonesia etc. to accurately assess Vietnam's position and development potential in Southeast Asia. This is an important basis for formulating appropriate policy directions to effectively utilize opportunities from integration while enhancing resilience to global risks.

Keywords: Trade openness, economic openness, macroeconomy, Vietnam

1. Introduction

1.1. Theoretical Foundations Of Economic Openness

1.1.1. The concept of economic openness

Economic openness is an indicator reflecting the extent to which a country participates in international trade, specifically the export and import of goods and services. A highly open economy is one where the proportion of exports and imports in its gross domestic product (GDP) is large, indicating a strong connection with the global economy.

For example, in 2023, Vietnam's total import and export turnover reached approximately \$732 billion, while its GDP was only about \$409 billion. Thus, Vietnam's economic openness reached approximately 179%, indicating a high dependence on international trade.

1.1.2. The significance of economic openness

- **Reflecting the level of international integration**

A highly open country is typically one that is closely integrated with the global market through trade and investment. This reflects deep involvement in global value chains and the ability to leverage comparative advantages.

- **Impact on economic growth**

High levels of openness can boost growth by expanding consumer markets, attracting foreign investment, increasing labor productivity, and facilitating technological learning. However, it also comes with risks from external shocks such as trade wars and global economic recessions.

- **For example**, during the period 2016–2020, Vietnam maintained an economic openness level above 180%, while GDP grew at an average rate of 6–7% per year. This demonstrates a relatively positive relationship between openness and growth.

- **Impact on macroeconomic policy**

Fiscal and monetary policies: The government needs to manage flexibly to stabilize the economy in the context of integration.

- **Example:** During the period 2020–2022, when the COVID-19 pandemic disrupted global trade, Vietnam implemented expansionary fiscal policies such as tax exemptions and reductions, tax debt deferrals, and increased public spending to stimulate the economy. Simultaneously, the State Bank of Vietnam reduced the policy interest rate to support businesses in recovering production and maintaining stability in the financial market. Trade policy: It is necessary to ensure a balanced trade balance and avoid prolonged deficits.
- **Example:** In 2023, Vietnam achieved a trade surplus of approximately US\$28 billion, demonstrating effective management of import and export activities despite pressure from rising raw material prices and declining demand from major markets. The government actively supported businesses in expanding their markets through agreements such as the CPTPP and EVFTA. Protectionism and liberalization policies: Flexibility is needed between protecting domestic industries and fulfilling integration commitments.
- **For example:** In the domestic steel industry, when Chinese goods flooded Vietnam at low prices due to subsidies, the Ministry of Industry and Trade conducted anti-dumping investigations and imposed temporary tariffs to protect domestic production. However, these measures still ensured compliance with the regulations of the World Trade Organization (WTO) and the Free Trade Agreements (FTAs) to which Vietnam is a member.

1.1.3. Factors affecting the openness of the economy

- **Size of the economy**
Countries with smaller economies tend to be more open due to the need to import many goods that cannot be produced domestically.
- **For example,** Singapore – a small country with limited resources – has an economic openness rate of over 300%.
- **Level of economic and technological development**
Countries with advanced technology tend to participate more effectively in global value chains, thereby boosting exports.
- **Foreign economic policy**
Active participation in free trade agreements (FTAs) and international organizations such as the WTO, RCEP, CPTPP, etc., has a strong impact on economic openness.
- **Geographical location and transportation infrastructure**
Countries with advantageous geographical locations and well-developed port, airport, and logistics systems will find it easier to conduct trade.

1.1.4. Advantages and disadvantages of an open economy

Advantage:

Rapid economic growth: Expanding export markets helps increase production and employment.

- **For example,** electronics exports help Vietnam maintain a GDP growth rate of over 6% per year. Attracting foreign direct investment (FDI): An open

environment encourages more international businesses to invest.

- **For example,** corporations like Samsung, Intel, and LG have invested heavily in Vietnam. Access to modern technology and management expertise: Domestic businesses have the opportunity to learn from foreign partners.
- **For example,** thanks to cooperation with Japan, many Vietnamese companies have improved the quality of their products and production processes.
- **Limit**
Vulnerable to external fluctuations: If the global economy declines, exports will fall sharply.
- **For example,** in 2020, COVID-19 caused a sharp decline in exports for many industries, such as textiles and footwear. Dependence on foreign markets: When partners change policies, domestic businesses are affected.
- **For example,** increased import tariffs by the US could create difficulties for Vietnamese goods. Intense competition with imported goods: Domestic businesses may be overwhelmed if they lack sufficient capacity.
- **For example,** cheap Chinese goods are causing difficulties for many small domestic businesses.

2. Analysis of Vietnam's Economic Openness

Economic openness is an indicator reflecting the degree of integration of a country into the global economy, usually calculated as the ratio of total import and export turnover to GDP. The higher this index, the more dependent the economy is on international trade, and the deeper its connection and integration with the world market.

For Vietnam, in recent years, the degree of economic openness has consistently been very high. According to data from the World Bank, the openness of the Vietnamese economy at times reached over 200% of GDP – meaning the total value of exports and imports was twice the size of the domestic economy. This is an impressive figure, demonstrating that Vietnam is one of the leading countries in the world in terms of economic openness. This is a crucial foundation for unleashing the potential of all domestic economic sectors, providing opportunities to attract more foreign investment, ensuring more sustainable growth, and narrowing the development gap. Vietnam has been doing very well, implementing many flexible policies for this open economy:

- **Vietnam's early and deep integration:** Since joining the WTO (2007), Vietnam has signed a series of FTAs – both bilateral and multilateral – such as CPTPP, EVFTA, RCEP. These agreements help Vietnamese goods have the opportunity to export with low tariffs and more easily access the global market.
- **Export-oriented economic model:** The Vietnamese economy relies heavily on export activities. Key products such as textiles, footwear, electronics, agricultural and aquatic products account for a large proportion of growth.
- **FDI is a major driving force:** Foreign corporations invest heavily in Vietnam, especially technology and electronics companies (Samsung, Foxconn, Intel, etc.). They manufacture here and then export to the world. The

FDI sector currently contributes about 70% of the country's total export turnover.

- **Low labor costs and favorable geographical location:** Situated in the heart of Southeast Asia, close to China, and with competitive labor costs, Vietnam has become an attractive manufacturing destination in the global supply chain.

Furthermore, the United States recently imposed a 46% tariff on Vietnamese goods. But then, through the flexible policies of General Secretary To Lam, he negotiated with Mr. Trump to reach a suitable agreement, strengthening cooperation between the two countries.

However, a closer look at the nature of this figure reveals some noteworthy points. High openness does not necessarily mean a strong or sustainable economy. Vietnam has a very high degree of openness, but the majority of its export value comes from the foreign direct investment (FDI) sector, while the domestic business sector has not developed proportionally. This shows a heavy reliance on FDI and raises questions about the true competitiveness of the domestic economy.

When compared to other countries in the region, such as Thailand, Malaysia, or Indonesia – also export-oriented economies – their openness levels typically range from 70% to 130% of GDP. While this is lower than Vietnam's, they have higher localization rates, with domestic businesses playing a more dominant role in exports. This means they integrate but still maintain a certain degree of autonomy. Vietnam, on the other hand, integrates deeply but its internal foundation remains quite fragile.

To put it simply, Vietnam is like a small boat that has ventured far out to sea, strongly integrated into the global economy but with weak internal strength. If the weather is favorable – meaning a stable international market – things will be fine. But if storms arise, such as a trade war or a global recession, the economy will be more severely affected than other countries with a solid foundation.

3. Current State of Vietnam's Economic Openness Compared to Other Countries in The Region

3.1. Overview of the degree of economic openness in Vietnam

Over the years, Vietnam has been one of the most open economies in Southeast Asia. Since the Doi Moi (Renovation) reforms of 1986, Vietnam has gradually integrated deeply into the global economy, through its accession to the World Trade Organization (WTO) in 2007 and participation in a series of free trade agreements (FTAs) such as CPTPP, EVFTA, RCEP, etc.

3.2. Compare Vietnam's economic openness with that of some countries in the region.

For a comprehensive overview, here is a comparison of Vietnam's openness with other ASEAN countries in recent years (estimated figures for the period 2022–2023):

Comment

- Vietnam ranks second in terms of economic openness, after Singapore.
- Countries like Indonesia and the Philippines have lower levels of openness due to their large domestic markets and economic orientations that prioritize domestic

demand.

- Vietnam's openness far exceeds its GDP size, indicating a significant reliance on international trade.

3.3. Structure of Vietnam's import and export goods

3.3.1. Key export goods

Vietnam focuses on high-value and high-content product groups. average art such as:

- Phones and components.
- Computers and electronic products.
- Textiles and footwear.
- Wood and wood products.
- Agricultural products (rice, coffee, cashews).

3.3.2. Here's a real-world example:

In 2023, exports of telephones and components reached over \$55 billion, continuing to hold the leading position among export categories.

3.3.3. Main imported goods

Vietnam mainly imports:

Raw materials for production such as: fabric, gasoline, iron and steel.

Machinery, equipment, and electronic components.

For example, in 2023, the largest group of imported goods was computers, electronic products and components, with a value of approximately 80 billion USD.

3.4. Assessing the current state of Vietnam's economic openness.

3.4.1. Achievements

- Strong export growth: Vietnam has consistently maintained a trade surplus from 2016 to the present.
- Participation in global value chains: Thanks to FDI, Vietnam has become an important link in the global electronics and textile manufacturing chains.
- Expanding international markets: EVFTA and CPTPP have opened up opportunities to access the EU, Japan, and Canada markets with preferential tax rates.

3.4.2. Existing shortcomings and limitations

- Dependence on FDI and processing exports: FDI enterprises account for over 70% of exports, making the economy vulnerable if capital is withdrawn.
- Low added value: Vietnam mainly exports processed products with low technological content.
- Risks from global fluctuations: Export markets are heavily dependent on the US and China, making them vulnerable to international policies and economic crises.

4. Challenges and Opportunities from A High Degree of Economic Openness

4.1. Challenges and Opportunities.

Vietnam has a highly open economy, which means both opportunities and challenges are intertwined. If properly utilized, this can be a springboard for further progress. However, without a sound domestic strategy, the level of risk is also considerable.

- **In terms of opportunities**, the high degree of openness facilitates Vietnam's access to new technologies, investment capital, management skills, and vast markets from developed countries. Vietnamese businesses have the opportunity to expand their scale and grow rapidly

through exports and participation in global supply chains. At the same time, domestic consumers also have access to higher-quality goods at more competitive prices.

Furthermore, extensive participation in trade agreements helps Vietnam enhance its position on the international stage, becoming an attractive destination for foreign investors. This also serves as a driving force for institutional reform, improving state management capacity and the business environment.

- **However, in terms of challenges,** Vietnam's high degree of economic openness also makes it vulnerable to external fluctuations such as financial crises, trade wars, or a decline in demand from major export markets. External shocks can quickly spread and negatively impact the domestic economy.

Furthermore, due to its excessive reliance on FDI, Vietnam faces the risk of an "economic opacity"—that is, a lack of depth in domestic development. Domestic businesses find it difficult to participate deeply in global value chains, the localization rate is low, and labor productivity remains limited. This leads to unsustainable growth and could cause long-term consequences if not addressed.

In summary, a high degree of economic openness is a remarkable achievement in Vietnam's integration process, but it also comes with significant challenges regarding internal competitiveness. Compared to other countries, Vietnam is more deeply integrated but also more vulnerable. To take advantage of opportunities and minimize risks from economic openness, Vietnam needs to continue improving the business environment, investing in science and technology, training high-quality human resources, and most importantly, elevating domestic enterprises to gradually master the international market. Simultaneously, it is necessary to uphold the spirit of "integration without assimilation" to avoid losing the inherent values of Vietnam.

5. Solutions to Improve the Effectiveness of Vietnam's Economic Openness

5.1. Development orientation in the context of integration

Vietnam needs to aim for sustainable development, not just growth based on exports and imports, but also improving the quality of domestic products and value chains. The orientation includes:

- Increase the technological content in exported goods.
- Reduce dependence on imported raw materials.
- Diversify export markets.

For example, Vietnam currently mainly assembles phones for Samsung, but the components are imported from abroad.

5.2. Macroeconomic policy solutions

• Fiscal and monetary stability

Maintain exchange rate stability, control inflation, and implement preferential tax policies for export businesses.

For example: In 2023, the government subsidized interest rates on loans for export-oriented manufacturing businesses.

• Improving the investment environment

Reduce bureaucratic procedures and digitize customs and tax processes.

For example: The electronic customs system helps to expedite customs clearance at Cat Lai Port in Ho Chi Minh City.

5.3. Developing domestic businesses

• Supporting small and medium-sized enterprises

Domestic businesses need support in accessing capital, technology, and participating in supply chains.

For example, many Vietnamese companies supply components to Samsung thanks to connections made through a program run by the Ministry of Industry and Trade.

• Encourage linkages with FDI enterprises.

Increase the localization rate and learn technology from FDI enterprises.

For example, Intel in Ho Chi Minh City has trained Vietnamese engineers and used local personnel for technical processes.

5.4. Diversify export markets and products.

• Market diversification

We shouldn't rely too heavily on the US or China; we need to expand into Africa and South Asia.

For example, in 2023, Vietnam increased its rice exports to the Philippines and Africa.

• Innovating export products

Promote the export of high-tech goods and gradually reduce reliance on raw materials.

For example, exports of software and technology services are increasing sharply.

• Human resource development

Training high-quality human resources and fostering collaboration between businesses and schools.

6. Recommendations

6.1. Recommendations to the State

• Improving the trade and investment policy system.

In the context of deep integration, the State needs to continue reviewing, amending, and perfecting trade policies towards transparency, consistency, and compliance with international law while still ensuring national interests. Leveraging the free trade agreements (FTAs) that Vietnam has signed will help expand markets and enhance the competitiveness of businesses.

For example : With the EVFTA, if the government supports training, provides information on the European market, and simplifies the procedures for issuing Certificates of Origin (C/O), domestic textile and garment businesses will find it easier to export to the EU market.

• Investing in infrastructure and logistics development.

Logistics systems play a crucial role in improving the efficiency of import and export operations. However, Vietnam's logistics costs are currently still quite high compared to the region, affecting the competitiveness of its goods.

Therefore, the State needs to continue investing comprehensively in the system of seaports, warehouses, roads, and regional connectivity. In addition, the digitalization of customs procedures should be accelerated to reduce customs clearance time.

For example, the investment in upgrading Cai Mep - Thi Vai Port (Ba Ria - Vung Tau) has allowed large container ships to dock, helping businesses reduce international shipping costs.

- **Supporting the development of supporting industries and high technology.**

Specific support policies are needed for domestic businesses to develop supporting industries, aiming to reduce dependence on imported components and raw materials. Encouraging technological innovation and technology transfer from FDI enterprises to domestic businesses is also a necessary solution.

For example, if Vietnamese companies could manufacture electronic components for Samsung domestically, it would help reduce import costs and increase the value added.

- **Developing high-quality human resources.**

Human resources are a key factor in enhancing competitiveness in an open economy. The government needs to increase investment in education, especially vocational training, foreign languages, and digital skills.

For example, collaboration between universities and FDI businesses helps students gain practical internship experience and easier access to the international labor market.

6.2. Recommendations for businesses

- **Enhancing competitiveness**

Businesses need to proactively innovate technology, improve product quality, and comply with international standards on environment, safety, and traceability. In addition, they should invest in branding, design, and after-sales service to increase the value of their export products.

For example, some seafood businesses like Vinh Hoan have been successful in obtaining international certifications and expanding their market share in Europe.

Vinh Hoan Seafood (VHC): Exports to China and Europe surge.

- **Market and supply chain diversification**

In the context of global volatility, businesses should proactively seek new markets beyond traditional partners, while building flexible supply chains and avoiding dependence on a few single sources.

For example, in 2023, some Vietnamese rice companies expanded their exports to Africa instead of focusing solely on China or the Philippines.

- **Strengthening domestic linkages and linkages with FDI.**

Vietnamese businesses need to forge closer links with FDI enterprises to learn technology and management, and at the same time become a link in the global supply chain.

For example, several small mechanical engineering companies in Binh Duong have become suppliers for Toyota after years of upgrading technology and improving production processes.

6.3. Recommendations for training institutions and students in the field of Economics

Universities and colleges need to update their curricula to align with the realities of integration and the demands of an open economy. Students should proactively learn additional digital skills, foreign languages, and in-depth knowledge of international economics.

For example, economics students can practice analyzing the openness of ASEAN countries using World Bank data, thereby honing their skills in processing and evaluating real-world data.

7. Conclusion

Economic openness is an important indicator reflecting the degree of a country's integration into the global economy. For Vietnam, over the past three decades, the increasingly deep process of international integration has significantly increased economic openness, contributing to GDP growth, improving the structure of exports and imports, and enhancing the country's position on the international stage.

Through this essay, our group recognizes that Vietnam is one of the most open economies in Southeast Asia. The strong growth in import and export turnover, along with participation in numerous free trade agreements such as EVFTA, CPTPP, RCEP, etc., is clear evidence of its proactive and positive integration trend. However, the Vietnamese economy is also facing limitations such as dependence on the FDI sector, a low localization rate, and vulnerability to global economic fluctuations.

For economic openness to yield sustainable results, close coordination is needed between the State's macroeconomic policies and the internal capacity of businesses. In particular, improving labor productivity, technological transformation, market diversification, and increasing added value in export products are top priorities. At the same time, it is necessary to effectively utilize opportunities from integration to enhance national competitiveness.

This essay not only helped our group better understand macroeconomic theory but also gave us a more realistic perspective on Vietnam's position and development direction in an open economic environment. As students of Ho Chi Minh City University of Industry and Trade, we are even more aware of our role and responsibility in studying and training to contribute to the socio-economic development of the country in the future.

References

1. Department of Economics, Faculty of Finance and Banking. *Macroeconomics Textbook*. Ho Chi Minh City: Ho Chi Minh City University of Industry and Trade; Statistical Publishing House; 2020.
2. Nguyen VC. Economic openness and its impact on growth in Vietnam. *J Econ Dev*. 2022;(310).
3. General Statistics Office (GSO). *National Statistical Yearbook 2020–2023* [Internet]. Hanoi: GSO; 2023 [cited 2026 Jun 3]. Available from: <https://www.gso.gov.vn>
4. World Bank. *World Development Indicators: Trade (% of GDP)* [Internet]. Washington (DC): World Bank; 2023 [cited 2026 Jun 3]. Available from: <https://data.worldbank.org>
5. Ministry of Industry and Trade. *Annual Reports on Vietnam's Import and Export Situation, 2021–2023* [Internet]. Hanoi: Ministry of Industry and Trade; 2023 [cited 2026 Jun 3]. Available from: <https://moit.gov.vn>
6. Vietnam General Department of Customs. *Import and Export Statistics* [Internet]. Hanoi: General Department of Customs; 2023 [cited 2026 Jun 3]. Available from: <https://customs.gov.vn>
7. World Trade Organization. *Trade Policy Review: Vietnam* [Internet]. Geneva: WTO; 2023 [cited 2026 Jun 3]. Available from: <https://www.wto.org>

8. Nguyen TTH. *Solutions to Improve the Effectiveness of Vietnam's International Economic Integration* [master's thesis]. Hanoi: National Economics University; 2021.
9. Pham VT. The impact of economic openness on labor productivity in Southeast Asian countries. *J Sci Vietnam Natl Univ Ho Chi Minh City*. 2023;39.

How to Cite This Article

Nguyen Hoang Tien. The openness of Vietnamese economy compared to other countries in the region. *International Journal of Management and Organizational Research*. 2026;5(3):121–126.

Creative Commons (CC) License

This is an open access journal, and articles are distributed under the terms of the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International (CC BY-NC-SA 4.0) License, which allows others to remix, tweak, and build upon the work non-commercially, as long as appropriate credit is given and the new creations are licensed under the identical terms.