

The Impact of Import-Export Activities from The Domestic and Foreign Enterprises on The Vietnam's Foreign Trade from 2015 to 2021

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INTRODUCTION

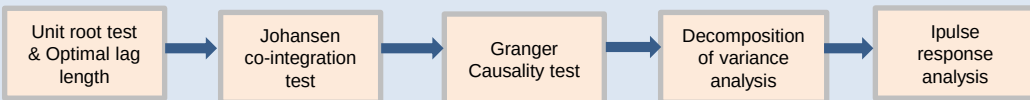


- After 1986, the import-export activities has become an important tool for promoting the economic growth in Vietnam (Nguyen and Xing, 2008; Dao and Sun, 2012; Van et al. 2019).
- The structure of exports and imports in Vietnam's enterprises has also changed significantly during the recent periods (Huy, 2018; GSO, 2020).
- So far, the relationship between the import-export activities of Vietnam's enterprises and Vietnam's foreign trade is still unclear and requires further investigation.
- Study the impacts of import-export activities from the domestic and foreign enterprises on the foreign trade activities of Vietnam during 01/2015 to 09/2021 by VECM.

METHODOLOGY

- Research data collected from the General Department of Vietnam Customs.
- Lxmt - the import-export turnover of Vietnam.
- Lxfie - the export of foreign firms.
- Lmfie - the import of foreign firms.
- Lxdie - the export of domestic firms.
- Lmdie - the import of domestic firms.

- The research process is performed as follows:



- The Unit root test conducted the stationary test for all variables.
- The Johansen test is used to estimate the co-integration relation between the variables in long-run.
- Granger Causality test use to examine the relationship between variables in the short run.
- Decomposition of variance analysis to check the contribution ratio of the independent variable to dependent variable.
- Impulse response analysis to analyze the responsiveness of dependent variable to the change of independent variable.

RESULTS AND DISCUSSION

Johansen Co-integration Test Results

Hypothesized No. of CE(s)	Eigen-value	H ₀	H ₁	Trace test			Max test		
				Trace	CV-5%	p-value	Max-Eigen	CV-5%	p-value
None *	0.3681	$r = 0$	$r \geq 1$	71.129	60.061	0.0044	35.802	30.439	0.0098
At most 1 *	0.2322	$r \leq 1$	$r \geq 2$	35.327	40.175	0.1414	20.609	24.159	0.1409
At most 2 *	0.1298	$r \leq 2$	$r \geq 3$	14.718	24.276	0.4781	10.849	17.797	0.3999
At most 3 *	0.2038	$r \leq 3$	$r \geq 4$	3.869	12.321	0.7296	3.008	11.225	0.7864
At most 4 *	0.0110	$r \leq 4$	$r \geq 5$	0.861	4.130	0.4083	0.861	4.130	0.4083

Granger Causality Tests Result

Dependent variable	Excluded Variables				
	Lxmt	Lxfie	Lxdie	Lmfie	Lmdie
Lxmt		8.4616 (0.0145)	0.1899 (0.9094)	2.2953 (0.3174)	1.6349 (0.4415)
Lxfie	3.6762 (0.1591)		4.9002 (0.0863)	0.3602 (0.8352)	15.3117 (0.0005)
Lxdie	0.3342 (0.8461)	7.6595 (0.0217)		2.3830 (0.3038)	0.9959 (0.6078)
Lmfie	1.5057 (0.4710)	2.7157 (0.2572)	1.5977 (0.4499)		3.5498 (0.1695)
Lmdie	6.9110 (0.0316)	6.6438 (0.0361)	6.6221 (0.0365)	4.4908 (0.1059)	

- Unit root test result show that the five variables are integrated of first order.
- The existence of a long-run relationship between the Lxmt, Lxfie, Lmfie, Lxdie, and Lmdie variables indicated by Johansen cointegration test.
- In long-run, the foreign firms not only has a direct impact on the Vietnam's foreign trade but also has indirect effects through negative impacts on the domestic firms.
- The change from the foreign firms' export activity will immediately affect the Vietnam's foreign trade in short-run.
- The some similar relationships also found such as: from Lmdie to Lxfie, from Lxfie to Lxdie, and from Lxfie, Lxdie to Lmdie.
- The current development of Vietnam's foreign trade is mainly explained by its own development in the past.
- The foreign firms' export is the cause to promote the development of import activity.
- The response of Lxmt variable to the change from the Lxfie is positive, while the remaining feedbacks are negative.

Variance Decomposition analysis results

Forecast Error Variance (%)	Typical shock in				
	Lxmt	Lxfie	Lxdie	Lmfie	Lmdie
Lxmt	70.48	6.92	3.60	2.28	16.72
Lxfie	2.58	79.52	4.14	11.68	2.08
Lxdie	77.19	4.15	1.37	2.62	14.67
Lmfie	3.36	57.20	6.59	31.45	1.40
Lmdie	4.70	48.37	1.66	5.71	39.56

Response of variables

Variables	Typical response in				
	Lxmt	Lxfie	Lxdie	Lmfie	Lmdie
Lxmt	0.147	0.052	-0.040	-0.009	-0.107
Lxfie	0.009	0.058	-0.010	0.025	0.007
Lxdie	0.229	0.051	-0.022	-0.026	-0.150
Lmfie	-0.010	0.049	-0.017	0.039	-0.005
Lmdie	-0.016	0.051	-0.003	0.008	0.042

CONCLUSION

- The Vietnam's foreign trade has maintained steady growth during the time of the US-China trade war and the Covid-19 pandemic.
- The Johansen-Co-integration test confirms the existence of a long-run relationship between the variables examined.
- The import-export activity of foreign firms has a positive impact on Vietnam's foreign trade in the short-run.
- The foreign firms play a more important role than domestic firms in promoting foreign trade in Vietnam.
- The Vietnamese government needs to strengthen the formulation of policies in the direction of openness; continue to adjust and invest in infrastructure; update best international practices; simplifying administrative procedures; improves investment environment; promoting economic restructuring; cleaning up the state management apparatus; reducing import-export taxes for domestic firms.

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