



VIET NAM – 2022

Key findings

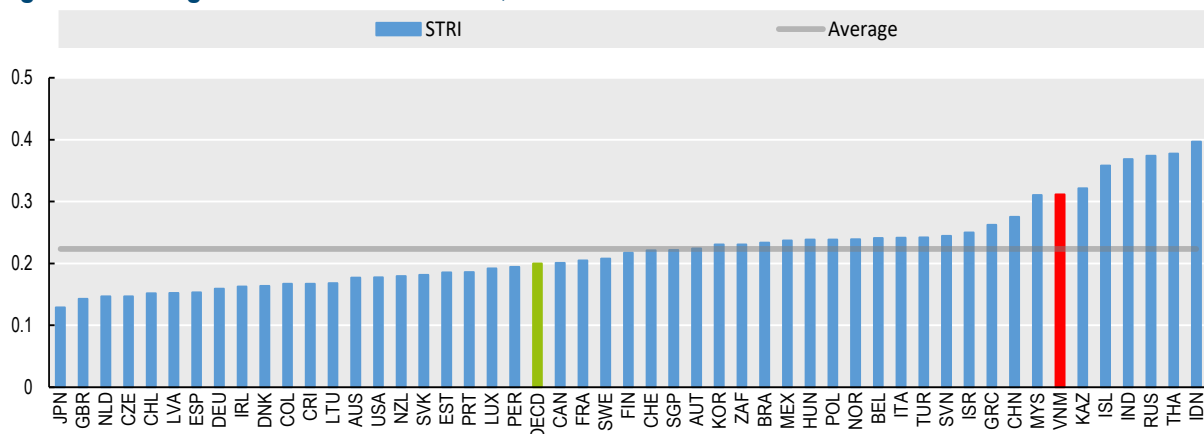
- The 2022 STRI of Viet Nam is above the OECD average and relatively high compared to all countries in the STRI sample. However, the indices have decreased in several sectors compared to 2021.
- Accounting services have the lowest score relative to the average STRI across all countries, indicating the most open sector for trade. The sector with the highest score relative to the average STRI across all countries is telecommunications services.
- Despite a recent reduction of the STRI score in most sectors following the lifting of travel restrictions introduced in the context of the COVID-19 pandemic, market access in key services sectors remains subjected to stringent conditions.

Recommendation

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 STRI of Viet Nam is relatively high compared to the STRI sample average (Figure 1).

Figure 1. Average STRI across countries, 2022



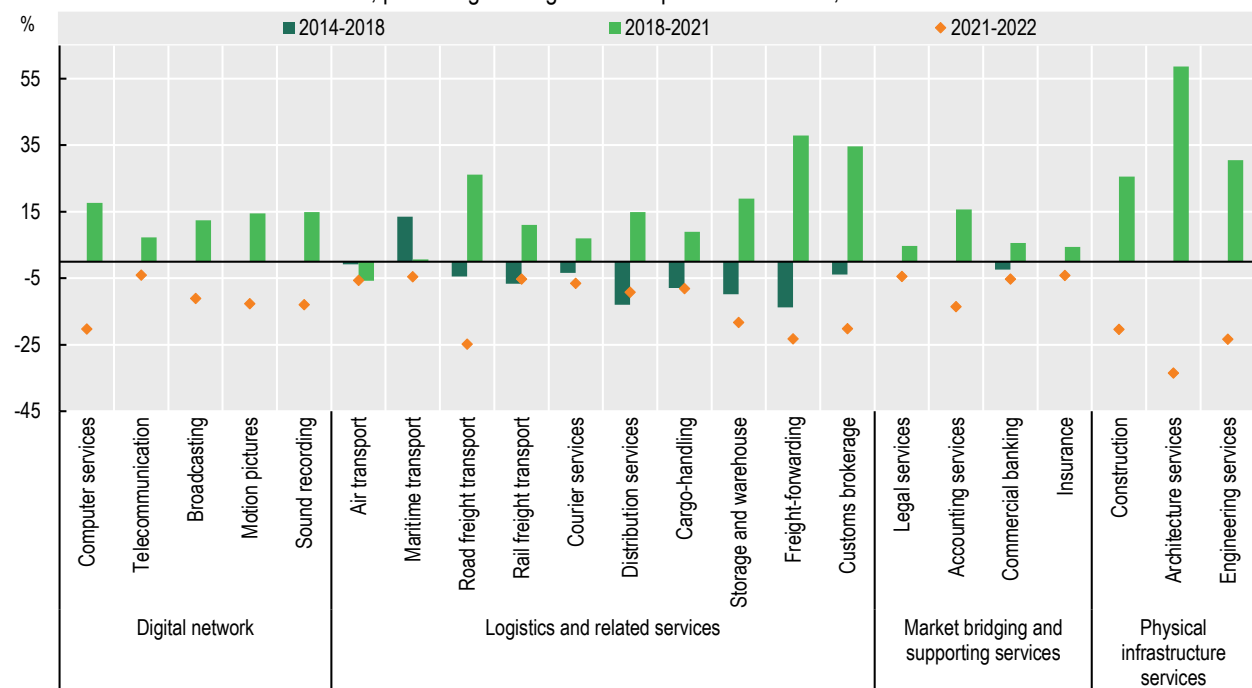
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2022. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law. Source: OECD (2022). STRI and TiVA databases.

The STRI outcomes are driven in large part by restrictions on foreign entry. While some conditions related to foreign investment were eased following the introduction of the Investment Law in 2020, several requirements related to establishing and operating a company remain cumbersome for foreign firms. For instance, the duration of property ownership for a foreigner is limited to 50 years. In all sectors, at least one manager or legal representative in a managerial position must be resident in Viet Nam. Certain types of data (such as accounting data and some user-generated data) must also be stored in the country. Foreign contractual and independent services providers are subject to labour market tests and their initial entry permits are valid for two years.

Participation of foreigners in public procurement is only possible when provided for in international agreements and is conditional on having a partnership with a domestic contractor or using local sub-contractors. While rigid travel restrictions introduced in the context of the COVID-19 pandemic significantly increased the STRI scores for 2020 and 2021, Viet Nam has been progressively introducing reforms over the past years in several sectors (Figure 2). Since 2014 steps towards liberalisation have been observed in cargo-handling services and air transport, for example. Reflecting the lifting of pandemic-related restrictions on the movement of people regarding all sectors, substantial reductions in STRI scores were observed in 2022, for example in architecture services, road freight transport and engineering services.

Figure 2. Evolution of STRI indices by sector in Viet Nam

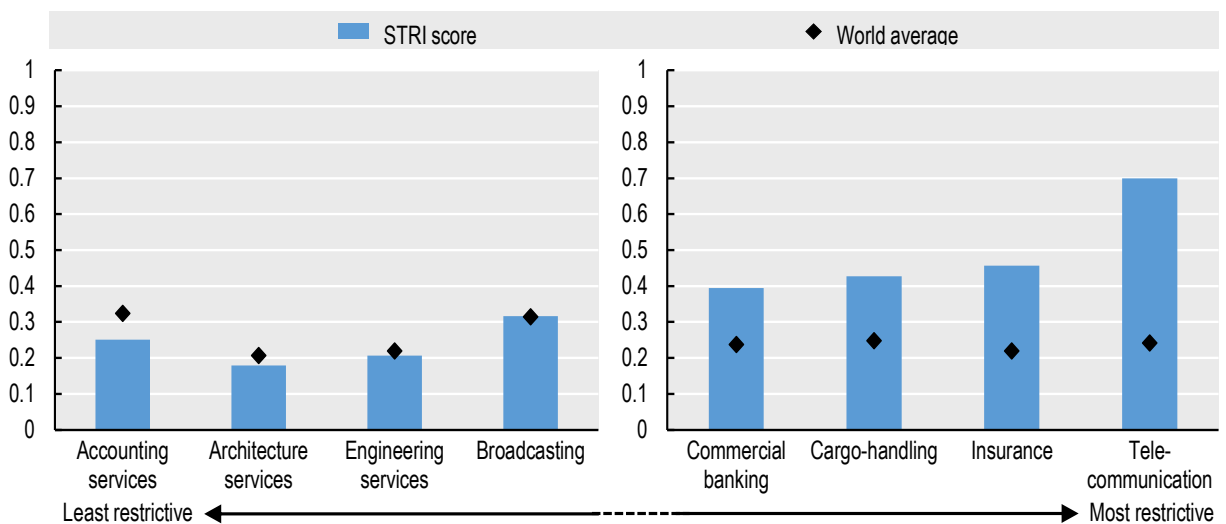
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



OECD (2022). STRI database.

Accounting services, architecture services, engineering services and broadcasting are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Conversely, commercial banking, logistics cargo-handling, insurance and telecommunications are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Viet Nam



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

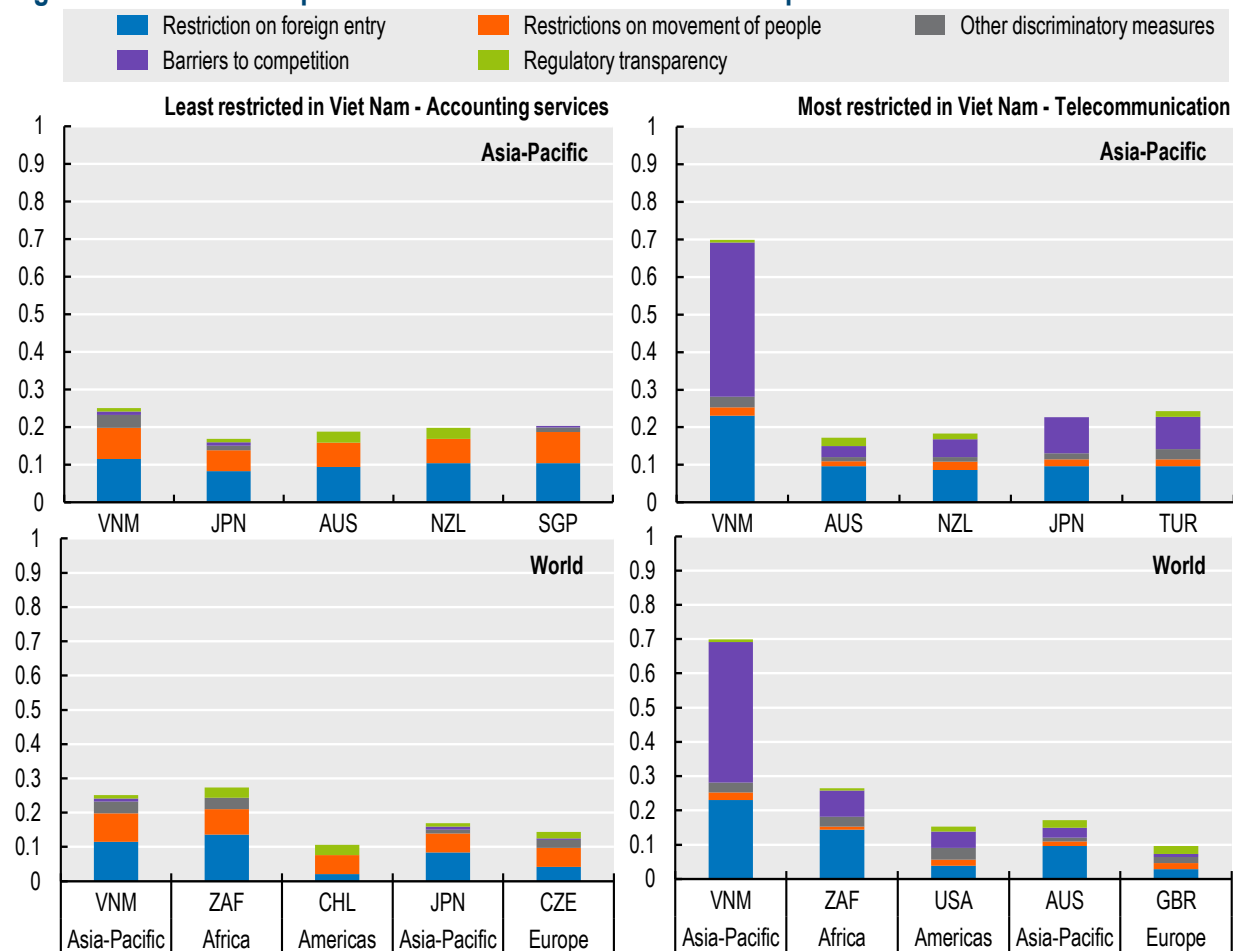
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Accounting services are the least restricted in Viet Nam compared to the average score across all countries covered by the STRI database (Figure 4). The composition of the scores suggests that restrictions on foreign entry are particularly relevant in the case of Viet Nam. The measures that contributed to this score include restrictions on the acquisition of land by foreigners, residence

requirements for managers, as well as measures concerning the screening of foreign direct investments. Telecommunications are the most restricted services sector in Viet Nam. Compared to the best-performing countries regarding this sector, barriers to competition shape the score of Viet Nam. Some of the measures that contribute the most to the score include limitations of the independence of the telecommunications regulator, public ownership of major firms, and restrictions on spectrum trading.

Figure 4. Viet Nam compared to Asia-Pacific and World's best performers



Source: OECD (2022). STRI database.

Recent policy changes

In response to the COVID-19 pandemic, Viet Nam restricted the entry of foreigners into the country starting in March 2020. The lifting of pandemic-related travel restrictions started in March 2022, including for business travel.

From January 2021, the amended Enterprise Law (Law No. 59/2020/QH14) simplified conditions related to the establishment and operation of corporations in Viet Nam. Since 2020, it is no longer required that a Vietnamese national be the legal representative of an airline, however, such representatives must reside in the country. A new Investment Law entered into force in 2020 which introduced a negative list approach for market access and eased some of the conditions on foreign investment that have applied since 2014. Particularly, it removed some services activities from the negative list (e.g. certain logistics activities) bringing about broader trade liberalisation. Nonetheless, services sectors that continue to be on the list remain subject to several administrative hurdles (e.g. the requirement to obtain high-level approvals for certain types of investments). Additionally, foreign investments can be rejected on grounds of national defence or security which are not specifically defined in the Investment Law.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org
- » More information about measuring the regulatory environment for services trade in the APEC region: <https://apecservicesindex.org/>