



OECD Services Trade Restrictiveness Index (STRI)

VIET NAM – 2021

Key findings

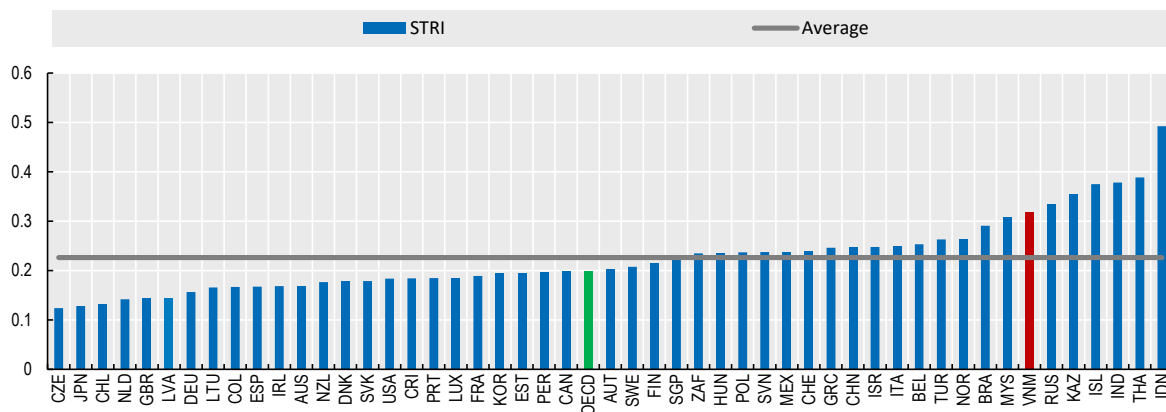
- The 2021 STRI of Viet Nam is above the OECD average and relatively high compared to all countries in the STRI sample. However, the indices have decreased in several sectors compared to 2020, indicating some trade liberalisation efforts.
- Accounting services have the lowest score relative to the average 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 progress on trade liberalisation efforts a recent adoption of a negative list approach on investments, market access in certain key services sectors remains subjected to stringent conditions.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Viet Nam could benefit from more open markets for services trade and competition enhancing reforms in key services sectors that overarch the entire economy.

The 2021 STRI of Viet Nam is relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation 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 2021. The STRI regulatory database covers the 38 OECD countries, 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 STRI and TiVA databases (2021).

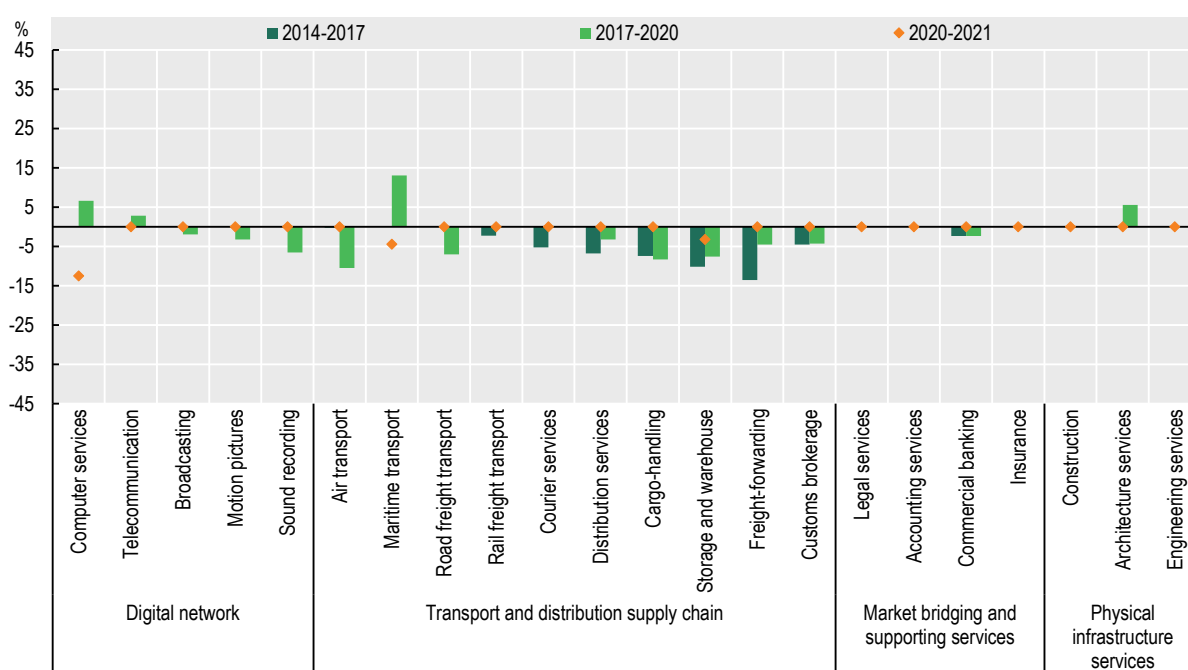
The STRI outcomes are driven in a large part by economy-wide regulations that affect services across all sectors. While some conditions related to foreign investment were eased in the new Investment Law in 2020, some requirements related to establishing and operating a company remain cumbersome for foreign firms. For instance, the duration of property ownership for a foreigner is limited to 50 years, and 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.

Viet Nam has been progressively introducing reforms over the past years, easing conditions for trade and investment in several sectors (Figure 2). Highest levels of liberalisation were recorded in some of the transport, distribution and logistics sectors across all time periods, whereas in 2020-21 the most trade liberalisation were recorded in computer services, maritime transport services and logistics storage and warehousing services as a result of streamlining the laws on foreign investment.

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

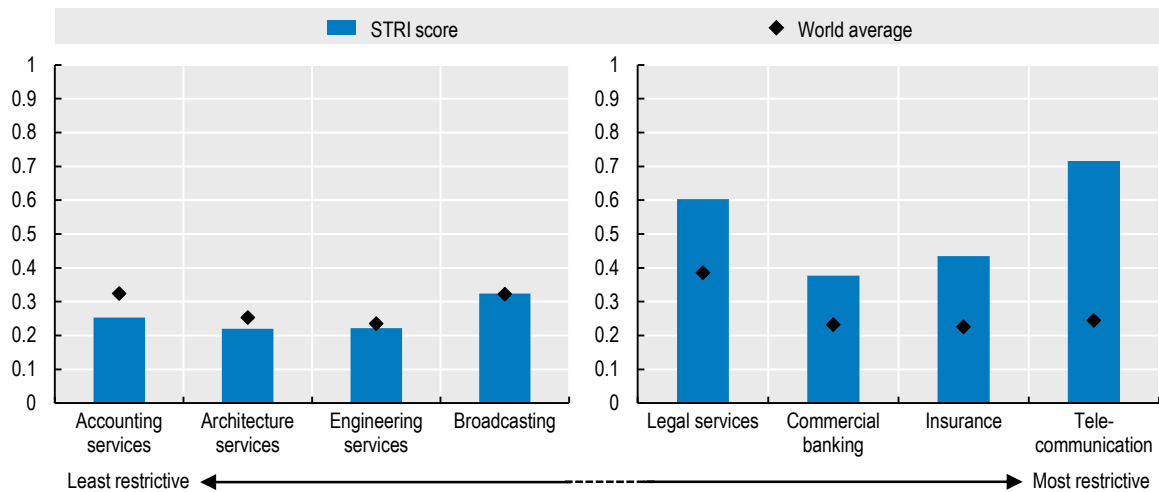
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021



Source: OECD STRI database (2021).

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). Legal services, commercial banking, insurance and telecommunications are the sectors with the highest score relative to the average STRI across all countries.

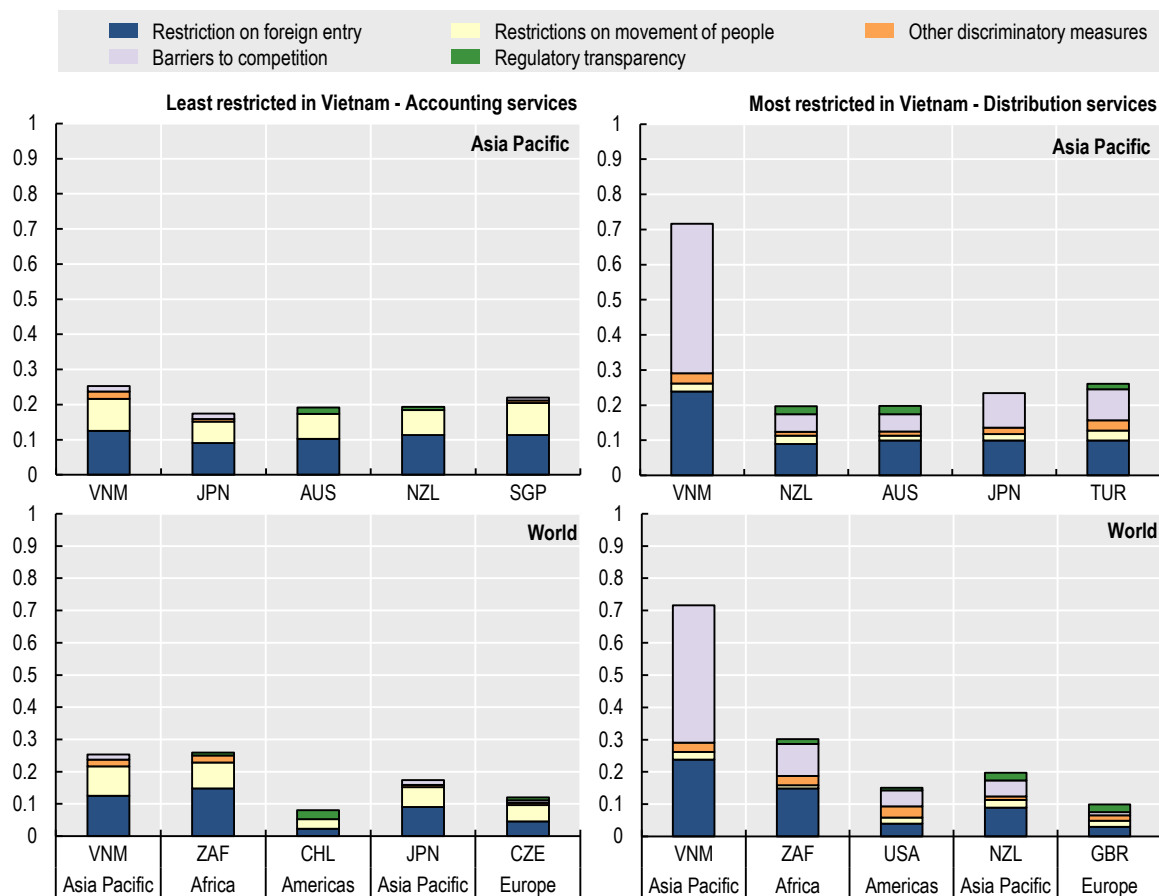
Figure 3. Sectoral breakdown: The least and most restricted sectors in Viet Nam



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
Source: OECD STRI database (2021).

Accounting services are the least restricted service sectors in Viet Nam compared to Asia Pacific and the other best performers elsewhere while telecommunications are the most restricted (Figure 4).

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



Source: OECD STRI database (2021).

Key reforms

A new Investment Law was introduced 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. As of 1 January 2021, the amended Enterprise Law (Law No. 59/2020/QH14) simplifies conditions related to the establishment and operation of corporations in Viet Nam. As of 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.

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