

Current Policies and Laws on Trade Development at Land Border Area in Vietnam: Situations and Recommendations

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Abstract: Vietnam's land border areas hold substantial strategic and economic value, necessitating robust policies and laws to promote trade development while ensuring national security. This article examines current regulations, including the recent Decree No. 122/2024, and highlights both achievements and challenges in policy implementation. Recommendations for fostering infrastructure, investment incentives, and digital platforms are offered to support sustainable development in these critical areas.

Keywords: trade development, Vietnam border policies, economic policy, infrastructure, cross-border trade

1. Introduction

Economic development, including trade development at the land border areas, is a key task of the entire people, the entire army, of all levels and sectors from the central to the grassroots level in Vietnam. The land border areas in Vietnam have an important strategic position for cause of building and defending the Fatherland, is an area with great economic potential, and is of special significance in terms of national defense and security for the cause of protecting national sovereignty. The Communist Party of Vietnam always pays great attention to developing trade at the border areas in general and on the mainland in particular. The Document of the 13th Party Congress of Vietnam emphasizes the need to “promote the establishment of Vietnamese goods brands. Focus on attracting investment in trade infrastructure, especially infrastructure in difficult areas; encouraging cooperations between manufacturers and distribution enterprises; ensuring the balance of supply and demand of essential goods. Promote the development of e-commerce and the balance between e-commerce and traditional commerce”¹.

Resolution No.23/NQ - CP on February 3rd 2022 of the Government on economic development in land border areas emphasized that “*The border area is an important area, acting as the “fence” of the country*” and also stated: “*including many border checkpoints with neighboring countries, so the development of economic, commercial and social security in this area are very important and necessary for socio-economic development, fulfilling the task of hunger eradication and poverty reduction, narrowing the gap between regions, thereby facilitating the economy of a region, a locality as well as the economy of the whole country to develop, contributing to strengthening, expanding and further enhancing the economic and trade cooperation between our country and other neighboring countries (China, Laos, Cambodia) and other countries in the region*”. Therefore, economic development, including trade development, is one of the orientations of the Vietnamese

State with the requirement of economic development in border areas to ensure the provisions of the 2013 Constitution of Vietnam are legal and in accordance with international treaties related to border trade to which Vietnam is a member. At the same time, economic development, including trade development, must be consistent with the goal of sustainable socio-economic development in border areas, narrowing the gap between regions are key tasks in the socio-economic development plan associated with the process of promoting industrialization, modernization and urbanization of the whole country and of border localities.

2. Current status of policies and laws on trade development at land border areas in Vietnam and recommendations

In order to develop trade at the land border areas, the Vietnamese State pays special attention to establishing policies and laws, including important legal documents such as: Law on Foreign Trade Management 2017; Decree No.69/2018/ND - CP of the Government on May 15th 2018 on Guidelines for the Law on Foreign Trade Management; Decree No.31/2018/ND - CP on March 8th 2018 of the Government on Guidelines for the Law on Foreign Trade Management in terms of origin of goods; The Vietnamese Government has also issued Decision No.1163/QĐ - TTg on July 13th 2021 of the Prime Minister on Approving Strategy for “Domestic Trade Development by 2030, with visions toward 2045” in which the tasks and solutions in the coming time are to “*Properly launch the program on development of Vietnam's border trade infrastructure by 2025, with visions towards 2030 approved in the Prime Minister's Decision No.259/QĐ - TTg dated February 25th 2021*”; at the same time, enhance domestic market management, and continue to strengthen organization and mechanisms of operation of market surveillance forces. Boost market inspection and control to prevent smuggled goods, counterfeits, poor quality goods and trade fraud, especially goods with fake green certification, at land border areas and on the sea; increase inspection and supervision, ensuring compliance with regulations on food safety and environmental hygiene. The Vietnamese State also promotes all resources, maximize the potential and available advantages of regions and areas.

¹ The Communist Party of Vietnam: *Documents of the 13th Party Congress*, National Political Publishing House, Hanoi, 2021, vol. II, p.104.

Diversify and enhance the mobilization, attraction and socialization of resources to invest in rapid and sustainable development of border areas, in which the State budget plays an important role in leading and enabling other resources, giving reasonable priority to public investment capital in accordance with the ability to balance local budgets for focused investment, prioritize investing in urgent and essential projects and tasks in health, education, and transport infrastructure in accordance with planning and have widespread influence, creating momentum for socio-economic development². In order to develop trade at land border areas, Vietnam issued Decree No.14/2018/ND - CP on January 23rd 2018 of the Government on border trade activities; and Decree No.122/2024/ND - CP on October 4th 2024 amending and supplementing a number of articles of Decree No.14/2018/ND - CP on January 23rd 2018 of the Government on border trade activities.

The promulgation of many policy documents and improvement of the economic legal system in general and the law on trade development in land border areas in particular in Vietnam has brought about remarkable economic results in recent times. In 2020, the economy of border provinces and border areas continued to maintain positive growth, many localities had a growth rate higher than the average national growth rate, especially agricultural production in border areas together with the agricultural sector of the whole country have demonstrated the “support” role to the economy in difficult times, ensuring the supply of food, essential goods, which is an important basis to implement social security and people’s security during the pandemic, result in border trade turnover reached 30 billion USD, accounting for 5.5% of the total trade turnover of the whole country in general and 21.5% of the total trade turnover with China, Laos, Cambodia in particular³. This demonstrates that the development of policies and laws on trade development at land border areas in Vietnam greatly contributes to economic development, maintaining political security, social order and safety in Vietnam. Specifically, the task of establishing policies and laws of the Vietnamese State in recent years has achieved remarkable results, such as:

(i) The issuance of documents to establish and perfect the legal system on trade in general and trade development at land border areas in particular has been focused on by the Vietnamese State in recent times to ensure consistency and increase transparency to meet practical requirements.

(ii) The quality of documents related to trade development at land border areas has received many positive changes, ensuring consistency in the viewpoints, policies and leadership of the Communist Party of Vietnam, complying with the Constitution, meeting practical requirements for the country’s economic development.

(iii) Vietnam has always paid great attention to policies and laws on trade development in land border areas, constantly

improving legal documents to ensure their practicability. Under the close direction and coordination of the Provincial Party Committee, Provincial People’s Committee and relevant departments, branches and functional units in the management and operation of import and export activities through Lao Cai international border gate, the inter - sectoral forces managing the border gate has been coordinating smoothly with each other, promptly resolve difficulties, create favorable conditions, and ensure transparency for businesses in import and export activities at Lao Cai international border gate. Businesses participating in import and export activities are increasingly stable, professional, and have better awareness for the law, resulting in more favorable working conditions for the management forces at the border gate⁴. For inspection, examination, anti - smuggling and trade fraud activities in the border areas in recent times, many violations of the law on import and export across the border have been detected and promptly handled, greatly contribute to strengthening the socialist rule of law and facilitating the development of border trade activities. At the same time, Vietnam also promotes administrative procedure reform in the direction of synchronization and scientification to create a favorable environment to promote the development of border trade activities.

Regarding the policy of developing trade at the land border area in the coming time, the Prime Minister has signed Decision No.1199/QĐ - TTg on Planning of border gates on the Vietnam - China land border for the period of 2021 - 2030, with a vision to 2050. Accordingly, the Government will prioritize investment in inter - regional traffic routes connecting to important border gates. Investment is focused on modern and synchronous infrastructure, equipment, techniques to form a green border gate system with the goal of fast and effective customs clearance. Forming border gate areas with trade, logistics, tourism and service activities that develop accordingly to the trade potential and demand between the border provinces of Vietnam and China.

By 2030, the Vietnam - China border will be expected to have 26 border gates, including 14 international border gates, 12 bilateral border gates and 1 special opening/border gate. . . By 2050, it is expected that the Vietnam - China border will have 31 border gates, including 18 international border gates, 13 bilateral border gates and 1 special opening/border gate. Most of the Vietnam - China border provinces have both international and bilateral border gates⁵. This shows that Vietnam has many policies and laws to promote trade development at land border areas.

However, there are also some limitations that need to be resolved to develop economic and trade at land border areas such as:

⁴ Presentation at the Workshop: “Policies and laws on land border areas in socio-economic development and ensuring national defense and security: Practical implementations in localities and current issues” hosted by the Institute of State and Law in September 2023 in Lao Cai Province.

⁵ Thuy Hong - Mai Huong, Economic development in border areas: New policies and driving forces (<https://baodantoc.vn/phat-trien-kinh-te-khu-vuc-bien-gioi-chinh-sach-moi-dong-luc-moi-bai-2-1699610276350.htm> accessed on 13/11/2023).

² Resolution No. 23/NQ-CP on February 3rd 2022 of the Government on economic development in land border areas.

³ Resolution No. 23/NQ-CP on February 3rd 2022 of the Government on economic development in land border areas.

(i) Several policies and laws on trade development at land border areas still stipulate some cumbersome licensing procedures that have not been shortened, such as trade fairs and exhibitions. . .

(ii) Incentive mechanisms and policies are not effective enough to attract investment capital for infrastructure in border economic areas; and for production, processing, and trade activities in land border areas.

(iii) The implementation of policies and laws on trade development in land border areas also has some shortcomings such as the slow issuance of guiding documents or amendments and supplements, for example, Decree No.14/2018/ND - CP on January 23rd 2018 of the Government on border trade activities. After the promulgation of this Decree, economic growth over the years in Vietnam's land border areas has been more effective than before. However, trade development activities still have many limitations such as: The scale of trade activities is not proportionate to the potential and advantages of land border areas; import and export goods are not diverse; border gate areas in some places have not been invested and built synchronously; some current regulations are considered to be no longer suitable or not keeping up with the actual development of border trade as well as the current policies and orientations for border management and import - export development. . . These are the barriers to trade development in the land border areas. Therefore, to overcome the shortcomings and inadequacies in the implementation of Decree No.14/2018/ND - CP, the Vietnamese Government has issued Decree No.122/2024/ND - CP on October 4th 2024 amending and supplementing a number of articles of Decree No.14/2018/ND - CP on January 23rd 2018 of the Government on border trade activities, but the time it takes to issue the new decree to overcome these shortcomings is still too slow.

(iv) The mechanisms and policies on expanding and upgrading regional infrastructure to increase import and export turnover through border gates, diversifying transportation methods by road, air, sea and rail, and reducing logistics costs have yet to meet practical requirements⁶.

(v) The process of training to improve qualifications, professional capacity, skills and update new knowledge and regulations in the field of import and export, border trade for

functional forces, management officers and businesses still has many limitations.

(vi) Some provinces on land border areas have not really promoted the operation and application of digital platforms in trade promotion to provide better aid to businesses and localities in the process of exploiting information, managing border gates as well as importing and exporting goods across land border areas.

Thus, to promote trade development at land border areas in the coming time, we propose some specific solutions as follows:

First, there needs to be breakthrough incentive mechanisms and policies that are attractive enough to draw investment capital for infrastructure in border economic zones, and for production, processing, and trade activities in border areas.

Second, the issuance of policies needs to be focusing on attracting investment in construction, expansion and upgrading of infrastructure in provinces with land border areas such as Lao Cai; Quang Binh; Tay Ninh. . . to diversify transportation methods such as road, air, sea and rail, and reducing logistics costs.

Third, we need to have a policy to strengthen training to improve qualifications, professional capacity, skills and update new knowledge and new regulations in the field of import and export, border trade for functional forces and management officers at land border areas.

Fourth, there should be policies to encourage provinces on land border areas to strengthen trade promotion activities on digital platforms to help businesses and local authorities manage and exploit information on border gates, the import and export of goods. For example, expanding the pilot implementation of the "Digital Border Gate" platform to completely and comprehensively manage import and export activities along the entire northern border areas; synchronize the management, inspection and supervision between the data flows and the physical flows of vehicles and goods.

Developing trade at land borders aims to promote and facilitate trade development, creating favorable conditions for trading goods with neighboring countries. Thus, researching, establishing and perfecting policies and laws on developing trade at land border areas in Vietnam is an important task to promote economic development as well as contribute to perfecting policies and laws in Vietnam in the coming time.

References

- [1] The Constitution of the Socialist Republic of Vietnam 2013;
- [2] Law on Foreign Trade Management 2017;
- [3] Decree No.69/2018/ND - CP of the Government on May 15th 2018 on Guidelines for the Law on Foreign Trade Management;
- [4] Decree No.31/2018/ND - CP on March 8th 2018 of the Government on Guidelines for the Law on Foreign Trade Management in terms of origin of goods;

⁶ Kim Thanh International Road Border Gate No. II has been planned, but the progress of investment and construction is still minimal, not meeting the infrastructure needs for the import and export of goods; during peak periods at the border gate, there is still a congestion of empty Chinese transportation vehicles on the roads in the border gate area. The structure of exported goods through Kim Thanh International Road Border Gate No. II is not diverse (mainly dragon fruit, peeled wood, cassava, banana, lychee...) so it is easily affected when China regulates or changes its policies on agricultural products. (Presentation at the Workshop: "Policies and laws on land border areas in socio-economic development and ensuring national defense and security: Practical implementations in localities and current issues" hosted by the Institute of State and Law in September 2023 in Lao Cai Province).

- [5] Resolution No.23/NQ - CP on February 3rd 2022 of the Government on economic development in land border areas;
- [6] Decision No.1163/QD - TTg on July 13th 2021 of the Prime Minister on Approving Strategy for “Domestic Trade Development by 2030, with visions toward 2045”;
- [7] Thuy Hong - Mai Huong, Economic development in border areas: New policies and driving forces (<https://baodantoc.vn/phat-trien-kinh-te-khu-vuc-bien-gioi-chinh-sach-moi-dong-luc-moi-bai-2-1699610276350.htm> accessed on 13/11/2023)
- [8] Workshop: “Policies and laws on land border areas in socio - economic development and ensuring national defense and security: Practical implementations in localities and current issues” hosted by the Institute of State and Law in September 2023 in Lao Cai Province.