



Impact of Export on Economic Growth in Vietnam: Empirical Research and Recommendations

Thanh Hai Nguyen^{[a],*}

^[a]Ph.D., Thuongmai University, Hanoi, Vietnam.

*Corresponding author.

Received 20 September 2016; accepted 22 November 2016

Published online 31 December 2016

Abstract

This paper analyzes the impact of export on economic growth in Vietnam. Our findings based on regression analysis of Vietnam data in the period 1990-2015 confirm a significant and positive relationship between export and Vietnam economic growth. Export plays an important role in the Vietnam economic development by accelerating the industrialization and modernization process in this country. Particularly, the export has a positive impact on GDP growth of the current year and also the one in two years later (2 years of delayed entry). On the basis of results obtained, we propose some recommendations for local government and export firm in order to promote export and its impact by contributing to sustainable economic development of commodity-exporting emerging and developing countries.

Key words: Export; Economic growth; GDP growth; Emerging economy; Vietnam

Thanh, H. N. (2016). Impact of Export on Economic Growth in Vietnam: Empirical Research and Recommendations. *International Business and Management*, 13(3), 45-52. Available from: <http://www.cscanada.net/index.php/ibm/article/view/9040> DOI: <http://dx.doi.org/10.3968/9040>

INTRODUCTION

In the context of globalization and integration, export plays an important role in the economic development. It is considered as a major motivator for domestic production by making the best use of natural resources, human resources; and other resources. This has been asserted by many economic researchers over the world, for example,

as assumed by Balassa (1985), export growth exerts an important influence on economic growth, as export makes it possible for earnings in foreign exchange-the capital resources necessary for importing goods, stimulating economic growth. According to Trost and Bojnec (2016), export improves competitiveness, particularly in international market penetration activity, helping to speed up engineering technology, from that to boost economic development.

In Vietnam, export has significantly affected economic growth in the recent years. Specifically, according to the Central Intelligence Agency (CIA), in 2013, Vietnam was ranked 35th for exporting (export value reached USD 96.91 billion), and in 2015, Vietnam jumped to the 28th place with export value of USD 158.7 billion. Similarly, in 2013, GDP of Vietnam, if calculated at par with foreign exchange purchasing power and GDP per capita per purchasing power price were 36 respectively (reaching USD 551.4 billion) and 125 (USD 6100 billion). Irrespective of practical data proved the positive impact of export on economic development, until the present time, there still not many official researches on the role of export in economic development of Vietnam as well as the factors that impact on the relationship between these two areas.

Meanwhile, in the world, there have been different opinions of the relationship between export and economic growth. In the research on 13 countries in Asia, Rahman and Mustafa (1997) identified the directly proportional relationship between export and economic growth. Conversely, it was believed by some researchers that there were no sufficient proofs of the relationship between these two areas since GDP growth even depends largely on many other factors. Specifically, Richards (2001), while doing research on Paraguay's economy for 10 years, pointed out that there was no cause and effect relationship in the economic development growth and export of this country. Or Jung and Marshall (1985), after researching in 36 Latin American and Asian countries also found out 4 countries with developed economies owing to their increased exports.

Thus, this paper focuses on the subject: “Impact of export on economic growth in Vietnam: empirical research and recommendations”. This paper is intended to study the relationship between export and economic growth. At the same time, the paper focuses on the role of export for Vietnam economic development growth in the recent years. On that basis, this paper proposes a number of recommendations for enhancing Vietnam economic development by exporting.

1. THEORETICAL FRAMEWORK

1.1 Relationship between Export and Economic Development Growth

The relationship between export and economic development growth has been dealt with and analyzed in plenty of researches over the world; however, the opinions on this relationship are greatly different. While the great majority of researchers supported the Export-led growth theory, some scholars disagreed with this point of view.

Export-led growth is an economic policy aim to expedite the industrialization process of a country by exporting the commodity that country has competitive advantage (Tran, 2010). Export-led growth basically implies to open the domestic economy to approach and compete with the markets in other countries. This can be viewed as an economic strategy popular in a number of developing countries in order to find a niche in the world market to export a certain commodity or a commodity group. By using this strategy, countries wish to have enough strong foreign currencies to import goods at low price (Hoang & Nguyen, 2012).

Nguyen (1999), in her research, stressed that export is the main direct impetus for economic growth since it constitutes part of the production process, and this activity speed up import of goods, services. Similarly, Sharma and Panagiotidis (2005) believed that export has decisive impact on economic growth, and that expanding export to other areas or countries, with or without allowing for external factors (e.g. non-export, applying forms of advanced management, improving production technique, modernizing infrastructure...) will impact on the economy as a whole. Bhattacharya and Bhattacharya (2016) confirmed that export makes it possible for foreign exchange revenue to derive to serve export, to strengthen specialization in manufacturing products for export, from that to help restructure resources from noncommercial components and to husband the available resources in a more efficient manner. Particularly, for countries with high populations at working age, export will increase employment opportunities and improve workers' living standards.

By technological approach, Waithe, Lordeb, and Francis (2011) considered that export expansion may not only make it possible for exporting countries to get access to new technologies but also accelerate new technology development in the home countries. Technological

advances have very positive impact on economic growth, helping countries to keep abreast of the world's development tendencies, meeting the ever-growing market demand inside and outside the countries. Once this demand is satisfied, there shall be a lot of investors to pour capital into development not only in the realm of export but also in many other areas thereby resulting in increased domestic investment. In supplementing to this point of view, Awokuse (2006) observed that developed export will help increase demand for supply of goods, services to out of national territories, so will be income and employment in the realm of export. Moreover, increased export will have positive impact on the economy, since export will guarantees the effective distribution of resources, expands the scope of economic activities and spur domestic enterprises to improve technology to enhance competitive capacity in foreign markets.

Nevertheless, up to now, the export-led growth has still not been supported by some economic experts. These experts believe that it is not only intensifying export that pushes GDP growth to a higher rate, but this is dependent on a large variety of other subjective and objective factors. Typical of this maybe the research by Richards (2001) in the case of Paraguay. After researching this country's economy for over 10 years, he observed that the export growth rate of Paraguay was not as stable as its economic growth rate due to the entanglement in politics related barriers. Not only Richards (2001), Jung and Marshall (1985) also denied that export has the capacity to boost economic development, since after researching in 36 countries (mostly in Latin America and some in Asia), there were only 4 countries with economies developed by increased export. For that reason, these scholars concluded that there were no reliable proofs to assert export's role in economic development.

In general, the majority of researchers have agreed that export is one of the economic development determinants for the following three reasons: Firstly, export has a positive impact on non-export industries by increasing the scope of economic activities. Secondly, export increases foreign currency resources by facilitating the access to the global markets. Thirdly, export brings about a variety of job opportunities, material and technical modernization for countries. So, in the short term as well as in the long term, export has a significant and positive impact on economic growth.

1.2 Empirical Researches on the Relationship between Export and Economic Development Growth

Up to now, a series of experimental researches on the relationship between export and economic development growth have been carried out. Most of these researches were aimed at asserting the reciprocal and positive relationship between export and economic growth of any country.

Specifically, Al-Yousif (1997) studied the relationship between oil export and economic growth in four OPEC countries (oil export led economies) including Arab

Saudi, Kuwait, Oman and United Arab Emirates during the period 1973-1993. During his study, Al-Yousif found out that these four countries mainly exported oil products and used the profit obtained to buy consumer goods, labour employment...He also provided the export value/GDP of these four countries, namely 42%, 53%, 47% and 70% respectively, these were considerably high figures. From that, Al-Yousif concluded that export played a positive role in the economic growth of the aforesaid OPEC countries. In the same way, Trost and Bojnec (2016) also asserted that export exerted positive impact on the economic growth under study in Slovenia and Estonia.

The relationship between export and economic growth of countries in Asia was also cared for and studied by many economists. To name a few, i.e. the research by Rahman and Mustafa (1997) in 13 Asian countries and the one by Ekanayake (1999) in 08 developing Asian countries. These two researches provided authentic proofs through statistical studies to define the directly proportional relationship between export and economic growth. From that, the two scholars observed that developed export helps push up economic growth. These can be regarded as important results that greatly influence development policies of the countries under studies as well as of other countries in the region and over the world in making export-oriented economic growth plans. The studies by Ibrahim (2002) (in 06 countries and territories in Asia) and Sharma and Panagiotidis (2005) (in India) also obtained similar results.

In addition, Ismail and Harjito (2003) did their research into the cause and effect relationship between export and economic growth in ASEAN countries in the period 1966-2000. The research by these two scholars showed the reciprocal relationship between export and economic growth in Indonesia and Singapore. Konya (2006) also studied the relationship between export and economic growth in 24 OECD countries from 1960 to 1997. He employed the method of accessing data based on the SUR system and reexamining according to the Wald system to grasp and analyze important values. The findings of this scholar's experimental research indicated (1) the existence of the one-dimensional cause and effect relationship between export and GDP in Belgium, Denmark, Iceland, Italy, Ireland, New Zealand, Spain and Sweden; (2) the existence of the one-dimensional cause and effect relationship between GDP and export in Austria, France, Greek, Japan, Mexico, Norway and Portugal; (3) the existence of the two-dimensional cause and effect relationship between export and GDP in Canada, Finland and the Netherlands and (4) no proofs of the cause and effect relationship between these two categories in Australia, South Korea, Luxembourg, Switzerland, Great Britain and the United States.

To name a few other case studies, such as that by Mohsen and Firouzjaee (2011), of the cause and effect relationship between non-oil export and economic growth of 73 developing countries in the period 1970-2007.

These scholars used tables and discovered there is a two-dimensional relationship in the long term between export and GDP growth. Waithe, Lordeb, and Francis (2011) experimented a hypothesis about export-led growth of Mexico in the period 1960-2003. The proofs from the studies by this group of authors show that export supports economic growth in the short term, but the long-term results show that there is an inverse relationship between export and GDP. Further, Seabre and Galimberti (2012) also studied the hypothesis about export-led growth by using the data from 72 countries in the period 1974-2003 and the experimental results obtained from this study to support the hypothesis about export-led growth. Or Faridi (2012) studied the capacity of export to contribute to economic growth in Pakistan in the period 1972-2008. He employed the Johansen methods test for multiple cointegrating and came to realize that agricultural export turnover exerts considerably negative impact on economic growth rate. In addition, he also assumed that there exists a two-directional cause and effect relationship between agricultural export activity and GDP in reality. Meanwhile, Chang, Simo-Kengne, and Gupta (2013) tested the cause and effect relationships in 09 South African countries in the period 1995-2011. The scholars analyzed the cause and effect relationship between export and economic growth basing on datasheets and realized that export and economic growth were very diverse, complicated and inhomogeneous among South African regions. At the same time, the study results did not show any relationship between economic growth and export in the regions under study.

Therefore, it has become obvious that experimental studies of the relationship between export and economic growth until now has remarkably been diverse and carried out in a relatively large range (among different countries, regions and continentals). Although most study results supported the export-led growth theory, some studies denied the existence of the relationship between these two categories. For this reason, countries should be very careful when making economic development plans, particularly in the long term so as to boost economic development and also to avoid the mistakes that should not have been committed.

2. RESEARCH METHODOLOGY

This paper collected and analyzed the data from the domestic and international researches on the relationship between export and economic growth. In addition, the paper collected the reports, theses, journals, etc. These documents were summarized and compared to point out the differences in researchers' points of view. Furthermore, the paper used the news, interviews with economic experts in this realm for ensuring highly updated information. Also, the author collected the statistical data from the Statistical Yearbook of the General Statistics Office of Vietnam and periodical economic reports of the relevant authorities. This source of information is highly reliable,

as they are published by the governmental organizations.

After collecting the research data, we categorized them by year and by content. Then, we compared the changes by periods, between Vietnam and the countries in the region and over the world..., so as to gain a deeper and more comprehensive insight into the problem. Finally, we presented the results through tables and figures.

3. RESEARCH RESULTS

3.1 Changes of Export and Economic Growth

According to the statistical data from the Statistical Yearbooks by the General Statistics Office of Vietnam, changes in export and economic growth of Vietnam can be categorized into 05 periods as follows:

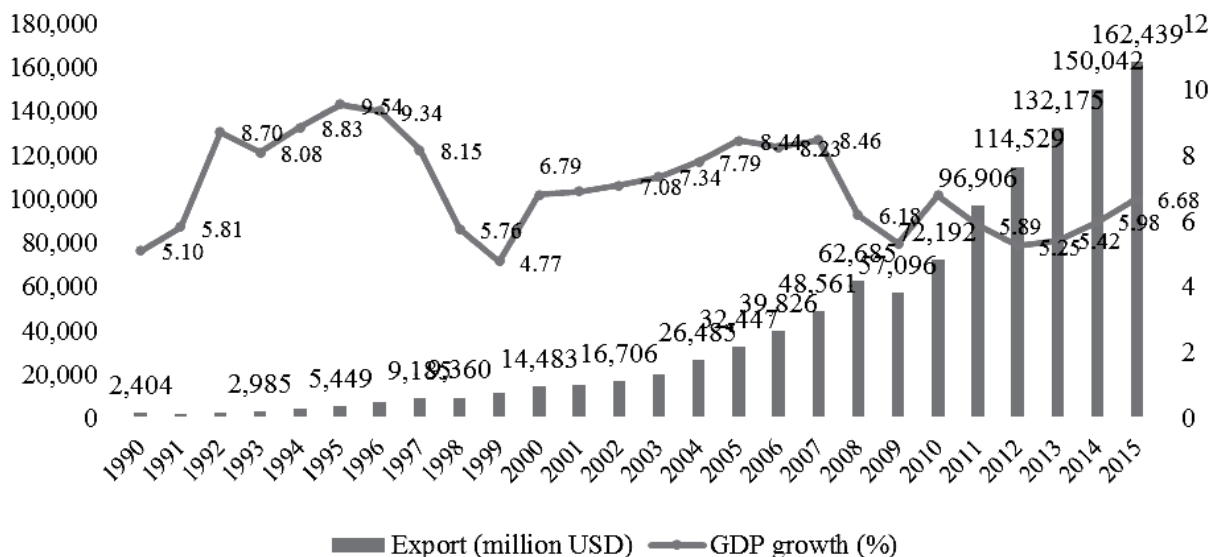


Figure 1
Changes of Export and Economic Growth of Vietnam in the Period 1990-2015
 Note. Adapted from Vietnam Statistical Yearbook 1990-2015.

The period of 1990-1995: Vietnam gradually stepped out of Vietnam State of stagnation; the Government began to apply the model of market economy and international openness and integration. In this period, the Vietnamese economy made a lot of important achievements, together with a stable growth rate of exports. If 1990 only saw Vietnam's export turnover at a modest level of USD 2,404 million, then in 1995, this figure grew more than twofold, to USD 5,449 million. This growth was even demonstrated through GDP data at an average level of the whole period of 7.67%. Except the first two years with rather much confusion when starting the renovation process, GDP growth rates were merely 5.1% and 5.81% respectively, in subsequent years, GDP growth rates were all over 8%, and the pinnacle was 1995, with the record of 9.54%. In view of the ratio of export to economic growth, while export growth rates were stable, particularly in the early years, then there was some small change in economy in 1992 when GDP growth rates rocketed up, from 5.81% to 8.7%, but 1993 saw a slight decrease by 0.62%, i.e. only 8.08%.

The period of 1996-2000: This period marked an important development step when Vietnam officially entered into a new stage of pushing up the country's industrialization and modernization process. In this period, Vietnam's export values increased fairly homogeneously and rose sharply in 2000, thereby doubling in 1996, to

USD 14,486. The main cause of this was Vietnam State's concentration on accelerated international integration activities by negotiating and signing trade agreements with countries in the region and over the world. Data from the General Statistics Office of Vietnam showed that as of July 2000, Vietnam had signed trade agreements with 61 countries, bringing the total number of countries having trade relations with Vietnam from 50 (in 1990) to 170 (in 2000). Quite contrary to the satisfactory signals from export activities, in the period 1996-2000, Vietnam fell under the impact of the financial and currency crisis in Asia (1997) and repetitive natural disasters, therefore its GDP growth rates kept decreasing and reached the bottom in 1999, down to 4.77%. Nevertheless, by 2000, this rate began to go up, yet still below 7%. So, GDP during this period grew by 6.96% on average, but still lower than the previous period of 0.71%.

The period of 2001-2005: It can be said that in this period, Vietnam's export made quite a lot of important achievements. From a country of importing from 50,000 to 1 million tons of food every year, Vietnam became the world's second largest rice exporter. Especially, in 2005, Vietnam was ranked first for exporting peppercorn, second for coffee, cashew nuts, and fourth for rubber. Export values kept doubling, from USD 15,029 million USD in 2001 to USD 32,447 million in 2005. In parallel with the sharp increase in exports, this was also the period

in which Vietnam ended its GDP plummeting, however, the growth rates were rather slow, only by some 0.2-0.5% with each passing year, resulting in an average growth rate in this period of 7.51%, in 2005 in particular, this was 8.44%-a considerable high rate. By then, GDP per capita of Vietnam was around USD 640, exceeding the average level of low-income countries (USD 500).

The period of 2006-2010: The period, in which exports made drastic advances thanks to Vietnam's becoming a WTO member (2007), starting bilateral FTA negotiations with the EU, Japan, Chile and signing EPA with Japan (2008). That was why export values nearly doubled, from USD 39,826 million in 2006 to USD 62,685 million in 2008. Nevertheless, 2009 saw a slight decrease in the export values by USD 5,589 million to reach USD 57,096 million. As assessed by the Ministry of Industry and Trade, the year-end 2008 global economic crisis resulted in the decrease in price and despite of the sharp increase in volume, the turnover value did not rise accordingly. However, by 2010, Vietnam made a breakthrough in terms of exports, valued at USD 72,192 million. With regard to economic growth in this period, as Vietnam fell under the heavy impact of the year-end 2008 crisis, its GDP declined sharply in 2008, accounting for 6.18% and in 2009, 5.32%; in spite of the Government's demand boost packages, the situation was not improved. By 2010, GDP was improved, reaching 6.78%, indicating the economy's signs of recovery.

The period of 2011-2015: This period witnessed a fairly drastic increase in imports, by about 18% per year on average and becoming an important motivation for boosting economic development. By 2015, Vietnam's export turnover reached USD 162,439 million, by 1.67 times compared with that at the beginning of the period. Through the period, Vietnam continued pushing forward negotiations and signing numerous free trade agreements (FTAs) so as to expand export markets. By year-end 2015, Vietnam had over 25 commodities with export turnover over USD 1 billion, including 8 products with over USD 5 billion. With regard to economic growth in the period, GDP slightly decreased by 0.64% in 2012, but then gradually became stable in the next consecutive years and reached 6.68% in 2015. Though this was not a drastic growth rate, it indicated the recovery tendency in Vietnam's economy. The economic growth in the period was at an average rate of 5.84%, lower than the previous one, it could be considered considerable, against the background of numerous completed changes in the domestic and international markets.

3.2 Results of the Regression Analysis

The results of regression analysis are shown in the table below. The model has dependent variables, i.e. GDP growth rates, and independent variables, i.e. export values of the existing year that have effect on the GDP growth rates of the existing year, 1 year and 2 years after that. The F-statistic of the model is 1,744,081, with

$p = 0.000$, shows that this model conforms to the data collected and there exist significant explanatory variables. The adjusted square value R of 0,996 indicates the independent variables brought into the model can explain 99.6% of the variance of the dependent variables. These results, therefore, determine that the regression model has achieved reliability.

Table 1
Results of Regression Analysis

Variable	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	1.948,843***	0,866	2.249,614	0,000
EX	6,113**	2,396	2,551	0,019
EX_t1	0,704	3,013	0,234	0,818
EX_t2	5,878**	1,930	3,046	0,006
R = 0.998		Adjusted R Square = 0.996		
R Square = 0.996		Std. Error of the Estimate = 0.468		
F = 1744.081		Sig. = 0.000		

Note. *Significant at $p < .01$; **Significant at $p < .05$; ***Significant at $p < .10$.

The results of regression analysis show that the independent variable EX_t1 is not statistically significant; on the contrary, the two variables Ex and Ex_t2 have positive impact on economic growth rate at the significance level of 95%.

Specifically, B-value of the independent variable EX is positive and significant at the confidence threshold of 95% ($B = 6.113 > 0$; $\text{Sig.} = 0.019$); this result indicates that the annual export value has a positive, orthodromic and intermediate effect on the GDP growth of that year. This finding supports the research result of Al-Yousif (1997) on four OPEC countries. During his 20-year research on the relationship between economic growth and export in these countries, the author came to realize that in any year when oil export increased, GDP growth rate would also be improved, as these 4 countries used the profit gained to invest in other areas, thereby intensifying production specialization, investment in modern machinery and technology and pushing up import of goods, services. On the other hand, it is undeniable that export activities constitute part of the production process and have direct effect on foreign currency resources, push up imports, renovate and enhance level of production and labour productivity. These are the very important factors for assessing the national growth rate in the year. Especially for countries with high working age populations like ours, increased exports will increase job opportunities and improve workers' living standards. For that reason, any changes (increase or decrease) of export immediately affect a country's GDP growth rate.

The independent variable of EX_t2 has positive B-value at the confidence level of 95% ($B = 5.878 > 0$; $\text{Sig.} = 0.006 < 0.05$), shows that the export values of the two previous years (year t-2) have a positive, orthodromic and intermediate impact on the GDP growth of the current year (year t). In other words, the impact

of exports on economic growth has a two-year lag. This result in Vietnam does not support the finding of Chang, Simo-Kengne, and Gupta (2013) on nine South African countries in the period of 1995-2011. From the statistical data through the years, researchers came to realize the cause and effect relationship between export and economic growth in these nine countries was very diverse, complicated and inhomogeneous; the export of the two previous years did not have positive impact on GDP growth of the current year, but from time to time presenting an antidromic development.

However, the findings of the researches in the Asian region have indicated the same results. Specifically, the research of Rahman and Mustafa (1997) in thirteen Asian countries, research by Ekanayake (1999) on eight developing countries in Asia, and research of Ibrahim (2002) on six Asian countries all showed that increase or decrease of export in the two previous years would have impact on GDP growth of the current year. This can be explained as follows: once invested, expanded and having recorded certain growth rates, export activities will make it possible for countries to get access to new technologies and improve productivity and level of production in two years to come. This will be a period of time sufficient for countries to use skillfully the new technological equipment, including applying and developing new products with better quality, patterns, packing to meet market demand. Moreover, developed export is synonymous with the expansion of countries' trading relationships to bring about a series of opportunities of improving, modernizing machinery, technology as well as material facilities for goods production, services in general and for export goods production in particular. Such favourable conditions are not only represented in the intermediate effect on GDP growth rate but after a couple of years, such effect will still exist, especially in the case of Vietnam.

3.3 In-depth Analysis of Export Impact on Economic Growth

The research results of regression analysis have shown that export and economic growth exert remarkable and orthodromic impact. In other words, export plays an important role in economic development in Vietnam. Specifically, this activity considerably impacts on the aggregate demand of the economy, accelerates the increase in consumption and investment to result in economic growth, which can be displayed in GDP data. Particularly during the global crisis in 2008, export activity played an important role in bringing the Vietnamese economy out of Vietnam State of stagnation. More importantly, export of goods is the main source of capital accumulation for economic growth, since this is a major foreign currency resource for the country and will be used to invest in machinery and equipment for the process of industrialization and modernization of Vietnam. Export value not only represents the reputation

of domestic exporting enterprises but also reflects the productive capacity of enterprises of the national economy as a whole. In addition, export also helps Vietnam expand its consumption markets, push up production and stabilize the markets, as foreign markets have high capacity for goods consumption, therefore, the more consumption demand is satisfied, and the greater profits will be gained for exporting enterprises.

Furthermore, export creates numerous good opportunities for the development in other areas; for example, increased textile and garment exports will be accompanied by developed material-such as cotton, fiber, dye-manufacturing industries. It is this that will make change in the economic structure in a comprehensive manner, creating a necessary balance among sectors and helping the economy grow more homogenously and more steadily. In addition, the techno-economic premises aimed at improving domestic productive capacity will also be pushed forward by export activity, since this is an important means to create capital and engineering technology from other countries over the world, particularly developing countries, for the purpose of domestic economic modernization. Export activity requires that enterprises must unceasingly enhance their productive capacity, improve quality and expand the markets. And when domestic enterprises make profits in business, the economy will ever thrive.

Export contributes to meeting the need for job of workers not only in sectors directly involved in production but also in the relevant services; increases and diversifies the people's needs, improves living standards and income of workers. Furthermore, export and external economic relationships also interact with one another; on the one hand, export pushes up the development of international credit, insurance, transport relations..., on the one hand, external economic relations will also make it possible for expanding export.

In a word, export plays an important role in Vietnam economic growth, expedites the industrialization, modernization process in the current global integration. This also offers a golden opportunity for a country with a developing economy like Vietnam to grasp new opportunities in the process of integrating into the economy of the regulation and the world.

4. IMPLICATIONS OF THE RESULTS

On the basis of the research results, we proposed a number of recommendations to Vietnam State and enterprises as follows:

4.1 Recommendations to Vietnam State

Firstly, Vietnam State should perform well the strategy of export development in the period 2016-2020 for speeding up export growth. At the same time, Vietnam State should carry out export structure transformation towards sustainability

by reducing export of crude commodities, agricultural, aqua products and increasing products with high levels of intelligence, technology content (electronic, telecom, construction materials...) in parallel with expanding and diversifying market as well as mode of operation.

Secondly, Vietnam State should attach special importance to develop commodities for export of high values, environmentally friendliness and not encourage commodities that consume a lot of energy and natural resources, with little intelligence content and during the manufacturing process cause adverse effects on the environment. In addition, Vietnam State should concentrate on developing commodities for export with high competitive power or with high turnover ratio.

Thirdly, Vietnam State should intensify exploiting opportunities for expanding the export market by speeding up activities of signing bilateral and multilateral trade agreements with countries over the world, of exporting such large markets as the United States, the EU, Japan, South Korea, ASEAN, etc. and exploiting the potential but still left open markets like Russia, Latin America... by conducting market research to determine the need for consumer goods of these fraternal countries.

Fourthly, Vietnam State should continue to deploy trade promotion and product introduction centers at key export markets to support Vietnam enterprises with information and promote Vietnam's product brands in the world market to make it convenient for domestic exporting enterprises to take part in and expand export scope. At the same time, Vietnam State should enhance the role of commercial counsellor in order to actively assist Vietnamese exporting enterprises in identifying threats, incidents to export commodities and protect Vietnam enterprises in international markets. This also helps build a sustainable export market and brings into play the pervading effect of export to economic growth of Vietnam.

Fifthly, Vietnam State should attach importance to and be consistent with export-oriented economic development. As Vietnam is being in the period of industrialization, modernization and the domestic economy has still not yet been stable since the economic crisis in 2008; therefore, it can be observed that export-oriented economic development strategy has until now still been an appropriate choice. This strategy makes a positive contribution to help Vietnam avail itself of external resources to improve the economy's competitive power and permits Vietnam to make best use of the comparative advantages to expand export scope in the context free trade and international economic integration.

Sixthly, Vietnam State should have policy to increase supplies for export of goods through domestic supporting industry development and making use of FTAs so as to diversify importing partners. Supporting industry development will help guarantee proactivity in exploiting resources, reducing crude commodity exports, from that to push up processing industry, helping increase

economic growth. Besides, the Government of Vietnam should implement well FTAs so as to reduce the excessive dependence on a number of importing markets. In the coming time, Vietnam should make the best use of the preferences in these agreements by strengthening the import-export relationships with partners in FTAs so as to get access to the markets of advanced industrial countries and orient the country's economy towards sustainable development and stable growth.

4.2 Recommendations to Vietnam Exporting Enterprises

Firstly, Vietnam exporting enterprises should intensify export commodity development towards modernization through activities of expanding the scope, participating deeper in the global value chain to avail themselves of opportunities and improve export commodity competitiveness. Especially, enterprises should place emphasis on improving export commodity quality, as this helps strengthen reputation with the former markets and creates opportunities to open and develop new markets, particularly when the competitive situations among export commodities of countries become more and more severe.

Secondly, Vietnam exporting enterprises should build brands for their export products, particularly for the traditional commodities with advantages of Vietnam such as rice, coffee, handicraft art articles, etc. in order to improve product quality as well as to get a stable foothold and brand name on the market. Once having a stable foothold and brand name on the market, commodity value will increase, competition be improved, source of revenue will grow and accompanied by the growth of the economy in general and of export turnover in particular.

Thirdly, Vietnam exporting enterprises should attach importance to training, improving corporate human resources; encouraging to using labour skilled, highly qualified, and promptly responsive to changes in science and technology and international business environment. Enterprises may appoint source officers to take part in home and abroad training courses, encouraging staff to attend short and long term training courses to improve their competencies.

Fourthly, Vietnam exporting enterprises should be proactive in grasping information, issues appertaining to laws, policies on export and in relating with other enterprises in the same sectors to learn about their experiences, to improve their competitive capacity and to grasp many good opportunities for their entities. Besides, enterprises should also actively take part in export promotion programs at home and abroad to seek for more opportunities for themselves.

Fifthly, Vietnam exporting enterprises should carry out drastically policies to diversify export commodities towards increasing the number of export and expand export, reduce import of crude commodities, gradually shift to groups of processed commodities, with higher technology content towards sustainable export on the

global markets, making a practical contribution to boosting domestic economic growth.

Sixthly, Vietnam exporting enterprises should concentrate and pay more attention to improving export commodity quality in order to firmly maintain and expand export market shares. Under conditions of international economic integration, export commodity quality must guarantee to meet well the quality criteria of importing markets. Especially, when commodity quality regulations are getting stricter and stricter, Vietnamese export enterprises should invest in and develop engineering technology, modernize manufacturing processes, thus helping improve the reputation of Vietnam's export products and making a positive contribution to economic growth.

CONCLUSION

This paper focuses on the relationship between export and economic growth by summarizing the domestic and international researches, and analyzing the regression results and the changes of export and economic growth of Vietnam in the past 25 years. Our findings indicate that export of a current year has a significant and positive impact on GDP growth of the current year and the following two years. On that basis, this paper proposes a number of recommendations for developing Vietnam economy by exporting.

Due to limitations of time, knowledge and experience; the research fails to provide comparisons of this relationship in other countries in the region and over the world; as each country has different conditions, strengths and weaknesses, role and impact of export on GDP. For that reason, the role of export on economic growth of Vietnam in the future will probably continue to be widened and studied towards comparing, collating among countries, primarily in the ASEAN region, then other continents, to give readers a more comprehensive and deeper insight into this issue.

REFERENCES

Al-Yousif, Y. K. (1997). Exports and economic growth: Some empirical evidence from the Arab Gulf countries. *Applied Economics*, 29(6), 693-697. <http://dx.doi.org/10.1080/000368497326624>

Awokuse, T. O. (2006). Export-led growth and the Japanese economy: Evidence from VAR and directed acyclic graphs. *Applied Economics Letters*, 38, 593-602. <http://dx.doi.org/10.1080/00036840600619594>

Balassa, B. (1985). Exports, policy choices and economic growth in developing countries after the 1973 oil shock. *Journal of Development Economics*, 18, 23-35. [http://dx.doi.org/10.1016/0304-3878\(85\)90004-5](http://dx.doi.org/10.1016/0304-3878(85)90004-5)

Bhattacharya, S., & Bhattacharya, M. (2016). International trade and economic growth: Evidences from the Brics. *Journal of Applied Economics & Business Research*, 6(2), 150-160.

Chang, T., Simo-Kengne, B. D., & Gupta, R. (2013). The causal relationship between exports and economic growth in the nine provinces of South Africa: Evidence from Panel-Granger Causality Tests. *International Journal of Economic Policy in Emerging Economies*, 6(3).

Faridi, M. Z. (2012). Contribution of agricultural exports to economic growth in Pakistan. *Pakistan Journal of Commerce and Social Science*, 6(1), 133-146.

Ibrahim, I. (2002). On exports and economic growth. *Journal Pengurusan*, 21, 3-18.

Ismail, A. G., & Harjito, D. A. (2003). Exports and economic growth: The causality test for ASEAN countries. *Journal Ekonomi Pembangunan*, 8(2), 89-95.

Jung, W. S., & Marshall, P. J. (1985). Exports, growth and causality in developing countries. *Journal of Development Economics*, 18, 1-12. [http://dx.doi.org/10.1016/0304-3878\(85\)90002-1](http://dx.doi.org/10.1016/0304-3878(85)90002-1)

Konya, L. (2006). Exports and growth: Granger causality analysis on OECD countries with a panel data approach. *Economic Modelling*, 23(6), 978-992. <http://dx.doi.org/10.1016/j.econmod.2006.04.008>

Mohsen, M., & Firouzjaee, B. A. (2011). Granger causality relationship between export growth and GDP growth in developing countries: Panel cointegration approach. *International Journal of Humanities and Social Science*, 1(16), 223-231.

Rahman, M., & Mustafa, M. (1997). Dynamics of real exports and real economic growths in 13 selected Asian countries. *Journal of Economic Development*, 22(2).

Richards, D. G. (2001). Exports as a determinant of long-run growth in Paraguay, 1966-96. *The Journal of Development Studies*, 38(1), 28-146.

Seabre, F., & Galimberti, J. K. (2012). Conditioned export-led growth hypothesis: A panel threshold regressions approach. *Revista de Economia*, 38(2), 7-24. <http://dx.doi.org/10.5380/re.v38i2.29947>

Sharma, A., & Panagiotidis, T. (2005). An analysis of exports and growth in India: Co-integration and causality evidence (1971-2001). *Review of Development Economics*, 9(2), 232-248.

Than, H. D., & Thuy, N. T. T. (2012). Tác động của xuất khẩu hàng hóa tới tăng trưởng kinh tế Việt Nam giai đoạn 2000-2011. *Tạp chí Kinh tế và Phát triển, Số đặc biệt*, 10, 69-74.

Thuy, N. T. T. (2014). Tác động của xuất khẩu hàng hóa tới tăng trưởng kinh tế Việt Nam. Luận án Tiến sĩ, ĐH KTQD.

Tran, T. D. (2010). Tăng trưởng kinh tế thời kỳ đổi mới ở Việt Nam. Nhà xuất bản Đại học Kinh tế quốc dân.

Trost, M., & Bojneck, S. (2016). Export-led growth: The case of the Slovenian and Estonian economies. *Post-Communist Economies*, 28(3), 373-383.

Vietnam General Statistics Office. (1990-2015). *Niên giám thống kê Việt Nam 1990-2015*. Nhà xuất bản Thống kê 1990-2015.

Waithe, K., Lordeb, T., & Francis, B. (2011). Export-led growth: A case study of Mexico. *International Journal of Business, Humanities and Technology*, 1(1), 33-44.