

미국 TPP 탈퇴가 베트남 IT 산업에 미치는 영향

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The impact of US CPTPP withdrawal on Vietnamese IT industry

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요 약

2018년 3월 8일, 칠레 산티아고에서 베트남을 포함한 11개 국가들이 포괄적이고 점진적인 환태평양경제동반자 협정(CPTPP) 출범 합의에 서명하였다. CPTPP(Comprehensive and Progressive Agreement for Trans-Pacific Partnership)는 2017년 1월 미국의 TPP 탈퇴 이후 남은 11개국(일본, 호주, 뉴질랜드, 캐나다, 멕시코 칠레, 페루, 싱가포르, 베트남, 말레이시아, 브루나이)이 참여하는 아시아-태평양 지역의 대규모 자유무역협정(FTA)이다. 기존의 TPP 보다 경제적 규모는 작아졌지만, CPTPP 11개국의 국내총생산(GDP) 규모는 전 세계 대비 12.9%, 교역량은 14.9%로 또 다른 메가 FTA가 탄생했다는데 의의가 있다. CPTPP는 기존 TPP의 큰 틀을 그대로 유지함으로써 TPP 합의 사항들이 거의 그대로 적용되지만, 지식재산권과 투자분쟁해결절차 등 일부 민감한 내용들은 적용이 유예 및 수정되었다.

ABSTRACT

The CPTPP(Comprehensive and Progressive Agreement for Trans-Pacific Partnership) is a large-scale free trade agreement(FTA) in the Asia-Pacific region involving 11 remaining countries(Japan, Australia, New Zealand, Canada, Mexico, Chile, Peru, Singapore, Vietnam, Malaysia and Brunei) since the withdrawal of the US TPP in January 2017, Although the economic size is smaller than the TPP, the CPTPP has 12.9% of the world GDP and 14.9% of the trade volume, meaning that another mega FTA is born. Local economic experts believe that Vietnam's stable economic growth rate and the CPTPP agreement will have a positive impact on Vietnam's stock market and M&A market in 2018. The experts usually expect it will be come into force in 2018 and not later than 2019. The CPTPP is also very likely to enter into force in 2019 with the aggressive attitude of the member countries, simplifying the entry into force of the agreement.

키워드 : CPTPP, TPP, 베트남, IT 산업

Key word : CPTPP, TPP, Vietnam, IT industry

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I. Introduction

On March 8, 2018, eleven countries including Vietnam in Santiago, Chile, signed an agreement to launch the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The CPTPP(Comprehensive and Progressive Agreement for Trans-Pacific Partnership) is a large-scale free trade agreement(FTA) in the Asia-Pacific region involving 11 remaining countries(Japan, Australia, New Zealand, Canada, Mexico, Chile, Peru, Singapore, Vietnam, Malaysia and Brunei) since the withdrawal of the US TPP in January 2017.

Although the economic size is smaller than the TPP, the CPTPP has 12.9% of the world GDP and 14.9% of the trade volume, meaning that another mega FTA is born.[1]

CPTPP maintains the framework of TPP so that the TPP agreements are applied almost as they have, but some sensitive contents such as IPR and investment dispute settlement procedures are deferred and modified and experts have observe that CPTPP will come into effect in 2019.



Fig. 1 CPTPP 11 member countries resources : Vietnam Investment Review

Fig. 1 shows the CPTPP 11 member countries. Ministers of 11 countries joining the Comprehensive an Progressive Agreement for Trans-Pacific Partnership (CPTPP) signed the deal in Chile on March 8. The

agreement is expected to be effective from early 2019. CPTPP's predecessor is the Trans-Pacific Partnership (TPP).

II. Concept of CPTPP

In early 2017, US President Trump formally announced US's withdrawal from the TPP. With the withdrawal of the US with the largest GDP in the region, the prospect that the RCEP(Regional Comprehensive Economic Partnership) emerged as an alternative and TPP would be abolished.

However, as the TPP debate centered on Japan was re-established, the trade ministers of each country agreed to pursue the TPP without the US at the APEC Summit held in Vietnam in November 2017, and changed the agreement name to CPTPP.

As a result of the withdrawal of the United States, the GDP of the CPTPP countries and the share of world trade have also declined. In the case of TPP including US, it is reached 37.1% of world GDP and the share of trade is 25.7%, but CPTPP is decreased to 12.9% and 14.9% respectively.[2]

To enter into the TPP agreement, there was a condition that the GDP of six ratifying countries should account for more than 85% of the total member countries. For this reason, if the US which accounts for 25% of global GDP is opposed, the TPP's entry into force was virtually impossible.[3]

Later, after the withdrawal of US from TPP, the CPTPP member countries greatly relaxed the requirements for entry into force of the agreement. Regardless of the size of the GDP, the CPTPP will take effect 60 days after the six Member States have completed the ratification process and agreed to enter into force in 2019.[4]

The 11 CPTPP countries have decided to defer about 20 sensitive items many of which are related to intellectual property rights.[5] At that time of the TPP negotiations, there was much debate about the protection of intellectual property rights against developing

countries including Vietnam.

In addition, items related to investor-to-government dispute resolution and government procurement participation requirements were suspended.

Table. 1 CPTPP and TPP Comparison

	CPTPP	TPP
Partner Countries	11 countries (Japan, Australia, New Zealand, Canada, Mexico, Chile, Peru, Singapore, Vietnam, Malaysia, Brunei)	12 countries (USA + CPTPP 11 countries)
Objective	Economic integration in Asia and the Pacific	Economic integration in Asia and the Pacific
GDP in the region	12.9%	37.1%
Proportion of global trade	14.9%	25.7%
Population	Approximately 500 million	Approximately 800 million
Requirement for the entry into force of the agreement	Immediately after 60 days, if ratified by six Member States, regardless of GDP ratio	More than 85% of total GDP needs ratification
Agreement item	Modified about Implementation of more than 20 items such as intellectual property rights and investment	

Resources : Ministry of Trade, Industry and Energy, KOTRA HoChiMinh Trade Center

Table 1 compares CPTPP and TPP. The TPP has been renamed as the CPTPP, which includes “Comprehensive” and “Progressive.” This new name was highly appreciated by all country members, confirming the quality and normative direction of the new agreement.

The number of member economies is 11. They have 13.5 per cent of the global GDP and 15.2 per cent of total global trade lower than the TPP’s scale of 38.2 per cent of global GDP.[6]

III. The Trade and investment status between Vietnam and CPTPP member countries

In the case of trade, total trade volume between Vietnam and CPTPP member countries is 67.3 billion US dollars as of 2017, accounting for 15.8% of total trade volume.[7] By member states, the trade with Japan(\$ 33.4 billion, 49.4%) was the largest. And it is followed by Malaysia(\$ 10 billion, 14.9%), Singapore(\$ 8.3 billion, 12.2%) and Australia(\$ 6.8 billion, 10%).[8] For the CPTPP member countries, Vietnam's trade balance is about \$ 1 billion, accounting for 34.8% of Vietnam's total trade balance especially in Canada, Mexico and Chile.[9]

Table. 2 Trade volume between Vietnam and CPTPP member countries(as of 2017)

	Amount (Million Dollars)	growth rate (%)	Proportion (%)
Export	34,177	16.6	16
income	33,161	14.2	15.7
Trade	67,338	15.4	15.8

Resources : Vietnam Customs Service

Table 2 compares trade volume between Vietnam and CPTPP member countries. In fact, Vietnam's gross domestic product(GDP) rose 7.08 percent year on year in the first half of this year, the highest level in eight years. And the growth rate in the processing and manufacturing sectors reached 13.02%, highest in seven years, and the construction sector showed a high growth rate of 7.93 percent.

In the case of investment, CPTPP member countries play an important role in Vietnam investment. Especially, Japan, Singapore and Malaysia are investing in Vietnam so that they are included in 10th place in Vietnam's major investing countries. Canada and Australia are also making significant investments in Vietnam. From January 1988 to February 2018, Japan's investment in Vietnam reached \$ 49.6 billion, followed

by Singapore \$ 42.8 billion, Malaysia \$ 12.7 billion, Canada \$ 5 billion, and Australia \$ 1.8 billion.(Foreign Investment Agency of Vietnam.)

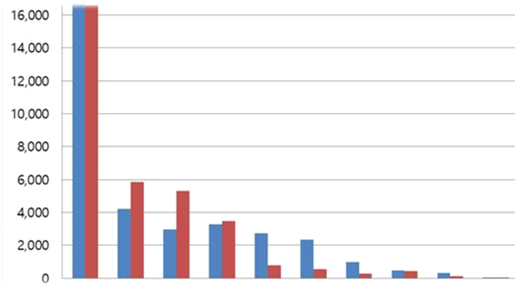


Fig. 2 Vietnamese CPTPP import and export amount by country resources : Vietnam Customs Service

Fig. 2 shows Vietnam's CPTPP inport and export amount by country. From left to right are Japan, Malaysia, Singapore, Australia, Canada, Mexico, Chile, New Zealand, Peru and Brunei.

IV. The impact of CPTPP on Vietnam IT industry

Vietnam has already concluded bilateral and multilateral free trade agreements (FTAs) with seven of the CPTPP participating countries(Japan, Australia, New Zealand, Chile, Singapore, Vietnam, Malaysia and Brunei). In addition, through the CPTPP, the three countries including Canada, Mexico, and Peru have signed new FTAs. In addition, some countries including Korea, Taiwan, Thailand, the Philippines and Indonesia are expressing interest for additional subscription, and it is expected that CPTPP will contribute to expansion of economic territory of Vietnam and accelerated economic integration in the Asia-Pacific region.

CPTPP is very open to the market because it closely follows the TPP's tariff. (TPP member states have agreed to completely eliminate tariffs on 95-100% of all trade items). Experts expect that when the CPTPP enters into force, tariffs on 99% (except for some countries) of all trading items will be abolished and non-tariff barriers

will be largely resolved in the region. In particular, export of smart phones, textiles, apparel, footwear, and agricultural and marine products which are Vietnam's major products is expected to increase significantly and related companies are expected to enjoy the effect of expanding exports by CPTPP.

At the end of 2017, the Vietnamese stock index (VNINDEX) increased by about 45% compared to the beginning of the year and reached its highest level since 10 years. According to the Securities and Exchange Commission(SSI), foreign investors' purchases of Vietnamese stocks and bonds amounted to about US \$ 2 billion in 2017. Local economic experts believe that Vietnam's stable economic growth rate and the CPTPP agreement will have a positive impact on Vietnam's stock market and M&A market in 2018.

According to Peterson International Institute of Economics(PIIE) and Ciuriak Consulting, the CPTPP effect will increase real income and real GDP in Vietnam by 2.2% and 0.48% respectively. This is well above the average CPTPP member countries. Vietnam's export growth rate is expected to be 5.8 ~ 8.8% especially in developing countries such as Vietnam, Malaysia and Peru.

	Petri et al (2017)		Ciuriak et al (2017)	
	By 2030, expected change in: %		By 2035, expected change in: %	
	Exports	Real incomes	Exports	Real GDP
Australia	4.0%	0.5%	0.1%	0.02%
Brunei	3.5%	2.6%	--	--
Canada	4.6%	0.8%	4.7%	0.08%
Chile	4.3%	0.7%	-0.1%	0.01%
Japan	8.1%	0.9%	3.3%	0.04%
Malaysia	8.6%	3.1%	1.6%	0.11%
Mexico	3.5%	0.7%	3.1%	0.16%
New Zealand	5.8%	1.1%	6.5%	0.36%
Peru	9.0%	2.2%	0.3%	0.02%
Singapore	6.2%	2.7%	0.6%	0.20%
Vietnam	8.8%	2.2%	5.8%	0.48%
TPP Members	6.2%	1.0%	2.4%	0.07%
China	-0.2%	0.0%	0.0%	0.00%
Korea	-0.2%	-0.1%	0.0%	-0.01%
Taiwan	-0.1%	0.0%	0.0%	-0.01%
Thailand	-1.3%	-0.6%	--	--
US	-0.3%	0.0%	-0.3%	-0.01%
World	0.8%	0.1%	--	--

Fig. 3 The impact of the CPTPP on the economy of major countries(member and non-member countries) resources : Peterson Economics Institute, Ciuriak Consulting, HSBC.

Fig. 3 shows how the impact of the CPTPP on the economy of major countries.

V. Implication and conclusion

Moody's said that although the size of the economy in the region has decreased due to the US withdrawal from TPP, the CPTPP will be a positive factor for Vietnam's exports and income growth in the future. And Peterson Institute for International Economics also expressed hope that if Indonesia, Korea, Philippines, Taiwan and Thailand join the CPTPP in the future, it will have a bigger effect than TPP.

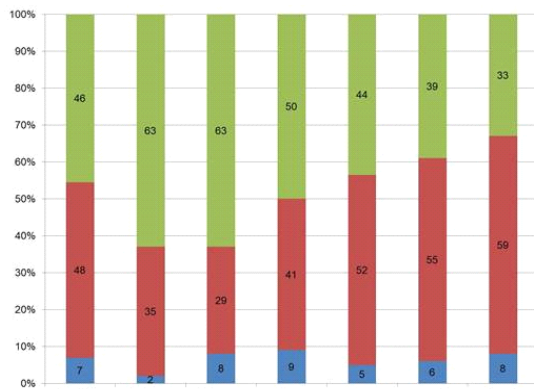


Fig. 4 Survey on the effect of CPTPP resources : HCBC, KOTRA Ho Chi Minh Trade Center

Fig. 4 shows the impact of CPTPP. From left to right are CPTPP, Vietnam, Malaysia, Singapore, Australia, Canada and Mexico.

This year, Vietnam and the EU are planning to enter into an EU-Vietnam FTA signed in 2015. There are some delay factors such as the Brexit(UK's withdrawal from EU), the revision and translation of the agreement and the different ratification periods in each countries. However, the experts usually expect it will be come into force in 2018 and not later than 2019. The CPTPP is also very likely to enter into force in 2019 with the aggressive attitude of the member countries, simplifying the entry into force of the agreement. As a result, two mega FTAs

are expected to take effect in Vietnam this year and next year.

Many foreign products will be imported into Vietnam and the competition in the Vietnamese market is expected to become more intense due to the tariff reduction and abolishment of CPTPP. This can be a risk factor for the Vietnamese economy which has a high proportion of SMEs.

Meanwhile, according to experts, the CPTPP and the Vietnam-EU Free Trade Agreement will significantly increase the opportunities for Vietnam.

However, in order to benefit from the CPTPP agreement, the Vietnamese textile and apparel industry needs to overcome difficulties. At the same time, domestic textile apparel companies are still mostly OEC processed and customized, and labor productivity is not yet high.

As a result, the potential of Vietnamese companies in international market is still weak compared to foreign companies. and they should have a long-term strategy.

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