



Australian Government

Department of Foreign Affairs and Trade

# CPTPP: GROWING AUSTRALIA'S SERVICES EXPORTS TO VIETNAM






# THE TIME TO TRADE WITH VIETNAM IS NOW

**Vietnam's economy is booming. With decade high growth of 7.1 per cent in 2018, Vietnam is expected to be a global top 20 economy by 2050.<sup>1</sup>**

Vietnam's impressive economic expansion is being driven by an increasingly globally connected economy, robust domestic demand, a booming manufacturing sector and burgeoning middle class.

Australian services exporters are in a good position to benefit from Vietnam's economic growth and build on Australia's reputation for quality. Australia has an opportunity to:

-  educate Vietnam's growing middle class;
-  provide legal and financial services to Vietnam's expanding private sector; and
-  service Vietnam's significant manufacturing sector with our world-leading logistics, transport, engineering and design expertise.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) affords Australian services exporters market access to Vietnam above and beyond many competitors.

The Australian Government's wins for Australian services under the CPTPP will help boost our share of trade with one of Asia's fastest growing economies.

GDP GROWTH (2018)

**7.1%**

BY 2050

**TOP 20 ECONOMY**

POPULATION

**95 MILLION**

ANNUAL REAL GDP PER CAPITA GROWTH (TO 2030)

**4.5%**

<sup>1</sup> In purchasing power parity terms.

Source: PricewaterhouseCoopers - World in 2050 Report

## WHY VIETNAM?

**Vietnam's economy is growing faster than at any time in the last decade. Achieving 7.1 per cent growth in 2018, the nation is also one of Asia's fastest growing economies.**

With a population of 95 million people, Vietnam is a large and growing consumer market. Having achieved lower middle-income status in 2010, more than 50 per cent of Vietnam's population will join the global middle class by 2035, with real GDP per capita projected to grow at 4.5 per cent annually out to 2030.<sup>2</sup>

<sup>2</sup> World Bank - Vietnam 2035 Report

Australian services providers are well positioned to capitalise on Vietnam's growing wealth. Australian providers already in market have developed strong reputations for excellence in delivering the higher education, accounting and legal services demanded by Vietnam's increasingly affluent consumers.

Vietnam is a globally significant manufacturer, and a leading producer of smart phones, computers, textiles, garments, machinery and footwear. The CPTPP offers numerous opportunities for Australian exporters to supply logistics, financial, engineering and design services to Vietnam's manufacturing sector.

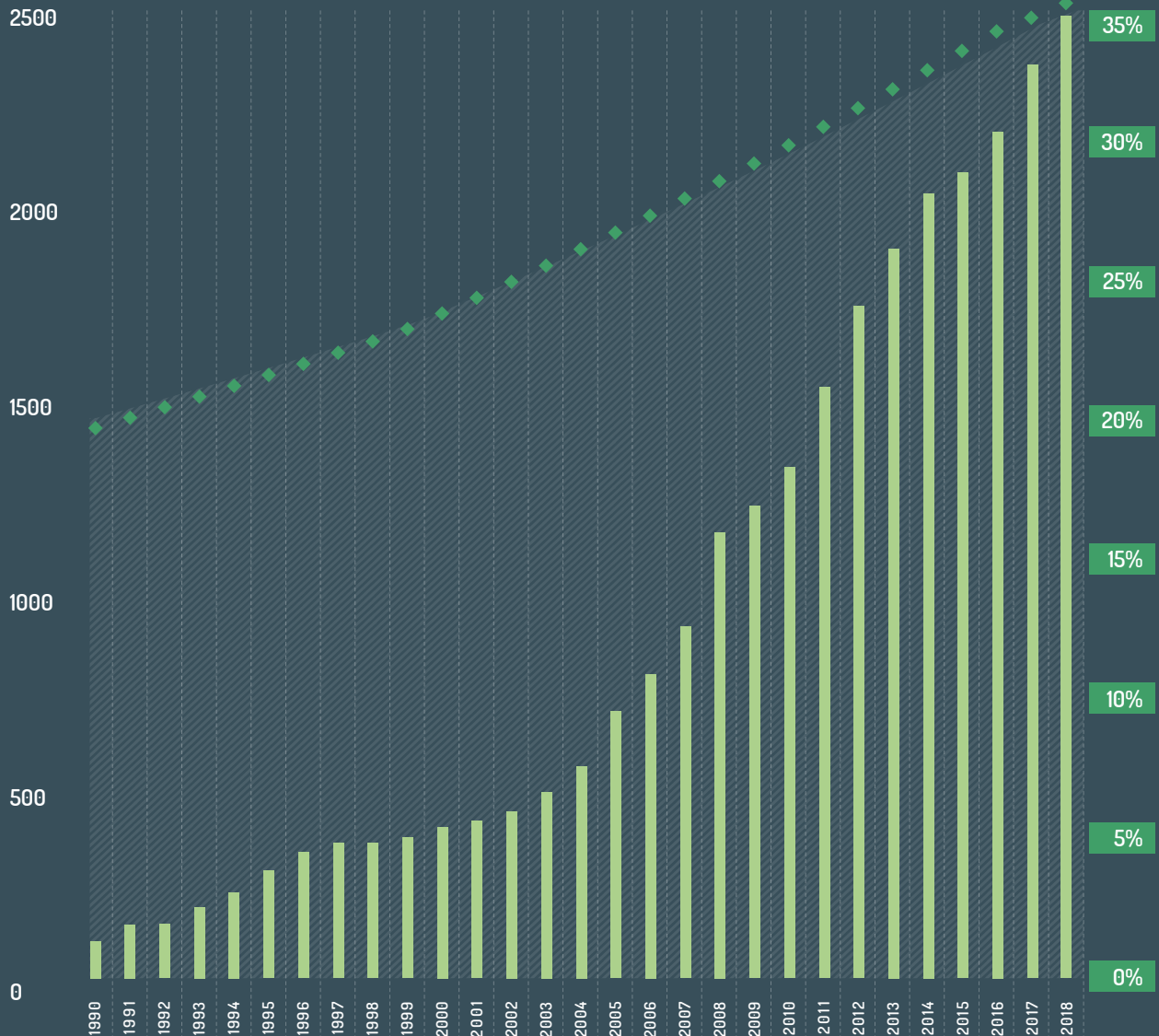
Vietnam is already one of Australia's fastest growing trade partners, and the CPTPP will boost this growth.



## THE RISING POTENTIAL OF VIETNAM'S SERVICES SECTOR

As incomes rise, Vietnamese consumers will spend more of their income on services, pushing up demand. Vietnam's rapid urbanisation is also creating huge demand for services.

◆ Urban population (% of total)      ■ GDP per capita (current USD)



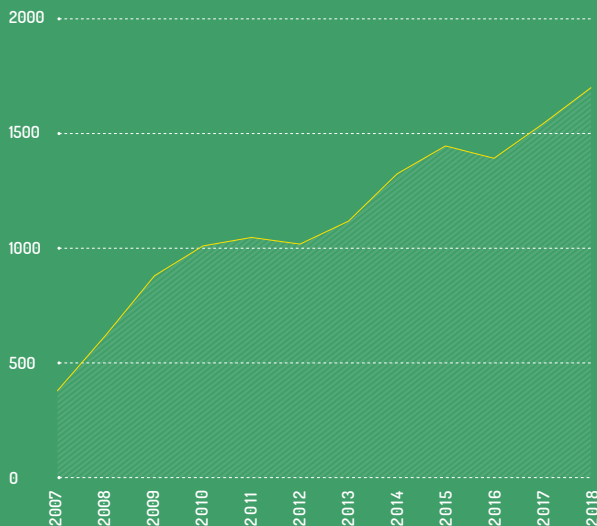
# AUSTRALIAN SERVICES EXPORTS TO VIETNAM

Australia's trade relationship with Vietnam has never been stronger. Vietnam is one of Australia's fastest growing trade partners, with bilateral trade averaging 12 per cent annual growth since 2013.

In 2018, Australia exported around AUD1.5 billion worth of services to Vietnam, representing 1.8 per cent of Australia's total services exports. This made Vietnam Australia's 13th largest service export market.

The CPTPP will give Australian services exporters an added edge, with preferential market access above and beyond many competitors.

## AUSTRALIAN SERVICES EXPORTS TO VIETNAM (AUD MILLION)



Source: Australian Bureau of Statistics

## AUSTRALIA'S MAJOR SERVICES EXPORTS TO VIETNAM

EXPORT VALUE IN 2018 AND FIVE YEAR TREND GROWTH RATE



EDUCATION EXPORTS

AUD1,343M

5.5%<sup>^</sup>



TRANSPORT SERVICES

AUD51M

60.9%<sup>^</sup>



TOURISM EXPORTS

AUD231M

23.5%<sup>^</sup>

## CPTPP WINS FOR AUSTRALIAN SERVICES EXPORTERS

**Vietnam's services market access under the CPTPP is much more open compared with its World Trade Organization commitments.**

The CPTPP adopts a negative list approach to the liberalisation of services, which means Vietnam's market is fully open to service suppliers from CPTPP parties except where it has taken explicit reservations (non-conforming measures).

Under the CPTPP, Australian services suppliers will have improved protection, predictability and transparency when doing business in the Vietnamese market. The CPTPP also captures future market reforms in services sectors, meaning that any future liberalisation in Vietnam will flow through to Australian service providers.

**Australia's education-related travel services exports to Vietnam were worth AUD1.3 billion in 2018. Vietnam is one of Australia's largest education services export markets. The CPTPP will help increase Australian education exports to Vietnam.**

Under the CPTPP, Australian universities and vocational education providers are able to pursue new opportunities to establish or expand a campus or institution in Vietnam. These providers are also able to offer a wider range of courses to Vietnamese students, including new and emerging technical disciplines.

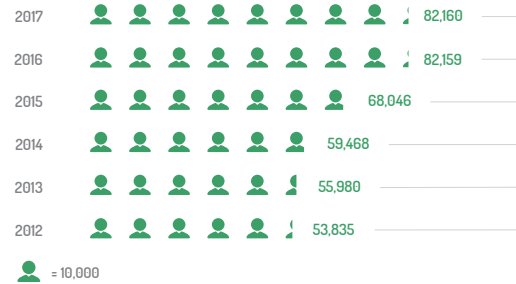
Vietnam has locked in the current percentage of Vietnamese students permitted to be enrolled in international schools and guaranteed that any future reforms which increase that percentage will be captured as a CPTPP commitment.

Vietnam has also agreed to further cooperation in the education sector through a pilot program that will enable Australian universities to provide online courses to Vietnamese students.

The CPTPP supports the international expansion of Australian education and training companies by opening up online delivery of courses and facilitating Australian education professionals working overseas.

Australian universities and vocational education providers will be able to transfer faculty and other staff to offshore campuses for extended periods. Independent Australian education professionals seeking contracts to work at overseas education institutions will have guaranteed access with streamlined visa arrangements and longer periods of stay.

## OUTBOUND VIETNAMESE DEGREE STUDENTS



Source: UNESCO statistics

## DELIVERING WORLD-CLASS EDUCATION IN VIETNAM: RMIT

As an Australian education is synonymous with quality in Vietnam, the CPTPP will make it even easier for Australian education services providers to increase their share of Vietnam's booming education market.

RMIT University Vietnam has already found success bringing Australia's world-class education directly to Vietnam's young and growing population. A subsidiary of one of Australia's leading universities, RMIT was the first foreign university to set-up a campus in Vietnam in 1998.

Having produced more than 11,000 job-ready graduates from campuses in Ho Chi Minh City and Hanoi, RMIT University Vietnam offers an Australian educational experience in a range of undergraduate, masters and PhD programs, including business, engineering, technology and design.

*"RMIT has been operating in this dynamic country for almost 20 years, and we are continually impressed by the skill and dedication of our local students. Vietnam's economic success means the demand for a high-quality Australian education is stronger than ever."* – Phillip Dowler, Head of Hanoi Campus

The CPTPP will expand the range of courses, training and services institutions like RMIT are able to offer in Vietnam, and help to promote Australia's reputation for education quality.

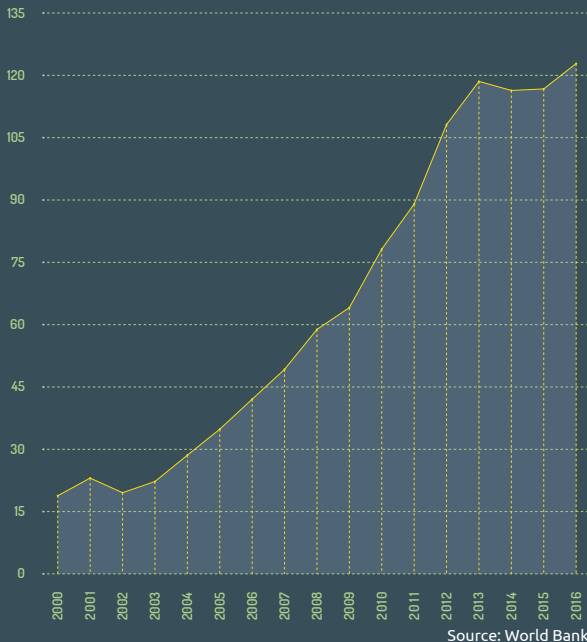
## HEALTH SERVICES

**In an increasingly affluent Vietnam, there is growing demand for high quality medical and aged care services. Expenditure on healthcare is expected to reach USD21.6 billion by 2020. The CPTPP supports the expansion of Australian health services exports to Vietnam.**

Vietnam has committed to giving Australian providers of private health and allied health services greater certainty regarding access and operating conditions in the Vietnamese market and allowing Australian suppliers to bid for pharmaceutical and medical equipment procurement contracts.

The CPTPP also secures commitments in relation to government health purchasing, including the purchasing undertaken by 34 hospitals operating as state-owned enterprises in Vietnam.

### VIETNAM'S HEALTH EXPENDITURE PER CAPITA (CURRENT USD)



## TRANSPORT AND LOGISTICS SERVICES

**As supply chains for the production of many goods become more complex and international in scope, businesses are increasingly looking to outsource elements of their transport and logistics activities to specialist third party providers.**

The CPTPP provides a framework of rules and commitments that assists many Australian transport and logistics businesses to capitalise on this trend in Vietnam. The CPTPP removes barriers, provides more transparent and predictable operating conditions in CPTPP countries and captures future market reforms in CPTPP countries.

Vietnam has locked in its current investment regime for road freight transport services (limitation of 51 per cent) and guaranteed that any future market reforms will flow through to Australian providers.



## AVIATION SERVICES

**Vietnam is one of the world's fastest growing aviation markets globally. Over the last decade, the average growth rate has been 17.4 per cent, far higher than the 7.9 per cent average growth across Asia-Pacific region.**

The emergence of low-cost carriers and a growing tourism industry has driven this growth. Since 2010, the number of international tourists has grown three-fold from 5 million to more than 15 million in 2018. Vietnam's aviation sector has benefited from the ASEAN Open Skies policy, which allows airlines to fly freely throughout ASEAN member states in a unified air transport market.

Australian aviation services providers stand to benefit from Vietnam locking in its investment regime in aviation (including the 30 per cent foreign equity limitation) under the CPTPP. Vietnam has also guaranteed that any future reforms will flow through to Australian airlines established in the Vietnamese market.

Australia has secured commitments from Vietnam on commercial flight training, giving Australian providers opportunities to expand into this growing market.

CPTPP rules on state-owned enterprises and designated monopolies also help ensure that government-owned airlines (including Vietnam Airlines) are not provided with non-commercial assistance, such as subsidies, that would have an adverse effect on competition with privately-owned airlines. This will benefit Australian companies looking to enter Vietnam's aviation market.

## FINANCIAL SERVICES

**The CPTPP offers new opportunities for Australian financial services, including banking, insurance and funds management companies, to expand internationally.**

Vietnam has guaranteed market access for investment advice and portfolio management services to collective investment schemes, as well as insurance of risks relating to maritime shipping and international commercial aviation and freight.

Credit, debit and other payment card transactions have become an integral part of doing business around the world. Vietnam has committed to allowing the supply of electronic payment services for payment card transactions into Vietnam on a cross-border basis.

Duplicative licensing regimes can inhibit or prevent Australian financial services being offered in other countries. The CPTPP includes provisions that help facilitate the recognition of Australian financial service licence holders in CPTPP countries, including Vietnam, to avoid duplicative licensing requirements.

Vietnam has also guaranteed the ability for Australian banks to transfer specialist staff to offshore branches for extended periods.

### BANKING ON VIETNAM FOR MORE THAN 25 YEARS

*"The CPTPP strengthens Australia's ability to service Vietnam's growing banking and finance sector. ANZ Bank has had a presence in Vietnam since 1993, and was one of the first foreign banks to enter the market. Since then, ANZ has positioned itself as a leading provider of banking services for large multinational and domestic companies, and has a presence in both Hanoi and Ho Chi Minh City."*

**JODI WEST, CEO**  
ANZ VIETNAM



## LEGAL SERVICES

**The CPTPP offers greater certainty regarding access by Australian lawyers to Vietnam's legal services sector, including clarification that Australian lawyers and legal firms can provide written legal advice, and advise on Australian, international and third party law in Vietnam.**

### PROVIDING ADVICE FOR OVER 25 YEARS: ALLENS

For more than 25 years, Allens has been advising clients looking to invest in Vietnam. Already one of Australia's premier law firms with a global network together with their alliance partner, Linklaters, spanning 40 offices across 28 countries, Allens is now also one of the largest and most successful international firms operating in Vietnam with offices in Ho Chi Minh City and Hanoi.

Allens has advised some of Vietnam's largest foreign investors and domestic companies operating in key growth sectors of the economy including manufacturing, banking, education, energy, oil and gas, infrastructure and e-commerce.

*"Vietnam has enjoyed over half a century of strong and stable growth and continues to be one of the fastest growing ASEAN countries, indeed one of the fastest growing economies in the world. Its close social and economic ties with Australia, young and literate population with a spirit of entrepreneurship, and demands of the expanding middle class generate business opportunities that are attractive to our clients from all over the world, supported by a government that is engaged and eager to see more foreign investment,"*

**BILL MAGENNIS**  
HEAD OF VIETNAM, ALLENS.

The CPTPP will make it easier for Australian law firms like Allens to bring Australia's significant legal and advisory expertise to Vietnam.

## ACCOUNTING AND AUDITING SERVICES

**Australian suppliers are able to bid for Vietnamese government procurement contracts for accounting, auditing and book-keeping services, along with taxation services contracts.**

Vietnam has guaranteed that it will maintain existing access in accounting, auditing and book-keeping services, and will not introduce new measures that discriminate against, or limit the licenses available to, Australian service suppliers.



## CONSTRUCTION, ARCHITECTURE, ENGINEERING AND SURVEYING SERVICES

**Australian architecture, engineering and other technical service suppliers are able to bid for government procurement contracts in Vietnam under the CPTPP.**

### HIGH-QUALITY ENGINEERING AND DESIGN EXPERTISE: AURECON

Global Australian engineering and infrastructure advisory company, Aurecon, counts some of Vietnam's largest companies and investors as clients. With an office of expert designers in Ho Chi Minh City, Aurecon is bringing Australia's high-quality engineering and design expertise to this fast growing market.

Aurecon has advised on some of Vietnam's most high-profile projects. Aurecon's engineers provided the structural and geotechnical engineering services on Hanoi's Noi Bai International Airport terminal two project, one of Vietnam's key tourism gateways used by thousands of Australians every year. The firm's experts also provided the building services, façade and specialist lightning engineering design on Southeast Asia's tallest skyscraper, Ho Chi Minh City's iconic Landmark 81 tower.

*“Clients here are open to new ideas and ways of doing things, applying global practices to their local context. Furthermore, while the workforce is younger on average, compared to back home, they are diligent, smart and keen to learn. The perfect combination of these two factors makes Vietnam an appealing place to do business.”*

**GABE CARTER**

COUNTRY LEADER -  
VIETNAM, AURECON

The CPTPP will help Australian companies like Aurecon increase their share of Vietnam's booming market by opening-up lucrative government procurement contracts for construction, architecture, engineering and surveying services.

## MINING SERVICES

**The CPTPP introduces improvements in the regulatory environments for Australian miners and oil and gas companies seeking to find and develop reserves in the region, including in Vietnam.**

Australia's cutting-edge suppliers of Mining Equipment, Technologies and Services (METS) and oilfield goods and services also stand to benefit from better market access conditions. Vietnam will open its mining investment regime, providing Australian investors with new opportunities and greater transparency regarding the investment screening process for prospective investments.

Vietnam has locked in, for the first time, its investment and local content regimes for oil, gas and power development as well as future reforms.

### E-COMMERCE

**The CPTPP has rules that reflect the fact that the internet is an essential tool for Australian companies doing business in the global economy.**

Vietnam has guaranteed not to prevent service suppliers and investors from transferring data across borders where it is part of business activity. Businesses will not be forced to build data storage centres, or use local computing services, in CPTPP countries where they wish to conduct business.

The CPTPP provides legal protection for consumers in CPTPP markets to protect privacy, enforce consumer protection rights and combat 'spam' messages.

CPTPP countries have agreed not to impose customs duties on electronically transmitted content.



## SOFTWARE

**Australian software and games will enjoy fair and equal treatment across CPTPP markets including Vietnam.**

Australian software suppliers will not be required to hand over valuable source code when seeking to import or distribute software in a CPTPP country, including Vietnam.

## TELECOMMUNICATIONS

**Australian providers stand to benefit from the phasing out of foreign equity limits in Vietnam's telecommunications sector five years after entry into force of the CPTPP.**

CPTPP countries have agreed to work cooperatively to promote reasonable international mobile roaming rates. CPTPP countries can enter into arrangements with each other on rates and conditions for wholesale international mobile roaming services.

## GOVERNMENT PROCUREMENT

**As part of the CPTPP government procurement chapter, Australian companies gain access to new government procurement opportunities in Vietnam.**

This is the first time that Vietnam has taken on international government procurement commitments. Vietnam has committed to carrying out its procurement in a non-discriminatory, impartial and transparent manner and to adhere to robust procedural rules. Australian companies will benefit from this as they will be able to compete equally with domestic suppliers in Vietnam for government procurement contracts.

## AUSTRALIAN BUSINESS PEOPLE WORKING IN VIETNAM

### Australians visiting Vietnam for business purposes or working temporarily in Vietnam will benefit from the CPTPP.

Persons responsible for setting up a commercial presence can stay in Vietnam for up to one year.

The entry of service sales persons<sup>3</sup> is within a period of six months.

Intra-corporate transferees<sup>4</sup> are guaranteed an initial length of stay of three years, extendable, without being subject to quotas or economic needs tests. Vietnam has waived the requirement to obtain a work permit for intra-corporate transferees working in a broad range of service sectors.

Contractual services suppliers<sup>5</sup> can stay in Vietnam for up to six months, without being subject to quotas or economic needs tests. Vietnam has guaranteed a longer period of stay in a broad range of sectors, including the construction, engineering, environmental, legal, accounting, taxation and auditing, services incidental to mining, oil and gas and sporting services sectors. These commitments are an improvement on Vietnam's commitments under AANZFTA.

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<sup>3</sup> Service sales persons are those who are not based in the territory of Vietnam and receiving no remuneration from a source located within Vietnam, and who are engaged in activities related to representing a service provider of another party for the purpose of negotiating for the sale of the services of that provider where: such sales are not directly made to the general public; and the sales person is not directly engaged in supplying the service.

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<sup>4</sup> Intra-corporate transferees comprise managers, executives and specialists of an enterprise of another party, which has established a commercial presence in the territory of Vietnam, and those who have been previously employed by the enterprise for at least one year.

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<sup>5</sup> Contractual service suppliers (CSS) are business persons who are employees of an enterprise of another party having no commercial presence in Vietnam and having obtained a service contract from a Vietnamese enterprise engaged in business operation in Vietnam.

In addition to growing Australian services exports, the CPTPP will bring about wins for goods exporters and investors.

See the goods and investment booklets in this series.

### FOR MORE INFORMATION

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE  
[www.dfat.gov.au](http://www.dfat.gov.au) and [ttp@dfat.gov.au](mailto:ttp@dfat.gov.au)

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