

ОСОБЛИВОСТІ РОЗВИТКУ СВІТОВОГО ГОСПОДАРСТВА ТА МЕВ

УДК 329.055

VIETNAM AS UKRAINE'S ECONOMIC PARTNER

To the 30th anniversary of diplomatic relations between Ukraine and the Socialist Republic of Vietnam

В'ЄТНАМ ЯК ЕКОНОМІЧНИЙ ПАРТНЕР УКРАЇНИ

Tatarenko N.

PhD (Economics), Professor of Department of International Economic Relations and Business of National Aviation University of Kyiv (Ukraine). E-mail: tatarenkono@gmail.com

Татаренко Н.

Кандидат економічних наук, професор кафедри міжнародних економічних відносин і бізнесу Національного авіаційного університету, Київ (Україна). E-mail: tatarenkono@gmail.com

Annotation. *The article considers the results of long-term cooperation and explores the prospects for the development of economic relations between Ukraine and Vietnam. Special attention is paid to the analysis of the major reasons for changing the priorities of economic cooperation between countries as well as to the search for effective ways of its development. The origins of the growing discrepancies in the pace of the economic development of our countries, which were predetermined already by different approaches to the development and implementation of national strategies, have been established. It was shown that development strategies of our countries pursue the same goal - strengthening the competitiveness of the national economy, but they use different ways of achieve it: while Ukraine chose the liberal Western approach, Vietnam follows the Asian communitarian model, which is based on the policy of regulating economic development, hidden autarky, tight control over financial resources used to create key industries. The successful development of Vietnamese economy was achieved through consequent use of a specific model of economic modernization. The leading role of the public sector as an organizing force of progressive development and a factor in restraining the destructive influence of exogenous factors is indicated. The place of modern Vietnam in the global economic system is determined. The protective and stimulating role of the ASEAN integration and the prospects of creating a "large regional economy" are analyzed, attention is focused on the mostly regional Asian priority of the country's participation in the international division of labor. The principles and directions of further development of mutually beneficial cooperation between Ukraine and Vietnam are defined.*

Key words: *mutually beneficial economic cooperation, synergy of economic cooperation, synchronicity and asynchrony of economic development, economic nationalism, specificity of the Asian model of economic modernization and integration, "large regional economy", role of the state sector of the economy, structure of the economy, structure of exports, production with a high share of added value cost, high-tech production.*

Анотація. *У статті характеризуються результати багаторічної співпраці та досліджуються перспективи розвитку економічних відносин України і В'єтнаму. Особлива увага приділяється аналізу глибинних причин зміни пріоритетів економічної співпраці між країнами та пошуку ефективних шляхів її розбудови. Встановлено витоки наростання асинхронності економічного розвитку країн, які закладені вже на етапі розробки покрокової реалізації національних стратегій. Показано, що стратегії розвитку країн переслідують*

однакову мету – посилення конкурентоздатності національної економіки, проте вони використовують різні шляхи модернізуючих трансформацій: якщо Україна обрала ліберальний західний варіант, то В'єтнам дотримується азійської комунітарної моделі, яка спирається на політику регулювання економічного розвитку, приховану автаркію, жорсткий контроль за фінансовими ресурсами, які використовуються для створення структуроутворюючих галузей. Дається оцінка результатам успішного розвитку в'єтнамської економіки, як наслідкові застосування специфічної моделі економічної модернізації. Вказується на провідну роль державного сектора як організуючої сили поступального розвитку та фактора стримування деструктивного впливу екзогенних чинників. Визначається місце сучасного В'єтнаму в глобальній економічній системі. Аналізується захисна і стимулююча роль інтеграційного об'єднання АСЕАН та перспективи створення «великої регіональної економіки», акцентується увага на здебільш регіональному азійському пріоритеті участі країни в міжнародному поділі праці. Визначаються засади і напрями подальшого розвитку взаємовигідної співпраці між Україною та В'єтнамом.

Ключові слова: взаємовигідна економічна співпраця, синергія економічної співпраці, синхронність і асинхронність економічного розвитку, економічний націоналізм, специфіка азійської моделі економічної модернізації і інтеграції, «велика регіональна економіка», роль державного сектору економіки, структура економіки, структура експорту, виробництво з високою часткою доданої вартості, високотехнологічне виробництво.

Problem statement

Today, the international economic relations established between the countries are largely dependent on the policies of governments, which often ignore the demands of the market, the benefits of trade, and the objective laws of the international division of labor. Diplomacy serves politics and works in its direction, and therefore can also stand in the way of global market rules.

Diplomatic economic relations between Ukraine and the Socialist Republic of Vietnam, which turned 30 this year, were never biased and were not distorted by political challenges. They were built on the basis of mutual benefit, and therefore contributed to the objective formation of economic ties dictated by the market. Vietnam has always treated the economic activity of Ukrainian economic entities with respect, and in the same way, Ukraine created conditions for the development of Vietnamese enterprises. Trade with Vietnam, ties in the field of science, education, and technology exchange have developed quite successfully to the benefit of Ukraine. For a long time, the intensity of economic ties between the countries increased, confirming and strengthening the economic leadership of Ukraine, but over time, the balance of power began to shift in the opposite direction, in particular, the qualitative component of these relations began to change, and the level of its technological cooperation decreased.

The purpose of the article is to determine the deep reasons for the change in priorities in bilateral economic cooperation that have emerged in the economic relations between Ukraine and Vietnam, to study them in the context of strategies, tasks, trends and conditions of national and global development. The author also set the task of searching for ways to increase the efficiency of economic cooperation between the two countries and determining the areas of such cooperation.

Literature review. The choice of scientific literature as the basis of the research was determined by a number of tasks set by the author. The article is based on a number of scientific works of foreign and domestic authors, which are devoted to the analysis of the development of the economy of Vietnam in the last thirty years. In particular, the analytical assessments given in the article were compared with the points of view of the authors J. Walsh, B. Schrage, T. Q. Nguyen [Walsh, J., Schrage, B., Nguyen, T. Q. *The Political Economy of Vietnam's Industrial Transformation*, 2021]. To complete the characteristics of the civilizational aspect of the development of the Vietnamese economy and the set of informal practices, the works of M. Gainsborough [Gainsborough, M. *Changing Political Economy of Vietnam*, 2002], I. Kushnir [Kushnir, I. *Economy of Vietnam*, 2019], Y. Makukha [Makukha, Y. *Integration strategies of ASEAN countries in the context of socio-political modernization*, 2019] were considered.

A study by T. Jandl [*Jandl, T. Vietnam in the Global Economy: The Dynamics of Integration, Decentralization, and Contested Politics, 2013*], where the growing synergy of economic interests of various social groups in a developing economy is described in support of the hypothesis of the Nobel laureate M. Olson. The Issues of Transitional Economy in Vietnam by N. Tan Phat [*Tan Phat, N.: 2013*] and the work of N. Vinh Phuong [*Vinh Phuong, N. Development of cooperation between Ukraine and Vietnam for the purpose of joint investment in industries of material production, 2010*], dedicated to cooperation between Ukraine and Vietnam allow to draw a number of conclusions about the stability of the trends emerging in this area.

In general, researchers still face a number of tasks, the solution of which will provide an opportunity to better understand the principles and directions of further development of mutually beneficial cooperation between Ukraine and Vietnam.

Diplomatic relations between independent Ukraine and the Socialist Republic of Vietnam, established on January 23, 1992, became the starting point for strengthening friendship and mutual respect between peoples, developing mutually beneficial and equal economic cooperation. Assessing the 30-year journey of the two countries, it should be noted that our countries are united by the close positions on key issues of international politics and security. During this time, they have always been looking for points of synergy of national economic interests and trying to resolve pressing problems. And our relations have been designed for a historical perspective because they were based on a strong legal framework, which covers almost all areas of trade, economic, scientific, technical and cultural cooperation.

Large Ukrainian public and private companies, such as Ukrinterenergo, AvtoKRAZ, Motor Sich, Drohobych Auto-Crane Plant, and Paton Electric Welding Institute, have always been present in the Vietnamese market. Like Paton Institute, who provided his electric welding technology to Vietnamese partners and helped train specialists.

Many electricity facilities were built in Vietnam with participation of Ukrainian partners. In particular, Ukrinterenergo participated in the construction of Yali Hydropower Plant on Sesan river, built high-voltage power lines in the tropical jungle, which connected the power systems of South and North Vietnam. Ukrainian company Turboatom which is a well-known manufacturer of turbine equipment for hydro, thermal and nuclear power plants installed its hydro turbines at Vietnamese hydropower plants and participated in repairmen and restoration work on the first and second hydroelectric units of Thak-Ba on Chay river (Yen Bai area). The Zorya-Mashproekt Research and Production Association for Gas Turbine Construction fulfilled contracts for the supply of gas turbines for Lightning rocket boats which were supplied for Vietnam. Parts for the maintenance and repair of Vietnamese passenger railway wagons were manufactured and supplied by Ukrainian carriage builders.

Cooperation with Ukrspetsexport, Ukroboronservice, and Pivdenne Design Bureau was also of great interest to Vietnam. In order to develop cooperation in this area, the Ukrainian-Vietnamese Commission on Military-Technical Cooperation was established which also oversaw the emergence of a new industry for Vietnam - shipbuilding. The result of the Commission's work was the supply of certain amounts of "Griff" patrol boats built by "Sea" Feodosia Research and Production Association. Also, a number of related contracts were signed for the production of a new series of ships, for the reconstruction of the Hanoi Shipyard, for the training of specialists and the deployment of a new naval training ground in Vietnam. Since the early 1990s, Ukrainian air-to-air missiles have been supplied to Vietnam and a contract has been executed to modernize Vietnam's air defense system, and a program to launch Vietnam's first own Vinasat geostationary space satellite has been implemented.

Among the main reasons that contributed to the further development of mutually beneficial relations with the establishment of Ukraine's independence was the factor of lasting positive experience of cooperation with dozens of large industrial facilities built in Vietnam with the participation of Ukrainian specialists. which showed the need for maintaining the contacts between our countries especially considering technological comparability of Vietnamese and Ukrainian

goods and services. Finally, this is a price factor - relatively low prices for both labor and goods in demand in the markets of both countries [1].

Ukrainian investment in Vietnam's economy and the share of Ukrainian participation in the development of industrial facilities have always been quite significant, as well as Vietnamese investment in the Ukrainian economy, reliably protected by bilateral agreements approved at the legislative level.

Ukrainian-Vietnamese joint ventures are successfully operating in Vietnam, in particular Visorutex, which produces natural rubber mainly for the needs of Dnipropetrovsk-based EUROTIRE Ltd.; the TIENKI plant prepares dried tropical fruits using Ukrainian technology; Uvico Ltd is engaged in the trade of timber, as well as aircraft components, mechanical engineering and chemical products. All these enterprises are quite successful and make a sizable contribution to the development of Vietnam and Ukraine economies.

Among them, the Lotus Sea Port plays an important role. It is one of the first joint ventures created with the participation of Ukrainian investments. Now Lotus is a leader in Vietnam in terms of transshipment of motor vehicles, maintenance of port facilities and the provision of port services, as well as storage of perishable products.

The port is managed by the Ukrainian-Vietnamese Company LOTUS JV, established in 1991 as a joint venture with the participation of VIETRANS (Vietnamese Transport Company), VOSA (Vietnamese Shipping Agency) and the Black Sea Shipping Company (later Blasko-ChMP) with corresponding shares of 62% and 38%.

Today, there are also about 50 joint ventures with Vietnam in Ukraine. With the participation of Vietnamese capital, the company Svitloprint LLC is engaged in the production of plastic materials, including the production of polypropylene bags in Mykolayiv. Rollton's Mareven Food produces fast food products - a food concentrate production line has been launched in the city of Bila Tserkva together with Japan's Nissin Foods, and Technocom Corporation in Kharkiv is represented by the well-known Mivina brand.

Most of these enterprises are located in Kyiv, Kharkiv, Lviv and Ternopil regions. It is no coincidence that the Vietnamese provinces are cooperating with these regions. In particular, close ties have been established between Khánh Hòa Province and Kharkiv Oblast, Đồng Nai Province and Ternopil Oblast.

The current state of bilateral economic cooperation between our countries is marked by the growth of mutually beneficial trade, partnership of industries, entrepreneurs and regions.

Vietnamese investments are many times higher than investments from other Asian countries, such as Japan, China and India, and in 2020 alone reached about 4 million USA dollars. At the same time, according to the State Statistics Committee of Ukraine, direct investments from Ukraine into the Vietnamese economy amounted to 15.9 million USA dollars, or 0.23% of total Ukrainian investments.

Trade relations between Ukraine and Vietnam are also developing rapidly. In 2020, in terms of bilateral trade with Ukraine, Vietnam ranked 6th among the countries of the Asia-Pacific region and 32nd among the countries of the world. The turnover of goods and services between Ukraine and Vietnam increased by 21.8% compared to 2019 - to 653.1 million dollars. At the same time, the volume of exports of Ukrainian goods and services to Vietnam increased 1.8 times and reached 192.1 million dollars. The volume of imports to Ukraine of goods and services from Vietnam increased by 6.7 percent to 461.0 million USA dollars.

Friendly relations between Ukraine and Vietnam continue to develop and have great prospects.

Both countries face the same challenges – structural modernization of the national economy, and, to some extent, comparable level of problems. This could be proved by almost the same trajectory of development and the reaction of the Vietnamese and Ukrainian economies to changes in global trends, including the global financial crisis (Fig. 1), which is reflected in the leading macroeconomic indicators.

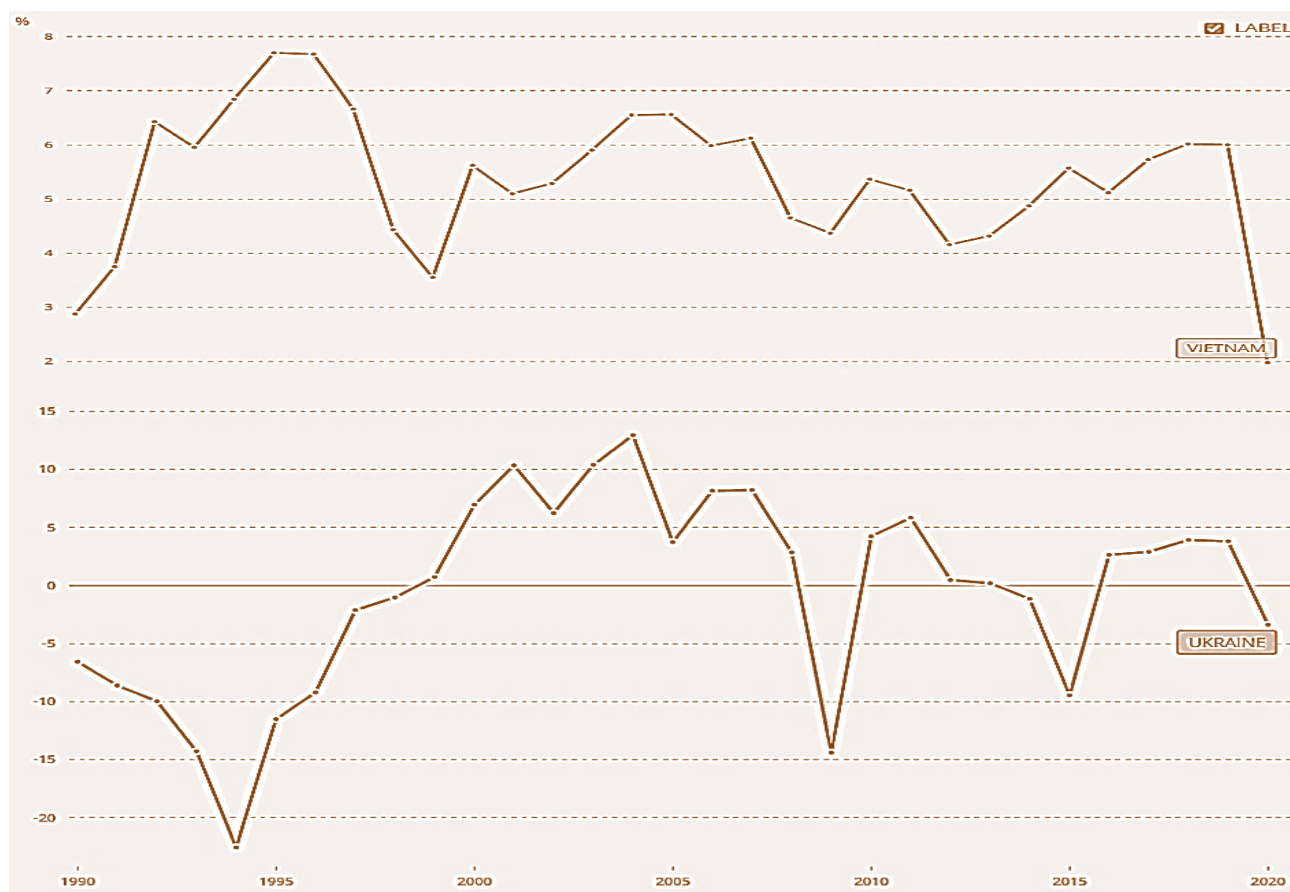


Fig. 1. Annual GDP growth of Vietnam and Ukraine in 1990-2020 (% to the previous year)

Source: The World Bank [2]

At the same time, experts note that the structures of economies of our countries are changing, which may later negatively influence the synchronicity of Ukraine's and Vietnam's economic progress.

First of all, it is noted [3] that Vietnam's strong manufacturing sector is confidently increasing the competitiveness of its international trade. Its share in terms of GDP has been increased from 165 percent in 2013 to 210 percent in 2019 and helped the country to join group of 20 WTO members with biggest volumes of international trade. In 2019, total exports from Vietnam amounted to 281 billion dollars, which in value terms compared to 2019 amounted to 6.36%, and exports of goods increased by 16.8 billion dollars.

If previously the structure of Vietnamese exports was dominated by agricultural products, in 2020 there are electric machines, equipment and spare parts for them, sound recording and reproducing equipment, devices for recording and reproduction of television images and sound and spare parts for them, electronic devices (39% – 110 billion dollars), as well as nuclear reactors, boilers, equipment and mechanical devices (6.7% - 18.8 billion dollars).

Changes in the structure of exports and imports are the result of systemic shifts in the structure of Vietnam's economy, which is already an established trend. Moreover, radical changes are gradually taking place not only in the structure of exports, but also became the basis for the formation of high-tech production. In 2019, about 85 percent of the total import of electronic industry products were components for finished products, almost half of which came to Vietnam from the Republic of Korea and China, and 44 percent of total exports of electronic products were ready-to-use goods, half of which were exported to the United States, the United Arab Emirates and Austria.

According to the Index of Economic Complexity of Production, Vietnam is moving fast. In 1995, he ranked only 107th in this ranking, and in 2019 – already 56th. In the last ten years alone, the value of the Index has shifted by 14 positions, which indicates the acceleration of structural changes in the economy.

Vietnam's role in shaping global value chains (especially in the consumer electronics industry, including smartphones) is also growing. Vietnamese companies are producing more and more products with a high share of value added, which affects the quality of its exports - in 1990 its volume in total exports amounted to 1.11 billion dollars, and in 2019 increased to 21.9 billion dollars, more than 20 times.

The regional structure of exports is also changing rapidly, as determined by the growing share of value added - the largest volumes are in developing countries (13.16 billion US dollars), among which Asian countries import products and services at 12, 78 billion US dollars. Exports to developed countries are also growing (about 37.5%), while countries with economies in transition account for only 2.3% [4].

Obviously, these changes set a stable growth trajectory, which is projected at 6.5% over the next decade. According to DBS Bank (Singapore), Vietnam has every chance to stay ahead of the Singapore economy due to the inflow of foreign investment and increasing manufacturability and productivity.

The success of the Vietnamese economy is largely due to the transformations in the institutional and economic environment of the country, which had both endogenous and exogenous origins. The country is firmly integrated into the regional economic system of East Asia, in particular in the ASEAN group, which is developing at an impressive pace and has continued over the past decades and is causing a shift in the global center of economic attraction. Euler Hermes experts, who calculate the shift trends (WECG) [5], point out that back in the late 1990s, the WECG moved towards the United States, stopped in 2001 and in 2002 rapidly turned east. In developed countries, economic growth began to slow down - if in 2000 developed countries accounted for about 80% of world GDP, in 2019 this figure was 60%, and from 20 percentage points, which decreased the share of developed countries in the world economy, 8 % fell on the Asia-Pacific region (APR), including ASEAN countries. Moreover, in 2020-2021, this center shifted 1.8 times faster than the average for 2015-2019 and is projected to accelerate due to the crisis, caused by the Covid-19 pandemic, another 1.4 times. According to economists, their potential will continue to develop and they will be the locomotive of the next stage of globalization and will determine the trends of the global market. In other words, the region may soon become a world economy leader, and economic leadership is the key to powerful modernization, investment growth, high consumer demand, expanding the domestic market and expanding into foreign markets and, ultimately, increasing prosperity.

Noting that the balance of power in the global economy has changed in favor of East Asian countries, the authors of a number of studies try to explain this phenomenon. Among the main features that deserve special attention is the specifics of the model of economic modernization. That is, the countries of East Asia, which in many ways are not similar to each other, despite historical, cultural and linguistic differences use different from the European, a specific model of integration, and, consequently, national economic development. Their economies are integrating, affirming a new phenomenon and a new trend of globalization - the creation of a "large regional economy" in a sovereign and solidary interpretation.

As the Ukrainian political scientist Yu. Makukha rightly points out [6], solidarity is the main feature and the basic principle of regional integration. It strengthens national sovereignty and the sovereignty of the "big regional economy" in terms of external influences, which is fixed at two levels - at the level of the community as a whole and at the level of each country. It is based on the subordination of the economic interests of individual countries to the common interests of the group, and at the national level - the subordination of private interests to the general national interest, namely - economic modernization. Thanks to the special mechanisms of international

cooperation, introverted integration and collective protection of national economic sovereignty, this is a special, regional solidarity model of development.

For example, at the group level, this is reflected in the fact that barriers to duty-free trade within ASEAN countries have been virtually removed, while for other countries they are virtually insurmountable in areas to be protected; two thirds of the goods produced by the member countries of the community are intended for use within the integration group as a result of the commitments made by the countries to develop the international division of labor within the union, etc.

It should be noted that the specific civilizational nature of this model of integration does not contradict innovation and entrepreneurship, and even more - it is common to all countries in the region, as the most acceptable on the way to them.

Vietnam is a country that fully embodies all the features of both the Asian mentality and the Asian modernization model of development - it is organically intertwined with the family of nations, taking part of the responsibility for the dynamic development of the region.

The model of modernization of the region's and individual countries' economies is based on the principle of "economic nationalism" and solidarity of East Asian countries, based on state intervention and the leading role of state property; on corporate social responsibility of enterprises; formation of protective barriers through tax manipulation and direct bans on exports (especially food and raw materials) or imports (which may harm their own production); for the artificial creation of related industries or protection of jobs, etc.

It is most pronounced in Vietnam, where the state's presence in the economy remains significant - more than 700 state-owned enterprises generate about 30% of GDP, which is 30 times more than in the 1990s. State-owned enterprises and their conglomerates set the direction and pace of development, increasing their share in strategic industries - 94% of participation in the oil and gas and energy sectors, 97% - in the coal industry, 99% - in the chemical industry (fertilizer production), 91% - in telecommunications, 88% - in insurance. There is a leading role for state-owned enterprises in other sectors of Vietnam's economy, including banking, telecommunications and transport. Large state-owned corporations generate about two-thirds of total tax payments to the budget. At the same time, public-private partnership is gaining strength, thanks to which the channels of reorientation of private business to the realization of national interests are being formed.

The state determines strategic directions of development, controls and stimulates their development. For example, Vietnam's national energy security is linked to the development of PetroVietnam, which faces the strategic goal of turning the oil and gas industry into a leading sector of the economy by 2035. Modernization of the industry will be accompanied by a system of state measures to stimulate and protect it.

The classification of food industries as strategically important for the country's security has led to a number of actions, including reducing the tax burden on investors, including foreign ones, the use of customs levers, compensatory mechanisms and subsidies for farming, a total ban of exports or introduction of export quotas.

Vietnam's export sector is in the spotlight. First, export support is carried out in accordance with the state strategy, which provides assistance to export-oriented enterprises that produce products with a high share of value added and claim to create national brands. Secondly, the state creates conditions for access to new domestic and foreign markets (in particular through the signing of free trade agreements). Third, by using protectionist methods through imposition of corresponding taxes and duties, it protects the economy and encourages import substitution.

Successfully building market relations, Vietnamese entrepreneurs, like entrepreneurs in other countries in the region, strictly adhere to their traditional "seven virtues of productive class economic life", as essential components of success and support for development, which were described in terms of their economic efficiency by economist Deirdre McCloskey [7] - love (friendliness and friendship), faith (unity, integrity, respect for others' desires), hope (reliability and entrepreneurship), courage (resilience and perseverance), moderation (thrift and modesty), prudence (knowledge and foresight) and justice (social balance and honesty). All of these mental traits are

historically inherent in the Vietnamese business environment and are the basis of Vietnamese solidarity.

Thus, Vietnam is the clearest example of the implementation of the principles of the Asian model of modernization and confirmation of their effectiveness. Like all countries in the region, it is developing according to a common scenario - based on these requirements for the priority of the regional international division of labor, and not only overcomes barriers to trade, capital, knowledge and innovation and protects its economic space, but also protected membership in ASEAN, increases its economic potential. If the region is ahead of the rest of the world in terms of development and, since 2000, real incomes have grown by an average of 5% annually, Vietnam has developed even faster: from 1990 to 2020 GDP per capita increased almost threefold - from 0, 95 thousand to almost 2.8 thousand dollars (Fig. 2)

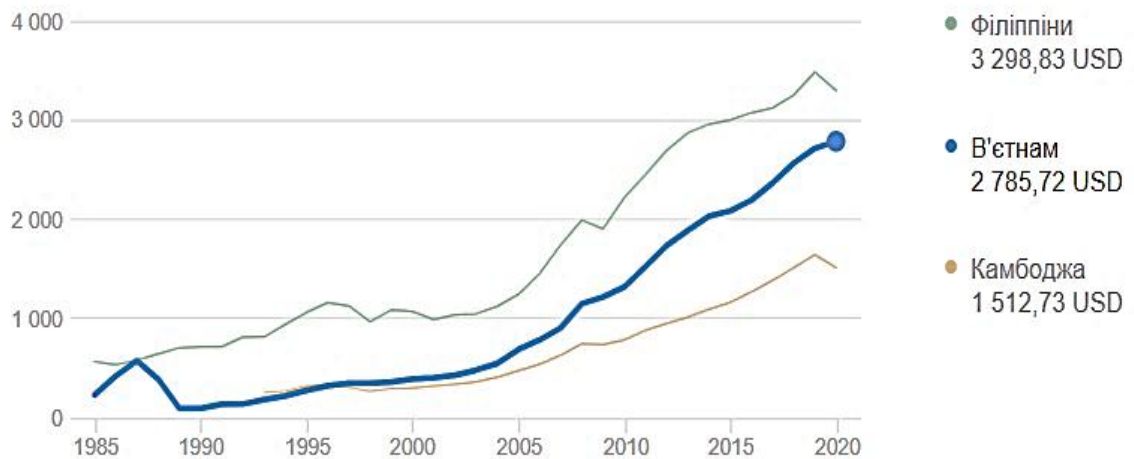


Fig. 2. Vietnam's GDP per capita in 2020.

Source: The World Bank [2]

The number of poor people in the country is also declining rapidly. If in 2000 14% lived on \$ 1.25 a day, in 2013 their number was only 3%, and in 2019 more than 45 million left poverty [8].

In 2020, consumer spending per capita was more than 1.4 thousand dollars. per year (Fig. 3)

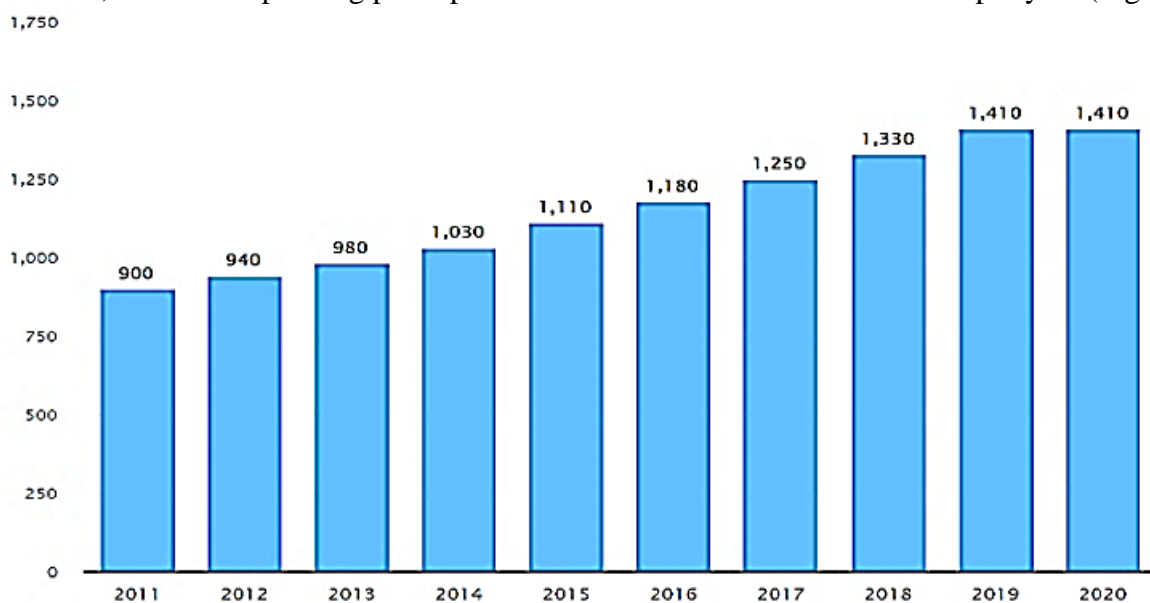


Fig. 3. Household consumption expenditures per capita in Vietnam (2011 to 2020, US dollars 2010)

Source: The World Bank [2]

Vietnam's consumer market is characterized by rapid growth and changes in structure in favor of its modernization, and the innovation-oriented manufacturing sector relies on a base provided by industrialization and international cooperation.

In the light of the abovementioned the tasks of the Ukrainian government and Ukrainian diplomacy, national enterprises and companies should be considered. The major task is to choose the right guidelines and aim to develop cooperation with Vietnam in an environment where the center of gravity of the global economy is gradually shifting towards Asian countries. And when our economies use radically opposite models of transformation, when our state is opted out from implementation of modernization policies we in Ukraine should clearly understand the laws and consequences of competition.

Of course, there are still areas where our countries are successfully cooperating with each other, and this cooperation is based on a parity consensus of interests. For example, Ukraine is interested in developing an international partnership in the maritime sector. Therefore, we should now focus on the possibilities of using the port infrastructure of JV Lotus as a logistics center to promote not only Ukrainian products to eastern markets, but also national economic interests. This is due to the extremely favorable conditions of the port - the company is located at the mouth of the Saigon River, which opens convenient routes to connect with the global eastern centers of business - Singapore and Hong Kong.

In addition, container shipping has proven to be a mutually beneficial and efficient way to transport goods from Ukraine to Vietnam, which strengthens the competitive position of domestic exporters but does not exacerbate competition between Ukrainian and Vietnamese producers. It is obvious that the expansion of trade through maritime container shipping will continue to contribute to the establishment of strong partnerships and parities between the two countries.

Given that the Vietnamese economy is important for maritime transport due to its geographical location and port infrastructure with more than 40 seaports, the Vietnamese side is interested in further developing port infrastructure and providing new connections to different parts of the country. Vietnam is investing heavily in road construction, and a partnership with Ukraine with its extensive construction experience could also benefit Vietnam [8].

With the participation of the Ukrainian side, an analysis of the activities and formulation of a strategy for the development of port enterprises can also be carried out. Today, Ukraine is already offering joint ventures and development of adjacent ports, construction of new sites and development of logistics infrastructure for transport of various types of cargo, which will increase the competitiveness of both economies.

Ukrainian logistics companies, in particular Star Shine Shipping and LTD PVL Group, can be involved in the development of export and import logistics schemes at the global level. They have an extensive global network of agencies and provide logistical support at all levels, making extensive use of innovative technologies and digital services.

In Vietnam, as in other countries in the region, it is important to build innovation capacity. The course of innovative development is implemented through the formation of Vietnam's state innovation policy - the country is constantly increasing funding for science and innovation, which is carried out both through public funds and using the potential of public-private partnership. The basis is a clear understanding of the goals reflected in government programs for the formation of the knowledge economy - the basis of innovative development. That is why the country has increased attention to the training of quality personnel, their training, retraining and advanced training.

A significant contribution of Ukraine to the development of this program given the high level of demand for highly qualified specialists in Vietnam may be the training of Vietnamese students in higher education institutions of Ukraine in natural science and technical fields, which is quite competitive in the world market and becomes a priority for most countries who are embarking on an innovative path of development.

Scientific and technological cooperation between the two countries in the context of Vietnam's innovation strategy is recognized by the parties as one of the most promising areas of cooperation. An agreement on scientific and technological cooperation between the two countries

was signed between the governments of Ukraine and Vietnam in 1996, and in 2000 it was specified in the Agreement between the National Academy of Sciences of Ukraine and the National Center for Natural Sciences and Technologies of the Socialist Republic of Vietnam. However, the promising areas of research cooperation in the field of biotechnology and joint projects in medicine and the environment are still under discussion, while the work of Ukrainian scientists in these fields are already used by leading institutions in the US and other countries and have a confirmed effect.

The cooperation between the Vietnamese National Space Center and the State Space Agency of Ukraine, the National Space Management and Testing Center and the Pivdenne Design Bureau, which enjoy a well-deserved reputation in the world, seems promising. The identified areas of cooperation in the future may be the basis for the creation of joint economic research and innovation zones related to the aerospace industry in both Vietnam and Ukraine.

From the sectoral point of view, the areas of cooperation between Ukraine and Vietnam in the aviation sector, as well as cross-investment in the field of mechanization and electrical equipment also have a great potential.

Ukraine can provide significant assistance in the field of digital online technologies by supporting Vietnam's initiatives aimed at developing e-government, modernizing customs administration using the National Single Window System, and electronic customs clearance.

Vietnam can also use the Ukrainian experience in the application of innovative technologies for the construction of industrial facilities and housing, the need for which is caused by rapid urbanization and rising incomes.

However, it should be noted that along with these promising areas of cooperation with Vietnam, Ukraine already experiencing some risks in the most developed area - international trade, and the biggest of them is the loss of high-tech markets and switching to a monocultural service economy. Compared to Vietnamese economy, it is non-diversified and has a distinct raw material orientation – now two thirds of Ukrainian exports are raw materials from agricultural and metallurgical complexes. In 2019, Ukraine ranked 49th in the economic complexity index, but the trend of the last thirty years, unfortunately, indicates a gradual loss of these positions.

The deterioration of the complexity indicator is due to the specifics of the Ukrainian model of modernization - the course of comprehensive liberalization, in which the country is rapidly losing its competitive position. That is why strengthening economic cooperation and reviewing the conditions for the organization of international trade is an urgent task for Ukraine. In this context, Vietnam's experience is unique for Ukraine. The Ukrainian government, which intends to create a free trade zone with Vietnam, must be very careful in concluding this agreement, bearing in mind that in addition to image aspects, there is economic feasibility. Implementing the idea of forming a common market with duty-free exports of Ukrainian grain products to Vietnam in exchange for imports of Vietnamese electronics and mechanical equipment could be another factor in reducing Ukraine's foreign trade revenues, shrinking the agricultural sector and import substitution [9]. In addition, it should be remembered that Vietnamese producers receive systematic support from the state and effectively use their own cheaper factors of production compared to Ukrainian ones.

Main results of the research. Modern Vietnam is moving towards high-tech industries and it will be unfortunate if in the future it will consider Ukraine as a potential economic and food supplement to its own economy. It is also worth remembering that this country adheres to common, often uncodified rules for doing business with countries outside the region and has already formed a certain quality of competitive environment that is significantly different from the usual for Ukraine, which exists in, say, the EU.

Vietnam, as an ASEAN member country, is currently working on a free trade agreement with Australia, China, India, Japan, New Zealand and South Korea and is involved in negotiations to establish an expanded regional trade association in Southeast Asia. This partnership will inevitably lead to a single Asian market with a population of 3 billion and a combined GDP of \$ 21 trillion. For Vietnam, protected by regional integration and state protectionism, these are factors of economic and technological growth, expanding its presence in foreign markets. It is gradually taking over the role of the Asian factory, but the risks of rolling to the periphery are minimal, as its

modernizing model of "economic nationalism" provides a number of safeguards and includes a program of innovative development, as evidenced by today's successful development of Vietnam's economy.

At the same time, bilateral cooperation with Vietnam is an important mechanism for Ukraine to diversify into Asian markets. Recognizing the fundamental importance of developing economic relations with the East Asian region, Ukraine must be constantly looking for new points of contact with its member countries, including Vietnam, realizing that each of the jointly implemented new economic projects will not only bring our countries closer and promote increase the welfare of Ukrainians and Vietnamese, but also geographically expand the economic opportunities of each of them.

First of all, for Ukraine it stems from the conditions of cooperation in the Asia-Pacific region, which at first glance seem favorable, but in fact there are a number of reservations related to predetermined regional priorities - when concluding trade and partnership agreements, preference is given to countries region, and only then - others. This is especially true of ASEAN member countries. The difficulty of deploying business projects in the region can be overcome through existing channels, and agreements with Vietnam as an ASEAN member country can play an important role in this. By strengthening its economic ties with Vietnam, Ukraine may have a chance to find a niche in this market.

On the other hand, Vietnam, as a country seeking to be present in the EU markets, can benefit from its cooperation with Ukraine, which has already signed an Association Agreement with this integration association, and thus may become a kind of additional bridge between the two. regional associations.

Ukraine, like Vietnam, is ready to address the urgent challenges of the global agenda. Both countries are active participants in the struggle for peace, nature protection, pandemics, famine and terrorism. They are united by a common desire to improve the living conditions of the planet.

But the main thing that is important for both Ukraine and Vietnam is not to lose the friendly relations that were established over the years and became the basis of the brotherhood of Ukrainian and Vietnamese peoples.

References

1. *Nguyen Vinh Phuong* (2010). 'Razvitiye sotrudnichestva mezhdU Ukrainoy i Vietnamom v tselyakh sovmeStnogo investirovaniya otrasley materialnogo proizvodstva' [Development of cooperation between Ukraine and Vietnam for the purpose of joint investment of material production industries], *Investitsii: praktyka ta dosvid*, No 15, pp.,18-23.
2. The Worldbank (2021) – Available at: <https://www.worldbank.org/en/country/vietnam/overview#1>
3. Trade Policy Review of Socialist Republic of Vietnam / Department of Multilateral and Bilateral Trade Agreements Ministry of Economy of Ukraine. – Available at: <https://www.me.gov.ua/Documents/Detail?lang=uk-UA&isSpecial=True&id=186782e2-e5a5-4ce9-836a-b323fff7fd40&title>
4. Value added exports of goods and services from Viet Nam, by value added creator, 1990-2019 [Millions of dollars] – Available at: https://www.asean.or.jp/en/centre-wide-info/gvc_database_paper11/
5. The world is moving East, fast – Euler Hermes, Allianz Research, 18 January 2021. – Available at: https://www.eulerhermes.com/content/dam/onemarketing/ehndbx/eulerhermes_com/en_gl/erd/publications/pdf/2021_01_18_AsiaPostCovid19.pdf
6. Makukha Yurii (2019). 'Intehratsiyni stratehiyi krayin ASEAN v konteksti suspilno-politychnoyi modernizatsiyi' [Integration strategies of ASEAN countries in the context of socio-political modernization], *Avtoreferat dissertacii kand.polit.nauk*, Kyiv. nats. un-t im. Tarasa Shevchenka, 18 p.

7. McCloskey, D. N. (2007). *The Bourgeois Virtues: Ethics for an Age of Commerce*. 1st ed. – University of Chicago Press, 634 p.
8. Babanskaja, O. (2019) ‘*Ekonomicheskij rascvet Vietnam I Ekonomicheskij rastsvet Vietnam i eksportnyye vozmozhnosti Ukrainy*’ [Economic prosperity of Vietnam and export opportunities of Ukraine] – Available at: <https://star-shine-shipping.com/stati/ekonomicheskij-rastsvet-vetnama.html#ixzz7EIVkDI1h>
9. Panchenko, V. (2021) ‘*Vietnamskyy retsept*’ [Vietnamese recipe.] – Available at: <https://fru.ua/ua/media-center/blog/volodymyr-panchenko/v-etnamskij-retsept>
10. Tan Phat, N. (2013). *Issues of Transitional Economy in Vietnam* – LAP LAMBERT Academic Publishing, 132 p.
11. Jandl, T. (2013). *Vietnam in the Global Economy: The Dynamics of Integration, Decentralization, and Contested Politics*. – Lexington Books, 312 p.
12. Walsh, J., Schrage, B., Quang Nguyen, T. (2021). *The Political Economy of Vietnam’s Industrial Transformation*. 1st ed. – Springer Nature Singapore Pte Ltd, 138 p.
13. Gainsborough, M. (2002). *Changing Political Economy of Vietnam: The Case of Ho Chi Minh City (Rethinking Southeast Asia)*. – Routledge, 200 p.
14. Kushnir, I. (20193). *Economy of Vietnam*. – Independently published, 71 p.