

Situation of Transaction Costs in Export in Vietnam

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Abstract:

The objective of the paper is to review the theoretical basis of transaction costs and then analyze the current state of transaction costs in Vietnam's exports. Analysis of time fluctuations, transaction costs, and proportion of transaction costs to the rate of growth. Next we analyze the transaction costs of Singapore to draw lessons for Vietnam.

Keywords: *Transaction costs, transaction costs in export, Vietnam*

1. Introduction

As we know the export of goods appeared very early. It is a trading activity on the scale between countries (international). It is not a single-sided, unilateral act of trading but we have a whole system of trading relations in the global trade organization. With the goal of consuming products of an enterprise in particular the whole country in general. Exporting is a major component of foreign trade and the first activity of international trade. Exports play a particularly important role in the economic development of each country as well as around the world. Exporting goods that are in the circulation of goods is one of the four stages of the expanded production process. This is a bridge between production and consumption of one country with another. It can be said that the development of exports will be one of the main motivations for boosting production.

First of all, export originates from a variety of natural conditions of production among countries, so specialization of some advantageous products and import of other goods from foreign countries that are poorly domestically produced advantages will certainly bring greater profits.

In this article, the author analyzes the current situation of transaction costs in Vietnam's export activities, then analyzes the situation of Singapore to draw lessons for Vietnam.

2. Literature review

2.1. Transaction costs

Ronald Coase (1937), the economist formulated the first ideas about transaction costs more than 70 years ago, mentioned “Without the concept of transaction costs, which is largely absent from current economic theory, it is my contention that it is impossible to understand the working of the economic systems, to analyze many of its problems in a useful way, or to have a basis for determining policy” [Coase 1988a, p.6].

Ronald Coase developed the notion of transaction costs as a way of explaining the emergence of the firm within an exchange economy and also as a way of understanding the particular structure and governance framework of firms in different sectors and under different circumstances. He asked: why does a firm emerge at all within an exchange economy, where the different factors of production (land, labour and capital) necessary to make goods or provide services can be freely exchanged? If the answer is to do with the nature of entrepreneurialism (specifically the ability of entrepreneurs to bring together factors of production which would not easily come together through the market mechanism alone), then why is this type of coordination achieved in some cases through entrepreneurialism and in other cases through the price mechanism? Why was it that, in some agricultural systems, bread would be made as a result of a series of exchanges between wheat farmers, millers and bakers, whereas, in other systems, all these functions would be vertically integrated within a single firm?

2.2. Transaction cost in export.

Transaction costs in export, or in other words the export costs, are important aspect of your company’s pricing analysis. There are different non-price factors that are not related with physical process of production of goods such as administrative processes, government rules and regulations, infrastructural bottlenecks etc... for which an exporter employs its own resources either in terms of time in terms of money before the actual shipments of export items. The multiplicity of rules and regulations, rule-bound administrative procedures and practices, comprehensive infrastructural facilities and appropriate institutional support adversely affect the export promotion efforts. These non-price factors, often referred to as “transaction costs”, slow down the motivation given to export growth even when other trade policy issues have been addressed by the Government. In the internationally competitive world, export promotion is highly price-sensitive and therefore any addition to it by way of transaction costs has to be addressed by the trade policy reforms.

3. Transaction costs of exporting firms in Vietnam

3.1. Exporting activities in Vietnam

Vietnam has one of the fastest-growing economies in Southeast Asia, and has prioritized becoming a developed nation by 2020. Vietnam’s GDP per capita has increased by 350% since 1991, second only to China, and boasts the fastest-growing middle-class in South Asia.

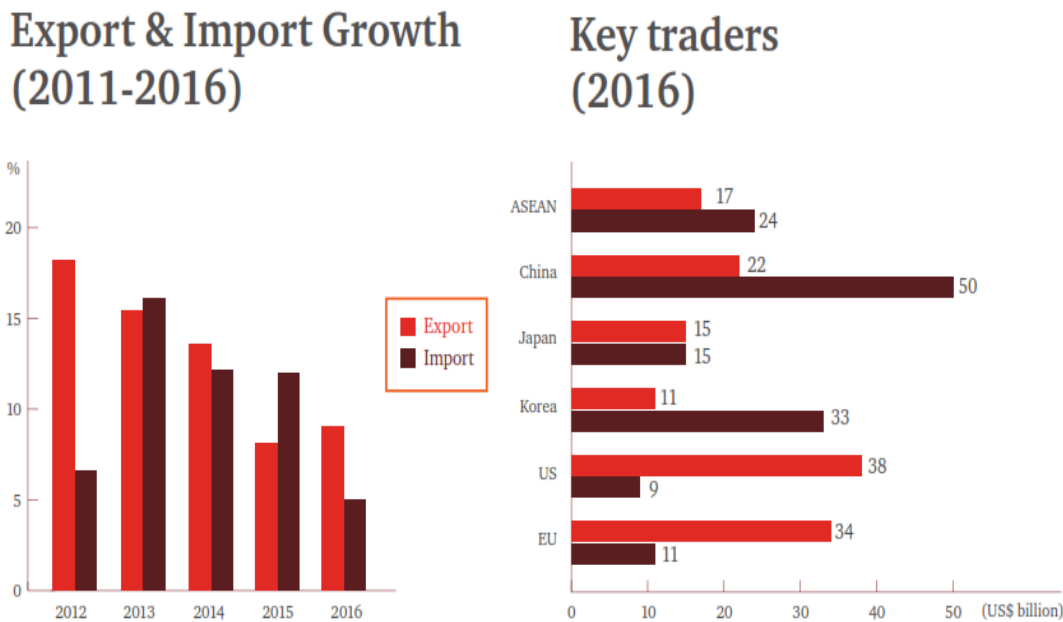


Figure 1: Import – Export Growth (2011-2016)

(Source: Vietnam trade statistics)

As of 2017, Vietnam is the largest ASEAN supplier to the U.S. with a net export value of US\$48.43 billion. In fact, Vietnam is likely to become the wealthiest Southeast Asian country in terms of trade. Additional statistics indicate that bilateral trade with [the U.S.](http://www.usa.gov) will surge to US\$57 billion by 2020, cementing Vietnam’s prominence as a valuable hub for foreign investment.

Top manufacturing industries

Key export commodities:

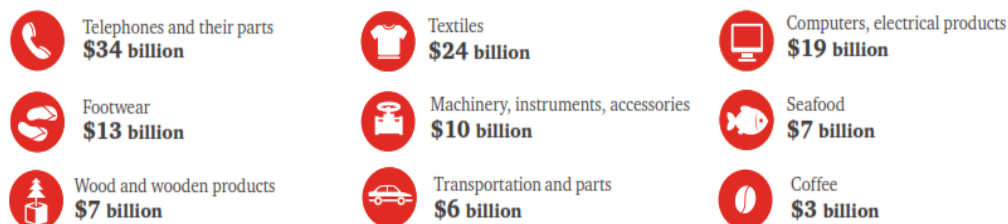


Figure 2: Key export commodities (2017)

(Source: Vietnam trade statistics)

Vietnam is quickly becoming a prime market for foreign investment in e-commerce activities. The country's rapidly growing economy and middle class are, in turn, spawning a strong consumer culture and increasing levels of disposable income. Electronic retail is fast becoming the preferred method of shopping—particularly among the country's youth.

Table 1: Figures on importation and exportation of Vietnam (2005-2017)

Unit: Billion USD

Year	Total	Export	Import
2005	69.21	32.44	36.76
2006	84.72	39.83	44.89
2007	111.32	48.56	62.76
2008	143.40	62.68	80.71
2009	127.04	57.09	69.95
2010	157.08	72.23	84.84
2011	203.66	96.91	106.75
2012	228.31	114.52	113.78
2013	264.06	132.03	132.03
2014	298.06	150.28	147.85
2015	327.79	162.02	165.77
2016	351.38	176.58	174.80
2017	425.12	214.02	211.11

Source: General Statistics Office of Vietnam

So far in 2018, the e-commerce market has reached US\$6.2 billion and is expected to hit US\$10 billion by 2020, with an average spending of US\$350 per capita. In 2017, internet penetration in Vietnam reached 53.86 million people and is estimated to have 59.48 million internet users by 2022.

- Vietnam's performance for advance rulings, fees and charges, automation, streamlining of procedures and internal border agency co-operation is below the averages of Asian and lower middle income countries. And, this is the last TF Indicator of Vietnam in 2017.

Table 2: Compare TFI of Vietnam between 2013 and 2017

	Information availability	Trade community involvement	Advance rulings	Appeal procedure	Fee & charges	Documents	Automation	Procedures	Internal border agency co-operation	Governance & impartiality
Vietnam 2013	1.5	2	0.3	1.75	0	1.2	0.7	0.55		1.8
Vietnam 2017	1.6	1.3	1.9	1.3	1.7	1.1	1.4	1	0.7	1.6

Source: OECD, 2017

We can see that almost of indicator are increase compare with itself in 2013. These results express the efforts of Vietnam Government performing in this time. Viet Nam is closest to the best performance across the sample as regards information availability, advance rulings, fees and charges, formalities, internal border agency co-operation, and governance and impartiality. Viet Nam matches or exceeds the average performance of lower middle income countries in all TFI areas. Performance has improved between 2013 and 2017 in the areas of information availability, advance rulings, fees and charges, documents, automation, and streamlining of procedures.

Concerning with Cargo Dwell Time, most of enterprises reduce time and cost of customs clearance, enhance competitiveness, promote export, expand market. The Government can not act otherwise if it hopes to help Vietnamese businesses to be competitive in the global marketplace. These improvements will greatly facilitate trade across borders, thereby reducing the costs in both time and money. In general, it is expected to reduce the time needed to export goods by almost two days.

Table 3: Time and costs of Trading Across Borders in Vietnam

Time and Costs of Trading Across Borders*, Vietnam

Procedures/stages	Export		Import	
	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)
Customs clearance and inspections	4	100	4	95
Documents preparation	12	160	12	130
Inland transportation and handling	2	200	1	200
Ports and terminal handling	3	150	4	175
Total	21	610	21	600

* The time and costs (excluding tariffs) associated with exporting and importing a standardised cargo of goods (a 20-foot container that weighs 10 tons and valued at US\$20,000) by sea transport.

Source: Doing Business Report, World Bank, 2015

In terms of infrastructure and equipment, Vietnam commonly identified poor infrastructure as an obstacle that general trade facilitation support should address, including lack of reliable sources of electricity, roads, ports and airport. This causes a high increase in logistics costs and affects both development and efficiency of logistics services.

According to Infrastrucure Vietnam 2019 report, currently, just 20 per cent of the country's national roads are paved, and a recently approved plan to build a 1,372km north-south highway by 2030 is estimated to cost \$14bn. the road system is in poor condition throughout most of the country. While most roads are paved, the majority need renovation. Some notable improvements have been made, though, including to Highway No. 1 between Hanoi and Ho Chi Minh City, a highway from Hanoi to the international airport, and a couple other highways leading from Hanoi to other nearby cities. These roads are being continually improved and are in considerably better condition than other roadways in the country.

Vietnam's railway system was inherited from the French colonial period. The system suffered greatly during the wars and was subsequently repaired, but is still generally outdated and in poor condition. In 2009 Japan agreed to lend technology and training so Vietnam could build a high-speed railway. This system is expected to be laid from 2015 to 2020.

A coastal country with extensive river systems, the maritime infrastructure is well-developed. The navigable waterways of the interior of the country carry ferries, barges, and water taxis.

Vietnam has 21 airports and 3 major international airports. Two additional international airports are currently under construction and are scheduled to open by 2020.

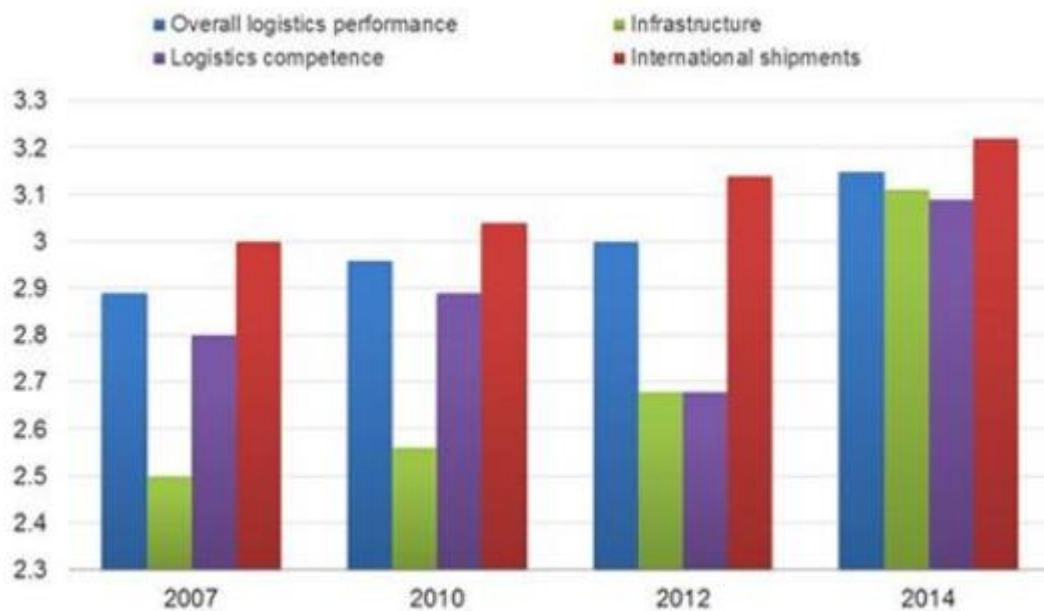


Figure 3: Logistics Performance Scores, Vietnam

(Source: *Logistics Performance, World Bank 2017*)

Several port development projects have failed to take into account the need for infrastructure and support facilities, including the importance of highway access to container terminals. Inevitably, it has hindered the efficient movement of cargo to and from the ports. It is not unusual to find stretches of highway in Vietnam that consist of less than four lanes, making them unsuitable for rapid transit.

In the World Bank's Logistics Performance Index (LPI) 2014, Vietnam ranked 48th among 160 countries, an improvement on its previous ranking of 53rd for the past three LPIs. From a regional perspective, Vietnam was ranked fourth among ASEAN members, lagging behind Singapore, Malaysia, Thailand, while outperforming Cambodia, Laos and Myanmar. As reflected in the LPI indicator scores, Vietnam's logistics performance has been improving steadily since 2007 in terms of infrastructure, ease of arranging international shipments and the logistics competence of service providers. In 2016, Vietnam's logistics costs account for 18% of GDP, nearly double the developed economies and 14% higher than the global average. Vietnam's ranking of logistics capacity index has fallen from 48 in 2014 to 64 in 2016. In 2018, Vietnam jumps 25 levels in WB's logistics performance index, ranked 39th among 160 surveyed countries and 3rd among ASEAN countries, behind Singapore (ranked 7th) and Thailand (ranked 32th).

Table 4: Logistics Performance Index 2018 in ASEAN members

Country	Year	LPI Rank	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Singapore	2018	7	6	6	15	3	8	6
Thailand	2018	32	36	41	25	32	33	28

Vietnam	2018	39	41	47	49	33	34	40
Malaysia	2018	41	43	40	32	36	47	53
Indonesia	2018	46	62	54	42	44	39	41
Philippines	2018	60	85	67	37	69	57	100
Lao PDR	2018	82	74	91	85	83	69	117
Cambodia	2018	98	109	130	71	111	111	84
Myanmar	2018	137	131	143	144	128	143	108

Source: Logistics Performance, World Bank 2018

Logistics costs relate to the charges for the movement of goods using various transportation methods such as railway, road, airway and ocean transport, including fuel and passage costs. Additional logistics costs include warehousing space, packaging, security, materials handling, tariffs and duties. Vietnam’s logistics costs are relatively high. It was estimated to be approximately 25% of GDP (Vietnam Chamber of Commerce and Industry, 2012) in which shipping costs took a large share of up to 50 -60% (Vietnam Chamber of Commerce and Industry, 2012).

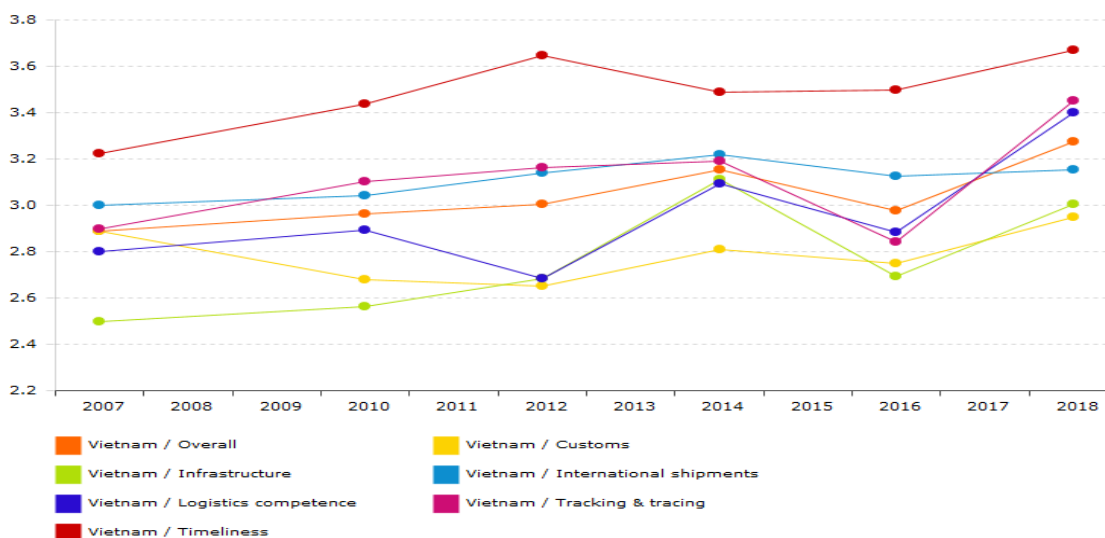


Figure 4: Vietnam Logistics Performance Index 2007 – 2018

Source: Logistics Performance, World Bank 2018

Some studies, however, have also stated that Vietnam’s logistics costs as a percentage of GDP are lower, around 20% or even closer to 15% (Meyrick and Associates, Transport Development and Strategy Institute, 2006). Nevertheless, the logistics cost is still at higher level compared with other developed countries. Country Logistics cost (% GDP) United States 10.5% France 11.1% Hong Kong 13.7% Singapore 13.9%.

Table 5: Logistics cost of developed countries (Donald & Roger, 1998)

Country	Logistics cost (% GDP)
United States	10.5
France	11.1
Hong Kong	13.7
Singapore	13.9

So, is logistics costs more expensive or cheaper in Vietnam compared with other countries within the region? For example, in order to import from the U.S., it costs \$8 per FEU higher in Vietnam than the equivalent cost for Yantian, China, and \$280 lower than that for Jakarta, Indonesia. Regarding export: without destination duty, Vietnam’s logistics cost is \$92 less expensive than a shipment from Yantian, China, to Los

Angeles and \$205 less than a shipment from Jakarta, Indonesia, to Los Angeles (Blancas, Isbell, Isbell, & Tan, 2014). The above results suggest that Vietnam's logistics costs are about on-par with China's and below those of Indonesia. On the other hand, it is reported that the inland transport in China may take up to two-thirds of the total export costs to overseas markets (Carruthers, Bajpai, & Hummels, 2003). Excessive cost in the logistics activities and customs clearance are the main culprits and it may be expected to be the same in Vietnam.

Table 6: Estimated Vietnam's import and export cost

<i>Import: estimated landed cost per FEU at origin</i>				
<i>Country</i>	<i>Origin cost</i>	<i>Ocean freight</i>	<i>Total</i>	<i>Over/under Vietnam's landed cost per FEU</i>
Vietnam	515.00	500.00	1,015.00	
China	707.00	300.00	1,007.00	(8.00)
Indonesia	595.00	700.00	1,295.00	280.00

Source: Authors.

a. CY FEU refers to a factory-loaded, 40-foot container drayed to ocean port.

Export: estimated landed cost per FEU in Los Angeles, California

<i>Country</i>	<i>Origin cost</i>	<i>Ocean freight</i>	<i>Total</i>	<i>Over/under Vietnam's landed cost per FEU</i>
Vietnam	572.00	1,960.00	2,532.00	
China	774.00	1,850.00	2,624.00	92.00
Indonesia	637.00	2,100.00	2,737.00	205.00

Source: *Efficient Logistics – World Bank, 2014*

Vietnam's logistics costs, compared with others in the Southeast Asia region, are on the middle level. Even though below some countries, they are, however, on -par or even above some key competitors of the region. This is the result of the heavy investment into these "lower-hanging fruits" in the logistics performance, namely basic transport infrastructure, sufficient electricity supply along with custom modernization. It pushes Vietnam to become a capable competitor in the market as well as claims a new position as a lower middle income country. But when all these "lower-hanging fruits" have been harvested, it is time for a new stage of development, focusing on improving efficiency, innovation and sophistication of the logistics system in particular and the whole national economy in general. In other words, productivity-boosting, well-coordinated performance, effective investments and institutional reforms have now become a priority for Vietnam's government in the upcoming years.

The 2015 OECD TFIs find that "full" implementation of the TFA would reduce trade costs for the ASEAN group of countries by 16.9% on average. More specifically, trade costs incurred by individual member countries could be reduced by between 11.8% and 19.8%. Furthermore, OECD analysis shows that reforms with the greatest overall benefits for the ASEAN group as a whole are in the areas of streamlining of procedures (3.8%), automation (3.2%), simplification and harmonization of trade documents (3%), information availability (2.4%), advance rulings (2.1%), and fees and charges (1.1%).

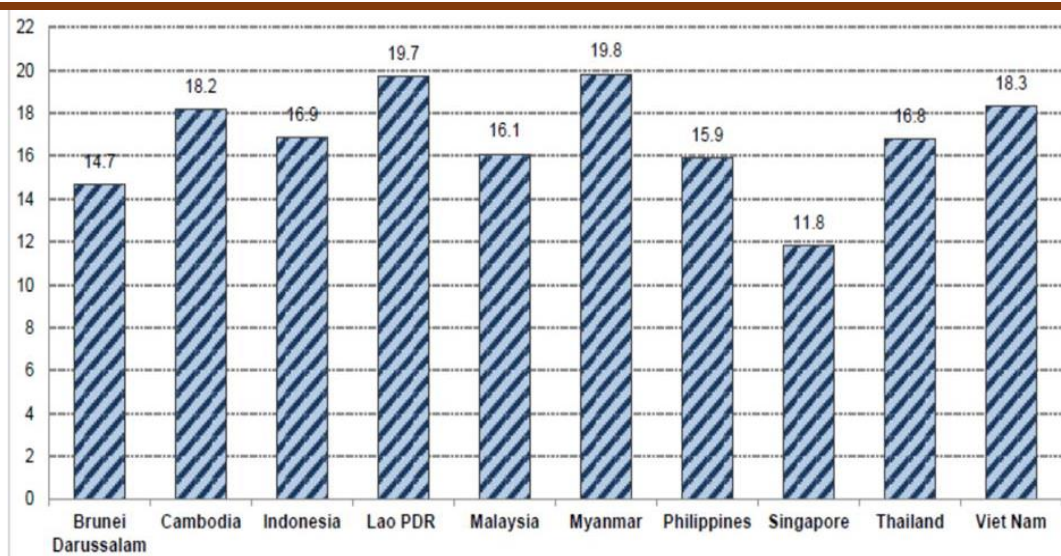


Figure 5: Overall potential trade cost reductions for ASEAN member countries (%)

Source: OECD 2015

According to **Vietnam Logistics Association (VLA)**, has found that the logistics costs in Vietnam in 2017 were 14.5-19.2 percent of GDP, and the average figure 16-17 percent. “So, you can see that the logistics costs in Vietnam are not too high compared with other regional countries such as Singapore (8.5 percent), Indonesia (24 percent) and Thailand (15 percent),” Tuong - senior advisor to VLA said.

Table 7: Export details in Vietnamese company

Export shipment Details	
Shipper	Vinacomin-Mining Chemical Industry Holding Corporation Limited (MICCO)
Place of Origin	Vietnam
Importer	PT.Dahana (Persero)
Place of Destination	Jakarta, Indonesia
Letter of Credit No.	ILSUB06398U18
Date of L/C	30 August, 2018
L/C Amount	1,409,000 USD
Contract No.	4500001283 dated 26 August, 2018
Volume	4,000 MT
Quantity of container	182
Commodity	Ammonium Nitrate
Port of Loading	Hai Phong port
Port of Discharge	TJ. Priok port, Jakarta, Indonesia
Shipping Company	HP logistic company
Partial shipment	Allowed

The selected company is one of the State Owned Companies, Vinacomin-Mining Chemical Industry Holding Corporation Limited. Researcher has taken a particular shipment to find out charges imposed by the shipping line, bank and insurance and collected all the exports documents from Vietnamese company – HP Lologistic Company.

The Vietnamese exporter is a manufacturing and supply company of industry explosive, accessory and relevant blasting services. This company mostly import materials, manufacturing in Vietnam and export to other countries such as Japan, South Korea, and countries in South East Asia. Its factory is located in Thai Binh province, 110 kilometers far from gateway Hai Phong port. The shipment under reference, exported to Indonesia through Hai Phong port. The PT Dahana (Persero) is importer in Indonesia. The production cost of shipment is USD 1,020,000 and MICCO got a export order CIF (Cost Insurance and freight) USD 1,409,000. Researcher has found transaction cost through (primary data) export shipping documents.

Researcher has listed all the charges by USD and has tabulated the data. This primary data become useful to analysis. This analysis is based on facts and figures mentioned in the documents. Researcher has used excel application for calculation and various tools for analysis. After analysis, researcher has come to the ground reality of transaction cost. The exporter has come to the conclusion, based on analysis detailed in the data given below.

Table 8: All expenses of Vietnamese export shipment

Break up of Total Expenses		
A	Export Local Charges (FCL)	76,860
1	Local Transport	50,259
2	Terminal Handling Charges (THC)	23,660
3	Seal fee	1,456
4	Telex Release	29
5	Cargo Freight Station Fees (CFS)	1,456
B	Port Expenses	13,322
6	Lif on – Lif off	8,348
7	Infrastructure costs	2,174
8	Surcharges for damage goods	2,800
C	Shipping expenses	89,279
9	Documentation	39
10	Ocean Freight	89,240
D	Other Charges	4,406
11	Insurance Premium	2,000
12	Certificate of Origin	8
13	Export license fees	478
14	Bank – L/C commission	1,920
	Grand Total (A+B+C+D)	183,867

(A) **Local Expenses** – This is related to pre-shipment activities. Vietnamese Exporter has to packed goods in bags and brought to Hai Phong port for shipment. Therefore, the main is transportation cost from factory to gateway Hai Phong port.

(B) **Port Expenses** – This includes port and customs procedure and documentation.

(C) **Shipping Expenses** – This mainly cost of freight from Hai Phong port to Jakarta port and main document – loading list and Bill of Lading.

(D) **Other Expenses** – This includes bank charges for one shipment and costs for issuing export licenses by Ministry of Industry and Trade.

Apart from these expenses, premium of insurance policy issued By Insurance Company, Certificate of Origin from Vietnamese Import-export Department of Ministry of Industry and Trade.

Table 9: Major heading of exports shipment

Total Transaction Cost		
Types of charges in USD		%
Export Local Charges	76,860	42
Port	13,322	7
Shipping	89,279	49
Other	4,406	2
Grand total	183,867	100

The data shows that shipping cost (49%) is major in export transaction, follows by export local charges (42%). There are 20 types of charges to be paid by exporter. Out of that shipping expenses is maximum due to high of ocean freight, the export local charges is also the major cost due to complicated procedures.

Table 10: Ratio of production and transaction cost

Type of cost	USD	In %
Production cost	1,020,000	85
Transaction cost	183,867	15
Total cost	1,203,867	100

In 2018, this company exported more one hundred shipments. In total, transaction costs is about USD 3,782,010, take more than 20% compare with production costs (USD 18,230,370).

The 20% transaction cost in this case is high in international trade. Exporter adds this cost on his final price. Sometimes, export business may not be economical viable in world competitive market due to this transaction cost.

4. Experiences from Singapore's development

Singapore is the 15th largest export economy in the world and the 4th most complex economy according to the Economic Complexity Index (ECI). In 2017, Singapore exported \$320B and imported \$293B, resulting in a positive trade balance of \$27.2B. In 2017 the GDP of Singapore was \$323B and its GDP per capita was \$93.9k.

The top export destinations of Singapore are [Hong Kong](#) (\$60.8B), [China](#) (\$50.3B), [Malaysia](#) (\$28.4B), [Indonesia](#) (\$17.9B) and [the United States](#) (\$16.6B). The top import origins are [China](#) (\$42.6B), [Malaysia](#) (\$35.7B), [Other Asia](#) (\$25.4B), [the United States](#) (\$24.3B) and [South Korea](#) (\$18.2B). Singapore is an island and borders [Indonesia](#) and [Malaysia](#) by sea.

Table 11: Singapore's LPI ranking across 2007-2016

Country	Year	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Singapore	2007	1	4.19	3.90	4.27	4.04	4.21	4.25	4.53
Singapore	2016	5	4.14	4.18	4.20	3.96	4.09	4.05	4.40
Singapore	2012	1	4.13	4.10	4.15	3.99	4.07	4.07	4.39
Singapore	2010	2	4.09	4.02	4.22	3.86	4.12	4.15	4.23
Singapore	2014	5	4.00	4.01	4.28	3.70	3.97	3.90	4.25

Sources: World Bank, 2018

According to update's World Bank, in 2018, Singapore is ranked 7th and Vietnam is ranked 39th.

Newest, according to Doing Business Report 2019, Singapore is ranked 45th on the Trading Across Border indicator, Thailand is ranked 59th and Vietnam is ranked 100th. As the Doing Business Report, it takes 10 hours to export containers from Singapore and costs US\$ 335 per container. This includes time and cost elements for document preparation, customs clearance, ports and terminal handling and inland transportation and handling. Comparing it with other economies, it takes 44 hours and costs US\$ 223 and 55 hours and costs US\$ 290 to export a container in Thailand and Vietnam respectively.

Table 12: Vietnam's LPI ranking across 2007-2016

Country	Year	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Vietnam	2014	48	3.15	2.81	3.11	3.22	3.09	3.19	3.49
Vietnam	2012	53	3.00	2.65	2.68	3.14	2.68	3.16	3.64
Vietnam	2016	64	2.98	2.75	2.70	3.12	2.88	2.84	3.50
Vietnam	2010	53	2.96	2.68	2.56	3.04	2.89	3.10	3.44
Vietnam	2007	53	2.89	2.89	2.50	3.00	2.80	2.90	3.22

Sources: World Bank, 2018

- **Experience of Singapore's logistics industry development**

Singapore has always been in the top 10 of the LPI index, from the low income country with limited natural resources, infrastructure, investment and jobs. to the small city-state is home to the world's largest

transshipment container port, and boasts the world's best airport, connecting to 380 cities in some 90 countries. Dr Zhang Qingyu and Zhang Kaiyun, Economic & Industrial Planning, trace the history of Singapore's logistics industry and factors owing to its success.

The development of the logistics industry started to speed up in 1967 when the Association of Southeast Asian Nations (ASEAN) was formed. With 639 million-strong ASEAN population (based on 2016 statistics), Singapore's hinterland was expanded. The subsequent implementation of free trade agreements between the ASEAN body and other countries facilitated the growth of goods and services producing industries, which in turn promoted the growth of the logistics industry. In 2015, the logistics industry had over 5,000 firms and is a part of the Transportation and Storage sector which contributed 7.4% of GDP and employed 8.7% of the total workforce.

5. Conclusion

The export of goods is the sale of goods and services to another country on the basis of using currency as a means of payment, with the goal of profit. The currency here may be foreign currency to one country or to both countries. The purpose of this activity is to exploit the advantages of each country in the international division of labor. When the exchange of goods between countries is beneficial, all countries actively participate in expanding this activity.

Export activities are export activities which are the basic activities of foreign trade activities. It has appeared very early in the history of social development and increasingly strong development in both width and depth. Their early form was merely a barter trade, but so far it has developed very strongly and has manifested itself in many forms.

Export activities take place in all fields, in all conditions of the economy, from exporting consumer goods to production materials, machinery and high-tech equipment. All of these activities are aimed at benefiting the nation in general and the participating businesses in particular.

Export activities take place widely in space and time. It may take a very short time, but it can last for years, it can take place in one country or many different countries.

Import-export have important role in Vietnam's economy development. Transaction costs tend to decrease but remain high compare with other countries in the region (Singapore, Thailand). In order to continue impression by state economic growth, Vietnam needs to pass challenges to reduce transaction costs by different ways such as reforming its regulatory environment and legal framework and, equally important, improving the infrastructure for the transportation and logistics sectors, ...Well-designed aid-for-trade interventions can be effective in reducing trade costs in areas that partner countries and donors agree are priorities, such as infrastructure, trade facilitation and non-tariff measures like product standards. There are positive reasons to believe that Vietnam is taking the area of trade costs seriously and that action in this area builds from solid practical and theoretical foundations.

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