



International Journal of Research in Finance and Management

P-ISSN: 2617-5754
E-ISSN: 2617-5762
IJRFM 2019; 2(1): 30-36
Received: 16-11-2018
Accepted: 18-12-2018

Dr. Nguyen Hoang Tien
Thu Dau Mot University,
Vietnam

Dr. Dinh Ba Hung Anh
Ho Chi Minh City University
of Technology, Vietnam

Friendly and partnership based relationship between Vietnam and South Korea the nature, current development and future prospect

Dr. Nguyen Hoang Tien and Dr. Dinh Ba Hung Anh

Abstract

Diplomatic relations between Vietnam and South Korea officially began on December 22, 1992. Looking back over twenty years after the end of the Cold War, along with the profound changes in the world's situation and the situation in Asia-Pacific region, Vietnam-South Korea relationship has grown exponentially. In the history of international relations, very few relationships have not gone through the ups and downs, but growing up steadily. It seems that the relationship between Vietnam and South Korea is an exception. In a quite short period of time, since the establishment of the relationship in 1992, relations between the two countries have developed rapidly in many fields such as economic, political and cultural. It can be commented that this relationship is only continually in the rise and the two countries' public opinions are particularly welcoming this booming relationship.

Keywords: Vietnam, South Korea, partnership, friendship, relationship

1. Introduction

Cooperation for development is critical for each nation and in the process of economic integration and globalization it is the current trend in the world. Today, no country can develop and prosper within the "closed door". National economies, regardless of development level, must cooperate to exchange, learn from each other and support each other. Developing cooperative relationships among countries, and international (business) organizations has become a top concern for mankind. With international economic integration as an indispensable trend of all the economies in the world, the process of attracting the flows of foreign direct investment to boost the national economic development of developing nations is becoming increasingly important. For Vietnam as a developing economy with a low starting point, the international economic integration brings not only many advantages but also many challenges if this economy is too underdeveloped and too incompatible with global economy. With the super goal of developing the country's economy, raising the standard of living of people, Vietnam should not only need to tap the internal resources available in the country but also harness external resources, among them are foreign direct investments.

Since the economic reforms, the Party and State have always paid special interest to the Vietnam's multifaceted relationships with countries in the region and around the world as the globalization and international economic integration is ongoing inevitable trend in the world. International economic integration and cooperation are consistent and a central theme in Party's foreign policy towards national renewal processes (Tran Tuan Anh, 2016). In fact, no independent nation in the world could develop and prosper without any relationship with the rest of the world (Vo Thanh Thu, 2010) ^[18]. Compared to many countries in the region and in the world, the relation between Vietnam and Korea has been developed rapidly and in various fields due to the special attention of the two governments. Since the two countries established their official diplomatic relations in 1992, over a decade of development, the economic relationship between them has developed profoundly, as never before, following colossal Korean investments in Vietnam.

South Korea is very much interested in expanding diplomatic and economic relations (investment, trade, tourism and culture) with Vietnam because Vietnam has plentiful skilled and semi-skilled competitive labor forces that are highly appreciated by Korean enterprises

Correspondence

Dr. Nguyen Hoang Tien
Thu Dau Mot University,
Vietnam

as one of the factors contributing significantly to the attractive cost of producing of all the goods that they export to the market of third countries. Korean investors are attracted by Vietnam's tremendous consumer market, Vietnam's growing extensively middle class and young people, and a relatively fast growing economy. Vietnam's political stability over other emerging economies helps foreign companies wishing to avoid unnecessary trouble gain more confidence in their investment process. The current South Korean government, with its "New South Policy", focuses on developing relations with India and Southeast Asia, with Vietnam being the country with the most attention. This new foreign economic policy is aimed at helping South Korea lessen its dependence on traditional trading partners, such as the United States and China, the two economic powers being in a trade war and that has had a major impact on this fourth largest Asian economy. The strong investment of Korean companies in Vietnam is also due to the active policy of Vietnamese government with many reforms in administrative procedures and tariff preferences. And it is easy to see that Vietnam is becoming a regional commercial center with its geographical advantages that make it easier for South Korea to access its surrounding markets than any other country in Southeast Asia. An equally important reason is the cultural similarity between the two countries, helping Koreans adapt to their new living and working environment in Vietnam (Manh Hung, 2018) ^[11].

In addition, Vietnam has a large and still growing population in ASEAN, behind just only Indonesia and the Philippines. Many Korean businesses are investing effectively in Vietnam and these investment trends will continually increase. Vietnamese economy is complementary to Korean economy and the two economies can maximally support each other. The trade volume between the two countries accounts for more than 40% of the total volume of Korean-ASEAN trade. Clearly, there is no reason for Korea not to continue to strengthen its relations with Vietnam and to consider the relationship with Vietnam as a typical pattern of the Korean relations with ASEAN (Lee Hyuk, 2018).

Starting from the current situation, in order to help readers to be more deeply aware of and fully understand the Korean-Vietnamese relationship, I have chosen to study the topic: 'The friendly and partnership based relationship between Vietnam and Korea - nature, reality and future prospects' in the hope to contribute a humble part to promote the economic and overall relationship between the two countries, especially after Vietnam has opened up to the world and joined many global and regional organizations. This article is trying to delve deeply into the current state of relationship and friendship between Vietnam and Korea, the remaining difficulties, the prospect of future development and finally propose adequate solutions to boost the economic relationship between the two countries to a new height.

2. Development History of Vietnam-Korea Relationship

2.1. History and the Nature of Vietnam-Korea Relationship

The governments of Vietnam and the Republic of Korea formally established bilateral diplomatic relations 25 years ago and opened a new chapter in cooperation between the

two countries. The history of people-to-people exchanges began nearly 900 years ago, when the princes of the Ly family in Vietnam came to settle on the Korean Peninsula and their descendants always acted as bridges for the cooperation and friendship between the two nations (Pham Huu Chi, 2017). With traditional links and historical and cultural similarities, two nations are reinforced by a mutually supportive economic structure and fostered by friendship and joint effort between the two governments and their people. The relationship between Vietnam and Korea over the past 25 years has achieved remarkable achievements in many fields, contributing to the development and cooperation in the region and in the world. Ambassador Pham also noted important milestones in the development of the bilateral relationship, such as the upgrading of the comprehensive partnership in 2001 and the subsequent strategic partnership in 2009.

From 1975 to 1982, Vietnam and Korea began to engage in private trading through intermediaries. Since 1983, there have been direct trade relations and some non-governmental relations. On April 20, 1992, an agreement was signed to exchange liaison offices between the two countries. On December 22, 1992, the Common Declaration was signed to establish diplomatic relation at the Ambassador level. On the same day, Korea opened its embassy in Hanoi. In March 1993, Vietnam opened its embassy in Seoul. In November 1993, Korea opened the Consulate General in Ho Chi Minh City. In 2001, two sides announced the establishment of a Comprehensive Partnership, the first in 21st century. In February 2006, the two Foreign Ministries established an annual policy dialogue at the Deputy Foreign Minister. In October 2009, both sides have upgraded the relationship to Strategic Partnership.

In November 2011, at the presidential visit to South Korea, President Truong Tan Sang unanimously declared the 2012 as the Korea-Vietnam Friendship Year on the occasion of the 20th anniversary of the establishment of diplomatic relations (from 22/12/1992 to 22/12/2012). The two sides jointly organized a number of meaningful activities for the Korea-Vietnam's Year of Friendship, including the official visit to South Korea by Prime Minister Nguyen Tan Dung on 28-29 March 2012 after participating in the 2nd Nuclear Security Summit in Seoul on 26-27 March. The Republic of Korea has coordinated with other agencies, departments, branches and localities to organize a number of commemorative activities within the framework of the Korea-Vietnam Friendship Year in Vietnam, including the Korea-Vietnam Music Festival, Forum for the future of Korea-Vietnam, Korea-ASEAN Forum, Korean Culture Week, etc. (Bui Hung, 2013) ^[11].

The nature of the Vietnam-Korea relationship is mutually beneficial that benefits both peoples and contributes to the peace, stability and prosperity of the region and the world. In the context of the complicated and fast-paced world situation, in the spirit of forward-looking and mutual respect for the sustainable development of bilateral relations, the two sides inherit and continue their so far achievements in the relationship during 25 years, further consolidate the foundation of mutually beneficial cooperation, actively and creatively promote, expand and deepen exchanges, cooperation in all fields, towards the upgrading and further enrichment of the friendly and partnership based

relationship between Vietnam and Korea in the coming time.

2.2. Current Development of Vietnam-Korea Relationship

Over a quarter of a century, the relationship between Vietnam and Korea has been growing strongly and increasingly in depth. On the basis of sharing the core benefits of bilateral and multilateral cooperation, with the high complementarity of the two economies, Korea is currently the largest investment and bilateral development partner, the second biggest tourist and the third largest trade partner of Vietnam. Since 2011, Korea has always maintained its position as the largest foreign investor in Vietnam. In 2017, trade turnover of the two countries reached 64 billion USD. As a result, Vietnam is now Korea's fourth largest trading partner. In contrast, South Korea is Vietnam's second largest trading partner after China. It can be seen that the cooperation between Vietnam and Korea has been developing very spectacularly (Quang Dao, 2018) ^[16]. Moreover, South Korea is also the fourth largest export market and the second largest import market of Vietnam. According to the Vietnam's Ministry of Industry and Trade, Korea is an important consumer market for Vietnam's key export products such as textiles, telephones and accessories, electronic products, seafood, wood and wood products, machinery and equipment, accessories, spare parts, footwear of all kinds, means of transportation and spare parts, fibers, textile yarns. Vietnam imports mainly from Korea: mobile phone parts, computer components, electronic products and components; fabrics, machinery, equipment, chemicals, fertilizers. (Uyen Huong, 2018) ^[17].

According to statistics, in 2017, bilateral export and import turnover reached \$ 61.5 billion, up 41.3% over 2016, of which export turnover will reach \$ 14.8 billion, up 30% import turnover was \$ 46.7 billion, increasing by 45.3%. In the first two months of 2018, the total import and export turnover with Korea reached \$ 10.3 billion, up 32.4%, of which \$ 2.8 billion was exported, up 45.6%, \$ 5 billion was imported, up 28.1% over the same period in 2017 (Thanh Hoa, 2018) ^[14]. Korea's export to Vietnam over the past 10 years has always been increasing. Korea's export accounted for 8.5% of Vietnam's total imports in 2007, but this rose to a record 22.1% in 2017. Within two years since the Vietnam - Korea FTA took effect, export to Vietnam has increased by 60.5%, while import has increased by more than 61%. Although Korea's export has fallen in two years, the export of the fourth largest economy in Asia to Vietnam has increased by 24.2% and 17.5%, respectively. In 2017, Korea's trade surplus for Vietnam reached \$ 31.6 billion (Thanh Hoa, 2018) ^[14]. The two countries are important trading partners of each other, with exchange items that are highly complementary. The development of bilateral trade has contributed to strengthening the export capacity and shaping some key economic sectors of Vietnam.

Over the past years, the strategic partnership between Vietnam and Korea has developed strongly. The two countries have become important partners of each other in all levels from high-level exchanges to people exchanges. The total registered capital of Korean investors in Vietnam as of September 2017 is \$ 55.8 billion. This is the clearest

evidence of a growing bilateral relationship (Vu Hong Nam, 2017). With more than \$ 59 billion of registered capital, Korean businesses are playing an integral role in some key sectors of Vietnam's economy, such as electronics, energy, automobiles, garment, construction, services, etc., contributing to the restructuring of the economy.

After more than 30 years of consistent implementation of the renovation policy and international integration, maintaining a high and stable economic growth rate for many years, Vietnam has become an active economy with a GDP of about \$ 230 billion, the trade volume is over \$ 420 billion. To date, Vietnam has attracted \$ 322 billion from 126 partners, of which more than \$ 170 billion has been invested directly in key economic sectors such as infrastructure, construction, real estate, energy, tourism, distribution... Many leading Korean corporations are investing and conducting business in Vietnam effectively and have become important components of Vietnam's economic growth (Chung Thuy, 2018) ^[8].

Cooperation in the field of culture or exchanges of people in Vietnam and Korea is also expanding. The Korean Wave (Hallyu) through movies, television, K-pop products... are very popular in Vietnam. In Korea, Vietnamese dishes, such as pho (noodle soup served with chicken and beef), bun cha (noodle with grilled meat) are becoming more and more popular. The economic cooperation between the two countries has grown strongly, especially in the areas of trade and investment, development aid, tourism, labor exchange, etc. To date, Korea has become one of the most important economic partners in Vietnam and Vietnam has become increasingly important partner of Korea.

2.3. Trends and Future Prospects of Vietnam-Korea Relationship

The Vietnam-Korea strategic cooperation partnership will develop strongly in all fields in the future and at the same time, Vietnam will do its utmost to contribute to the strengthening of this cooperation. Korea will continue to support Vietnam in supporting industry development through sharing its investment and development experiences and policies in boosting supporting industries, particularly, in the fields of automobiles, electronics, textiles and footwear. The two countries will strengthen their energy cooperation, comprehensive cooperation on the issues of energy security, energy saving and climate change. Korea continues to support Vietnam in the field of training high quality human resources in the fields of industry, oil and gas, renewable energy. In particular, the two countries expand cooperation on trade defense in the context of becoming increasingly integrated with the world economy and dealing with the safeguard measures of other countries.

Regarding the direction of expanding Korea-Vietnam economic cooperation in the future, key words mentioned are "mutually beneficial cooperation" and "future growth cooperation" to support each other to prepare for the common future (Thanh Hoa, 2018) ^[14]. On "mutually beneficial cooperation", economic cooperation must create benefits for both sides to sustainably develop relationship between Korea and Vietnam in a manner that is mutually beneficial, contributing to the common prosperity of both countries. Economic cooperation between the two countries is booming. The target of achieving trade turnover of \$ 100

billion by 2020 is being implemented successfully by the two countries. Vietnam reached \$ 57.6 billion of accumulated foreign investment capital from Korea to help it become the largest foreign investor in Vietnam (Thanh Hoa, 2018) ^[14]. On the other hand, the two countries will solve the problem of trade imbalance between the two countries through cooperation in the field of supporting industries, automobile industry, spare parts and many other cooperative projects such as enhancing the capacity of Vietnam's export of agricultural and forestry products have been implemented within the framework of enhancing the capacity of the industry that are mutually beneficial. On the "future growth cooperation", the two countries jointly respond to the ongoing 4th Industrial Revolution. Together, efforts to create a future growth engine are extremely important and will strengthen the foundation for economic cooperation between the two countries to commonly orient towards future through cooperation in the sector of new technologies such as smart urban areas, ICT, etc. The groundbreaking ceremony of the Vietnam-Korea Science and Technology Institute (VKIST) is a typical cooperation project that covers both the key words "mutually beneficial cooperation" and "future growth cooperation".

On the exchange of people between the two countries, especially important is the role of business community and overseas compatriots (including students). Vietnam is the most active in ASEAN in terms of people exchange with Korea and the country in ASEAN where the most Korean enterprises are investing in. The people and businesses of the two countries exchanged and cooperated with each other, playing an active role as a driving force and bridge to help the two countries build a sincere partnership. In 2017, the number of people visiting each other of the two countries reached more than 2.7 million. In addition, Vietnam is the number one investment destination of Korean businesses, so up to now there are about 5,500 Korean enterprises operating in Vietnam to strengthen the economic cooperation between the two countries. The number of Vietnamese students studying in Korea is rapidly increasing, doubling from seven thousand in 2016 to 14 thousand in 2017 (Moon Jae-in, 2018) and study's majors also become diverse. There are more than 70,000 Korean-Vietnamese multicultural families in Korea connecting the two countries and serving as important assets to steer the development of the two countries' relationship in the future (Moon Jae-in, 2018).

3. Labor Export, Studying Abroad and Vietnamese Community in Korea

Korea is still considered as an attractive labor market for Vietnamese workers. According to the Department of Overseas Labor Management, Ministry of Labor, Invalids and Social Affairs of Vietnam, up to now, over 100,000 Vietnamese workers have been sent to work to Korea in a framework of cooperation between the Ministry of Labor, Invalids and Social Affairs of Vietnam and the Ministry of Employment and Labor of Korea (Vietnam News Agency, 2018). Labor export to developed countries in the world, especially to Korea is the choice of many workers from all over the country in Vietnam. Although the cost of labor export in Korea is high but in return workers are paid a salary that matches their efforts. Especially, being trained in

a professional working environment can be considered as a stepping stone for them to develop their career further after the expiration of the foreign labor contract and return to the homeland with the foreign language skills and gained knowledge about the culture of the host country.

Majority of Vietnamese employees exported to Korea does manual work, because they are semi-skilled or even without qualification required. Most of them work mainly in agricultural and construction sector as assembly workers at construction sites and factories. The Korean labor market is very much interested by Vietnamese, because this is a traditional market with decent income and due to cultural proximity. Korea is one of the three biggest labor markets for Vietnam. At present, there are more than 40,000 employees working under the EPS (Program for Licensing of Foreign Workers in Korea). In terms of income, the Korean market has offered level equal to or even higher than the Japanese market. Laborers working in Korea can earn basic salary of US \$ 1,500-2,000 a month, not including overtime. (Pham Do Nhat Tan, 2018). Despite the attractive salary, not all workers can get a job in Korea. In recent years, many Vietnamese do not return to homeland after the labor contract ended, so the Korean side tightened the issue of receiving Vietnamese workers (Pham Do Nhat Tan, 2018).

In the recent years, the Study Abroad Program has drawn interest of many Vietnamese young people and the number of Vietnamese students in Korea has grown dramatically. The NIIE, under the Ministry of Education of Korea, has reported the number of Vietnamese students studying in Korea increasing by 2017 to a record high, with 14,614 people (2016 is 8,293) and 2018 is expected to rise higher. According to the NIIE, the total number of international students in Korea in 2017 is 123,850. Among them, the largest number of students come from China, accounting for 68,184 (55%), followed by Vietnam with 14,614 accounting for 11.8%, Mongolia 5,384 (4.3%) and Japan 3,828 (3%). Students from the United States (2,767), Uzbekistan (2,716) accounted for 2% of the total, followed by Taiwan (2,195), France (1,344), Indonesia (1,334) and Malaysia (1,177) (Korea Labor Export Report, 2018). According to official statistics from the Institute of International Education in Korea in the past three years, the number of students in China has slightly increased, while the number of students in Vietnam has risen to record high. By 2020, the number of Vietnamese students in Korea will be the largest and surpassing that of China. (Korean Labor Exports, 2018). Universities and colleges around Seoul are home to the largest number of international students, accounting for 58%, followed by Chucheong (13.8%), Busan, Ulsan, Gyeongsang (9.7%), Gangwon Province, Daegu, North Gyeongsang Province 9.5%) and Jeolla, Jeju (9.3%). The number of overseas Vietnamese students in Korea is concentrated at the following three universities: Wonkwang University is the most, with 850 students, Hankuk University of Foreign Studies has 519 students, Sangmyung University has 491 students. 36% students enrolled in engineering majors, 34% in social sciences or humanities, 18% in natural sciences, 8% in arts or sport and 4% in medical sciences (Labor Export in Korea, 2018).

In Korea there are about 70,000 Korean-Vietnamese multicultural families. By sharing the blood, they are

making an important contribution to connecting the family relationship and further promoting the development of our relationship. There are more than 140,000 Vietnamese in Korea. There are 70,000 brides, 60,000 brothers and sisters working in export and 10,000 students. That's not to mention about 60,000 Vietnamese women married to Korean and have inherited the country of residence. Thus, the number of Vietnamese and Vietnamese descent must be over 200,000 (Pham Huu Chi, 2017).

4. Foreign Direct Investment and Korean community in Vietnam

Korea is the largest foreign direct investor in Vietnam. In addition, recently the indirect investment capital through buying shares and buying bonds on the Vietnamese stock market from Korean investors also increased strongly. There are positive points and attractive advantages for Korean investors such as favorable geographic location; stable and consistent policy; high economic growth; attractive stock market; prompt divestment in case of needs (Nguyen Duc Hoan, 2018). Korean enterprises are mainly engaged in manufacturing industries, employing a large number of laborers and producing a wide scale of products. The use of cheap labor is still the goal of many foreign investors when investing in Vietnam. FDI of Korea is presented mainly in the sectors of automobile, motorbike, electronics, civil and export products. Korean investors invest in Vietnam mainly in the form of 100% capital foreign investors, accounting for about 80%, followed by joint ventures, are very careful when investing and doing business with partners and they are always cautious in choosing the type of business, investment area and location. Korean investment projects are generally good, with a large average capital size, higher than the national average (over \$ 40 million) and mainly focused on material production. Koreans investment projects are concentrated in three biggest cities and provinces that are Ho Chi Minh City, Hanoi and Dong Nai. So far, most of Korean leading corporations (Chaebol) are already in Vietnam. According to data from the Vietnam Foreign Investment Agency (Ministry of Planning and Investment), up to now, Vietnam has attracted \$ 319.9 billion of registered FDI. In particular, Korean investors have invested \$ 59 billion, accounting for 18.4% of total FDI registered in Vietnam. In the first three months of 2018, Vietnam attracted \$ 5.8 billion in FDI in which Korean part id accounted for \$ 1.84 billion, an equivalent of 31.6% of total capital. With this result, Korea leads the list of 76 countries and territories investing in Vietnam in the first quarter of 2018 (Nguyen Hoa, 2018).

Not only as leaders in foreign investment in Vietnam, have many biggest Korean corporations chosen Vietnam as their stopovers such as Samsung Electronics, LG, Hyundai Motor, SK, Lotte, POSCO, CJ, Hanwha, LH Corp; Shinhan Financial Group, Kumho, Hyosung, etc. Among them is Samsung Electronics having entered the Vietnamese market in 1994. After more than 20 years of operation in Vietnam, Samsung has become the largest foreign investor in Vietnam with a series of factories producing telephones and electrical components, with a total investment capital of \$ 300 million, creating jobs for over 100,000 Vietnamese workers and increasing export turnover of Vietnam by \$ 30 billion. At present, the total investment capital of this

corporation has reached over \$ 10 billion. Samsung's projects in Vietnam disburse very quickly and operate very effectively, contributing positively to economic and export growth and job creation for local labor force. It is expected that by 2020, Samsung will invest about \$ 17 billion in Vietnam (Nguyen Mai, 2018).

Along with Samsung, LG is increasingly making significant contributions to Vietnam's production, business and export. This is reflected in the contribution of Korean businesses to the Vietnamese economy by creating jobs for 70,000 employees and contributing about 30% of the total export value of Vietnam (Ngoc Ha, 2018) ^[13]. LG Group paid special attention to the Vietnamese market when it was in Vietnam in 1995, afterwards LG continuously expanded its investment. The corporation has invested about \$ 2 billion in Vietnam. Most recently, the group also raised \$ 501 million for the LG Innitek factory project in Hai Phong (Nguyen Hoa, 2018). Innitek Hai Phong factory is focused on producing the camera module for Apple's new iPhone models. Experts estimate that, thanks to cheap labor cost in Vietnam, at only 1/10 of Korean labor cost at home, the new factory will help LG Innitek to consolidate its competitive edge and expand its module production capacity. Not to mention, along with the old names such as Kumho, Doosan, Hyundai, GS, Posco. Recently, the new names of Korea have competed to pour in their capital into Vietnam. Lotte is an example with Lotte Mart chain still being in the process of expansion. Lotte has acquired Diamond Plaza, the Lotte Center in Hanoi and is pursuing its \$ 2 billion Smart City project in Ho Chi Minh City (Nguyen Duc, 2016) ^[12].

A Korean offshore investment research report published by Korean Foreign Investment Agency (under Korean Ministry of Planning and Investment) shows that Korean businesses often invest abroad with such investment purposes: market access (36%); reducing production costs (31%); access to source technology, raw materials; avoid trade barriers and invest in combining trade development. In addition, there is a recent tendency for Korean investors to invest in anticipating tariff preferences as ASEAN countries enter into new generations of free trade agreements (FTAs) (Nguyen Duc, 2016) ^[12]. In this respect, with the signing of the bilateral FTAs, the Trans-Pacific Partnership (TPP) Agreement, and official joining the ASEAN Economic Community, Vietnam is an opened wide market for Korean investors. Take advantage of the fact that Vietnam is not only a stable politically economy, a developing economy, competitive in labor prices, with many incentives for foreign investors, but also a stepping stone market for Korean businesses to spread to other markets in the region, as well as to cooperate with other trading partners in Vietnam. Korean businesses are doing quite well in Vietnam and they are regarded as serious, high-performing investors contributing to Vietnam's economic development.

Vietnam is the most vibrant country in ASEAN in terms of people's exchange with Korea. In order to deepen the friendship and cooperation between Vietnam and the Korea, strengthening the mutual cultural exchange between two sides is necessary. Through cultural exchanges, Korean friends will have a better understanding of the country, people and culture of Vietnam, contributing to building trust and forging partnerships more and more in depth. At present, about 150,000 Koreans live in Vietnam. Due to the

high pressure of life in Korea, many Koreans choose to live, work and study in Vietnam. Although the socio-economic development in Vietnam is not equal to that in Korea, but the life here is more comfortable, no judgment, no pressure from society. That is the reason that Korea tends to live in Vietnam.

5. Conclusions and Recommendations

5.1. Conclusions

Today, the relationship between Vietnam and Korea is in the best stage of development, fostered by the friendship and mutual efforts of the two States and peoples. The sincere feelings and close links have created over time a special relationship between the people of Vietnam and the people of Korea. Over the past quarter of a century, the Vietnam- Korea relationship has developed strongly and increasingly in depth. The high level exchanges and contacts between the two countries have contributed to enhance political understanding and trust. Economic, trade and investment cooperation has always maintained a fast and stable growth rate and achieved impressive results.

The two sides have established and maintained effective mechanisms for dialogue and policy consultation aimed at enhancing mutual understanding and trust, timely exchange of measures to promote bilateral relations such as the dialogue mechanism Deputy Secretary of State for Foreign Affairs, Ministry of Defense, Ministerial-level Defense Policy Dialogue, Ministerial Joint Committee for Cooperation in the Field of Nuclear Power, Energy and Industry, Inter-Governmental Committee for economic and scientific cooperation, and various departmental-level consultations. The cooperation between the two Ministries of Foreign Affairs has been continuously strengthened and progressed to promote the two countries' cooperation in fostering bilateral relations. The two sides will continue to maintain and consolidate their dialogue mechanisms, such as the Director-General's Foreign Policy, Policy Consultancy, the Director-General Advisory Committee; Deputy Foreign Minister's political consultation mechanism upgraded to a Deputy Foreign Minister's Strategic Diplomacy Dialogue on Foreign Affairs-Security-Defense. The functional units of the two foreign ministries, the diplomatic missions of the two countries in the third country and the international organizations such as the United Nations, APEC, ASEM, ASEAN, ARF, WTO, often initiate exchange of activities and close coordination in the related external activities.

The good results of cooperation between Vietnam and Korea in the past 20 years first of all thank to determination and joint efforts of leaders and people of the two countries on the basis of strongly promoting complementary potentials and similarities in many areas, especially in economic field. The friendship between the two peoples and the partnership between the two countries will continue to develop strongly and further in the future, for the prosperous development of the two peoples, contributing to peace, stability, cooperation and development in the region and the world.

5.2. Solutions to Retain and Consolidate Vietnam-South Korea Relationship in Context of International Economic Integration

In terms of trade cooperation, the two sides discussed

openly and proposed fundamental solutions to maintain bilateral trade and economic cooperation according to vision set out by the two countries' leaders. In addition to exchanging information on continuing to improve and develop mechanisms and policies, specific measures to support enterprises such as information sharing on market condition, support to remove difficulties at the border gate for goods import and export; connecting supply and demand and supporting the delivery of goods and distribution systems of each other, especially Vietnamese goods that are involved in the value chain and distribution system of Korea, have also been pointed out by the Ministers of both sides to put into the Action Plan between the two countries to implement the target of \$ 100 billion in bilateral trade by 2020 (Truc Thanh Le, 2018). In particular, the two Ministers launched an initiative to establish a cooperative mechanism between Ministry of Industry and Trade and Ministry of Agriculture of the two countries to facilitate trade in agricultural products, to be exported from Vietnam to Korea in the coming time.

In the field of industry, the two Ministers agreed to continue working closely to effectively implement the agreements reached during the 8th Session of the Joint Committee between Vietnam and Korea on Electrical Cooperation nuclear, energy, industry and trade held in Ho Chi Minh City in February, 2018, in which Korea continued to support Vietnam in fundamental research; to share experiences and support Vietnam to invest in and develop supporting industries, especially in areas where Vietnam is interested in, such as the manufacture of spare parts, engines and equipment, natural rubber tires used in the auto industry; components and semiconductor devices for the electrical / electronic industry; yarn, weaving, leather and footwear accessories for textile and garment industry, leather and footwear; processing industry, distribution and logistics, etc. In the long run, Korea will help improve the competitiveness of Vietnamese goods and products and support the development of sustainable trade.

In cooperation in the field of energy, the two sides discussed and agreed to strengthen the electricity cooperation, called on Korean enterprises interested in developing power projects within the master plan power development of Vietnam; Enhancing investment cooperation in energy saving in industrial zones; Explore opportunities for developing carbon markets in the field of energy efficiency in Vietnam and connecting projects with the private sector; Sharing information and experience on policies and solutions on energy and climate change of the two countries; Cooperation to support enterprises of the two countries in investment and development in the field of energy, especially renewable energy; Comprehensive cooperation on energy security.

In addition, the two Ministers discussed issues of mutual interest between the two countries, particularly in strengthening cooperation in human resources development in the fields of industry, energy and trade; The supporting businesses of the two countries such as enhanced cooperation in trade defense in the context of the two countries increasingly integrated and increasingly dealing with the safeguard measures of other countries; Creating mechanisms and forums for enterprises of the two countries to cooperate and connect with each other. The two ministers

also discussed the cooperation in the framework of multilateral mechanism in a frank, open and beneficial spirit of the parties, especially the implementation of free trade agreements in the region and the world such as RCEP, and CPTPP.

Economic cooperation between the two countries has grown strongly in the context of international economic integration, especially in the areas of trade, investment, development aid, tourism and labor. Over the past 25 years, Korea has become one of the leading economic partners of Vietnam. Vietnam is also becoming an important partner of Korea. On the basis of persistent foreign policy of independence, self-reliance, multi-lateralization, diversification and deepening international integration, Vietnam attaches great importance to developing relations with Korea and wish to share with and learn from Korea to enhance cooperation and development, promote trade liberalization, regional integration, peacekeeping, security and stability in the region and the world.

In order to maintain a friendly relationship with partners such as Korea and improve the national economic development quality against the international standards, Vietnam needs to be more flexible and sensitive in some of the key management issues, such as stabilizing the political and legal situation. Infrastructure development and modernization should be put into practice widely and extensively along with Abolishing and eliminating bureaucracy and subsidies. The legal system and administrative procedures in business should be simplified to open more opportunities for domestic and foreign enterprises to operate and cooperate smoothly, quickly and easily. Education and human resources need to be improved to facilitate acquiring more new knowledge. Vietnam needs active learning and cultural exchanges with as many as possible countries in the world, thereby broadening the fruitful friendship and successful international cooperation.

References

1. Bui H. Vietnam to promote strategic partnerships, 2013. <https://vov.vn/chinh-tri/viethan-thuc-day-quan-he-doi-tac-hop-tac-chien-luoc-279380.vov>, date of access: 20.11.2018.
2. Do DB, Nguyen TL. International Economics Curriculum, National Economic University in Hanoi, 2012.
3. Huynh MT. International Economics Curriculum, Ho Chi Minh City University of Technology and Education, 2010.
4. Ha L. Korea attaches great importance to relations with Vietnam, 2018. <http://soha.vn/han-quoc-coi-trong-moi-quan-he-voi-viet-nam-20180323093459772.htm>, date of access: 20.11.2018.
5. Nguyen HT. International Economic Business Management Strategy. Ementon Publisher in Warsaw, 2018.
6. Nguyen DQ. Course on International Economic Relations, Hanoi Publisher, 2007.
7. Nguyen H. FDI attraction in Korea: new waves in the field of finance – banking, 2018. <http://tapchitaichinh.vn/nghien-cuu-trao-doi/thu-hut-fdi-han-quoc-song-moi-trong-linh-vuc-tai-chinh-ngan-hang-140036.html>, date of access: 20.11.2018.
8. Chung T. Economic ties between Vietnam and Korea: Impressive figures, 2018. <https://vov.vn/kinh-te/quan-he-kinh-te-viet-namhan-quoc-nhung-con-so-an-tuong-743063.vov>, date of access: 20.11.2018.
9. Lan P. Vietnam - South Korea: 25 years of successful cooperation, 2017. <http://vovworld.vn/vi-VN/binh-luan/viet-nam-han-quoc-chang-duong-25-nam-hop-tac-thanh-cong-604968.vov>, date of access: 20.11.2018.
10. Mai A, Duy T. Investment flow from Korea to Vietnam: There will be a second stronger wave, 2018. <http://thoibaotaichinhvietnam.vn/pages/chung-khoan/2018-05-11/dong-von-dau-tu-tu-han-quoc-vao-viet-nam-se-co-lan-song-thu-hai-manh-hon-57280.aspx>, date of access: 20.11.2018.
11. Manh H. The reasons why Korean investors choose Vietnam, 2018. <https://bnews.vn/nhung-ly-do-nha-dau-tu-han-quoc-chon-viet-nam/95139.html>, date of access: 20.11.2018.
12. Nguyen D. Decoding the Korean phenomenon in FDI attraction, 2016. <http://www.tanbinhip.com/giai-ma-hien-tuong-han-quoc-trong-thu-hut-fdi-332.html>, date of access: 20.11.2018.
13. Ngoc H. The flow of Korean FDI into Vietnam firmly "throne", 2018. <http://enternews.vn/dong-von-fdi-han-quoc-vao-viet-nam-vung-ngoi-vuong-127183.html>, date of access: 20.11.2018.
14. Thanh H. Trade between Vietnam and Korea will exceed \$ 100 billion in 2020, 2018. <https://baomoi.com/thuong-mai-giua-viet-nam-va-han-quoc-se-vuot-nguong-100-ty-usd-trong-nam-2020/c/25377306.epi>, date of access: 20.11.2018.
15. Truc TL. Vietnam - Korea intensifies cooperation in many specific fields, 2018. <https://ngkt.mofa.gov.vn/viet-nam-han-quoc-tang-cuong-hop-tac-trong-nhieu-linh-vuc-cu-the/>, date of access: 20.11.2018.
16. Quang D. The relationship between Vietnam and Korea and the miraculous development, 2018. <http://baoquocte.vn/quan-he-viet-nam-han-quoc-va-nhung-buoc-phat-trien-than-ky-68162.html>, date of access: 20.11.2018.
17. Uyen H. Vietnam and South Korea expand trade defense cooperation, 2018. <https://bnews.vn/viet-nam-va-han-quoc-mo-rong-hop-tac-ve-phong-ve-thuong-mai/79508.html>, date of access: 20.11.2018.
18. Vo TT. International economic relationship. Labor and Social Affairs Publisher, 2010.
19. Vietnamese is the third largest foreigner community in Korea. <http://baoquocte.vn/nguoi-viet-la-cong-dong-nguoi-nuoc-ngoai-lon-thu-3-o-han-quoc-28049.html>, date of access: 20.11.2018.
20. Basic information on Korea and Vietnam-Korea relations. http://www.mofahcm.gov.vn/en/mofa/cn_vakv/ca_tbd/nr040818112237/ns130708234939, date of access: 20.11.2018.
21. Economic relations between Vietnam and Korea. <http://luanvan.net.vn/luan-van/luan-van-quan-he-kinh-te-viet-nam-han-quoc-1992-2010-75152/>, date of access: 20.11.2018.
22. Relations between Vietnam and Korea over two decades. <http://minhquanthai.blogspot.com/2015/04/quan-he-viet-nam-han-quoc-hon-2-thap-ky.html>, date of access: 20.11.2018.