STUDY OF DEPARTMENT OF NATIONAL ECONOMY

DIRECTORATE OF FOREIGN TRADE

Interview with Director, Mr. Trần Tế Dương on July 18, 1956

A - Mission and Internal Organization.

Through a licensing procedure this Directorate controls the import and export of goods outside the American and French economic Aid program. The interviewee estimated that his organization is concerned with only 10 o/o of Vietnams' total imports, those which Vietnam pays for from its own reserves of foreign exchange or within the framework of a trade agreement.

The Directorate is composed of six bureaus with a total personnel of approximately 30: Secrétariat, Imports, Exports, Control of Traders, Quotation of Prices (for export commodities), Research and Legislation. A seventh bureau, Allocation of Imported Goods, is slated for transfer to the Directorate of Domestic Trade. Three of these bureaus have been placed under the intermediate supervision of a Chief of Service; they are Control of Traders, Allocation of Imported Goods, and Quotation of Prices. An effort has been made to assign one distinct function to each bureau and thereby to obviate any duplication of effort. However, the situation of the Secretariat seems to offer a problem. In fact, the Secretariat in this Directorate represents the bulk of the Secretariat belonging to the central office of the Directorate-General of Commercial Affairs. Shortage of office space in the building which houses the Directorate-General led to a move to another address where this Directorate is located. The interviewee gave the impression that the Secretariat is under his operational control.

B - Flow of Work

1. Import Situation

Merchants' request for issuance of license is received at Secretariat and registered. If the importer is not already known and favorably known, the papers are sent first to the Bureau of Control of Traders for establishing his reputation and in particular to determine whether he possesses a patente or permit to engage in business as an importer.

If we assume a favorable result, the dossier is then forwarded to the Bureau of Imports, which examines the request in the light of four standards.

a) place of origin (Communist China and other Communist-controlled areas). The Bureau is alert to the possibility of trans-shipment via Hong-Kong.
b) Nature of the commodity. If domestic production is considered sufficient or if official policy is to encourage domestic production, then the application will be refused.

c) Price. Only if the price is reasonable will the license be issued.

d) Execution of trade agreement. If an agreement is in effect between Vietnam and the exporting country, this particular import order must fit into the established scale and categories. If we may assume a favorable result on all counts, the dossier is then forwarded to the Director, who would then issue the license. Note, however, that in the absence of a trade agreement there is a problem of allotting scarce foreign exchange to effect payment. Exportable surpluses fell off after 1945, and it has become increasingly difficult to negotiate trade agreements.

2. Export Situation.

Merchants request for issuance of a license is received at Secretariat and registered. Here again the papers are sent first to "Control of Traders" unless the applicant is favorably known and known to possess a patente.

"Control of Traders" establishes bona fides of the merchant and forwards dossier to the Bureau of Exports, which sends dossier without taking any action to the Bureau of Quotation of Prices. Note, that there does not seem to be any reason for this detour except customary procedure.

"Quotation of Prices" determines whether the proposed price is reasonably close to recent average prices as announced in world trading centers. Based upon information received from New York City, a daily report is prepared in this bureau listing current prices for the principal export commodities, particularly rubber. To protect his own position the exporter usually inquires at this bureau what the right price would be before he names a price to the overseas importer.

Dossier is then sent back to the Bureau of Exports, which applies three tests to the request for a license.

a) Domestic shortage in that commodity. Request is refused if there is a shortage in the national economy.
b) Intended destination (Communist-Controlled areas). Bureau is alert to possibility of trans-shipment to Communist China via Hong-Kong.

c) Satisfactory arrangements to ensure that at least 85 o/o of the foreign exchange earned by the export transaction will be added to central bank reserves. Up to 15 o/o may be utilized by exporter within framework of E.F.A.C. scheme.

The dossier is sent to the Director, who would ordinarily issue an export license if the above conditions have been met.

C. Recommendations

1. Eliminate duplication of work by National Import Committee and Service of Program and Economic Relations in planning sector. Note that these two offices form a part of the Department of National Economy but outside the Directorate of Foreign Trade.

2. Eliminate overlapping of responsibility between the National Exchange Office and this Directorate in processing applications for import licenses.

3. Revise regulations to bring them up-to-date.

4. Increase number of executive and technical personnel.

5. Unify Department in physical location.
Department of Economy

Direction of foreign trade

Name: Tran Te Duong
Title: Director of foreign trade

1. Brief organizational history:
   - Arrêté No 576/Cab of 18/9/52
   - Decree No 18-KT-TK/ND of 2/4/55
   - Decree No 33-KT-TK/ND of 7/6/55
   - By correspondence affairs No 545-TG of 16/8/55
     the incorporation of the National Import Committee with the Direction of Trade Affairs.
   - By decree No 494-TG-KT of 22/8/55
     the incorporation of the Economy Direction of the South with the Direction of Trade Affairs.

2. Long-term objectives.
   Development of foreign trade to be in accordance with the program of increasing production and developing art and industry.

3. Expected to be achieved at the end of 1956.
   - Foreign trade regulations
   - Export program (formality, suggestions, weight, price)
   - Trade with Cambodia, Laos
   - Some trade contracts
   - Regulations of "Triangular Franc"
     (commercial agreements, perhaps)

4. Difficulties to affairs:
   - Organization not yet quite good, lack of uniting organs, means, unified and definite regulations.

5. Regulations, customs make work more difficult
   - Old regulations, administrative formalities.
   - Transfer of commanding personnel, specialists and executive personnel.

6. Duplication of work between the offices inside and outside of the Department.
   - Inside of the Department:
     National Import Committee
     Program Service
     Legislation Service

(over)
Outside of the Department:
   Exchange Institute (Office National des Changes)

7. These following changes are needed:

   - Scientific and rational organization
   - A number of sufficient executive personnel and specialists
   - A comfortable place for offices and services
   - New and suitable regulations

(Rapid study of projects, reformation program has been submitted to superior authority).