



Introduction by
Rt Hon Gordon Brown MP
Prime Minister of
the United Kingdom

It is with great pleasure that I welcome His Excellency Mr Nguyen Tan Dung, Prime Minister of the Socialist Republic of Vietnam to the UK from 3-6 March.

Since the announcement in 1986 of its Doi Moi (renewal) policy, Vietnam has rapidly grown, both economically and socially. Economic growth has been strong with annual rates of around 7-8 per cent over the last decade. With a population of close to 90 million, 5,000 of which study annually in the UK, the market is sizeable, growing, aspirational and ambitious.

Vietnam's poverty reduction record over recent years is one of the best in the world. Between 1993 and 2004 poverty levels reduced by 40 per cent equivalent to 24 million people being lifted out of poverty. The UK is the second biggest grant donor to Vietnam and our aid has had a significant impact. It has helped train 50,000 primary school teachers, helped to bring 500,000 people out of poverty and provided access to clean drinking water for 600,000 people. We are committed to a 10 year Development Partnership Arrangement with the Government of Vietnam providing at least £250 million from 2006-10 to help Vietnam become a middle income country.

Vietnam is also engaging increasingly on international issues. The UK sees it as a partner on a number of bilateral issues and following Vietnam's election to the UN Security Council, we now work together on global issues. Vietnam is a leading light on free trade within ASEAN, shown by its commitment to be the lead ASEAN negotiator for the Free Trade Agreement with the EU. Business opportunities are emerging by the day. Average GDP growth between 1997 and 2007 was over 7 per cent, an impressive feat considering the Asia Financial Crisis of the late 1990s on what was a young market. It is little wonder that Vietnam is now considered as a key market player.

The UK Vietnam relationship is based on partnership. Nowhere is this better seen

than in the field of business. Trade growth between the UK and Vietnam has been consistently strong over the past decade and currently stands at US\$1.8 billion. Vietnam's accession to the World Trade Organisation (WTO) in January 2007 will lead to increased growth for the future. The UK is providing support as Vietnam implements its WTO commitments and we know that a prosperous Vietnam is good for UK business.

Vietnam is an exciting prospect for investors and the Vietnamese Government is committed to delivering policies that attract Foreign Direct Investment (FDI). The Vietnamese workforce is highly skilled and the literacy rates are over 90 per cent. This has led many businesses who have invested in China to now look at Vietnam, which is highlighted by FDI flows of US\$3.9 billion in 2007.

There is however, further work needed to improve the business environment. Not only working with the Vietnamese Government on aspects of legislation and bureaucracy that could complicate business activity, but also helping to implement WTO commitments. As the economy grows, recruitment and retention of highly skilled staff will be important. Strong economic growth also puts pressure on infrastructure and emphasises the need to show sensitivity to environmental and climate change issues. These are challenges for Both the UK and Vietnam. UK business should be confident that the Vietnamese Government will face up to these challenges and continue to deliver for the Vietnamese people.

Prime Minister Dung and I have a great deal to discuss from development, climate change and business through to UN Security Council issues such as Burma. Business is high on the agenda for both of us and I look forward to discussing how the UK and Vietnam can work together more closely. **F**

Gordon Brown