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VIETNAM AND POLAND'S INTEGRATION INTO ASEAN AND THE EUROPEAN UNION: A COMPARATIVE ANALYSIS FROM VIETNAM'S VIEW

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Abstract

Association of South East Asian Nations (ASEAN) and the European Union (EU) are the two institutions which have considerable differences in development but many similarities. The EU has developed a monetary union, while ASEAN has just finalized the Free Trade Area and is looking forward to forming a Community in late 2015. Therefore, integration in ASEAN is increasingly similar to the integration in the EU. The outstanding difference is that ASEAN accept the diversity of members; while the EU sets very strict conditions for countries wishing to join. Since the early 1990s, Vietnam and Poland have put their efforsts in economic reform to integrate into the respective regions. In Poland, the process took place promptly, widely and deeply on all aspects according to the EU criteria with a clear roadmap. While Poland performed both economic reform and political renewal simultaneously, Vietnam did not meet specific criteria, nor had the tight schedule, so the reform process has been slow. Vietnam implemented economic reform at first and political reform later. Generally, because of difference of the standards and intensity of integration, the "shocks" that Vietnam had to face are less than Poland did. In contrast, Vietnam has had to implement reforms until now. This makes Vietnam miss some important opportunities.

Keywords: integration, reform, Vietnam, Poland, ASEAN, the European Union.

INTRODUCTION

The collapse of the Berlin Wall in 1989 marked the end of the socialist countries in Eastern Europe and the comprehensive transformation in these states. The collapse of the socialist system in the Soviet Union and Eastern Europe brought about the collapse of the planned economy model, of which most of countries applied to transform into a market economy. Countries like Vietnam and Poland who are in the process of transition to market economies have undergone various stages for many years to have a full - fledged market economy. The collapse of the socialist system in the Soviet Union and Eastern Europe also eliminated confrontation between East and West, making changes in the world political situation. Trend of cooperation for development emerged and dominated the international relations. The countries of transition intensified taking part in regional and international institutions to rapidly grab up with the countries in the region and the world (Tru, 2011). Vietnam and Poland were not exceptions to this trend. Vietnam has tried its best to integrate into the Association of Southeast Asian Nations (ASEAN), gradually erased differences with other countries in order to have a common voice. Poland also made its strong efforts to integrate into the European Union (EU) as soon as possible. So, reform and integration of Vietnam and Poland have many similarities, but differences due to the methods of reform, the different levels of development and integration of ASEAN and EU. In fact, the weakness of the planned economic model has made Vietnam reform from the collapse of the Soviet Union and the socialist bloc in Eastern Europe. This event made Vietnam more determined to reform and innovate.

With methods of desk study and in-depth interview, the goal of this research is that review and evaluate the underlying similarities and differences in the integration process of Vietnam and Poland into the two respective ASEAN and EU.

INTEGRATION IN ASEAN AND THE EU

Association of South East Asian Nations (ASEAN) and the European Union (EU) have undergone the process of development in both width and depth. ASEAN was founded on 8th August 1967 with 5 founding members (Indonesia, Malaysia, Philippines, Singapore, Thailand). After 4 times of expansion (1984 - Brunei, 1995 - Vietnam 1997 - Laos and Myanmar, 1999 - Cambodia), there are 10 member countries of ASEAN today. On the way of nearly 50 years of construction and development, members of ASEAN have connected together more closely, more deeply and are in a plan to build an ASEAN Community by 2015 (Hung, 2012 & Ha et al, 2013). EU, formerly the European Coal - Steel Community, was established by the Treaty of Paris in 1951 with six member countries, including Germany, France, Italy, Belgium, the Netherlands, Luxemburg. So far the EU has expanded 7 times with a total of 28 member states. The greatest expansion in the number and population took place in 2004, admitting 10 member nations in Central and Eastern Europe. In terms of scale, ASEAN presently has a population of around 600 million, much greater than 500 million people in the EU, but the nominal ASEAN GDP is 1.8 trillion dollars, much lower than around 19 trillion dollars of EU GDP (Ha et al, 2013).

The biggest difference in integration between ASEAN and the EU is that ASEAN accepts the diversity of political systems – the admission of Vietnam during second expansion and then Laos – the countries with political system different to other countries. ASEAN also accepts the differences in level of development when new member countries have development level much lower than the older members while EU sets strict conditions for countries wishing to join (Minh, P.Q., 2012). The problem is that the country who wants to join has the average income much lower than that of other countries joining the EU earlier, including many former socialist countries. So, at the European Council meeting in Copenhagen (June 1993), the EU allowed East Central European countries to join this organization in case they met the conditions of economic, social-political criteria that the EU set (the so -called Copenhagen criteria) to ensure harmony in political - economic institutions as well as the ability to contribute and perform duties for the entire organization. This decision has encouraged the East Central European countries including Poland to apply for EU and reform itself to meet the criteria. Joining the EU became Poland's priority (Hau, 2009). Integration with the EU means return to Europe, at the same time a rare opportunity for development. The first step in the integration process was launched in the early 1990s through the event that the EU signed the Treaty of Union with Poland (1991), creating the first legal framework for relations between the EU and Poland. The process of negotiations was conducted from 1998 to 2004. Due to the criteria, the EU is more consistent, and easy to reach unification.

Compared to the EU, ASEAN still stands behind both on the level of integration and the development of the member states. From the European Coal and Steel Community, the Rome Agreement established the European Economic Community (EEC) from 1st January, 1958 with three goals: (i) formation of Customs Union; (ii) creation of a European common market to allow free movement of labors, goods, services and money among member states; (iii) development of a common agricultural policy to ensure that farmers had a stable agricultural market with protective price (Thuan and Ha, 2005). The collapse of the Berlin Wall and reunification of Germany promoted the construction of European monetary union (EMU), leading to the signing of the Maastricht Agreement (September 1992) in order to establish the European Union (EU) and reaffirm EMU including economic union with national economic policies which were coordinated by the Council of Ministers of Finance and Economy, and monetary union with a common currency. Finally, the EU developed a euro zone. In addition, the EU member countries are the world's leading developed ones.

Meanwhile, the ASEAN countries are still low developing country (except Singapore). ASEAN is still just an association which has just established AFTA, even has not built a customs union yet. However, ASEAN is evaluated as one of the few successful regional organizations with the identity of "Unity in Diversity" with the best example of the "ASEAN way". A loose affiliation of ASEAN presents in two basic characteristics of "non-interference" and "agreement" in principle, but flexibility in actions (Minh, P.Q., 2012). During the Cold War, Southeast Asian region was a hot area of East-West confrontation. Thus, relations between the countries in the region were divided deeply with frequent tensions between two groups of Indochina and ASEAN-5. Therefore, the end of the Cold War opened up opportunities for ASEAN countries to implement ideas of promoting cooperation, linking together all of Southeast Asia (Que and Giap, 2012). In 1992, followed by the initiative of Thailand, the ASEAN Summit in Singapore decided to establish an ASEAN Free Trade Area (AFTA). At the dawn of the twenty-first century with the changing world and regional situations, ASEAN again adjusted and innovated itself. Future directions have been identified by member countries to promote linkage deeply and comprehensively within the association, looking forward to forming an ASEAN Community with three pillars (political- security community, economic community, and cultural - social community) in 2015, based on the general legal basis of the ASEAN Charter. This event opened a new turning point for the development of ASEAN, transforming itself from an association to an intergovernmental cooperation organization (Que and Giap, 2012). Therefore, integration in ASEAN has been increasingly similar to the integration in the EU.

THE PROCESS OF REGIONAL INTEGRATION OF VIETNAM AND POLAND

Before joining ASEAN and EU, both Vietnam and Poland had a period of more or less than a decade of reform and transformation of the economy. Despite of different level of reforms, until the joining time of Vietnam and Poland in ASEAN and EU respectively, the two countries' economies had got high growth and bright prospects. The average economic growth in Vietnam in the 1991-1995 period was 8.2%, a contrast to the crisis in the 1980s (Thuan and Trung, 2012). Similarly, Poland's average growth was also around 3.3% during 1998-2003. The external economic activities such as trade and foreign investment began to increase rapidly and people's lives were improved markedly (Hau, 2009).

The reform and transformation in Vietnam had begun lately in 1986 when its economy was on the edge of collapse. However, since 1991 the reform process has been promoted as the seventh Congress of the Communist Party of Vietnam declared "Vietnam wants to be friends with all countries in the international community, striving for peace, independence and development", meaning enhancing cooperation and integration with the world. Due to the fundamental changes in external relations and economic institutions, Vietnam has improved its relations with countries in the region and was admitted to ASEAN on 28th July 1995. Also in the same year, Vietnam normalized relations with the U.S. (11th July 1995); signed a framework agreement of cooperation with the EU (17th July 1995). Until recently, the views of the Communist Party of Vietnam is not only "Vietnam wants to be friends with all countries" but "Vietnam is willing to be friends with all countries". Then, Vietnam is “trusted friend and partner" (stated in 10th Congress of Vietnam Communist Party in 2006), and is "... responsible member of the international community" (stated in 11th Congress of Vietnam Communist Party in 2011) (CPV, 2006; CPV, 2011). This represents an increasingly active participation, and responsibility of Vietnam in the mechanisms/ institutions/ regional multilateral and global forums (Minh, P.B., 2011).

After almost one year joining ASEAN, Vietnam took part in the Free Trade Area (AFTA) in 1996. The roadmap to reduce tariffs under this area has lasted until 2006. However, Poland, right after joining the EU, had to participate in the Customs Union, aiming at harmony in legislation, elimination of non-tariff barriers in sensitive sectors such as steel, textiles and agriculture, linking entirely within a single market and ensuring free flow of goods, services, capital and labors, complying with competition policy, trade policy of the EU. Poland had to implement the requirements of EMU, striving to become a full member of the EMU. To do this, Poland paid its attention to the budget reform towards curbing the budget deficit, and financial and monetary reforms harmonizing with the monetary financial institutions of the Community and meeting the requirements of the Maastricht Treaty as well as the circulation of capital and services. Areas such as industry, agriculture, fisheries, energy, telecommunications, transportation, etc.. had negotiations towards unification. Thus, to meet the standards of economic integration, the main contents that Poland needs to do is to build a market economy with the formation of market forces, liberalization of economic activities, price liberalization, foreign trade liberalization, stabilization of macroeconomy with proper policies of the budget, monetary and trade balance.

Regarding methods, the difference between reform and transformation of the two countries is that Poland reformed rapidly and explicitly under Western model, and made fast privatization while Vietnam reformed slowly, step by step with the motto “slow and steady”. Vietnam still wants to keep something socialist with the concept of "socialist oriented market economy".

In the period of striving for participation and implementation of the Copenhagen criteria, Poland reformed its political system towards pluralist democracy, legitimate state and civil societies. Vietnam continues to maintain the absolute leadership of the Communist Party. The policies are characterized Vietnamesely. When joining the EU, Poland’s policies were within a common framework, consistent policies, especially the common law system of the EU. Being a member of the EU, Poland's political - legal mechanism is more stable and transparent.

Therefore, the outcomes of the integration of the two countries are somehow different. Most prominent in the reform and transformation is the transformation of ownership. Vietnam does not use the term “privatization” but “equitization” of state-owned enterprises. This does not mean that those enterprises will become private-owned enterprises. Because sometimes people buy the shares sold by the state-owned enterprises are other state-owned enterprises or the percentage of shares held by the state still dominates enterprise asset. Moreover, due to not strong state’s regulations and afraid of losing the privileges, many state owned enterprises’ leaders who delayed and did not want to make the equitization. The public sector in Vietnam is still accounting for a very large proportion of the GDP. The constitution of Vietnam continued keeping state-owned sector a key role in the economy. Currently, with the determination of reforming institutions, the Vietnamese government continues to reform state-owned enterprises, including equitization; however, it is difficult to complete because it is thoroughly labeled "key role" in the economy. This problem contributes to the low growth of Vietnam's economy until now. Meanwhile, Poland strongly implemented privatization, even in its pre-integration in the EU, the process of privatization of Polish companies have been successfully implemented. According to the European Commission, its private sector has more than 3 million businesses with over 70% of labors, accounting for 76% of Polish GDP - roughly the level of the EU-15 by the end of 2002 (Hau, 2009).

Vietnam's participation in ASEAN was not directly supported by ASEAN as Poland received from the EU’s funds. Most of ASEAN member countries were low and average developing countries, their development resources were similar to those of Vietnam; so, Vietnam has been intensely competed by these countries. Meanwhile, the difference in the development of Poland and of the EU-15 is pretty large, Poland has taken advantage of this disparity. When the Berlin Wall collapsed, the European Community (EC) rapidly established diplomatic relations with Poland and enhanced economic and trade cooperation. EC lifted quotas applying to some goods, expanded the Generalized System of Preferences (GSP) and signed agreements and trade cooperation with Poland in September 1989. At the same time, the EC made its financial support to the reform and economic reconstruction of Poland. Particularly, since the early 1990s, to promote comprehensively relations with the countries of Central Eastern Europe, the European Agreement was approved by the European Summit in Dublin in April 1990, favoring the normalization of trade and economic relations between the EC and Poland after a long existence of steel curtain during the Cold War. Cooperation Agreement set out the institutional framework for trade liberalization, further strengthening regional economic integration, setting the premise for the integration of Poland in the European Community.

At the time of applying for membership, Vietnam entered ASEAN in 1995, earlier than Poland joined the EU in 2004. Applying for membership to a newborn organization (under completion) gave Vietnam an opportunity to contribute to the shaping of the activities and the development of ASEAN in favor in Vietnam, helping create a solid foundation for ASEAN to make a historic decision of strengthening linkages, proceeding to successfully building the ASEAN Community in 2015 (Que and Giap, 2012). Meanwhile, Poland has accepted nearly all of the rules posed by member countries of the EU. Moreover, in order to join the EU, Poland had to meet the Copenhagen criteria (1993). Thanks to meeting EU criteria, Poland has accelerated reforms and the country has benefited much from that.

REFORM TO INTEGRATE INTO THE REGION

INSTITUTIONAL PERSPECTIVE

Joining the regional "playing ground", Vietnam has not faced a direct pressure of reforms, but understood that in order to "play the game" better, its institutions must be in harmony with those of the countries in the region. Unlike Poland, to join the EU, Poland must satisfy the conditions and the EU itself also helped Poland achieve those.

The process of economic transformation from a centrally planned to a market economy in Poland is a profound and deep reform process in all political, economic and social sectors. This process of transformation is associated with the implementation of the criteria for integration in the EU. The transformation to a market economy and the integration of Poland into the EU is both the goal and the motivation, just a chance, just a challenge, inseparable. Conversion is a prerequisite of integration and complete integration transition. The conversion process is detailed design, strict timetable. Overall, the reforms in Poland are following main objectives: (i) developing a pluralistic, democratic society; (ii) developing a market economy with private ownership as the core; (iii) implementing strategic objectives to join the EU, while actively integrating into the world economy.

Vietnam has to adjust itself and does not have a tight schedule, so the adjustment process is slow and takes place sector by sector. By this time, nearly 20 years being a member of ASEAN, Vietnam has gradually improved institutions of the market economy. "Doi moi" (innovation) and comprehensive reform of Vietnam since 1986 by "both doing and learning from experiences" has been clearly reflected in the adjusting mechanisms and legal policies in Vietnam. The perfection of the socialist oriented market economy in Vietnam has helped to allocate resources more efficiently and promoted greater competition, thereby helping the economy get a better growth.

Highlights of institutional reforms in Vietnam are noticed as follows:

First, reduction of the role of the state in the economy. When Vietnam has transformed its economy from a centrally planned to a market economy, the role of the state and the market have been cast together. Vietnam's government has made efforts to reform under the direction of reducing participation and direct intervention in production and business activities, directing to the leaders and creating the playing field for individuals in the active economy. However, the role of the state in Vietnam's economy was evaluated that it did not perform very well because the government still held many things that other governments normally do not hold. In fact, the state sector in Vietnam's economy is still very large, accounting for 38% of GDP (2005) and 33% of GDP (2011). This picture is in stark contrast with Poland. Thanks to the strong policy of privatization, till the time of becoming a member in the EU (2004), the state sector in the Polish economy had fallen to about 20%, nearly equal to that of the EU-15. Poland created dynamic market forces, improved unemployment as well as its economic competitiveness (Thuan and Ha, 2005; GSO, 2012; Thuan et al, 2014).

The liberalization of the natural monopoly sectors such as energy, transportation, telecommunications, etc. continues to take place in many countries and contribute to the increasing growth of the private sector (Ha, 2013). Poland continues to improve its legal system in accordance with the laws of the European Union. This contributes to the formation of free, fair competition between businesses in all sectors, encouraging small and medium-sized enterprises in the production and business, putting the interests of the consumers on top priority. Meanwhile, although Vietnam has adjusted with the Competition Law but many sectors remain exclusive as electricity, petrol... leading to negative impacts on the development of market economy. This is the reason of corruption, group interests, etc. (Thuan and Trung, 2012).

So far, Vietnam has regulated that the state-owned sector plays a key role in the economy, helps the government implement the socialist orientation. This must closely relate to the ownership in the economy. The slow transformation of the ownership in Vietnam creates big differences with Poland in the institutional reform of market economy. Currently, Vietnam's market economy has not been recognized by some countries. Meanwhile, shortly before joining the EU (2004), Poland was considered the country having a market economy.

Second, creating equality in the business environment. Before 2005, businesses in Vietnam were under the adjustment of the Law on Foreign Investment and the Law on Domestic Investment in Vietnam. After adjustment, the two laws were melded into one - known as the Investment Law (2005). This development has gradually eliminated the distinction between domestic enterprises and foreign enterprises. The introduction and amendment of the law have contributed to improving the business environment, legal environment to attract foreign direct investment (FDI) in Vietnam.

Along with the foreign investment economic sector, the private sector in Vietnam is also increasingly recognized and valued. In 1990, a legal framework for private enterprises formed through the Company Law and the Law on Private Enterprises. By 1992, the role of the private sector also officially recognized in the Constitution of the Socialist Republic of Vietnam. This event was a breakthrough because previously the private economy was not existed and recognized in Vietnam in planning mechanisms. In parallel with the development of the private sector, the government restructured state-owned enterprises in Vietnam. Therefore, the number of state-owned enterprises fell from 5,759 businesses in 2000 to 3,269 in 2011 (GSO, 2012).

An importance in the innovation of the economy in Vietnam is the recognition of the role of the private sector which is more attached with reality. The new Law has removed hundreds of administrative procedures, simplified business registration, reduced costs, shortened the time for business registration. As a result, the number of non-state enterprises from 2000 to 2011 increased from 35,004 to 312,433 enterprises (GSO, 2012; Thuan et al, 2014).

Third, the input market was formed, but very limited. The capital market is considered the most developed market, followed by the labor market, and other markets have not achieved the required level. The launch of the Stock Market (2000) and the growth of the financial institutions in the country have marked a new development in the allocation of funds for development. The stock market has been formed to create channels attracting idle domestic capital and foreign indirect investment. A period of 2005-2006 was the period of strong growth of Vietnam's stock market, marking an expansion of market with lots of listed companies on the market. Labor and market science and scientific technology market have gradually formed, but unclearly and not met the requirements. The labor market has formed in large urban areas attracting a large labor supply response to social needs. One of the restrictions on the labor market is the low labor quality (despite of its large number), the proportion of trained workers is not high. In the technology market, in recent years, the problem of converting the state role from direct provider of scientific products and technologies to the creator of a favorable environment for the participants to exchange in the market has been implemented with the construction of a legal framework, innovation of science and technology activities etc... However, Vietnam has not gotten good achievements. The private sector has not performed its role in the science and technology market while technology transactions are still very low (CIEM, 2011).

Fourth, clearing the traffic channels includes reform and renewal which increase the degree of economic liberalization, elimination of barriers of the flow of goods. Vietnam has tried to reduce the administrative procedures hampering business activities, gradually reduce or eliminate fees, taxes inconsistent with the general trend of the world. However, this work was carried out very slowly. Before 1989, the state had exclusive right on foreign trade. After 1989, the barriers to trade were gradually lifted. Meanwhile, in the first phase of transformation, Poland undertook liberalization of foreign trade activities associated with price liberalization, elimination of restrictions on foreign currency and floating exchange rate of the domestic currency. Its integration in the EU, Poland had to make itself in concord with the technical standards as well as quality of EU goods. The liberalization of trade in transformation and integration was pretty fast. If the trade openness was assessed at the rate of exports in GDP, Poland got 16% in 1989 and 19% in 1999.

Fifth, reform of currency and fiscal policy was an important task in the process of reform in the two countries. First of all, Vietnam made a clear adjustment in its policy of exchange rate to integrate in the global game. The policy of exchange rate in Vietnam is still largely based on the pegged exchange rate regime with the dollar in various degrees. Since 1994, the State Bank has decided to establish the inter-bank market to determine the exchange rate basis in accordance with international practice. In addition, the State Bank also changed from direct intervention (before 1991) to indirect intervention through exchanges (1991-1993) and through the inter-bank rate (1994 to present).

Vietnam has also gradually improved tax policy in accordance to international practice, marked with the introduction of the Act of Value Added Tax (1997) (a replacement of the turnover tax law), the tax on business income, the tax on personal income. The tax rate has been increased to match with international practice. Law of tariff was also enacted when Vietnam announced Doimoi. In the trend of integration, the tariffs has regularly been adjusted (Thien, 2005; Thuan and Trung, 2012). Similarly, in the period 1997-2002, Poland attempted to reform the tax system harmonious to the EU's tax system. According to the Admendment Law of the Law on business income tax in 1999, the rate of business income tax decreased from 34% in 1999 to 22% in 2004. Control of budget deficit thanks to an increase in revenues from tax and efforts to meet the criteria of monetary union with a deficit of below 3% of GDP made Poland's budget improve (Thuan and Ha, 2005).

Regarding financial market, Vietnam opened it cautiously and slower than other areas. The financial market was actually opened when Vietnam joined the WTO (2007). Since the beginning of economic reform and integration, Vietnam's financial system has diversified considerably, from a one -tier banking system to a two-tier banking system like other market economies with the separation of functions between state bank and commercial banks. However, the state bank is not independent of government. The number of credit institutions increased rapidly from initially four state-owned commercial banks with small financial scale and services to over 100 large and small financial institutions.

And in Poland, after the process of transformation, law on banking was enacted. Along with the privatization process, the performance of the functions of the financial markets was also expanded. The banking system changed with the creation of two tiers: the system of state banks and the independent commercial banks. Purifying the banking system in order to build credit activities and financial markets is a mandatory element in the market economy. So, in the process of striving to join the EU, Poland had to comply fully with EU regulations include minimum capital ratio, the maximum expansion for a client up to 25% of bank capital and application of deposit insurance to protect deposits (Marie Lavigne, 2002). As a result, during the period 1989-1993 there were 85 commercial banks, including 62 private banks, 9 banks mixture, 10 Bank of the State Treasury and 4 foreign banks in Poland. The central bank also became an independent agency of the Government, of which the main task is to implement monetary policy, regulate the rate and maintain the stability of the domestic currency in coordination with the Government's fiscal policy (Hau, 2009).

Finally, regarding the immigration policy, the integration in the region makes both Vietnam and Poland have closer relations with countries in the region. So immigration is somewhat easier. However, in this regard, the integration of Vietnam in ASEAN and Poland in the EU is clearly different, mainly because level of regional connection in the EU and ASEAN is much different. When Vietnam joined ASEAN and participate in the ASEAN free trade area (AFTA), Vietnamese employees or citizens travelled conveniently to ASEAN countries due to visa exemption. Furthermore, with the development of the labor market, Vietnam’s labor export to other countries in the region (notably Malaysia) increased strongly. However, ASEAN has not built a linkage that allows free movement of labor, so Vietnam’s immigration policy has not changed much. Meanwhile, the linkage inside the EU has created a united market without customs border, the liberalization of intra-regional trade is growing. The EU member states implement common trade policy, agricultural policy, allow free circulation of goods, services and capital and labors among member countries with non-discriminatory, transparent and fair competition, etc. Shengen Agreement also allows EU citizens to travel freely among the countries without papers, not only facilitating the free movement of labors in the single market but also creating equality for the "European citizens". Poland joined the Schengen Agreement, thus citizens of Poland have freedom to travel to other countries and the citizens of other countries also can freely visit Poland. Therefore, integration of Poland has a strong impact on the flow of labor migration. The strong growth of the economy after Poland joined the EU have attracted strong labors, reducing rapidly the unemployment rate. The labor market in Poland also has significant positive changes after Poland became a member of the EU. According to the Polish government, within 5 years from 2004 to 2009 there were about 2.3 million Polish people going to other EU countries to work. The unemployment rate in Poland has declined sharply from 20% in 2003 to 9.5% in 2008 (UKIE, 2009). Nominal wage increased by 4.2% in 2004 and continuously increased in the following years (OECD, 2012).

SOME RESULTS OF INTEGRATION

Since Vietnam implemented Doimoi and participated in the regional playground, Vietnam has made a strong transformation from a chronically food-deficit country to a major food exporter in the world. Compared to other countries, its economy grew well, even in the stage of regional economic and global difficulties. An average growth of GDP was 6.96%, 7.51%, and 6.7% in 1996-2000, 2000-2005 and 2006-2010 respectively (Thuan and Trung, 2012), just behind China in the region. Meanwhile, the biggest success of Poland in economic sector was an acceleration of economic growth and strengthening the fundamental factors for sustainable development. The average GDP growth rate in the 2004-2008 period was 5.3%. Thus, GDP has increased by nearly 30% within 5 years after joining the EU. Moreover, income per capita in Poland has increased from 43% in comparison with the average rate of 15 old member states (2003) up to 51% in 2008 (UKIE, 2009).

According to a report on the 5 year integration by the Polish Government, the EU has boosted the Polish economy, particularly through the common market policy and agricultural policy of the EU (UKIE, 2009). Poland received more financial support from the EU in 2004-2008 with 26.5 billion euros from the EU budget while submitting only 12.5 billion euros in this budget. Due to the structural funds of the EU, Poland has modernized its infrastructure, especially highway system, thereby attracting more foreign direct investment. Agriculture, which played a significant role in the Polish economy had many positive changes thanks to the help of the European Union for small and medium farms (UKIE, 2009).

Attracting foreign investment is an outstanding achievement of both Vietnam and Poland's regional integration. In Vietnam, 7.1 billion $ FDI is performed in the 1991-1995 period and $ 13.5 billion in 1996-2000, $ 14.3 billion in 2001-2005 and U.S. $ 44.5 billion in 2006 – 2010 (Trung, 2012). With a large amount of capital into Vietnam every year, FDI has played an important part in the overall capital of society, the proportion increased from 13.1% in 1990 to 32.3% in 1995 and declined in the 1996-2000 period due to the impact of the financial crisis in Asia with the average in 2001-2005 accounting for 16% and 25% in 2006-2010 (Trung, 2012). With big contribution in the capital, FDI has contributed to enhance economic growth. During the past decade, the FDI sector had a growing proportion of GDP. From its average contribution of

6.3% in GDP in the 1991-1995, FDI sector has increased to an average rate of 14.6% in the 2001-2005 period. By 2010, the contribution of FDI is 18.72% of GDP.

Similarly, in Poland, FDI inflow increased, particularly from the EU-15 countries. FDI inflow to Poland, which was about $ 5 billion/ year in the years before joining the EU has increased to over $ 10 billion/ year since its participation and in 2006 was particularly close to $ 20 billion and in 2007 was more than $ 23 billion. According to the World Investment Report in 2007, Poland received the largest source of FDI among new members of the EU in the 2000-2006 period. As a result, FDI became an important factor promoting growth and enhancing the competitiveness of the economy.

The integration of Vietnam and Poland changes the ASEAN and EU respectively. Vietnam is a country with a large population size in the region, Vietnam's participation in ASEAN contributed to make this cohesive unit larger and more influential. This is similar to Poland, which is the largest country in population size among the new members in 2004. Vietnam and Poland's influence in the region is quite large. Of course, the influence is positive, but sometimes negative. At first, the participation of these two countries in ASEAN and EU help to expand the market, thereby having new business opportunities. The resources in the region will be exploited more effectively due to its mobility and advantage to reduce production costs (John Denbigh, 2007). However, Vietnam's participation in ASEAN increased Vietnam's competition with other member countries due to its similar economic structure. For Poland, Polish labors moved sharply to the EU-15 countries, putting pressure on employment in those countries. After the EU countries opened their labor markets to citizens of Central Eastern European countries in 2004, Poland was the country with the largest labor migration, especially in the British and Ireland labor markets, the number of Polish people worked in these markets much more than the total number of migrant workers of 7 Central Eastern Europe remaining countries.

CONCLUSION

Regional linkage is favored by most of people if there is no debt crisis in Europe. This crisis has exposed gaps in regional administration. People who support ASEAN to follow the EU's model feel worrisome about that. Deep integration of ASEAN will face many challenges because of differences in development levels and differences in mechanisms and policies of its members.

Looking back to the regional integration of Vietnam and Poland with systematic transformation and efforts to meet the criteria to join the common playing field of the region is a difficult journey. For example, there are the transformation of business and interest groups, strong competition from the outside, harmony between the socialist-orientation and market economy and so on in Vietnam. But in Poland, the process of privatization and enterprise restructuring involves increased unemployment. Poland has to spend many years to overcome inflation and create a reliable strong currency.

Vietnam has implemented economic reforms at first and political reform later on. Poland performed simultaneously economic and political innovation. So, in the early stages of reform, Poland faced uncertainties. Vietnam took political stability to develop economy and took economic development to create motivation for political innovation. Generally, due to the standards and different intensities of integration, Vietnam "suffers" less than Poland does. In contrast, Vietnam has to make reforms until today. This is the reason why Vietnam also lost some important opportunities. Vietnam should innovate inside as quickly as possible to integrate outside; need to build modern market institutions by complying fully the rules of a market economy.

Nowadays, the integration in both the areas are affected by major countries like China to ASEAN or Russia to the EU. Due to limited research scope, this article has not analysed that issue. Therefore, there should be further research to clarify the important issue.

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