

Trans-Pacific Partnership (TPP) agreement in principle was finally concluded on October 5th

Trans-Pacific Partnership (TPP) deal was successfully reached overnight on October 5th in Atlanta after more than five years of negotiations. Vietnam is widely predicted to be among the biggest beneficiaries as being the least developed member of a largely developed club of 12 nations that include two of its biggest export markets and almost none of its direct competitors.

Though its enactment will possibly take place in 2H2016 at the earliest after the agreement gets through approval process at national legislatures of the 12 members, TTP impact on Vietnam's economy is significant.

As TPP gives Vietnam better market access with lower tariffs to an economic bloc which represents for 40% of global economy, including its largest export markets, foreign direct investments, by most predictions, will be increased at a much faster pace in the coming years. With this, demand for infrastructure will rise significantly in tandem, requiring greater funding from foreign and private sectors. TPP will also push Vietnam's privatization process as state-owned enterprise sector will be reduced as a result of commitments in increasing market access for government procurement and service sectors. Vietnamese players will have to improve their competitiveness to stay and grow in this much broader, more competitive playground with a lot more opportunities. They will face more challenges and opportunities at the same time.

In brief, TPP will help drive Vietnam's economy and enterprises more market-driven and boost economic growth in the long term. According to Eurasia, Vietnam's GDP will grow by 11% between now and 2025 as a result of TPP, while World Bank estimates that TPP will likely add 8-10% to Vietnam's GDP by 2030 based on conservative assumptions. Some other works show that Vietnam's GDP from 2017 will grow at an incremental CAGR of up to 1% over the next 10-15 years as a direct result of TPP.

We will continue to increase our holding in stocks that we believe will benefit most from TPP in the time to come.