

**CHINA'S EXCHANGE RATE POLICY AND INTERNATIONAL
COMPETITIVENESS (EXPORT) 1994-2005 :
IS IT A LESSON FOR VIETNAM ?**

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Abstract¹

This paper aims to examine China's exchange rate policy in the period 1994-2005 and its international competitiveness (export), especially the context of China in the end of 1993. The paper shows that the "wise" exchange rate policy (1994-2005) helped China to reverse from a country with trade deficit to surplus trade one in the period 1994-2005. In addition, this policy has strengthened China's international competitiveness through a rapid productivity improvement. The paper investigated the situation in China before implementing the Yuan "shock" devaluation policy in 1994 is relatively similar to the current situation in Vietnam. The exchange rate policy therefore provides good experiences for Vietnam to overcome the current issues and create fundamentals for improving international competitiveness (export) and trade balance.

Keywords : Exchange rate, Vietnam, China, International Competitiveness, Trade, Export

JEL classification: F13, F31 and F33

¹ This views expressed in the publication are those of the author and do not necessarily reflect those of these institutions