

Russian-Vietnamese trade: dynamics of rapprochement under the conditions of restrictions

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Abstract. *The purpose of this study is to test two hypotheses. First hypothesis: in the long term, there has been a tendency to reduce trade barriers between Russia and Vietnam. The second hypothesis: the rapprochement of the two countries took place under the conditions of the negative influence of geopolitical factors on Russia's foreign trade, which also include sanctions against the Russian economy. It is shown that, despite the small share of Vietnam in Russia's foreign trade Russian-Vietnamese trade turnover had a long-term increase. It was determined that the reduction of reciprocal trade barriers was facilitated by the accession of Russia and Vietnam to the WTO and creation of a free trade zone between the countries. Transformation of the commodity structure of the Russian-Vietnamese trade has been revealed: investment goods dominated in exports from Russia to Vietnam until 2010, followed by the raw materials; in imports from Vietnam to Russia TNC enterprises' electronic and electrical industry products began to predominate since the 2010th. Estimates showed that trade barriers between Russia and Vietnam decreased (the border effect in 2022 was 55.4 p.p. lower compared to 1995), confirming the existence of long-term trade and economic rapprochement between these countries. It was determined that the lowest values of barriers between Russia and Vietnam were after the free trade zone creation. However, the attraction between the two economies is weaker than with other closer and larger trading partners (economies). The estimates confirmed the noticeable negative impact of geopolitical factors on Russia's foreign trade. It is assumed that trade between Russia and Vietnam, on the one hand, will be restrained by sanctions against the Russian economy, and on the other hand, will be supported on the basis of political ties between the two countries, as well as the specifics of the functioning of the Russian-Vietnamese enterprises.*

Keywords: *trade, integration, free trade zone, gravity model, border effect, rapprochement, geopolitical factors, Vietnam, Russia*

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