# ABSTRACT

This research paper employed the gravity model to investigate and analyze the determinants of Vietnam's exports to its forty major exporting markets over the period of seventeen years, from 1995 to 2011. The Hausman test showed that the fixed effects model was the most appropriate approach to estimate the gravity regression. The results showed that Vietnam's exports patterns followed the basic gravity model. In other words, Vietnam's exports increased as its GDP and importing countries' GDP increased. In contrast, transportation costs, as proxied by geographic distance, were found to have a negative impact on Vietnam's exports. Vietnam's FDI was surprisingly found to have a significantly negative relationship with Vietnam's exports. The research's results asserted the negative relationship between exports and real bilateral exchange rate, indicating that the depreciation of Vietnam Dong against the currencies of importing countries stimulated its exports. Importing countries' GDP per capita and the Free Trade Agreements dummy variable were found to have no statistically significant influence on Vietnam's exports. The results of this paper can be beneficial to the Vietnamese government and exporting companies in setting their exports goals and policies.