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# An Analysis of Vietnamese Footwear Manufacturers' Participation in the Global Value Chain Where They Are and Where They Should Proceed?

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**Abstract:** Recently, Global Value Chain (GVC) is considered as a key factor impacting on strategies of international firms of all sizes. As firms are considering international trade as an opportunity to increase their sales abroad, some companies actually participate in a GVC in order to gain more added value. In the state of world top 3 footwear manufacturers, Vietnamese footwear producers still face difficulties in capturing more value from GVCs. This paper analyzes the competitiveness of these firms and the ability to capture more added-values from GVCs. The paper reveals that the comparative advantage of low-cost labor is not sustainable. Thus, for sustain growth and prosperity, Vietnamese footwear manufacturers should find other advantages in manufacturing.

*Keywords:* Global value chain, upgrading, value added, comparative advantage.

## 1. Introduction

Gary and et al. (2001) stated that, "Global Value Chains (GVCs) - these highlight the relative value of those activities that are required to bring a product of service from conception, through the different phases of production - involving a combination of physical transformation and the input of various producer services - delivery to final consumers, and final disposal after uses" [1]. GVCs can arrange activities throughout a supply chain into different phases of production that are located in various regions - a process called fragmentation. Instead of producing a product in a single factory, a company establishes a network of suppliers and contributors in different locations. Each supplier or contributor is in charge of a specific manufacturing phase.

In other words, GVCs allow countries to specialize on specific segments of the value chain, instead of having to build a complete value chain locally. Resources can therefore be assigned more effectively to tasks in which the country has a comparative advantage. Technology advances and trade facilitation have allowed companies to internationalize their operations across multiple locations in order to increase efficiency, minimize cost and speed up process. Participating in GVCs brings

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more value and opportunities to all countries' workers and economies.

By dividing the production of good and services into linked stages of production process, GVCs have changed measures of international trade. Gross exports segregate into three parts: i) foreign value added in gross exports of a country (backward linkages - GVC-B); ii) domestic value added exports of a country that goes into exports of other countries (forward linkages - GVC-F); iii) domestic value added that is consumed in other countries [2] (Figure 1).

According to Figure 1, GVC-B is a country's backward linkage into GVCs, using imported inputs to produce its exports. GVC-F is its forward linkage into GVCs, producing and exporting intermediate goods that are used in partner countries' exports. Adding the two together provides a measure of total GVC participation.

Vietnam's participation in the GVC rate accounted for 48%, and ranked 14th within developing economy exporters in 2010 [3]. The other East and South-East Asia exporters also ranked with the highest proportion in GVC participation, because they both imported a substantial part of their exports and a significant part of their exports were intermediate goods.

## 2. Participation of Vietnamese footwear manufacturers in the global value chain

### *2.1. Overview of Vietnamese footwear industry*

According to Hinh (2013), there are 819 footwear manufacturers in Vietnam, divided into three main groups: 235 FDI enterprises (28.7%), 77 state-own enterprises (9.4%) and 507 private enterprises (61.9%) [4]. Footwear enterprises have employed 1 million workers, producing 800 million pairs of shoes each year. Vietnamese footwear industry has developed rapidly. Year of 1992 was known as the first time Vietnam exported footwear products to foreign markets, mostly to Eastern European countries. After more than 20 years of exporting, the footwear industry has become one of the major exporting fields in Vietnam. Besides providing massive employment, the Vietnamese footwear industry has also brought about more and more foreign currency to the national economy as well as satisfied the national demands and established relationship between national and international footwear manufacturers.

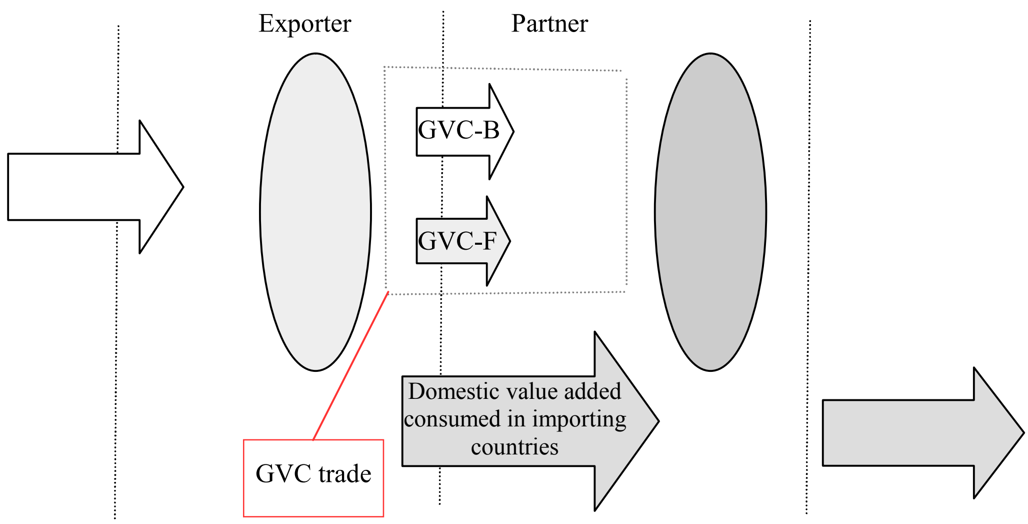


Figure 1. Gross export decomposition into GVC trade and regular trade.
*Source:* Ari Van Assche, 2015.

Table 1. Top footwear exporting countries or areas in 2015

| Countries/ areas | Value (billion USD) | World share (%) |
|---|---|---|
| ***World*** | ***137.3*** | ***100*** |
| China | 53.6 | 38.7 |
| Vietnam | 15.6 | 11.3 |
| Italy | 10.5 | 7.6 |
| Indonesia | 5.8 | 4.2 |
| Belgium | 5.4 | 3.9 |
| Germany | 5.3 | 3.8 |
| Hong Kong | 3.9 | 2.8 |
| Spain | 3.4 | 2.5 |
| Netherlands | 3.3 | 2.4 |
| France | 3.2 | 2.3 |

*Source:* World's Richest Countries, 2016.

The main type of Vietnamese footwear exports is textile shoes, accounting for 45% of total exports [5]. Value added for these types of shoes depends significantly on upstream activities, such as design, brand names, marketing and sales, of which Vietnamese producers have not owned comparative advantages in competition. Additionally, Vietnamese footwear firms have also concentrated on low-middle quality products.

Moreover, Vietnam footwear exports have concentrated on some specific markets, which could lead to dependence on export markets and unsustainable development in the near future.

Table 2. Export market concentration of Vietnam's footwear products

| Export growth in value | Share of three main export markets | |
|---|---|---|
| | 2010 | 2015 |
| 20% (period from 2010-2015) | 39.3%<br>USA, Germany, UK | 44%<br>USA, Germany, China |

*Source*: ITC Trade Competitiveness Map.

In the 2010-2015 period, there was no decreasing sign in Vietnam footwear manufacturers' export market concentration. As can be seen from Table 2, the percentage of concentration increased from 39.3% in 2010 to 44% in 2015. These figures show that there is an increasingly important dependence on some specific economies in the world. The unstable development and crisis of these economies could lead to a negative impact on footwear export of Vietnam.

### *2.2. Role of Vietnam's footwear manufacturers in GVCs*

In the footwear industry, the latter tend to be located either at the beginning of the value chain (preproduction activities such as R&D, design, core inputs) or at its end (postproduction activities such as marketing, advertising, logistics and sales) [6]. These tasks tend to be more relationship-specific and knowledge intensive and are therefore generally conducted in high-income countries such as Italy, UK, and Germany. These countries have a comparative advantage in knowledge and contract intensive tasks; they naturally specialize in upstream activities. Those countries' companies are called lead firms, normally large retailers and brand owners, which in most cases, outsource the manufacturing process to a global network of suppliers. Those lead firms have an abundant effect on the remaining companies that participate in GVC. The lower value added tasks, in contrast, tend to be concentrated on downstream assembly activities. These tasks are more standardized, labor intensive, are commonly situated in medium and low-income countries such as Brazil, China, Vietnam, and India... [7].

In the global footwear value chain, developing countries normally provide much of the semi-finished inputs used by developed countries' exporters such as raw leather. At the same time, these countries import leather (as core inputs), design, R&D and especially, brand names. However, in the case of Vietnam, the raw material capability is not satisfied in terms of both quality and quantity. According to international export standards, Vietnamese footwear manufacturers have to import raw leather, tanned leather and other producing factors. Except for advantage in labor, Vietnam's footwear industry has obviously not been able to provide anything on participating in GVCs. Employment creation - the obvious comparative advantage of Vietnam's footwear exports may be the major benefit that Vietnam has enjoyed from participating in GVCs.

Table 3. Footwear revealed comparative advantage (RCA)[1] of 6 global major exporters, 2014

| Vietnam | China | India | Indonesia | Brazil | Italy |
|---|---|---|---|---|---|
| 9.5 | 3.2 | 1.2 | 3.1 | 0.7 | 3.1 |

*Source:* Authors calculated base on UN Comtrade' data, 2015.

A comparative advantage is "revealed" if RCA > 1. Vietnamese footwear manufacturers have the highest RCA among the 6 main footwear exporters. This shows that Vietnamese footwear producers have the same comparative advantages in manufacturing footwear productions as Italy, China, and Indonesia. However, the way to use this depends on other Vietnamese capabilities that would be discussed in the following content.

Moreover, the emergence of triangular relationships has seen the former suppliers, such as Taiwanese, Korean manufacturers, become the agents managing the relationships with new suppliers with lower wages in the region with lower wages, such as China, Vietnam, and India... Vietnam's emergence as a major shoe exporter to the EU and US were possible because the Taiwanese, Korean manufacturers became the new intermediaries, helping to establish production capabilities and organize the supply of all required inputs [6]. Because of that, FDI into footwear manufacture in Vietnam has increased mostly from these two countries. The share of FDI enterprises in footwear exports, consequently, has highly increased in recent years. In 2003, this share was 49% [8], but in 2015, this share increased up to 80% [9]. The share of Vietnamese enterprises in footwear exports, in contrast, decreased, and their competing capability was lower than that of FDI firms.

Table 4. Vietnam footwear export by type of enterprises

| Year | 2013 | 2014 | 2015* |
|---|---|---|---|
| Footwear gross exports (USD million) | 8722 | 10690 | 15591 |
| Share by FDI enterprises (%) | 76.5 | 75.3 | 80 |
| Share by Vietnam's domestic enterprises (%) | 23.5 | 24.7 | 20 |

(*): mirror data
*Source:* UNComtrade and Lefaso, 2014, 2015, and 2016.

It can be seen from table 4 that, the more Vietnam exported footwear, the more FDI enterprises' share increased. Although some other important development criteria of Vietnamese and global economies was not accounted for, these above figures have provided evidence that FDI firms operating in Vietnam have both increased the foreign content of their products and multiplied their overall sales, profits and the wage bill for the workers they have employed.

Domestic enterprises will also face mounting pressures as foreign companies investing in Vietnam will also take advantage of benefits from tax elimination. Notably, foreign companies are proven to make better use of tariff preferences than Vietnamese firms. Small and medium-sized enterprises (SMEs) account for more than half of total Vietnamese footwear manufacturers, but only large firms and FDI enterprises encounter GVCs. There is a gap in knowledge, technology and human

[1] The RCA is equal to the proportion of the country's exports that are of the class under consideration ($E_{ij}/E_{it}$) divided by the proportion of world exports that are of that class ($E_{nj}/E_{nt}$) (E: export, i: country index; n: set of countries; j: commodity index and t: set of commodities).

resources between FDI enterprises and private Vietnamese enterprises. As a result, FDI enterprises enjoy GVCs more deeply and more widespread than privately-owned enterprises.

Table 5. GVC trade of Vietnam textile and footwear industry (%)

| Year | 2000 | 2005 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| GVC-B | 46.68 | 49.69 | 48.97 | 42.91 | 41.04 | 37.47 |
| GVC-F | 53.32 | 50.31 | 51.03 | 57.09 | 58.69 | 62.53 |

*Source:* OECD-WTO Trade in Value Added, 2016.

The GVC-B of Vietnam footwear industry decreased from 46.68% to 37.47% between 2000 and 2011. In contrast, the volume of GVC-B increased from 53.32% to 62.53% at the same time. This shows the higher productivity of FDI footwear firms compared to that of Vietnamese firms. By increasing the share of footwear exports, FDI footwear enterprises in Vietnam have sped up assembling in order to make use of low labor costs. Furthermore, the above figures also show that, FDI firms have used the advantages of cheap labour, a stable exchange rate and strategic location and have enjoyed special tariff treatments before free trade agreements (FTAs) that the Vietnamese government signed and have come into force. FDI's have used these more efficiently than Vietnamese firms have.

*2.3. The more widespread the participation in GVCs, the smaller value-added Vietnamese footwear manufacturers can capture*

UNCTAD (2002) highlighted the potential dangers for developing countries that enter into GVCs such as Vietnam as follows: (i) Vietnam's footwear manufacturers may not improve overall skill requirements when mainly concentrated on labour intensive or unskilled assembly activities [3]. This not only reduces the benefits in terms of income, but also reduces the potential for technological spillovers; (ii) Being a part of global footwear value chains, Vietnam manufacturers integrate as latecomer firms, and may be left at the mercy of decisions made by the lead firms (such as European companies) within the chains; (iii) In the context of much new competition integrating into GVCs with the same comparative advantages, if the low labor cost comparative advantage has not significant improved in labor's skills and productivity, the increasing competition might provoke a race to the bottom [10].

According to formular of value-added [11] and Kernaghan Charles' studies, for a 200 USD footwear made and exported, Vietnam's part of the total value added is shown in Figure 2.

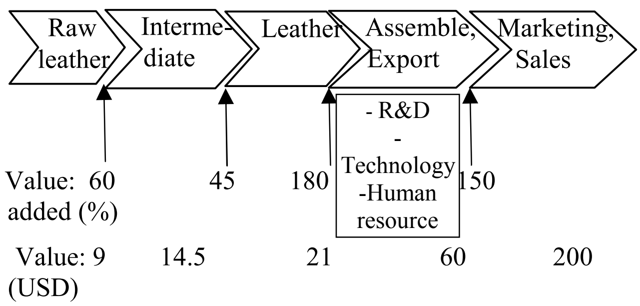


Figure 2. Participation GVCs of Vietnam footwear producers
*Sources:* Rao, 2010; Kernaghan, 2015.

Table 6. Cost for Browning Enterprises and DC Company

| | Browning Enterprise | | DC Company | |
|---|---|---|---|---|
| **- Pre-manufacturing cost** | Euros | Share EU | Euros | Share EU |
| R&D | 1 | 1 | 23 | 23 |
| Production & quality controls | 1 | 0.5 | 3 | 1.5 |
| **Total pre-manufacturing** | **2** | **1,5** | **26** | **24.5** |
| **- Manufacturing** | | | | |
| Materials | 5.38 | 0 | 27 | 0 |
| Labour | 0.95 | 0 | 4.2 | 0 |
| Other costs | 0.87 | 0 | 1.1 | 0 |
| Profits | 0.7 | 0 | 3.3 | 0 |
| Sales price factory | 7.9 | 0 | | 0 |
| Sea freight | 0.45 | 0.23 | 35.6 | 0.22 |
| Insurance | 0.05 | 0.05 | | 0.05 |
| | | | 0.45 | |
| | | | 0.05 | |
| **CIF Europe** | **8.4** | **0.28** | **36.10** | **0.27** |
| **- Post-manufacturing** | | | | |
| Tariffs (8%) | 0.67 | 0.67 | 2.9 | 2.8 |
| Logistics | 0.22 | 0.22 | 5.0 | 5.0 |
| Sales & administration | 2 | 2 | 4.3 | 4.3 |
| Profits (gross) | 2 | 2 | 3.5 | 3.5 |
| **Total post-manufacturing** | **4.9** | **4.9** | **15.69** | **15.68** |
| **Sales price to the retailer** | **15.3** | **6.68** | **77.79** | **40.37** |
| **Total value added** | | **9.91** | | **50.79** |
| EU part of total value added | (6.68/9.91) | **67%** | (40.37/50.79) | **79%** |
| Vietnam part of total value added | (2.52/9.91) | **25%** | (8.6/50.79) | **17%** |
| **Retail price** | | **44.95** | | **149.95** |

*Source:* Henrik Isakson, 2007.

The highest value-added segment (180%) is assembly. Besides labor, the assemble segment need to be fulfilled by other factors, such as R&D, technology, and high-skilled human resources. However, as said before, except for the low cost labor advantage, all the remaining factors are weaknesses of Vietnamese firms, especially Vietnamese privately owned enterprises [10]. FDI firms which have advantages of R&D, technology and the like, use the Vietnamese labor advantage to capture more value in GVC.

According to Kernaghan Charles's data, if a “made in Vietnam” item of footwear (in this case ‘Nike’) costs 6 USD/pair, it means that Vietnamese footwear producers have a 10% out of a total of 180% value added in the assembly segment. While, minimum wage for Vietnamese workers is at the lowest level of 48-69 cents/hour (at the same time, that number for Mexican workers is 56-73 cents/hour, Peru: 1.17 USD/hour, Chile: 1.86 USD/hour), domestic value-added is just a little part of the above 10%. It is clear to prove that Vietnamese footwear manufacturers have been entering a race to the bottom [10]. Therefore, even participating in the highest value added segment in GVC, the ability to maximize value-added in the assembly segment is highly dependent on Vietnamese manufacturers' capabilities, particularly in the case of Vietnam privately owned manufacturers.

The other analysis of value added is the case of Browning enterprises and DC Company that Vietnamese footwear firms are a part of in their value chains as assemblers.

DC Company and Browning Enterprises are situated in Italy and UK. Browning produces medium quality products, while DC's shoes are high quality. As an assembler in these two companies, value-added of Vietnam is just: labor, other costs and profit of manufacturing process. So, in the above two cases, Vietnam's part out of the total value-added was 25% (for Browning Enterprises) and 17% (for DC Company). The higher the quality of the shoes, the less Vietnam' s value-added was captured [12].

Manufacturing cost in Vietnam is low, therefore, manufacturing as a part of the total value-added is low too. Even for cheap shoes, with low costs for R&D, design and marketing, most value added does not belong to manufacturing [12]. For shoes of medium quality, the share of the EU in total value-added is among 60% to 70% (in the case of Browning Enterprises), and for high quality shoes, it can surpass 80% (in the case of DC Company). The most benefit that Vietnamese footwear manufacturers can enjoy when being a part of the European value chains is employment. Most value-added is in the creative segment of production, and those segments are mostly performed in Europe [12].

Only the domestic value-added in exports contributes to a country's GDP [3]. Consequently, it is necessary to estimate the economic effectiveness of participating in GVCs. The position in the top three footwear exporters is not adequate to the value-added that Vietnamese manufacturers have captured.

The solutions for this situation, obviously, is Vietnamese footwear manufacturers need to upgrade their production processing as soon as possible.

## 3. Participation in GVC: Where they are and where they should proceed

### *3.1. Impact of GVC participation in local economy*

After entering GVCs, the next set of policy considerations must ensure that GVCs are integrated as soon as possible into the domestic economy. International trade and FDI are major channels for international technology diffusion [13]. The logic here is that strong links with the domestic economy should result in greater diffusion of knowledge, technology and know-how from foreign investors. Integration into GVCs can stimulate technological and knowledge spillovers from abroad by giving companies' access to foreign inputs, technologies and knowledge that are locally unavailable.

Impact of GVC participation at home includes 4 main effects: (i) backward - forward effects; (ii) demonstration effects; (iii) competition effect; (iv) human capitals [13]. The four above impacts depend on the absorptive capacity of domestic actors. An important part of absorptive capacity is bolstering productivity and innovation capacity including human capital and other resources.

Vietnamese footwear enterprises have a weakness in managerial skills, inefficient organization, and especially a limitation in supplying other resources such as raw leathers, accessories, and testing production capacity. Although having the comparative advantage of cheap labor, 50% of the workforce in the footwear industry is unskilled [14]. These weaknesses are reflected in low levels of productivity, a suboptimal use of their workforce, the wasting of materials and inputs, and poor inefficiency at the level of the production floor. Furthermore, field interviews of GVC firms in Vietnam suggest that the local education system is poorly suited to the modern international business environment. Education in foreign languages and soft business skills (presentations, team work and business planning as well as sales and marketing) have found to be critical deficiencies. Therefore, Vietnam footwear enterprises are facing a great difficulty in getting absorptivity as well as taking part in the segments which can capture more added values.

The problem is those foreign investors do not actively pursue - and sometimes resist - such integration. The reasons range from economic constraints to technology and quality gaps with domestic suppliers and to shortages in specialized workers and skills. The local producers, such as in Vietnam, China, Brazil, India, encounter barriers to develop their design and marketing competences [13]. They face those obstacles because such upgrading encroaches on their buyers' core competence.

Moreover, Vietnamese footwear manufacturers usually export indirectly. After the assembly process, foreign buyers/brand name owners take responsibility to deliver as well as distribute retail in the destination market. As a result, Vietnam producers almost have no connection with those segments, and all technology and knowledge concerning to those activities cannot be transmitted to Vietnamese manufacturers [6].

Clearly, it is not easy to stimulate technology and knowledge diffusion from both foreign investors and Vietnam capacities. Therefore, Vietnamese footwear producers need to set up immediately upgrading plans based on their abilities.

### *3.2. Suggestion to upgrade value chain*

*Suitable type of upgrading for Vietnamese footwear producers*

Gereffi (2005) suggested 3 types of upgrading in the GVC including: (i) process upgrading: firms can transform inputs into outputs more efficiently by re-organizing the production system or introducing superior technology; (ii) product upgrading: firms can produce products generating more value added per employee [15]. This type of upgrading can be achieved by changing customers or through a repositioning the value chains, shifting the whole chain to higher value products; (iii) functional upgrading: firms can acquire new functions in the chain, such as design or marketing.

Vietnamese footwear manufacturers need to choose and combine all the three types of upgrading in the global footwear value chain. Process upgrading is reasonable type for Vietnamese footwear manufactuers in improving processing productivity and adding more value from the local labor workforce. Product upgrading helps the production range move from low and middle quality to middle and high quality, especially concentrating on production for domestic demand.

Studies from India and Brazil, in particular, have shown that firms specialising in the national market are more likely to develop their own designs, brands and marketing channels. Having acquired these capabilities in the national market, they then begin to break into the market of neighbouring countries and other parts of the world. In my opinion, of these three upgrading strategies, product upgrading which concentrates on the national market is the most important one, because Vietnamese footwear producers' capacities are suitable for such kinds of upgrading at present.

*Improving national value chain*

As one of the top 3 world footwear exporters, Vietnamese footwear manufacturers still have a restrained share in the local market, about 50%. The domestic demand for footwear production has increased recently. For footwear productions, Vietnamese consumption per capita was 0.6 pair/person/year in 2006. This consumption was doubled in 2008 to 1.5 pairs/person/year, and 2 pairs/person/year in 2015. This means that, domestic consumption for footwear productions has risen to 180 million pairs, equivalent on the market scale as 5 billion USD [16]. Obviously, it is attractive market for distributors and retailers. The lack of investment in this market is the first damage for local producers.

While Vietnam is a low-income country, Vietnamese customers are complacent. Therefore, Vietnamese footwear manufacturers may almost reach local demand. A success in the local market can bring more other capacities to break into neighbouring markets, particularly the AEC or TPP markets.

Moreover, product upgrading and functional upgrading have positive effects for the domestic economy not only in improving the ability to participate in higher value-added segments, but also in approaching other actors who are direct leadfirms (such as international buyers, retailers and core inputs suppliers). As a result, the Vietnamese footwear industry can develop sustainably in the near future.

National value chain versus global value chain, I think, is not a conflicting relationship but a mutual relationship. While the experience from GVCs may be lead to success in the national market, the improvement in knowledge and production processing may facilitate conditions to enlarge GVCs activities. Vietnamese footwear producers need to upgrade not only GVC activities but to improve higher position in the national market.

*Developing supporting industries for footwear, especially tanning industry*

According to a survey by the Ho Chi Minh City Leather and Footwear Industry Development Support Project for the 2016-2020 period, up to 65 percent of footwear and handbag producers use materials and designs as well as brands provided by foreign customers; while only 25-30%use their own designs, purchase inputs on their own and use their own brands [17].

The localization ratio of footwear products is merely 50%, Vietnamese manufactureers have difficulty to meet requirement on the rules of origin under the FTAs commitments [18]. Moreover, the disposal of industrial wastes discharged by the tanning industry requires expensive modern treatment systems which are beyond the financial capacity of SMEs.

In order to capture more value added, Vietnam footwear producers need to develop supporting industries, especially the tanning industry which is believed to hold great potential. The domestic tanning sector is still facing two problem, namely: (i) getting over challenges in the footwear production, and (ii) ensuring whether leather suppliers have produced in accordance with international markets regulations [6]. Production is still under export processing contract, in which the material was supplied from abroad and designed by foreign customers. Therefore, even the footwear export value is high but the added value for each item is low. Therefore, it is important to develop supporting industries in accordance with requirements of origin under the FTA commitments in order to take its preferences.

*Setting up footwear cluster*

An industry cluster is a geographic concentration of interconnected manufacturers, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally. Footwear cluster create three main types of advantages: cost reduction, knowledge spillover and sustainable cooperation relationship. Those advantages lead to higher position in GVC [19].

There are four models of cluster: Marshallian, hub-and-spoke, satellite platform and state centred. In the case of Vietnamese footwear producers with a cheap labor advantage and small and medium size enterprises mainly, the Marshallian model of cluster is the most suitable option.

Evidence from the leather products clusters in leading countries such as Italy with its Florence cluster and Brazil with the Sinos Valley cluster shows that it is an efficiency strategy to capture more added values in GVC [19, 7]. In my opinion, footwear clusters are the best way to solve difficulties that Vietnamese producers are facing in participating in GVC.

There is evidence that planning a strategy for upgrading the global value chain for Vietnam footwear industry is necessary at present. That chain can create a sustainable development as well as the ability to participate in higher value-added GVC activities.

## 4. Conclusion

The comparative advantage of cheap labor is not sustainable. Vietnamese footwear producers have to find and change their business strategy based on other advantages in production processing.

In order to capture more value-added from participating GVCs activities, it is necessary to cooperate between government, leather footwear association and footwear enterprises. Improving the national value chain needs the raising of a strong connection between those actors. The success of Italian, Brazilian, Indian footwear industries is based on the setting up of footwear clusters. These clusters not only create competitive power for footwear producers but also save manufacturere cost because of the narrowing of the geographical gap between inputs suppliers, assemblers, delivery agents as well as other concerned factors.

At the same times, Vietnamese footwear manufacturers need to continuously strengthen their position as one of the main footwear producers and exporters in the world. The benefit from this position is solving unemployment massively, creating more foreign currency for the national economy.

In summary, participating in GVCs brings both opportunities and challenges for all of Vietnamese partners. The problems for participating countries, especially developing countries such as Vietnam, are reducing challenges and increasing opportunities based mainly on national comparative advantages.

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