National Competitiveness: Issues for Vietnam

Meeting with Prime Minister Phan Van Khai and his delegation

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Cambridge, Massachusetts
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Topics for Discussion

- National competitiveness: essential concepts
- Competitive assessment of Vietnam
- Key issues for Vietnamese policy
- Profile of the Institute for Strategy and Competitiveness
What is Competitiveness?

• Competitiveness is determined by the **productivity** (value per unit of input) with which a nation, region, or cluster uses its human, capital, and natural resources. Productivity sets a nation’s or region’s standard of living (wages, returns on capital, returns on natural resources)
  
  – Productivity depends both on the **value** of products and services (e.g. uniqueness, quality) as well as the **efficiency** with which they are produced.
  
  – It is not **what** industries a nation or region competes in that matters for prosperity, but **how** firms compete in those industries
  
  – Productivity in a nation or region is a reflection of what both domestic and foreign firms **choose to do in that location**. The location of ownership is secondary for national prosperity.
  
  – The productivity of **“local”** industries is of fundamental importance to competitiveness, not just that of traded industries
  
  – Devaluation and revaluation do **not** make a country more or less “competitive”

• Nations or regions compete in offering the **most productive environment** for business

• The public and private sectors should play **different but interrelated roles** in creating a productive economy
Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context

Microeconomic Foundations

The Sophistication of Company Operations and Strategy
The Quality of the Microeconomic Business Environment

- A sound macroeconomic, political, legal, and social context creates the potential for competitiveness, **but is not sufficient**
- Only **firms** can create wealth, not government
Productivity and the Business Environment

Context for Firm Strategy and Rivalry

- A local context and rules that encourage *investment* and *sustained productivity improvement*  
  - e.g., Intellectual property protection

Factor (Input) Conditions

- **Presence of high quality, specialized inputs** available to firms  
  - Human resources  
  - Capital resources  
  - Physical infrastructure  
  - Administrative infrastructure (e.g., business registration, rules, licensing, property rights)  
  - Information infrastructure  
  - Scientific and technological infrastructure  
  - Natural resources

- **Meritocratic incentive systems** across all major institutions
- Open and vigorous local competition

Related and Supporting Industries

- Access to capable, locally based *suppliers* and firms in related fields
- Presence of *clusters* instead of isolated industries

Demand Conditions

- **Sophisticated and demanding local customer(s)**
- Local customer needs that *anticipate* those elsewhere
- Unusual local demand in *specialized segments* that can be served nationally and globally

- **Successful economic development is a process of successive economic upgrading**, in which the business environment in a nation evolves to support and encourage increasingly sophisticated ways of competing
Clusters and Competitiveness
Cairns (Australia) Tourism

- Public Relations & Market Research Services
- Food Suppliers
- Property Services
- Maintenance Services
- Travel agents
- Tour operators
- Restaurants
- Attractions and Activities e.g., theme parks, casinos, sports
- Hotels
- Airlines, Cruise Ships
- Local Transportation
- Souvenirs, Duty Free
- Banks, Foreign Exchange
- Local retail, health care, and other services
- Government agencies e.g. Australian Tourism Commission, Great Barrier Reef Authority
- Educational Institutions e.g. James Cook University, Cairns College of TAFE
- Industry Groups e.g. Queensland Tourism Industry Council

Sources: HBS student team research (2003) - Peter Tynan, Chai McConnell, Alexandra West, Jean Hayden
Influences on Competitiveness
Multiple Geographic Levels

- World Economy
- Broad Economic Areas
  - ASEAN
  - Indochina
  - Vietnam
- Groups of Neighboring Nations
- Nations
- States, Provinces
- Cities
Specialization of Regional Economies
Select U.S. Geographic Areas

Seattle-Bellevue-Everett, WA
Aerospace Vehicles and Defense
Fishing and Fishing Products
Analytical Instruments

San Francisco-Oakland-San Jose Bay Area
Communications Equipment
Agricultural Products
Information Technology

Los Angeles Area
Apparel
Building Fixtures, Equipment and Services
Entertainment

San Diego
Leather and Sporting Goods
Power Generation
Education and Knowledge Creation

Wichita, KS
Aerospace Vehicles and Defense
Heavy Machinery
Oil and Gas

Pittsburgh, PA
Construction Materials
Metal Manufacturing
Education and Knowledge Creation

Chicago
Communications Equipment
Processed Food
Heavy Machinery

Boston
Analytical Instruments
Education and Knowledge Creation
Communications Equipment

Raleigh-Durham, NC
Communications Equipment
Information Technology
Education and Knowledge Creation

Atlanta, GA
Construction Materials
Transportation and Logistics
Business Services

Houston
Heavy Construction Services
Power Generation
Education and Knowledge Creation

Pittsburgh, PA
Construction Materials
Metal Manufacturing
Education and Knowledge Creation

Note: Clusters listed are the three highest ranking clusters in terms of share of national employment
Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School
Stages Of Competitive Development

Factor-Driven Economy

- Input Cost
  - Macro, political, and legal stability
  - Efficient basic infrastructure
  - Lowering the regulatory costs of doing business

Investment-Driven Economy

- Efficiency
  - Local competition
  - Market openness
  - Incentives and rules encouraging productivity
  - Cluster development

Innovation-Driven Economy

- Unique Value
  - Advanced skills
  - Advanced infrastructure
  - Incentives and rules encouraging innovation
  - Cluster upgrading

Shifting Responsibilities for Economic Development

**Old Model**
- **Government** drives economic development through policy decisions and incentives

**New Model**
- Economic development is a collaborative process involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration

- Competitiveness must become a **bottoms-up process** in which citizens take responsibility
- **Every** community and cluster can take steps to enhance competitiveness
Vietnamese Competitiveness

Accomplishments

• Strong **GDP growth** record; economic growth has been resilient during the Asian Crisis and SARS

• The poverty rate has fallen from 58% to 29% from 1992 to 2002

• Solid labor productivity **growth**

• Strong export **growth**

• Strong **FDI inflows**
Vietnamese Competitiveness Issues

• Prosperity remains at a low level

• Labor productivity remains very low

• Vietnam’s business environment remains very weak
  – Fall in the GCR business competitiveness ranking in 2004
  – Key weaknesses include corruption, physical infrastructure, skill base, financial markets, technology, cluster depth and the nature of competitive advantages
Comparative Economic Performance
Real GDP Growth Rates

Countries sorted by 1998-2003 annual real GDP growth rate (CAGR)

Comparative Economic Performance

GDP per capita (PPP adjusted) in US-$, 2003

Compound annual growth rate of real GDP per capita, 1998-2003

Comparative Labor Productivity Performance

- Taiwan
- Singapore
- Japan
- Malaysia
- Philippines
- Indonesia
- China
- India
- Bangladesh
- Vietnam
- S Korea
- Thailand

Vietnam’s Export Performance

World Export Market Shares

Source: WTO (2005)

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Comparative Inward Foreign Investment
Selected Countries

FDI Stocks as % of GDP,
Average 2001-2003

Global Competitiveness Report 2004
The Relationship Between Business Competitiveness and GDP Per Capita
## Factor (Input) Conditions
### Vietnam’s Relative Position

### Competitive Advantages Relative to GDP per Capita

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative burden for startups</td>
<td>35 ⬇</td>
</tr>
<tr>
<td>Reliability of police services</td>
<td>36</td>
</tr>
<tr>
<td>Availability of scientists and engineers</td>
<td>40</td>
</tr>
<tr>
<td>Judicial independence</td>
<td>53</td>
</tr>
<tr>
<td>Local equity market access</td>
<td>54</td>
</tr>
<tr>
<td>Telephone/fax infrastructure quality</td>
<td>55</td>
</tr>
<tr>
<td>Efficiency of legal framework</td>
<td>55</td>
</tr>
<tr>
<td>Venture capital availability</td>
<td>57</td>
</tr>
<tr>
<td>Quality of public schools</td>
<td>58</td>
</tr>
<tr>
<td>Quality of math and science education</td>
<td>58</td>
</tr>
<tr>
<td>Railroad infrastructure development</td>
<td>61</td>
</tr>
</tbody>
</table>

### Competitive Disadvantages Relative to GDP per Capita

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of management schools</td>
<td>91</td>
</tr>
<tr>
<td>Overall infrastructure quality</td>
<td>84</td>
</tr>
<tr>
<td>Quality of scientific research institutions</td>
<td>84</td>
</tr>
<tr>
<td>Cell phones per 100 people (2003)</td>
<td>84</td>
</tr>
<tr>
<td>Extent of bureaucratic red tape</td>
<td>83</td>
</tr>
<tr>
<td>Quality of the educational system</td>
<td>79</td>
</tr>
<tr>
<td>Port infrastructure quality</td>
<td>77</td>
</tr>
<tr>
<td>Quality of electricity supply</td>
<td>77</td>
</tr>
<tr>
<td>University/industry research collaboration</td>
<td>74</td>
</tr>
</tbody>
</table>

*Note: Rank versus 93 countries; overall, Vietnam ranks 73rd in Business Competitiveness and 83rd in 2003 PPP adjusted GDP per capita*

*Source: Global Competitiveness Report 2004-2005*
Communication Infrastructure
Vietnam’s Relative Position

## Context for Firm Strategy and Rivalry

### Vietnam’s Relative Position

#### Competitive Advantages Relative to GDP per Capita

Country Ranking, Arrows indicate a change of 5 or more ranks since 1998

- Cooperation in labor-employer relations: 33
- Decentralization of corporate activity: 39
- Extent of locally based competitors: 40  
  - (↑)
- Centralization of economic policy-making: 41
- Favoritism in decisions of government officials: 50  
  - (↓)
- Protection of minority shareholders’ interests: 52
- Tariff liberalization: 53  
  - (↑)
- Efficacy of corporate boards: 61

#### Competitive Disadvantages Relative to GDP per Capita

Country Ranking, Arrows indicate a change of 5 or more ranks since 1998

- Hidden trade barrier liberalization: 91
- Prevalence of mergers and acquisitions: 88
- Foreign ownership restrictions: 86
- Effectiveness of anti-trust policy: 84  
  - (↓)
- Intellectual property protection: 84
- Regulation of securities exchanges: 75
- Business costs of corruption: 69
- Intensity of local competition: 66

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Note: Rank versus 93 countries; overall, Vietnam ranks 73rd in Business Competitiveness and 83rd in 2003 PPP adjusted GDP per capita

Source: Global Competitiveness Report 2004-2005
Taxation
Selected Asian Countries

Source: Global Competitiveness Report 2004
Labor Market Regulation
Selected Asian Countries

Stringency of Labor Market Regulation*, (0-100)

Restrictive

Liberal

OECD

Singapore, Malaysia, Hong Kong, Japan, China, Bangladesh, India, Korea, Rep., Cambodia, Laos, Vietnam, Indonesia, Taiwan, Philippines, Thailand

Note: Average of values for hiring, firing, and employment condition regulations
## Demand Conditions

### Vietnam’s Relative Position

#### Competitive Advantages Relative to GDP per Capita

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government procurement of advanced technology products</td>
<td>32</td>
</tr>
<tr>
<td>Sophistication of local buyers' products and processes</td>
<td>51</td>
</tr>
<tr>
<td>Buyer sophistication</td>
<td>60</td>
</tr>
</tbody>
</table>

#### Competitive Disadvantages Relative to GDP per Capita

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stringency of environmental regulations</td>
<td>89</td>
</tr>
<tr>
<td>Laws relating to ICT</td>
<td>85</td>
</tr>
<tr>
<td>Presence of demanding regulatory standards</td>
<td>79</td>
</tr>
</tbody>
</table>

*Note: Rank versus 93 countries; overall, Vietnam ranks 73rd in Business Competitiveness and 83rd in 2003 PPP adjusted GDP per capita. Source: Global Competitiveness Report 2004-2005*
Related and Supporting Industries

Vietnam’s Relative Position

Competitive Advantages
Relative to GDP per Capita

- Local availability of process machinery 63

Competitive Disadvantages
Relative to GDP per Capita

- State of cluster development 80
- Local availability of specialized research and training services 75
- Local availability of components and parts 69
- Extent of collaboration among clusters 68
- Local supplier quantity 67

Note: Rank versus 93 countries; overall, Vietnam ranks 73rd in Business Competitiveness and 83rd in 2003 PPP adjusted GDP per capita

Source: Global Competitiveness Report 2004-2005
Vietnam’s Goods Export Portfolio
Exports by Cluster, 1997-2002

Average Change in Vietnam’s Total World Export Share:
+0.100%

Vietnam’s Overall World Export Share: 0.280%

Exports of $500 million =

Source: Prof. Michael E. Porter, International Cluster Competitiveness Project; UN Comtrade.
Vietnam’s Goods Export Portfolio
Exports by Cluster, 1997-2002 (continued)

Average Change in Vietnam’s Total World Export Share: +0.100%

- Leather and Related Products
- Coal and Briquettes
- Oil and Gas Products
- Sporting, Recreational and Children’s Goods
- Building Fixtures and Equipment

Agricultural Products

Vietnam’s Overall World Export Share: 0.280%

- Processed Food
- Textiles
- Plastics
- Construction Materials
- Communications Equipment
- Power Generation and Equipment
- Motor Driven Products
- Information Technology
- Lighting and Electrical Equipment

Exports of $500 million =
## Leading Vietnam Export Industries, 2002

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cluster</th>
<th>World Export Share</th>
<th>Change in Share 1997-2002</th>
<th>Export Value in $thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Crude petroleum oils</td>
<td>Oil and Gas Products</td>
<td>1.17%</td>
<td>1.03%</td>
<td>$ 3,076,200</td>
</tr>
<tr>
<td>2  Miscellaneous footwear with leather soles</td>
<td>Footwear</td>
<td>6.52%</td>
<td>2.28%</td>
<td>$ 1,236,530</td>
</tr>
<tr>
<td>3  Crustaceans, mollusks, and aquatic invertebrates</td>
<td>Fishing and Fishing Products</td>
<td>7.09%</td>
<td>3.53%</td>
<td>$ 999,876</td>
</tr>
<tr>
<td>4  Other footwear, rubber plastics</td>
<td>Footwear</td>
<td>17.04%</td>
<td>8.86%</td>
<td>$ 822,703</td>
</tr>
<tr>
<td>5  Coffee, coffee substitute</td>
<td>Agricultural Products</td>
<td>4.92%</td>
<td>3.39%</td>
<td>$ 406,669</td>
</tr>
<tr>
<td>6  Gym, training shoes and the like rubber or plastics soles</td>
<td>Footwear</td>
<td>19.24%</td>
<td>14.33%</td>
<td>$ 318,736</td>
</tr>
<tr>
<td>7  Miscellaneous prepared or preserved fish, crustaceans and the like</td>
<td>Fishing and Fishing Products</td>
<td>3.99%</td>
<td>0.85%</td>
<td>$ 304,603</td>
</tr>
<tr>
<td>8  Men’s or boys’ overcoats, outerwear and similar articles</td>
<td>Apparel</td>
<td>7.21%</td>
<td>5.63%</td>
<td>$ 299,509</td>
</tr>
<tr>
<td>9  Rice, milled or semi-milled</td>
<td>Agricultural Products</td>
<td>8.26%</td>
<td>9.14%</td>
<td>$ 285,029</td>
</tr>
<tr>
<td>10 Jerseys, pullovers, cardigans, waistcoats, knitted</td>
<td>Apparel</td>
<td>1.36%</td>
<td>0.42%</td>
<td>$ 276,026</td>
</tr>
<tr>
<td>11 Fish, fresh, chilled, or frozen</td>
<td>Fishing and Fishing Products</td>
<td>1.29%</td>
<td>0.63%</td>
<td>$ 272,800</td>
</tr>
<tr>
<td>12 Other wooden furniture</td>
<td>Furniture</td>
<td>2.19%</td>
<td>0.74%</td>
<td>$ 253,093</td>
</tr>
<tr>
<td>13 Other travel bags, sets</td>
<td>Leather and Related Products</td>
<td>9.99%</td>
<td>9.67%</td>
<td>$ 244,351</td>
</tr>
<tr>
<td>14 Fruit, nuts excluding oil nuts</td>
<td>Agricultural Products</td>
<td>0.85%</td>
<td>0.23%</td>
<td>$ 238,336</td>
</tr>
<tr>
<td>15 Women’s or girls’ overcoats, other coats</td>
<td>Apparel</td>
<td>5.55%</td>
<td>4.99%</td>
<td>$ 234,641</td>
</tr>
<tr>
<td>16 Footwear, with textile uppers and rubber soles</td>
<td>Footwear</td>
<td>13.32%</td>
<td>10.92%</td>
<td>$ 227,098</td>
</tr>
<tr>
<td>17 Natural rubber, balata and similar natural gums</td>
<td>Plastics</td>
<td>8.69%</td>
<td>1.43%</td>
<td>$ 214,343</td>
</tr>
<tr>
<td>18 Men’s or boys’ trousers, breeches and shorts</td>
<td>Apparel</td>
<td>1.47%</td>
<td>0.61%</td>
<td>$ 210,394</td>
</tr>
<tr>
<td>19 Insulted wire, cable and conductors</td>
<td>Communications Equipment</td>
<td>0.64%</td>
<td>0.08%</td>
<td>$ 210,329</td>
</tr>
<tr>
<td>20 Women’s or girls’ trousers, breeches and shorts</td>
<td>Apparel</td>
<td>1.20%</td>
<td>0.33%</td>
<td>$ 178,695</td>
</tr>
<tr>
<td>21 Printed circuits</td>
<td>Information Technology</td>
<td>1.30%</td>
<td>1.17%</td>
<td>$ 172,631</td>
</tr>
<tr>
<td>22 Men’s or boys’ shirts</td>
<td>Apparel</td>
<td>2.27%</td>
<td>1.55%</td>
<td>$ 168,757</td>
</tr>
<tr>
<td>23 Coal, not agglomerated</td>
<td>Coal and Briquettes</td>
<td>0.83%</td>
<td>0.73%</td>
<td>$ 168,194</td>
</tr>
<tr>
<td>24 Convertible seats and parts</td>
<td>Building Fixtures and Equipment</td>
<td>0.68%</td>
<td>0.42%</td>
<td>$ 167,583</td>
</tr>
<tr>
<td>25 Other garments, not knitted</td>
<td>Apparel</td>
<td>2.74%</td>
<td>1.81%</td>
<td>$ 136,924</td>
</tr>
</tbody>
</table>

Source: Prof. Michael E. Porter, International Cluster Competitiveness Project; UN Comtrade.
Leading Vietnam Export Industries, 2002 (continued)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cluster</th>
<th>World Export Share</th>
<th>Change in Share 1997-2002</th>
<th>Export Value in $millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 Other sports shoes with leather uppers</td>
<td>Footwear</td>
<td>4.53%</td>
<td>1.90%</td>
<td>$123,943</td>
</tr>
<tr>
<td>27 Spices</td>
<td>Agricultural Products</td>
<td>4.28%</td>
<td>4.82%</td>
<td>$105,836</td>
</tr>
<tr>
<td>28 Ornamental ceramic articles</td>
<td>Furniture</td>
<td>7.12%</td>
<td>2.89%</td>
<td>$98,323</td>
</tr>
<tr>
<td>29 Bicycles and other cycles, non-motorized</td>
<td>Sporting, Recreational and Children's Goods</td>
<td>4.27%</td>
<td>0.39%</td>
<td>$98,077</td>
</tr>
<tr>
<td>30 Brassieres, corsets, braces, suspenders, garters</td>
<td>Apparel</td>
<td>2.15%</td>
<td>0.91%</td>
<td>$88,453</td>
</tr>
<tr>
<td>31 Baskets, brooms, brushes, paint rollers and mops</td>
<td>Building Fixtures and Equipment</td>
<td>2.34%</td>
<td>1.14%</td>
<td>$82,093</td>
</tr>
<tr>
<td>32 Children's toys</td>
<td>Sporting, Recreational and Children's Goods</td>
<td>0.71%</td>
<td>0.33%</td>
<td>$79,772</td>
</tr>
<tr>
<td>33 Women's or girls' suits, dresses, skirts, trousers, knitted</td>
<td>Apparel</td>
<td>1.27%</td>
<td>0.34%</td>
<td>$79,439</td>
</tr>
<tr>
<td>34 Other sports shoes with rubber, plastics uppers and soles</td>
<td>Footwear</td>
<td>5.04%</td>
<td>8.64%</td>
<td>$76,009</td>
</tr>
<tr>
<td>35 Men's or boys' shirts, knitted</td>
<td>Apparel</td>
<td>2.32%</td>
<td>1.20%</td>
<td>$71,320</td>
</tr>
<tr>
<td>36 Garments made of felt, miscellaneous nonwoven or coated fabrics</td>
<td>Apparel</td>
<td>2.05%</td>
<td>1.03%</td>
<td>$65,119</td>
</tr>
<tr>
<td>37 Parts for telecommunication equipment</td>
<td>Communications Equipment</td>
<td>0.10%</td>
<td>0.04%</td>
<td>$61,402</td>
</tr>
<tr>
<td>38 Fans, cooker hoods with fan</td>
<td>Motor Driven Products</td>
<td>1.33%</td>
<td>0.00%</td>
<td>$61,047</td>
</tr>
<tr>
<td>39 Oxygen-function amino-compounds</td>
<td>Chemical Products</td>
<td>0.99%</td>
<td>0.76%</td>
<td>$58,318</td>
</tr>
<tr>
<td>40 T-shirts, other vests, knitted</td>
<td>Apparel</td>
<td>0.39%</td>
<td>0.28%</td>
<td>$55,028</td>
</tr>
<tr>
<td>41 Household linens</td>
<td>Textiles</td>
<td>0.73%</td>
<td>0.90%</td>
<td>$54,577</td>
</tr>
<tr>
<td>42 Electric motors&lt;=37.5w</td>
<td>Motor Driven Products</td>
<td>1.00%</td>
<td>0.03%</td>
<td>$53,569</td>
</tr>
<tr>
<td>43 Gold, silver jewelry or ware</td>
<td>Jewelry, Precious Metals and Collectibles</td>
<td>0.29%</td>
<td>0.09%</td>
<td>$53,046</td>
</tr>
<tr>
<td>44 Headgear, knitted or made up from fabrics</td>
<td>Apparel</td>
<td>4.28%</td>
<td>1.50%</td>
<td>$52,140</td>
</tr>
<tr>
<td>45 Vegetables</td>
<td>Agricultural Products</td>
<td>0.22%</td>
<td>0.22%</td>
<td>$47,857</td>
</tr>
<tr>
<td>46 Wood in chips or particles</td>
<td>Forest Products</td>
<td>2.64%</td>
<td>1.25%</td>
<td>$45,236</td>
</tr>
<tr>
<td>47 Trunks, suit-cases, executive-case and similar containers</td>
<td>Leather and Related Products</td>
<td>1.14%</td>
<td>0.64%</td>
<td>$45,019</td>
</tr>
<tr>
<td>48 Miscellaneous articles of ceramic materials</td>
<td>Building Fixtures and Equipment</td>
<td>2.33%</td>
<td>0.55%</td>
<td>$44,415</td>
</tr>
<tr>
<td>49 Women's or girls' underwear, nightwear, knitted</td>
<td>Apparel</td>
<td>0.91%</td>
<td>0.38%</td>
<td>$43,821</td>
</tr>
<tr>
<td>50 Bedroom furniture of wood</td>
<td>Furniture</td>
<td>1.11%</td>
<td>0.13%</td>
<td>$43,615</td>
</tr>
</tbody>
</table>

Top 50 Industries as % of Vietnam’s total goods exports: 82.7%

Source: Prof. Michael E. Porter, International Cluster Competitiveness Project; UN Comtrade.
Key Issues for Vietnamese Competitiveness

• Move **beyond** reliance on low wage-based export growth
  – Make Vietnam a more productive location
  – Upgrade domestic clusters

• Develop an independent and vibrant **domestic private sector**
  – Improve privatization process and governance
  – Financial market development

• Address key weaknesses in the **business environment**
  – e.g. Corruption and bureaucracy
  – Bottlenecks in physical infrastructure

• Mobilize emerging **clusters**
  – Tourism
  – Shoes
  – Textiles
  – Fishing products
  – Oil and gas

• Leverage different **levels of geography**
  – Regions within Vietnam
  – Indochina
  – ASEAN
Institute for Strategy and Competitiveness
Strategic Pillars

- Research and Publications
- Competitiveness Information
- Course Platform (MOC)
- Institution Building
Potential Resources for Vietnam

- Course “Microeconomics of Competitiveness”
- Competitiveness data on ISC web site
- Connection to ISC partners in the region, especially the new Asian Institute for Competitiveness in Singapore
- Support for overall competitiveness or specific cluster efforts