

# Vietnam's Competitiveness

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This presentation draws on ideas from Professor Porter's books and articles, in particular, *Competitive Strategy* (The Free Press, 1980); *Competitive Advantage* (The Free Press, 1985); "What is Strategy?" (*Harvard Business Review*, Nov/Dec 1996); "Strategy and the Internet" (*Harvard Business Review*, March 2001); and a forthcoming book. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Michael E. Porter. Additional information may be found at the website of the Institute for Strategy and Competitiveness, [www.isc.hbs.edu](http://www.isc.hbs.edu). Version: November 18, 2008, 3pm

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# The Need For An Economic Strategy

- Vietnam has experienced an **impressive growth** over the last two decades
- However, **reforms so far are insufficient** to move Vietnam to a middle income economy
- The **next several years** will determine whether Vietnam will follow the experience of Korea, or the Philippines
- Vietnam's reform have been **piecemeal and reactive**
- Improving Vietnam's standard of living will require a **long term economic strategy**
  - A set of interrelated **policy changes, institutional structures**, and rigorous **implementation mechanisms**

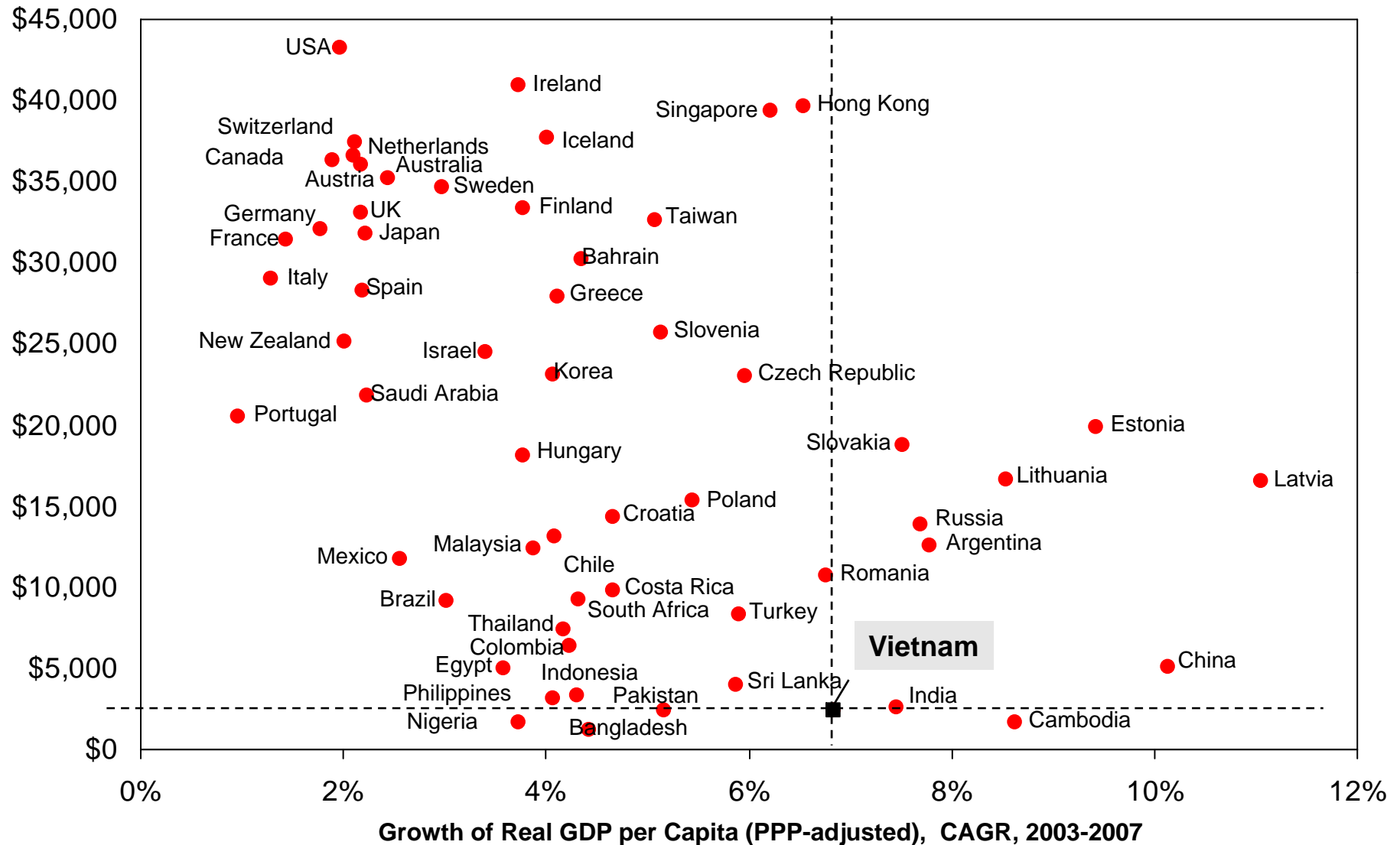
# Agenda

- **Understanding Vietnam's Economic Performance**
- **Assessing Vietnamese Competitiveness**
- **Identifying Action Priorities**
- **Organizing for Competitiveness**
- **Creating an Economic Strategy**

# Prosperity Performance

## Selected Countries

PPP-adjusted GDP  
per Capita, 2007



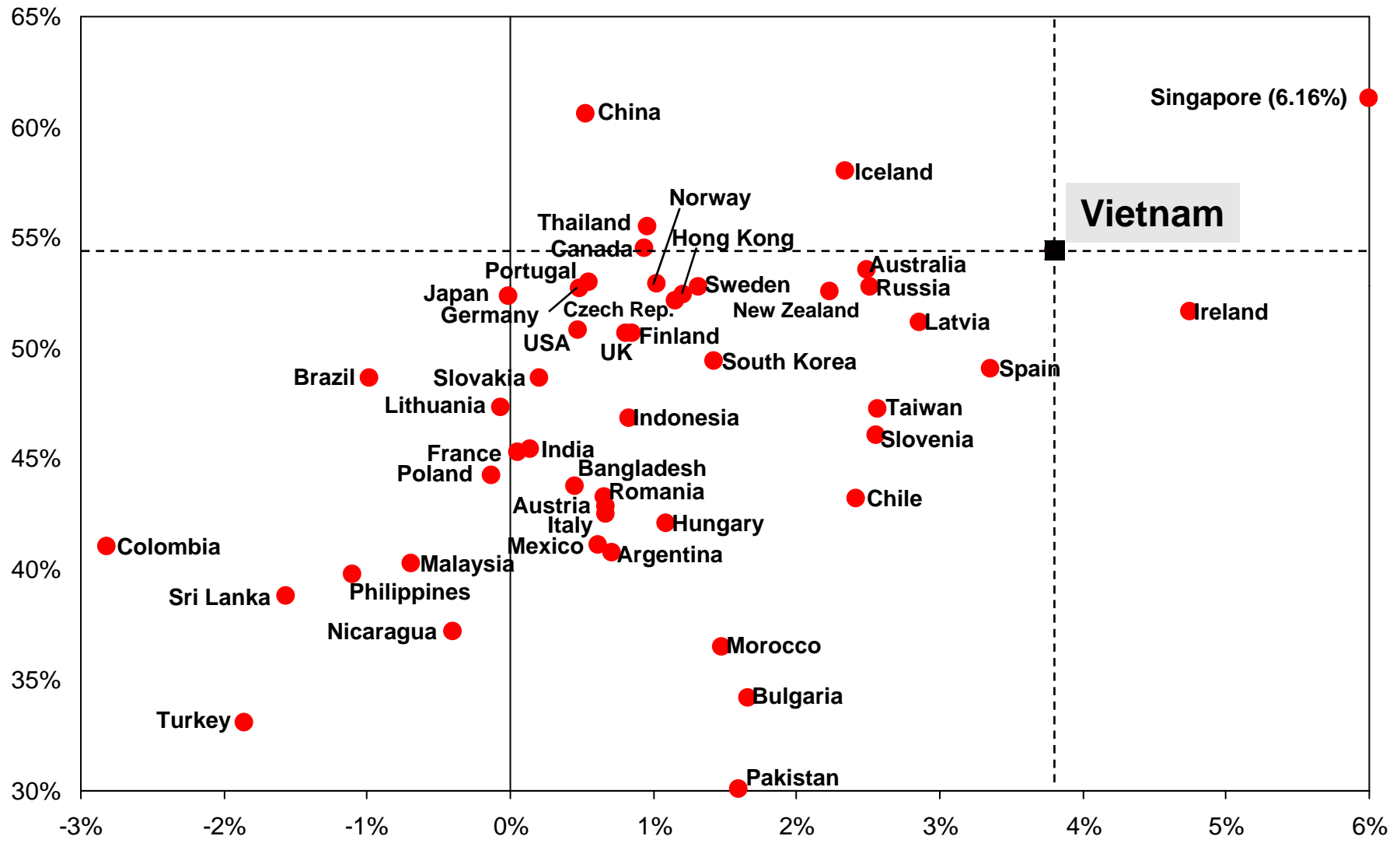
Source: EIU (2008), authors calculations

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# Labor Force Utilization

## Participation Rates, Selected Countries

Labor Force  
Participation Rate, 2007

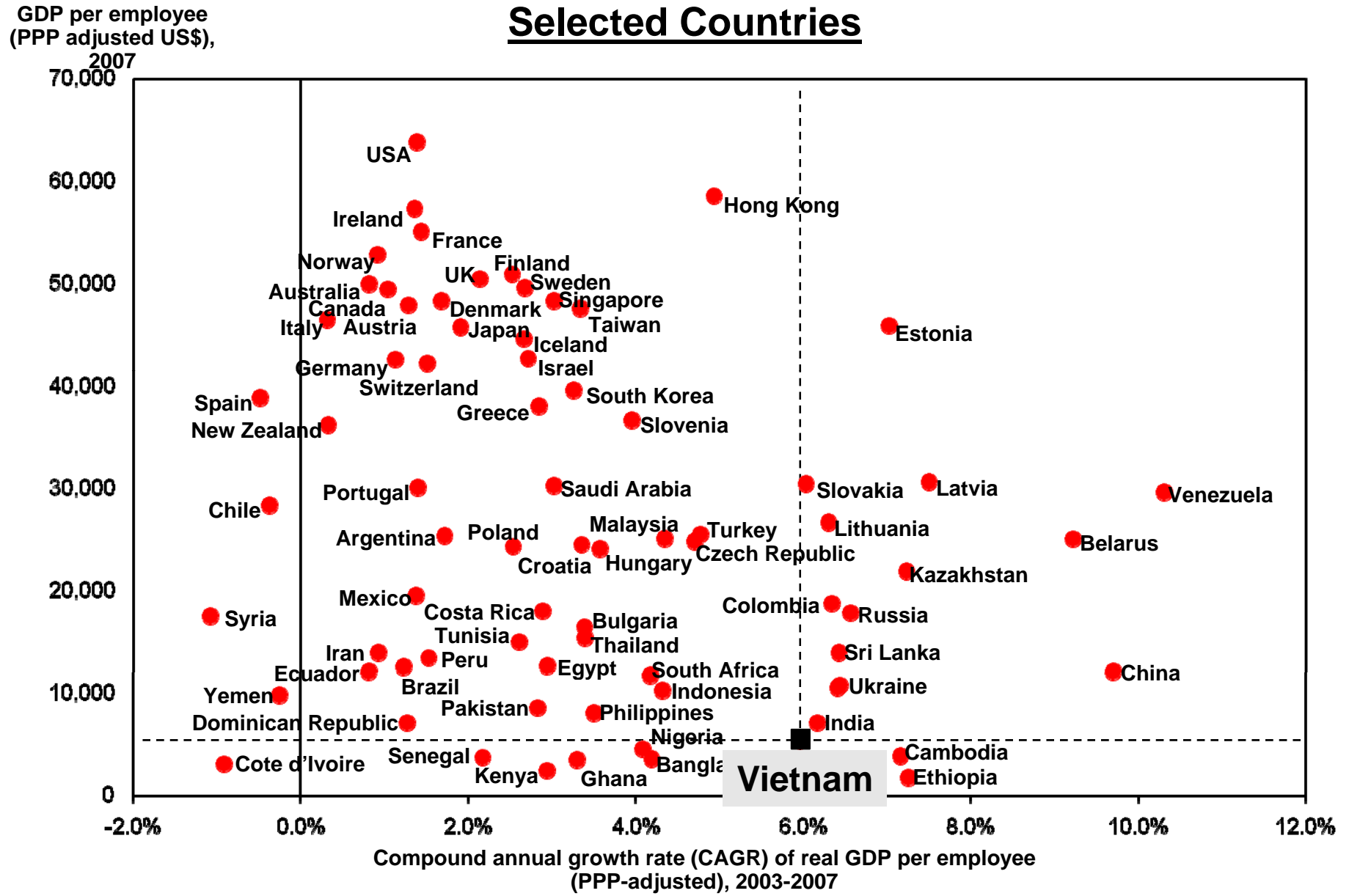


Change in Labor Force Participation Rate, 2003-2007

Source: Economist Intelligence Unit (2008)

# Comparative Labor Productivity

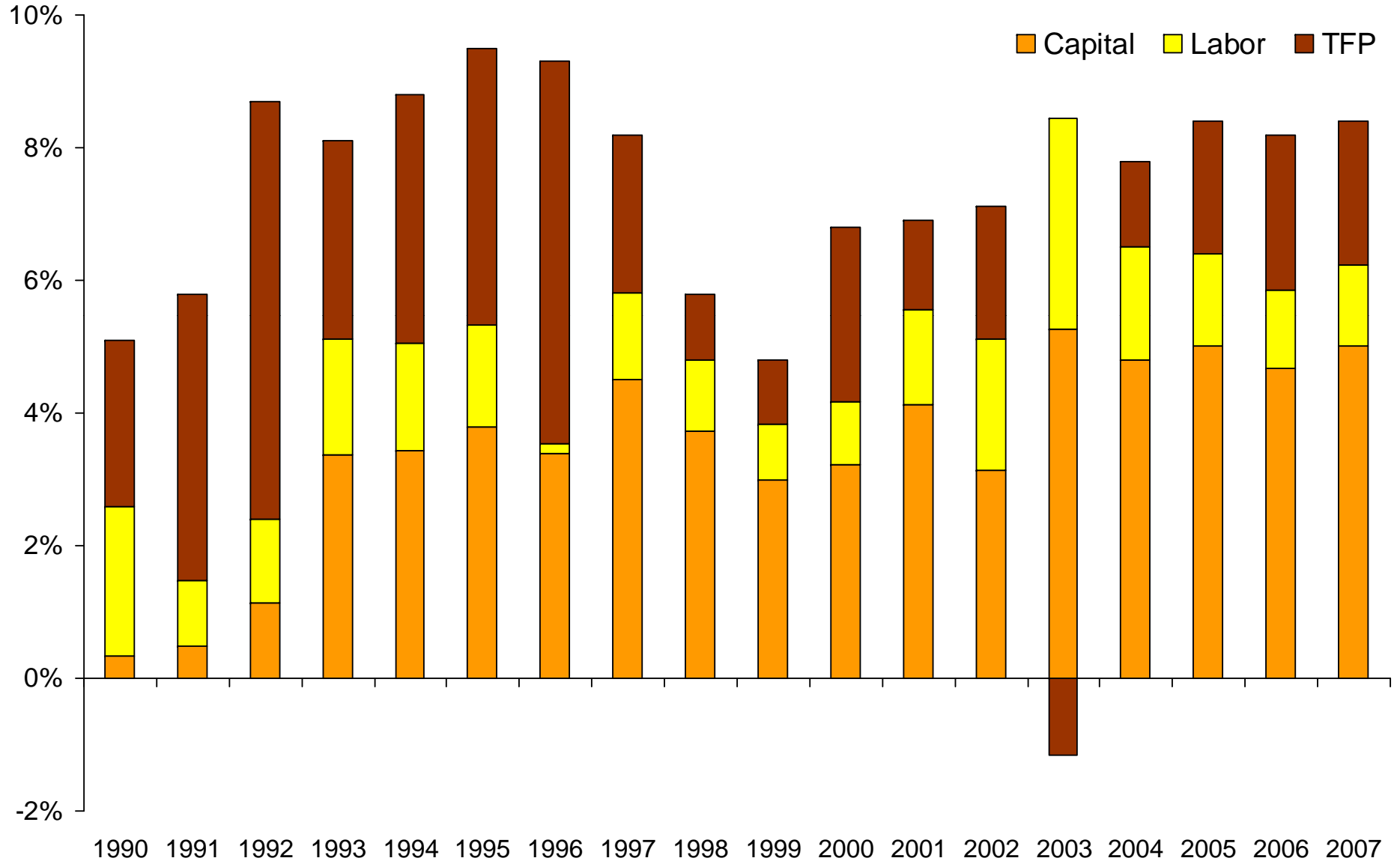
## Selected Countries



Source: authors calculation Groningen Growth and Development Centre (2008)

# Decomposition of Vietnamese Growth

Contribution to  
Annual GDP  
growth (%)

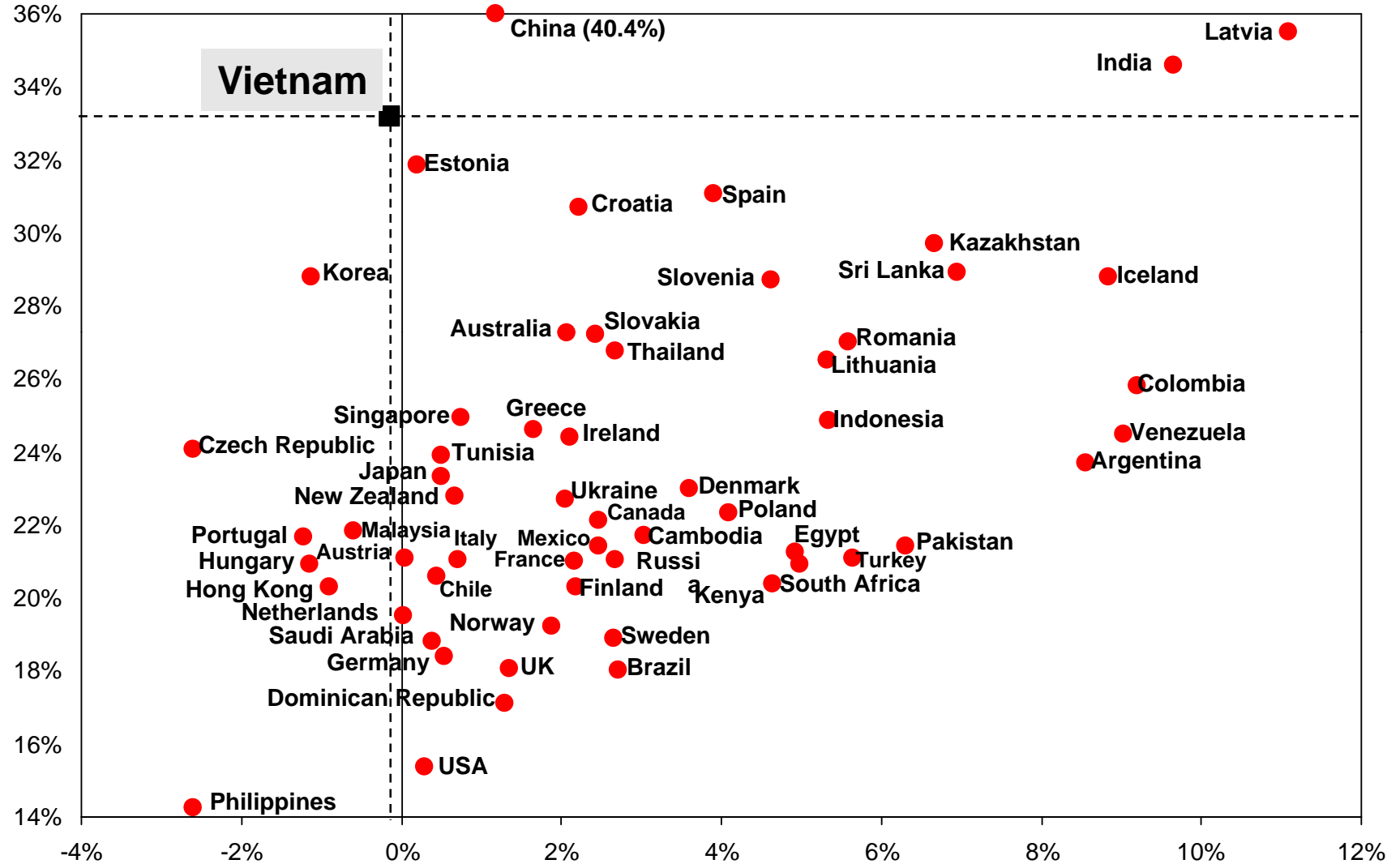


Source: Ohno (2008)

# Domestic Fixed Investment Rates

## Selected Countries

Gross Fixed Investment  
as % of GDP (2007)



Change in Gross Fixed Investment (as % of GDP), 2003 - 2007

Note: Includes inbound FDI

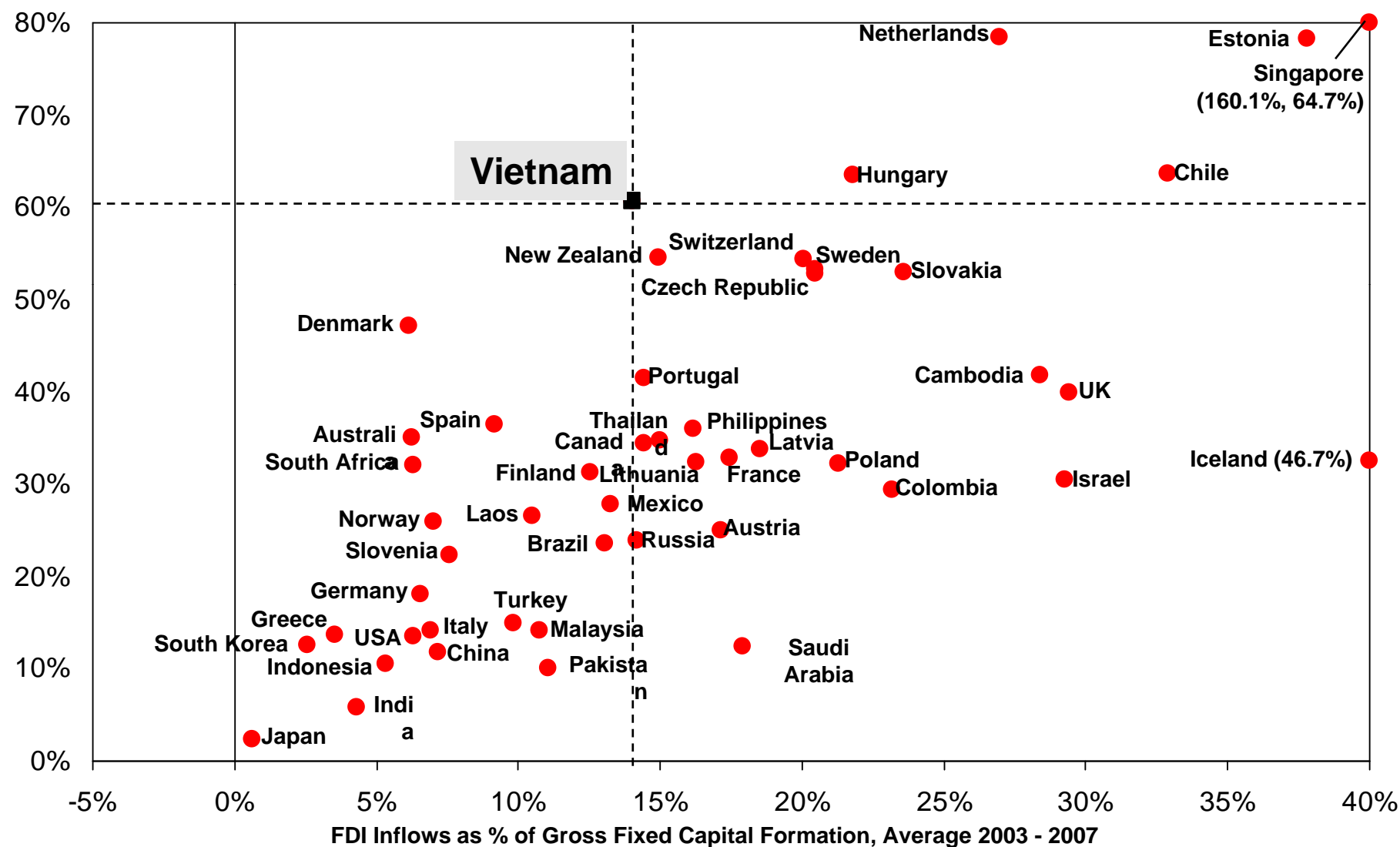
Source: EIU, 2008

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# Inbound Foreign Investment Performance

## Stocks and Flows, Selected Countries

Inward FDI Stocks as % of GDP, Average 2003 - 2007

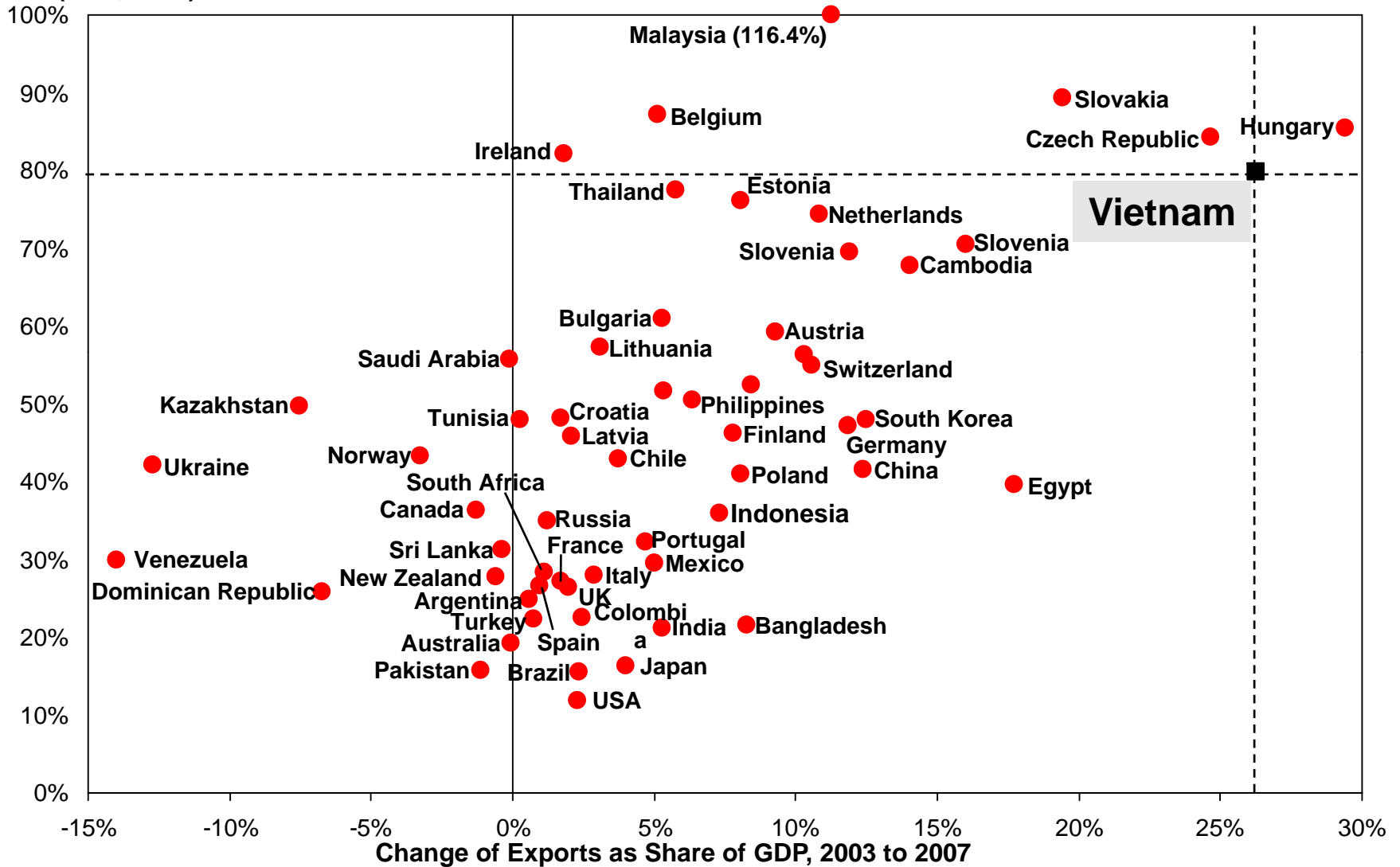


Source: UNCTAD, World Investment Report (2007)

# Export Performance

## Selected Countries

Exports as Share of  
GDP (in %, 2007)

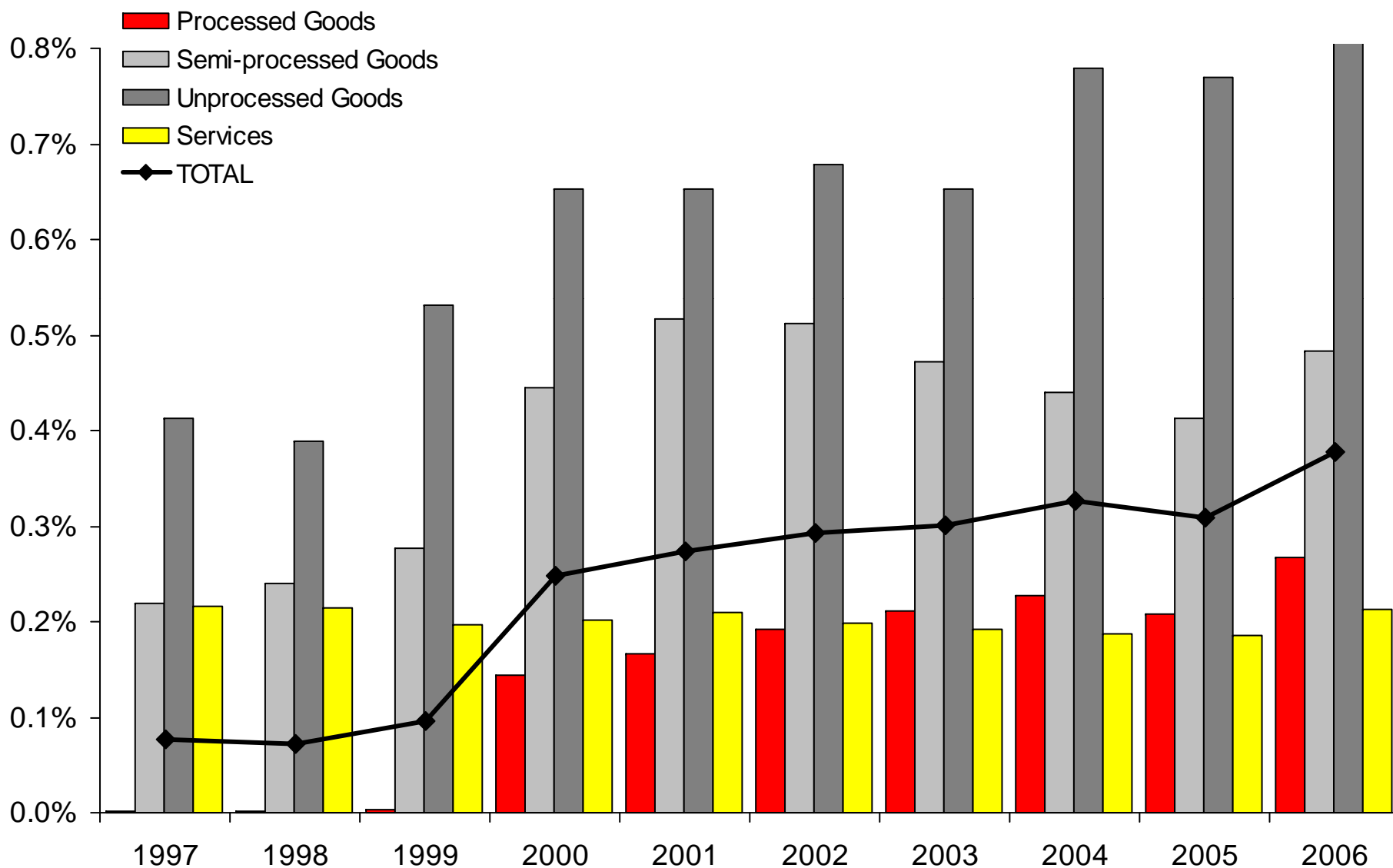


- **Imports** as a share of GDP are equally high

Source: EIU (2008), authors' analysis

# Vietnam's Exports By Type of Industry

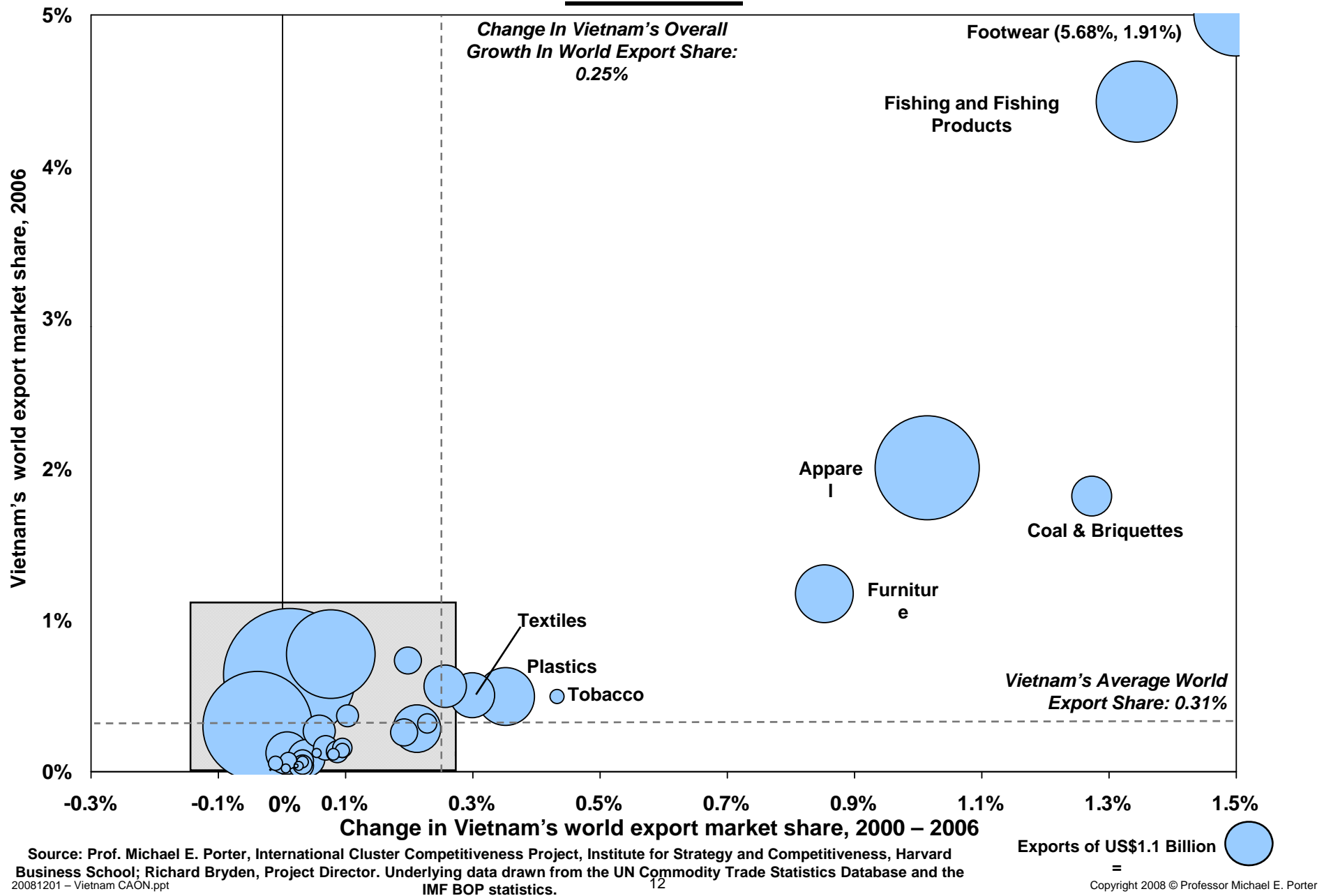
World Export Market  
Share (current USD)



Source: UNComTrade, WTO (2008)

# Vietnam's Cluster Export Portfolio

## 2000-2006



# Agenda

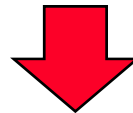
- **Understanding Vietnam's Economic Performance**

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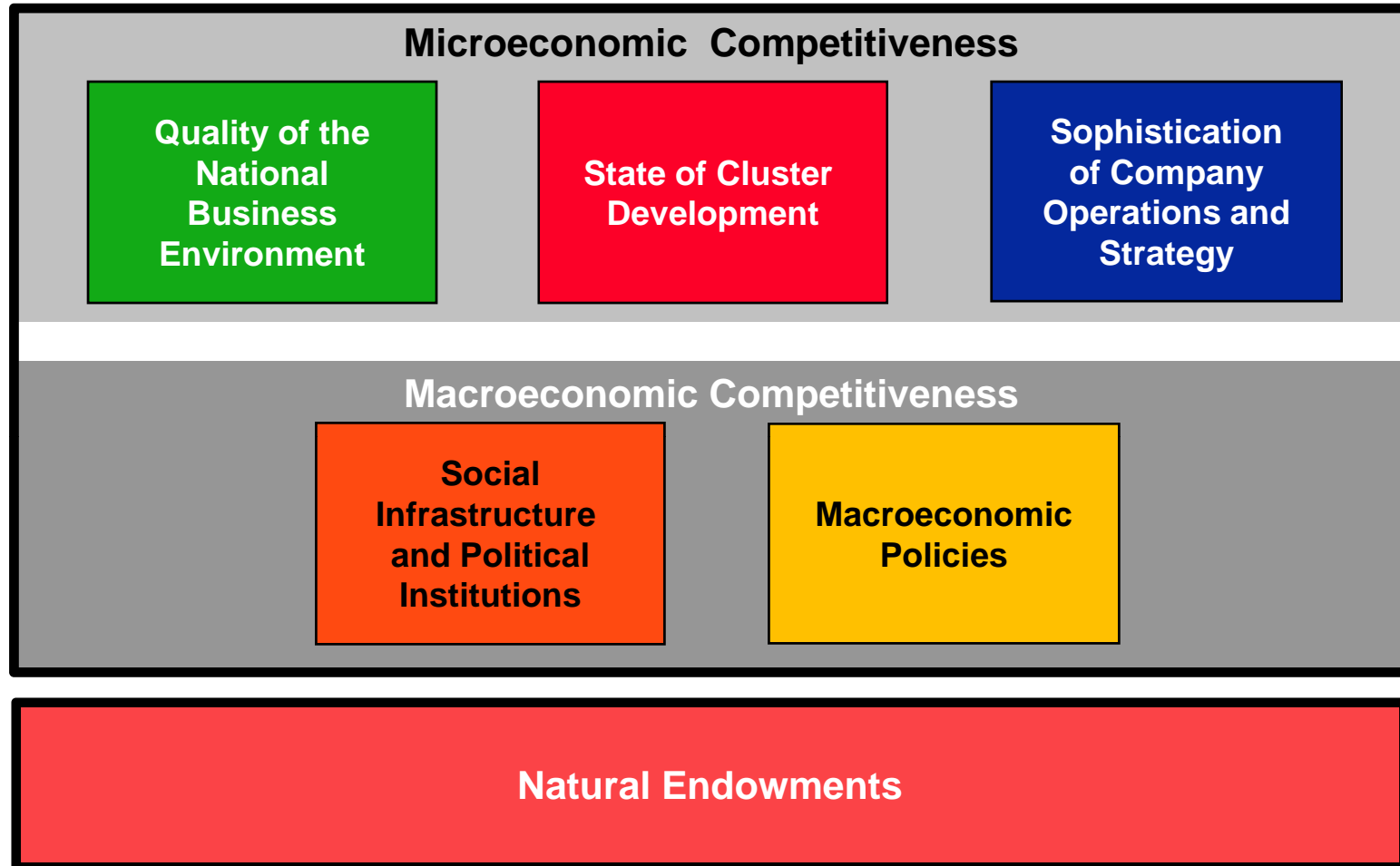
# What is Competitiveness?

- Competitiveness depends on the **productivity** with which a nation uses its human, capital, and natural resources.
  - Productivity **sets the sustainable standard of living** (wages, returns on capital, returns on natural resources)
  - It is not **what** industries a nation competes in that matters for prosperity, but **how productively** it competes in those industries
  - Productivity in a national economy arises from a **combination of domestic and foreign firms**
  - The productivity of **“local” or domestic industries** is fundamental to competitiveness, not just that of export industries



- Nations compete to offer the **most productive environment for business**
- The public and private sectors play **different but interrelated roles** in creating a productive economy

# Determinants of Competitiveness

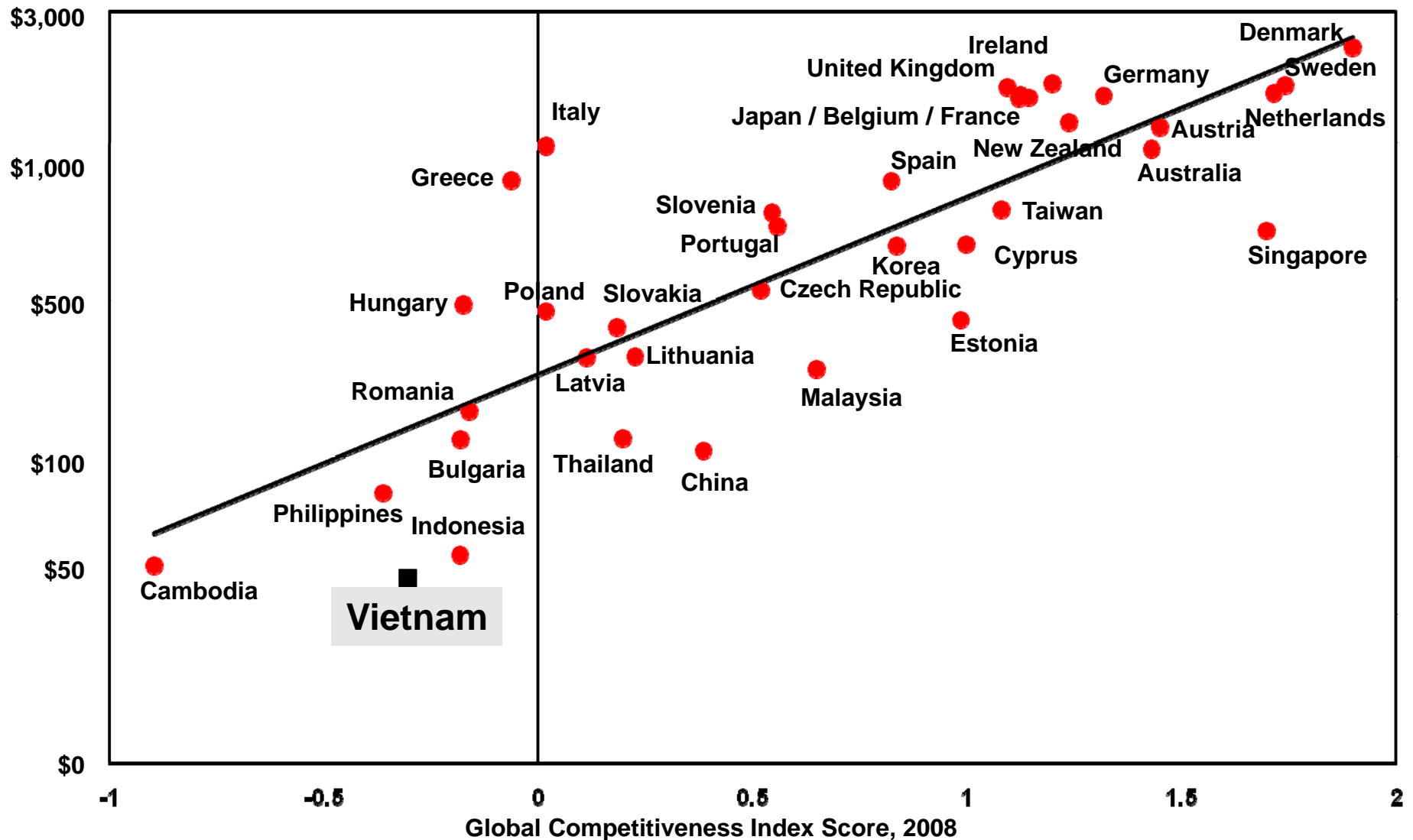


- Macroeconomic competitiveness creates the potential for high productivity, but is **not sufficient**
- Productivity ultimately depends on improving the **microeconomic capability** of the economy and the **sophistication of local competition**

# Wage Level Comparison

## Selected Countries

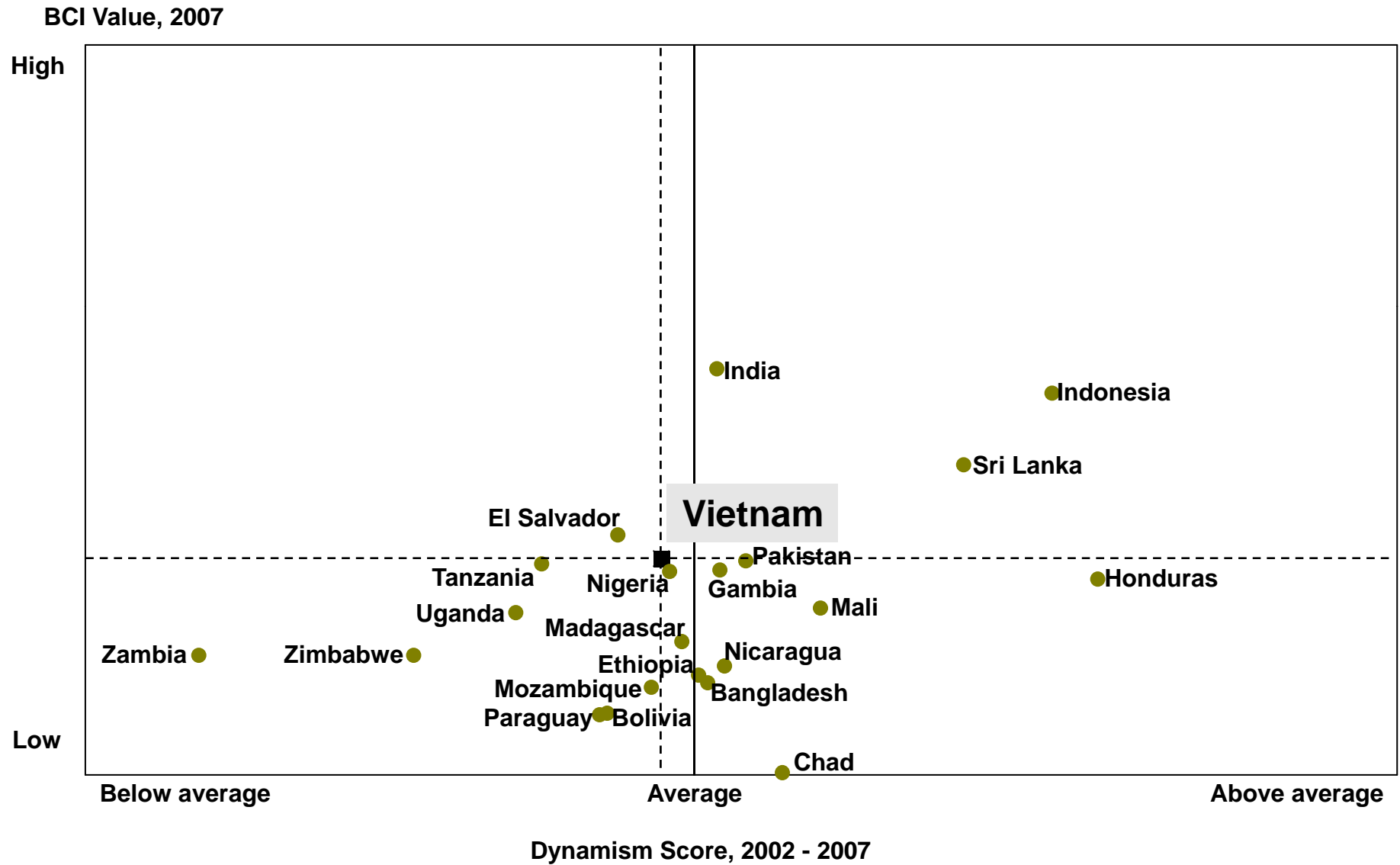
Monthly Minimum Wage  
USD, log scale, 2008



Source: Global Competitiveness Report, 2008; EuroStat, 2008; Philippines Department of Labor and Employment,

# Rate of Competitiveness Improvement

## Low Income Countries, 2002 - 2007



Source: Global Competitiveness Report 2007

# Macroeconomic Competitiveness

## Social Infrastructure and Political Institutions

- **Basic human capacity**
  - Basic education
  - Health system
- **Political institutions**
  - Political freedom
  - Voice and accountability
  - Political stability
  - Centralization of economic policymaking
  - Government effectiveness
- **Rule of law**
  - Judicial independence
  - Efficiency of legal framework
  - Civil rights
  - Business costs of corruption
  - Reliability of police
  - Prevalence and costs of crime

## Macroeconomic Policies

- **Fiscal policy**
  - Government surplus/deficit
  - Government debt
  - Savings / Investment rates
- **Monetary policy**
  - Inflation
  - Interest rate spread

# Macroeconomic Competitiveness

## Vietnam's Position

### Social Infrastructure and Political Institutions

#### Basic health and education

- + **Solid provision** of basic services
- Increasing concerns about the **quality** of these public services

#### Political institutions

- + High levels of **political stability**
- + Increasing **decentralization** of economic policy responsibilities
- Little effective **policy dialogue**
- **Corruption** remains a significant challenge

#### Rule of law

- + **Quality of laws** tends to be good
- Effectiveness of **implementation** remains weak

### Macroeconomic Policies

#### Fiscal policy

- + Government **budget** and **debt** at acceptable levels
- Government budget still reliant on **foreign aid**

#### Monetary Policy

- High levels of **inflation**

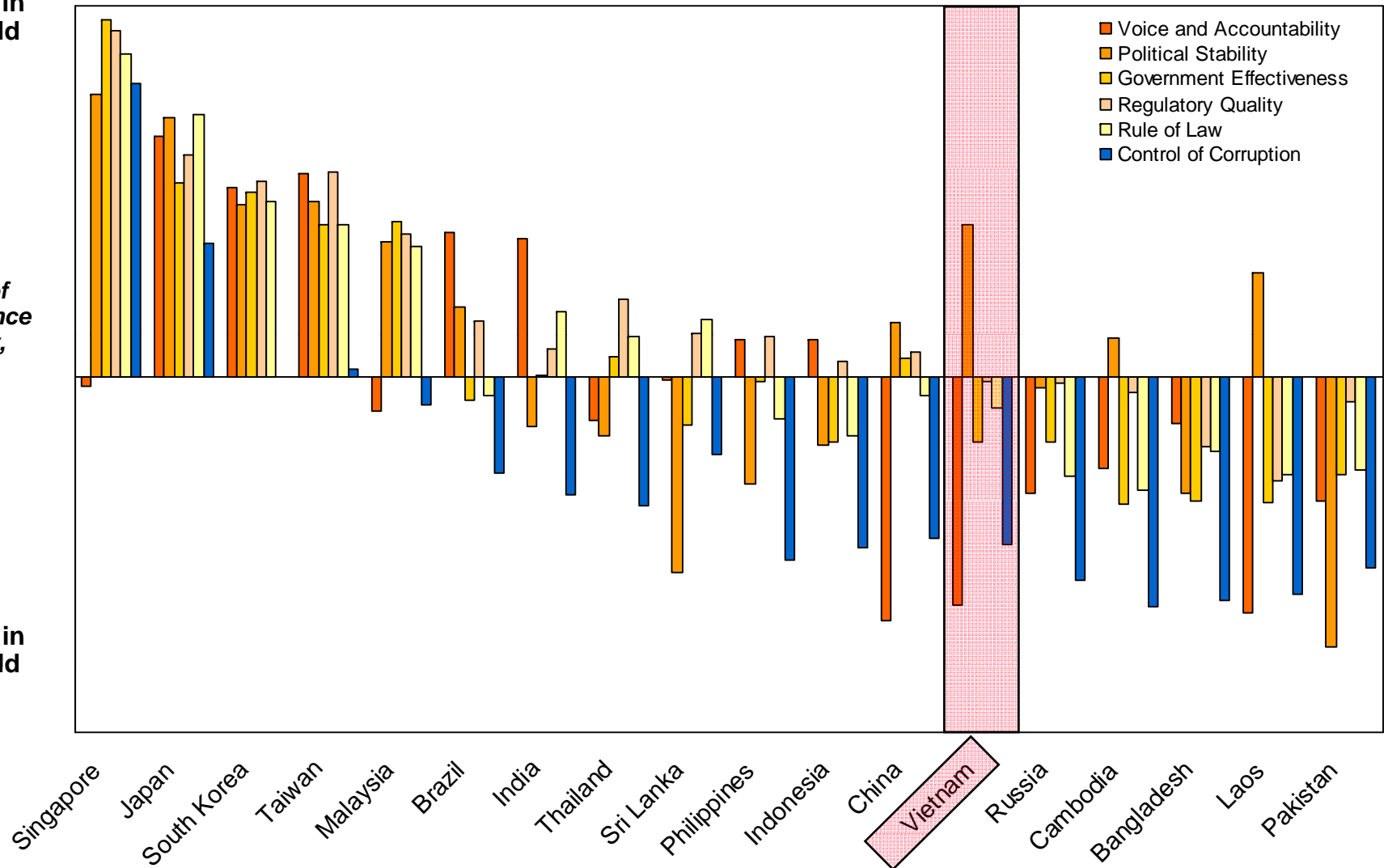
# Governance Indicators

## Selected Countries

Best  
country in  
the world

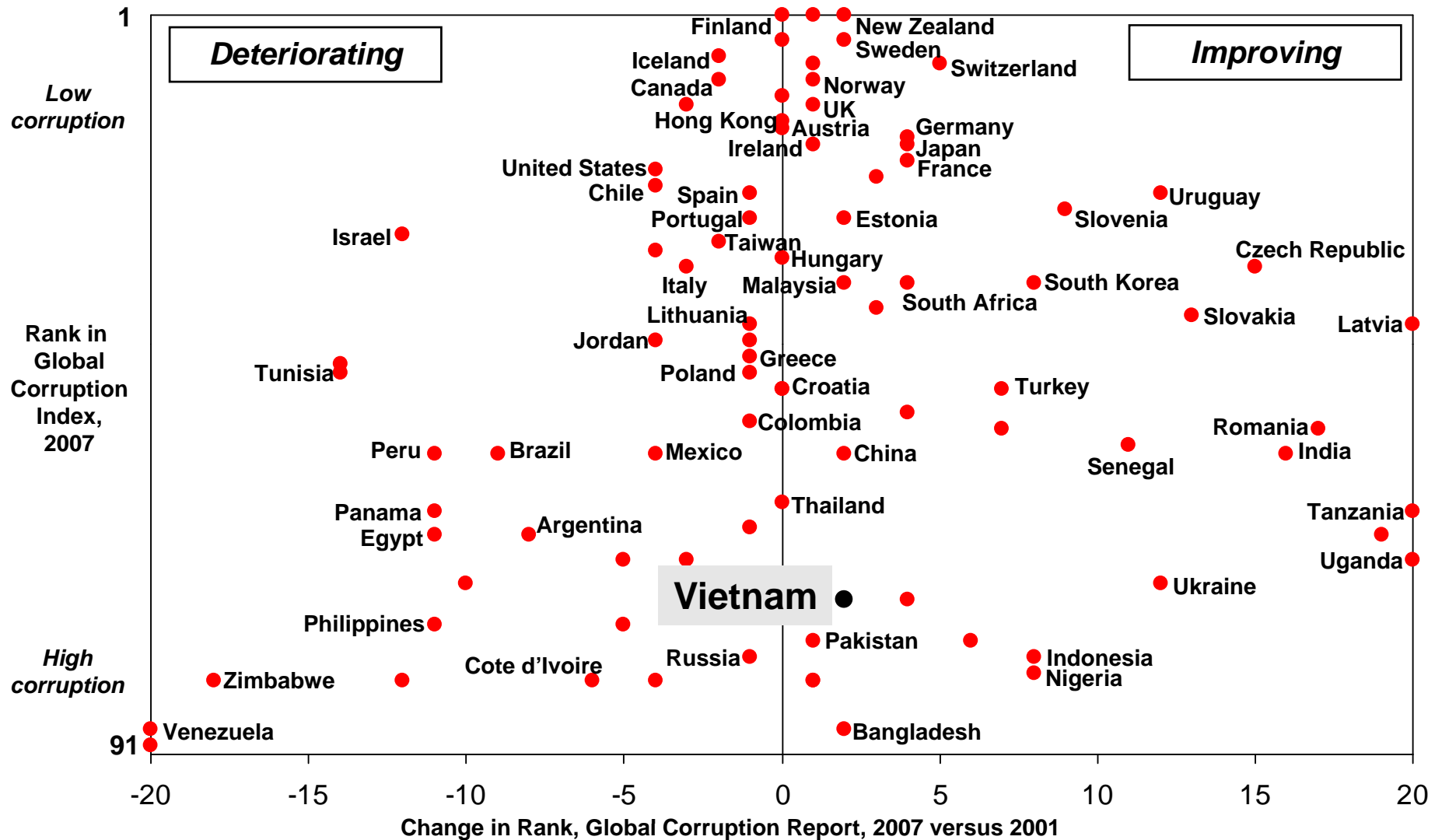
Index of  
Governance  
Quality,  
2007

Worst  
country in  
the world



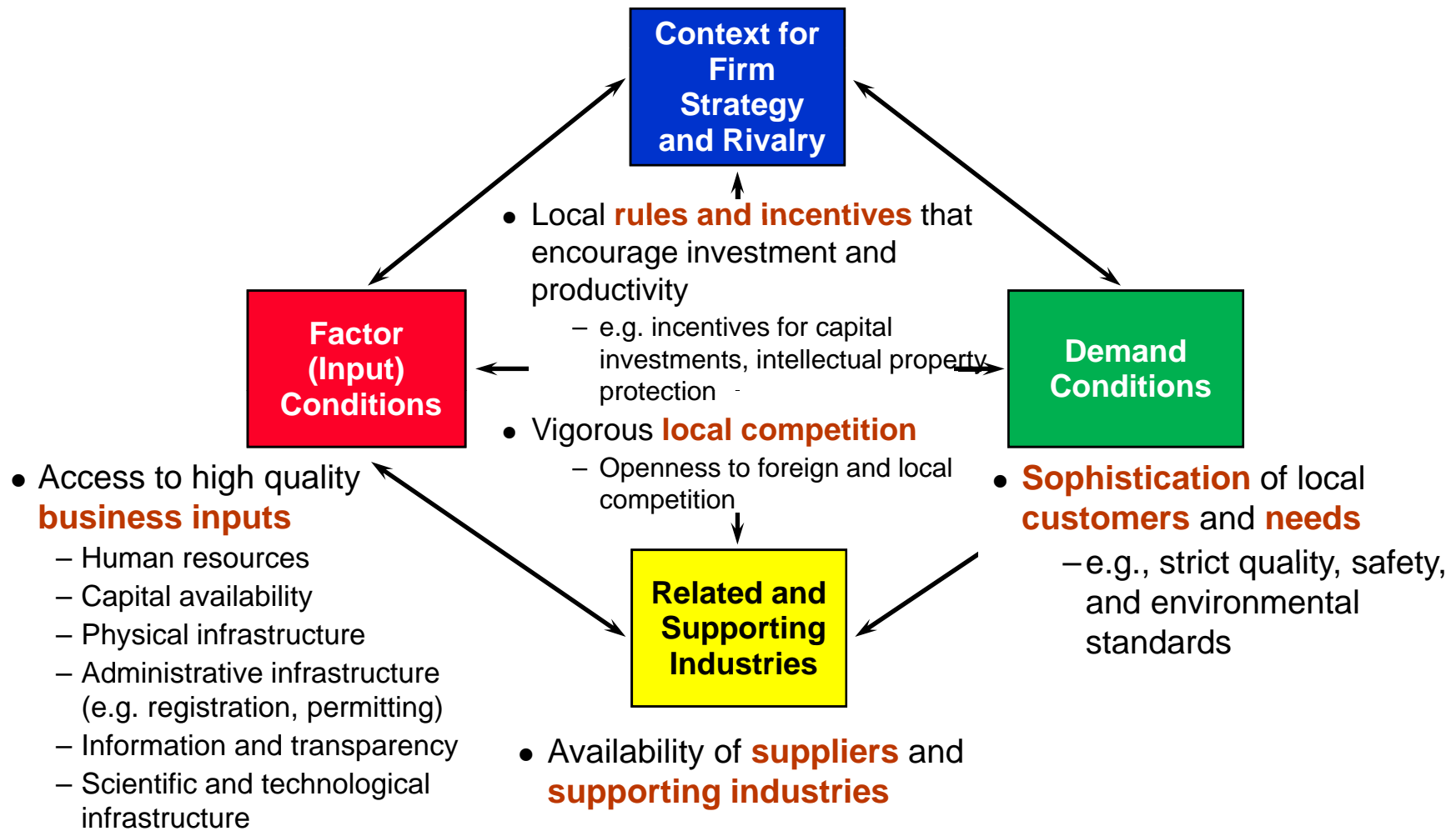
Note: Sorted left to right by decreasing average value across all indicators. The 'zero' horizontal line corresponds to the median country's average value across all indicators.

# Corruption Perception Index, 2007



Note: Ranks only countries available in both years (91 countries total)  
Source: Global Corruption Report, 2007

# Microeconomic Competitiveness: Quality of the Business Environment



- Many things matter** for competitiveness
- Successful economic development is a process of **successive upgrading**, in which the business environment improves to enable increasingly sophisticated ways of competing

# Vietnamese Business Environment

## Vietnam's Relative Position 2008

### *Competitive Advantages*

- **Communications infrastructure (rank 72)**
  - E.g., quality of the telephone infrastructure
- **Local competition (rank 75)**
  - E.g., intensity of local competition

### *Competitive Disadvantages*

- **Government intervention (rank 119)**
  - E.g., SOE market dominance
- **Trade barriers (rank 113)**
  - E.g., level of import tariffs

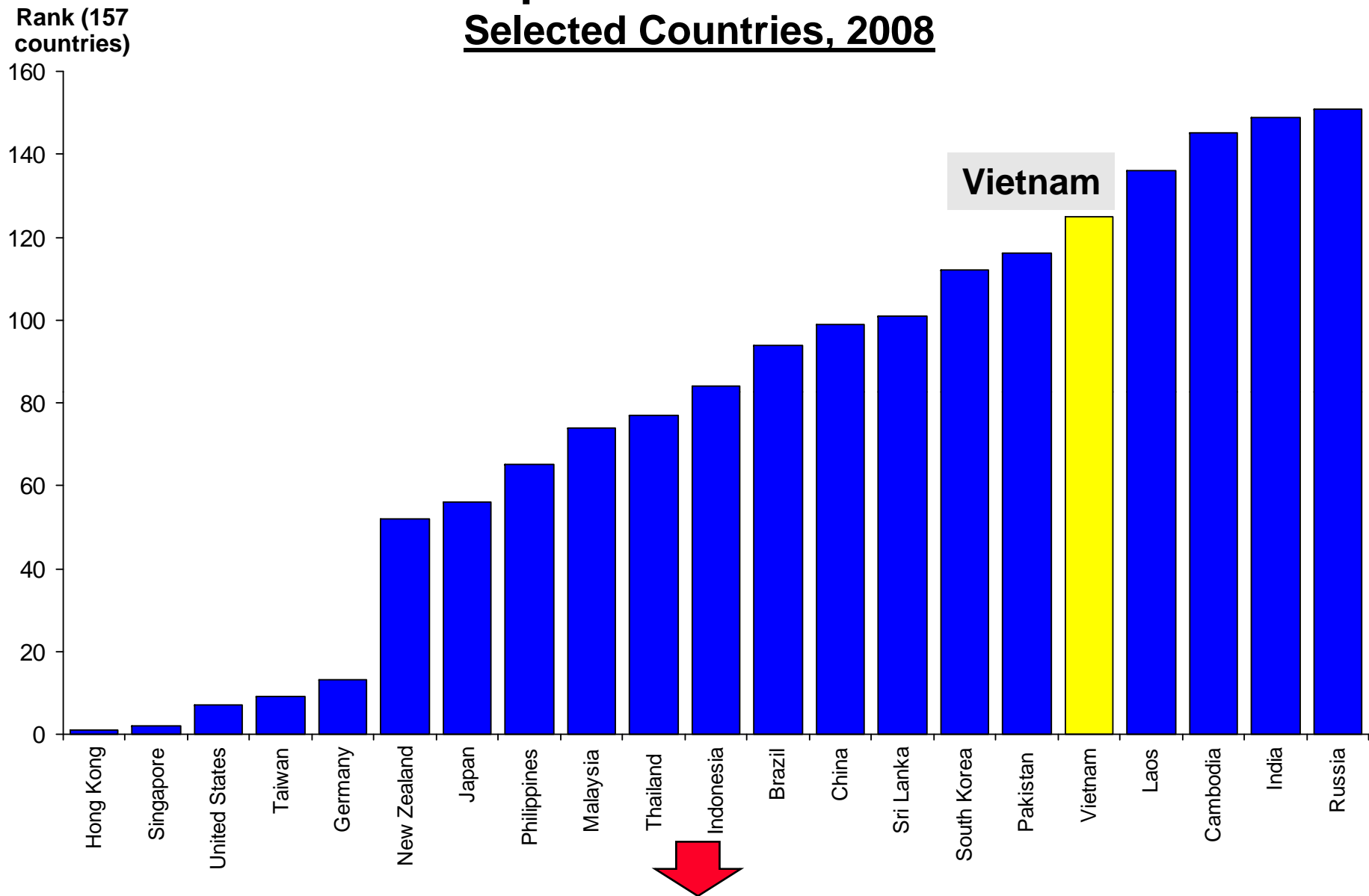
Note: Rank versus 130 countries; overall, Vietnam ranks 102<sup>nd</sup> in 2008 PPP adjusted GDP per capita and 76<sup>th</sup> in New Global Competitiveness

Source: Institute for Strategy and Competitiveness, Harvard University (2008)

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# Openness to Trade

## Selected Countries, 2008



- Vietnam's **lack of openness** will retard further competitiveness upgrading

Source: Index of Economic Freedom (2008), Heritage Foundation

# Vietnamese Business Environment

## Vietnam's Relative Position 2008

### *Competitive Advantages*

- **Communications infrastructure (rank 72)**
  - E.g., quality of the telephone infrastructure
- **Local competition (rank 75)**
  - E.g., intensity of local competition

### *Competitive Disadvantages*

- **Government intervention (rank 119)**
  - E.g., SOE market dominance
- **Trade barriers (rank 113)**
  - E.g., level of import tariffs
- **Energy infrastructure (rank 109)**
  - E.g., quality of electricity supply
- **Access to finance (rank 109)**
  - E.g., financial market sophistication
- **Innovation infrastructure (rank 99)**
  - E.g., patents per capita
- **Logistical infrastructure (rank 96)**
  - E.g., quality of roads

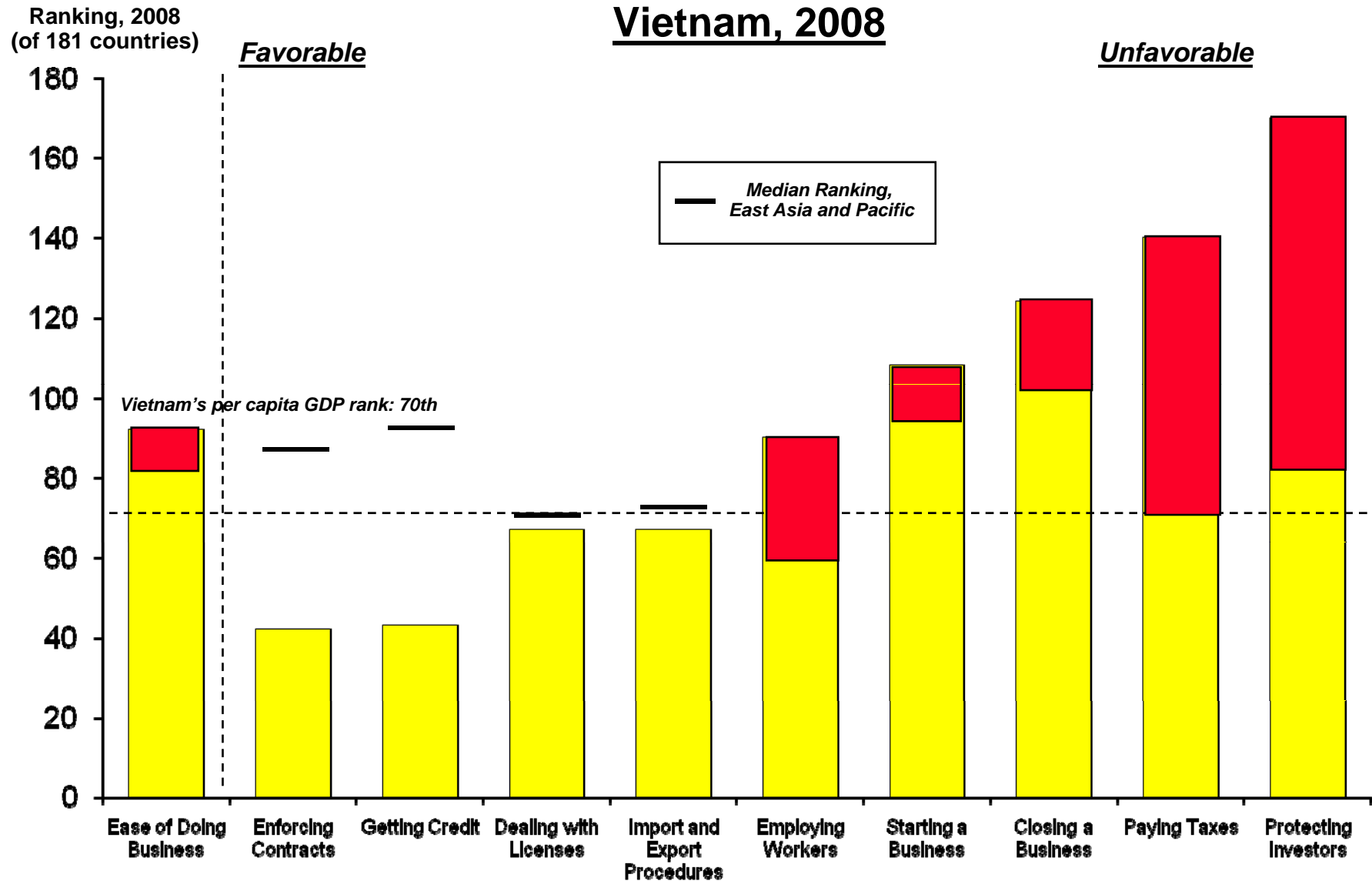
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# Cost of Doing Business

## Vietnam, 2008



- Especially in **land ownership** in rural areas significant problems remain

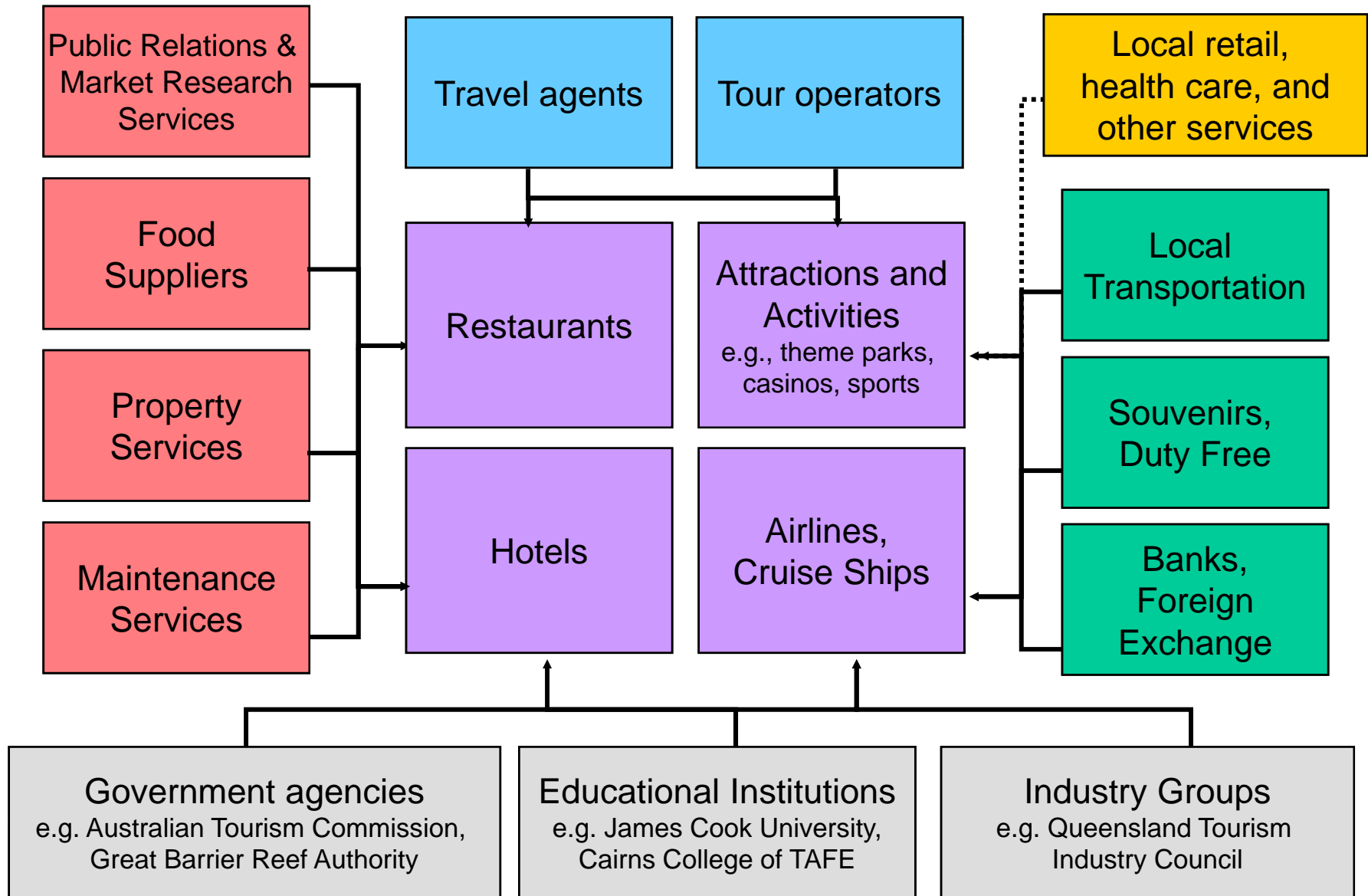
Source: World Bank Report, Doing Business (2008)

# State-Owned Enterprises (SOEs) in Vietnam

- SOEs continue to play a **dominant role** in the Vietnamese economy, despite the commitment to privatization
- Government oversight of these companies and their spending is **limited** and largely **reactive**
- The **costs of slow progress** on privatization are high for Vietnam's competitiveness
  - **Retards entry** of new private companies
  - Creates risks of **corruption**
  - Can exacerbate **economic volatility** through excessive investment financed through soft credit
- An effective privatization program strategy for Vietnam must **shift economic structure**, not just change ownership
  - Privatization must go hand-in-hand with **market opening** and policies to **curtail anti-competitive practices**
  - Owners are needed that contribute **new capital and skills**
  - Minority stakes can distribute ownership more widely

# State of Cluster Development

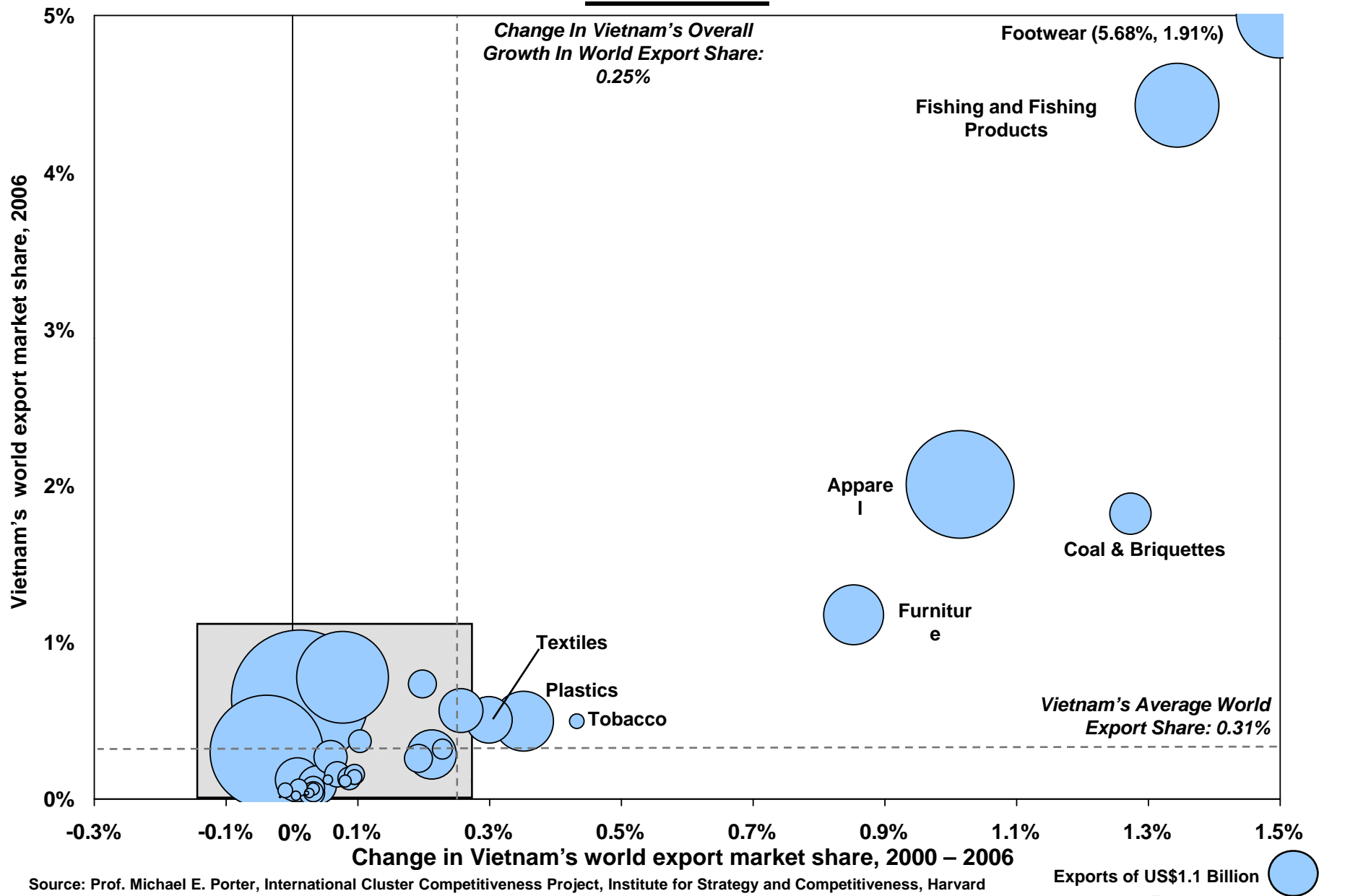
## Tourism Cluster in Cairns, Australia



Sources: HBS student team research (2003) - Peter Tynan, Chai McConnell, Alexandra West, Jean Hayden

# Vietnam's Cluster Export Portfolio

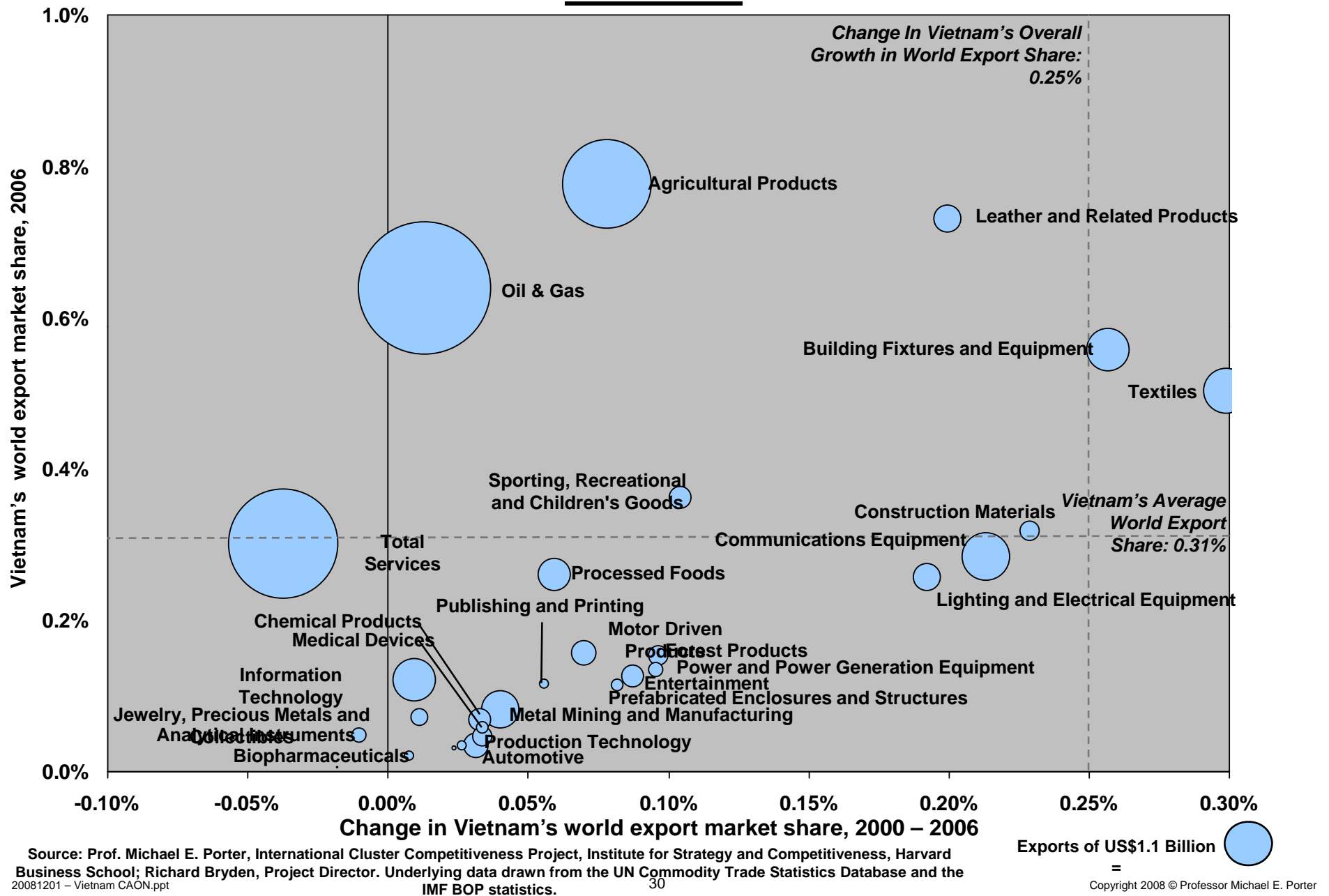
## 2000-2006



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database and the IMF BOP statistics.

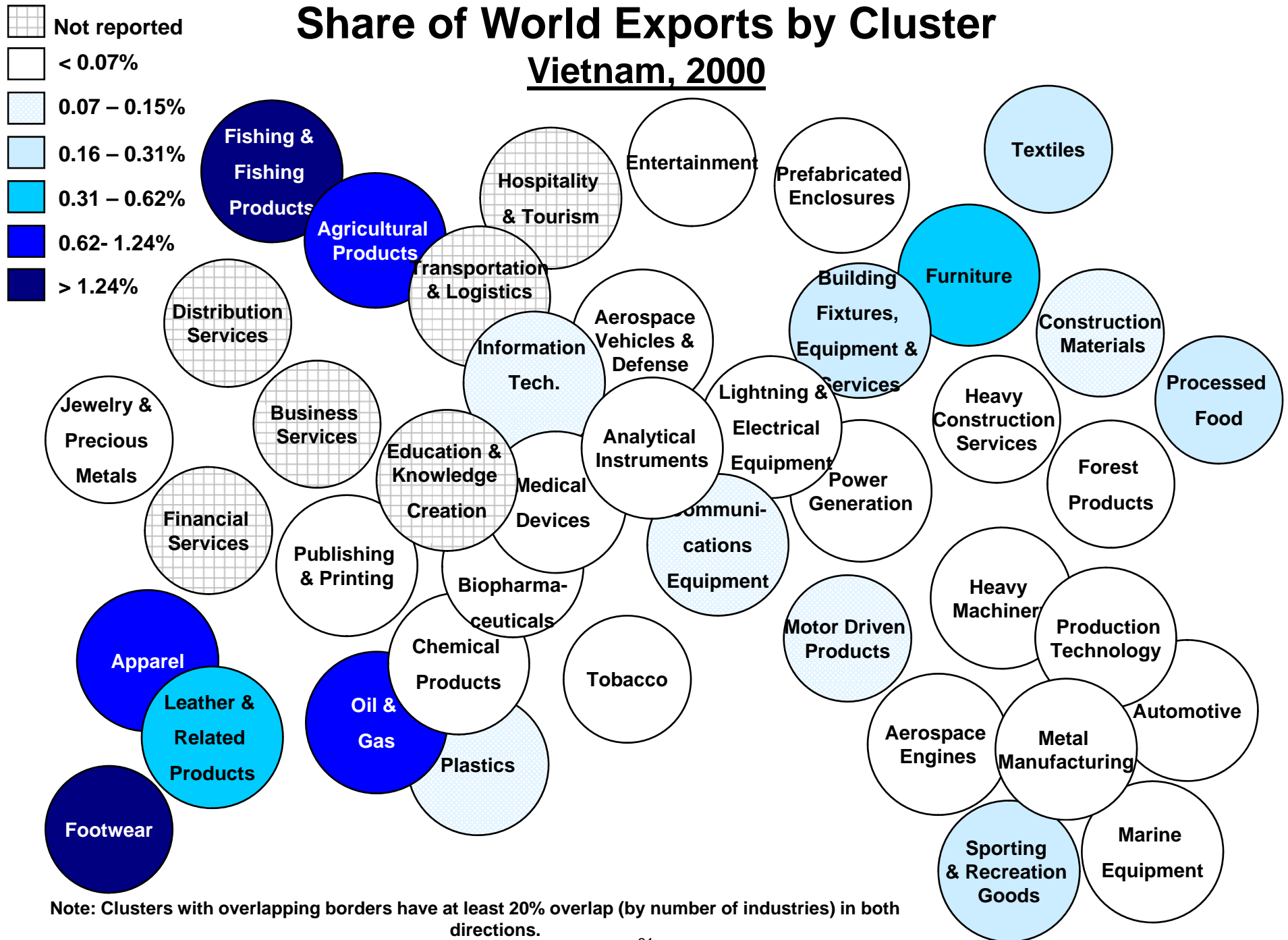
# Vietnam's Cluster Export Portfolio cont'd

## 2000-2006



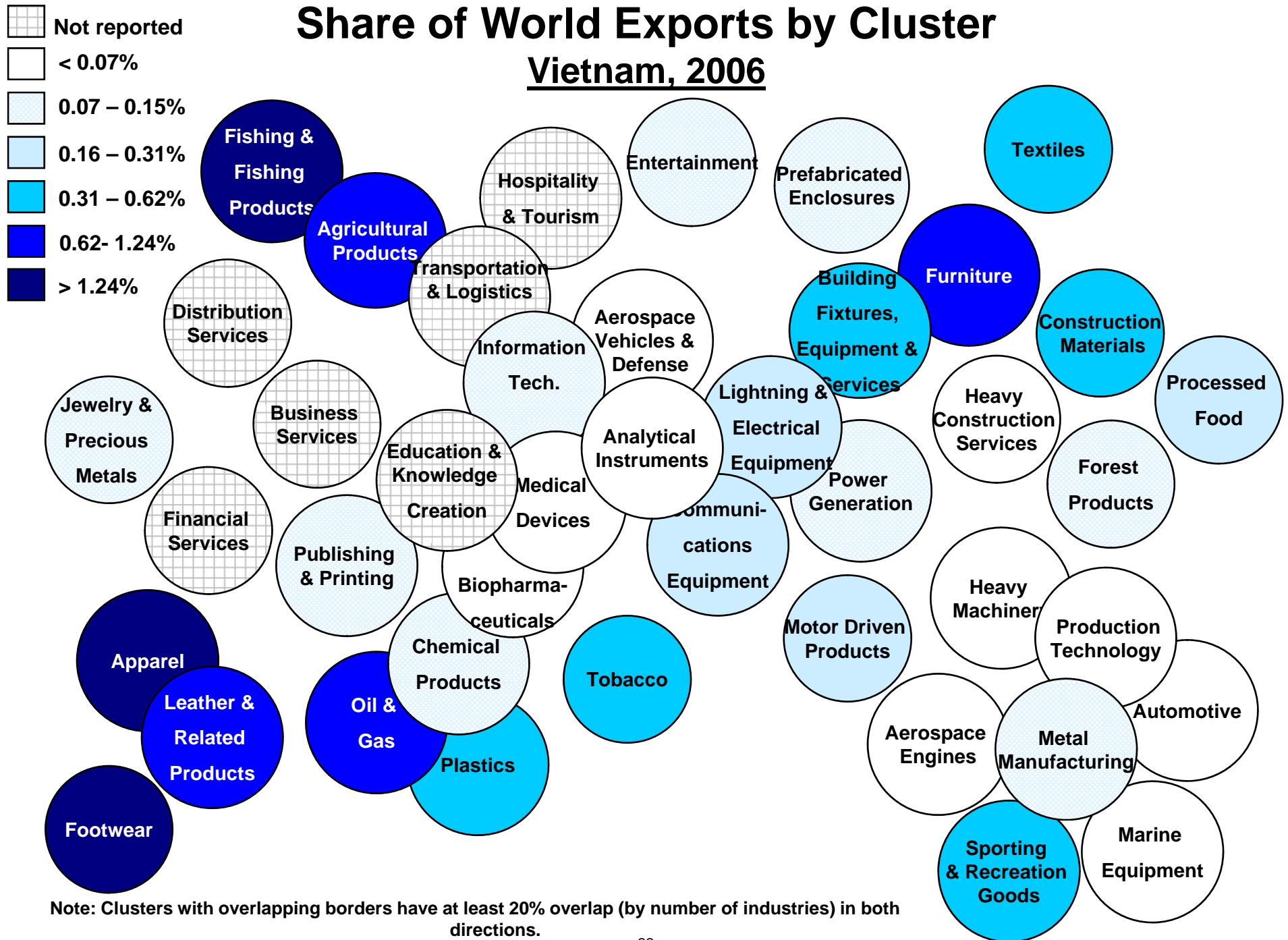
# Share of World Exports by Cluster

## Vietnam, 2000

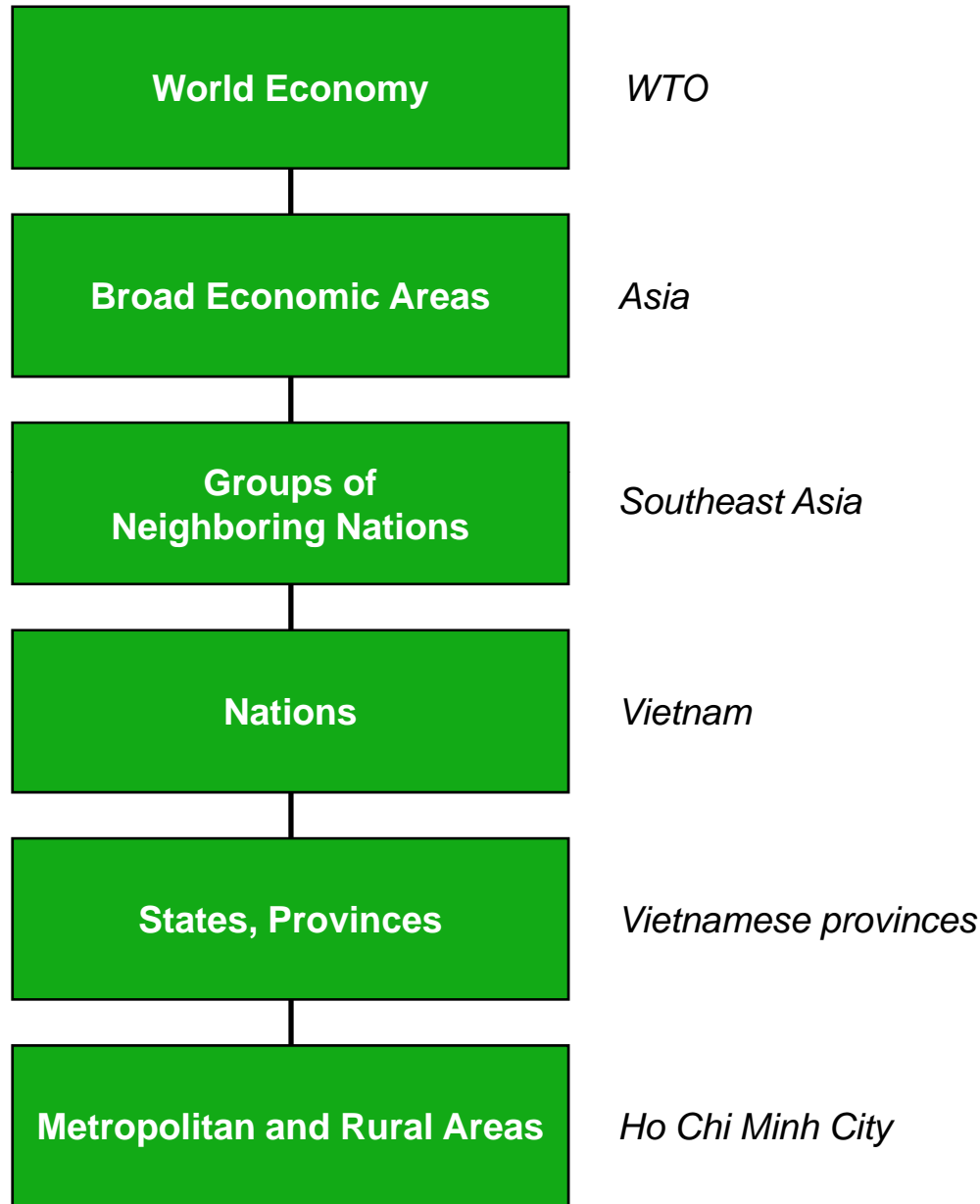


# Share of World Exports by Cluster

## Vietnam, 2006



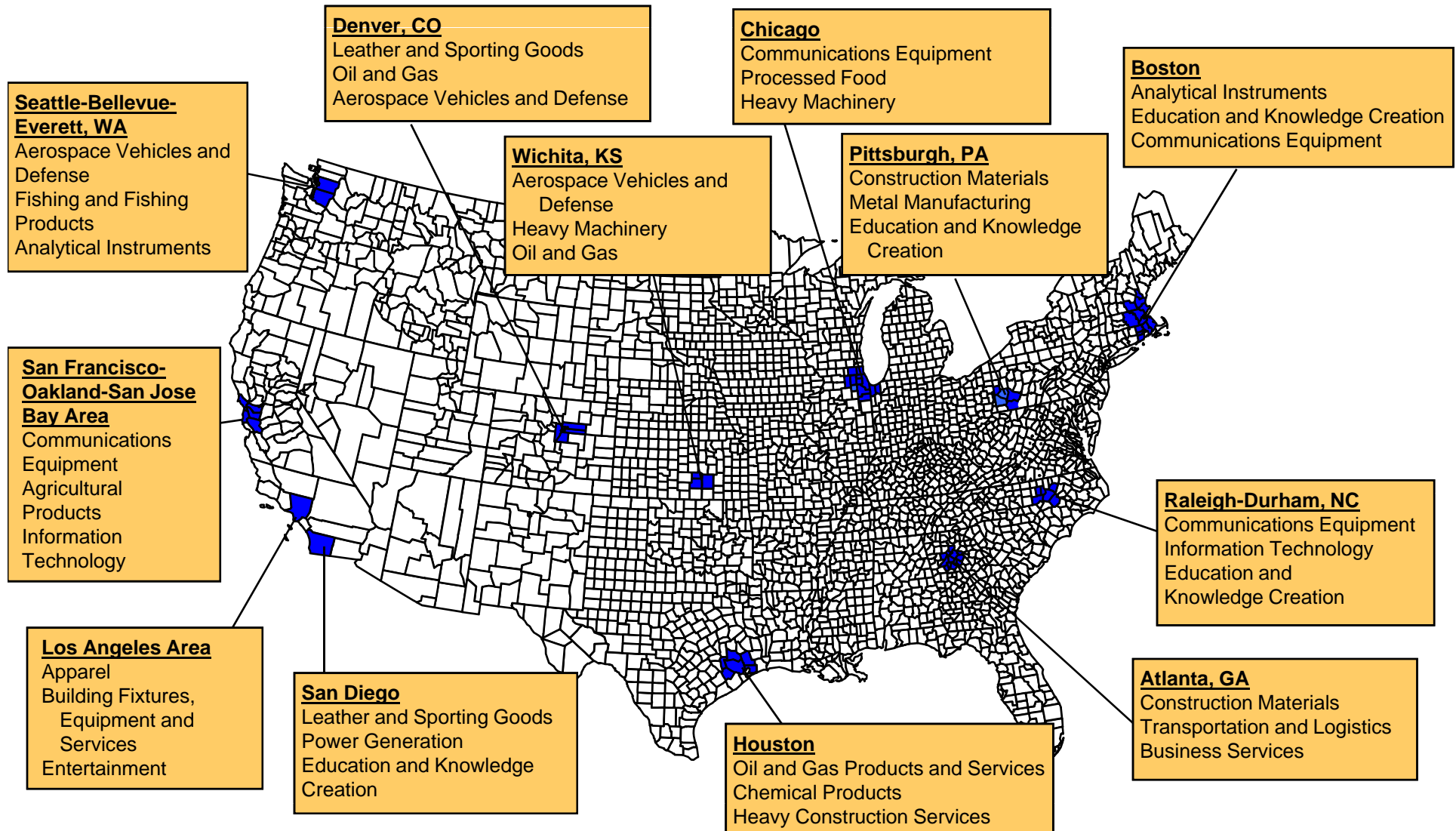
# Geographic Levels and Competitiveness



- The business environment at a given location is the cumulative outcome of policy at **all geographic levels**
- Many competitiveness drivers occur at **the regional and local level**
- The **allocation of competitiveness responsibilities** across geographic levels is a crucial policy challenge

# Specialization of Regional Economies

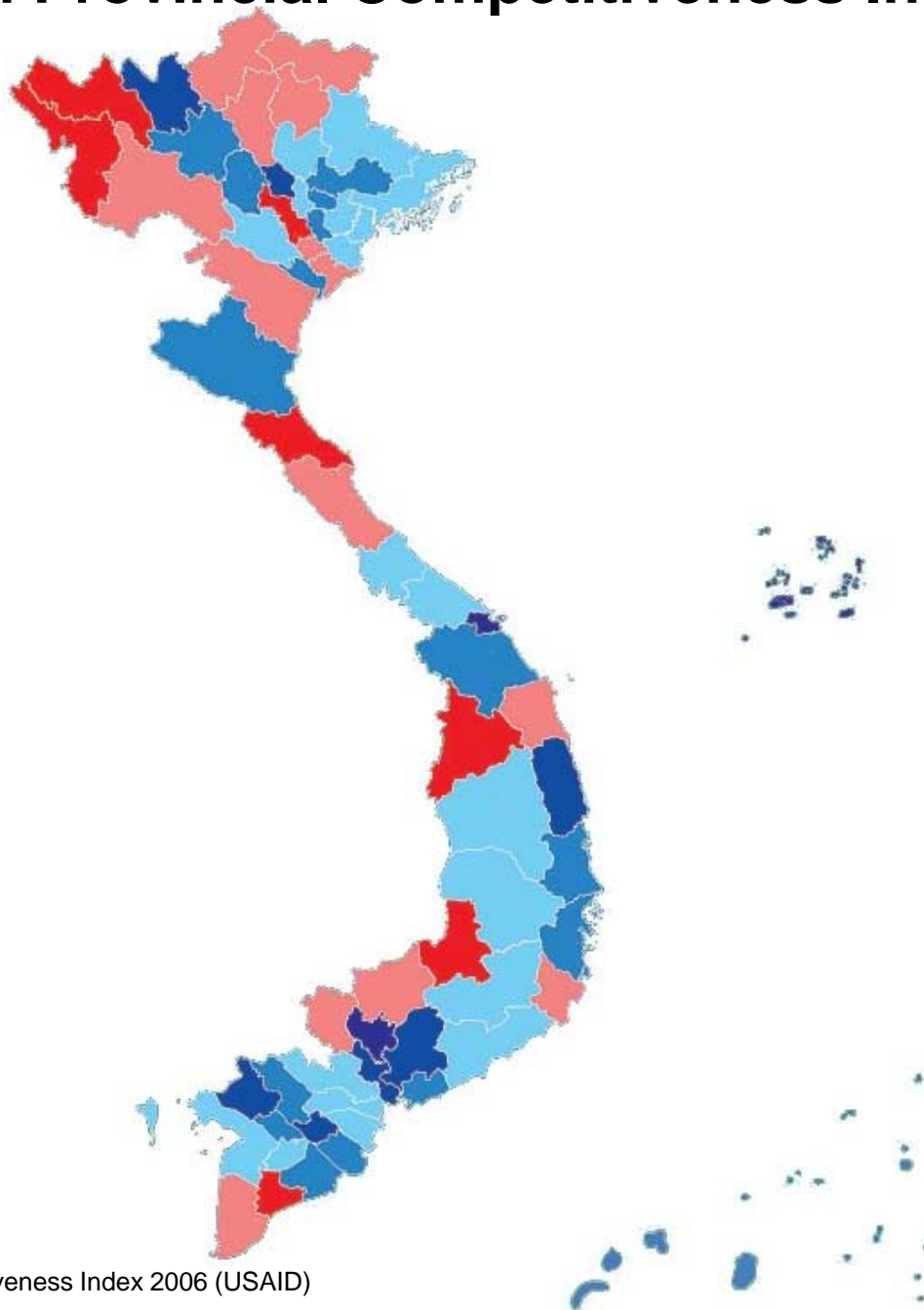
## Selected U.S. Geographic Areas



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, 11/2006.

# Vietnam Provincial Competitiveness Index, 2006



Source: Vietnam Provincial Competitiveness Index 2006 (USAID)  
20081201 - Vietnam CAON.ppt

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# The Neighborhood

## Southeast Asia



- Vietnam has a central position between ASEAN and China

# Economic Coordination Among Neighbors

## Enhancing Productivity

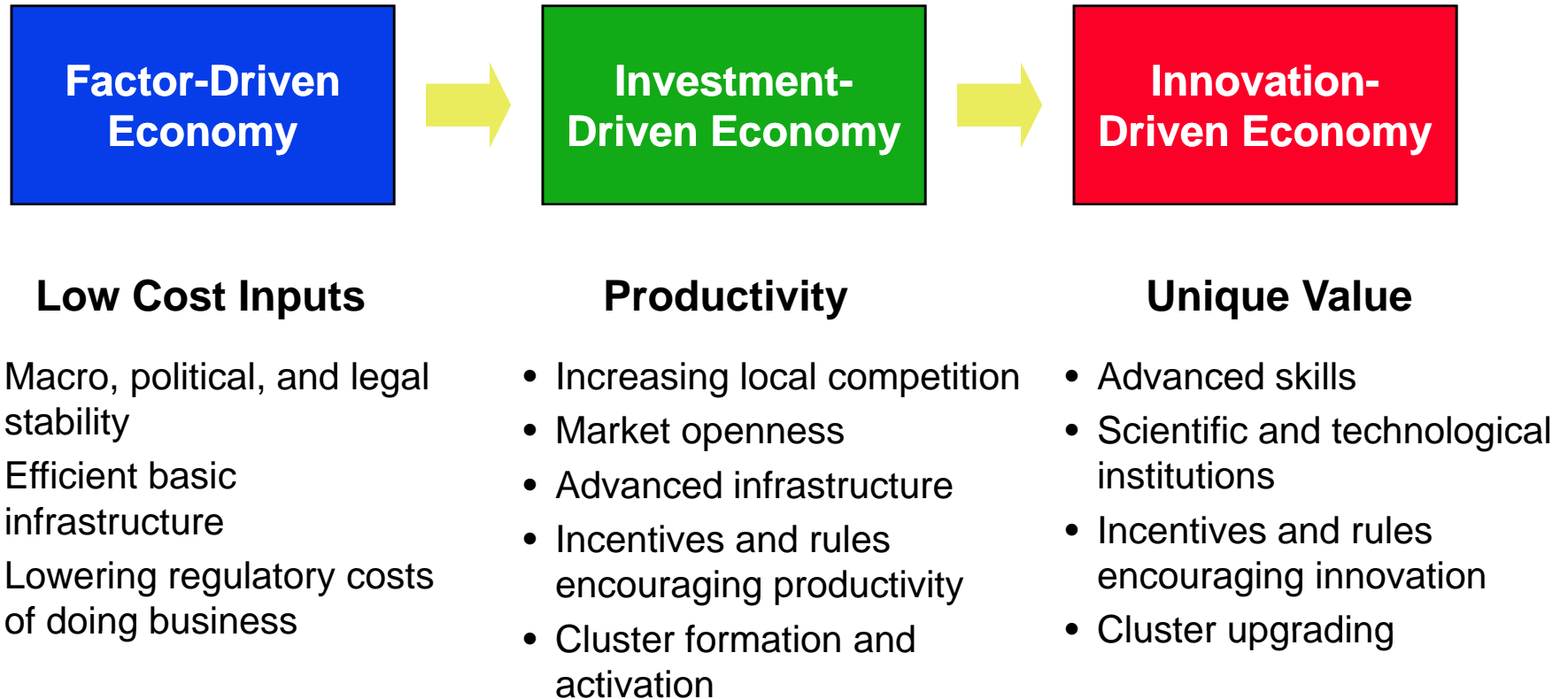
Factor (Input) Conditions	Context for Strategy and Rivalry	Demand Conditions	Related and Supporting Industries	Macroeconomic Competitiveness	Regional Strategy & Governance
<ul style="list-style-type: none"> <li>Improving regional <b>transportation infrastructure</b></li> <li>Creating an efficient <b>energy</b> network</li> <li>Enhancing regional <b>communications</b> and <b>connectivity</b></li> <li>Linking <b>financial markets</b></li> <li>Opening the movement of students for <b>higher education</b></li> <li>Harmonizing administrative <b>requirements</b> for businesses</li> </ul>	<ul style="list-style-type: none"> <li>Eliminating <b>trade and investment barriers</b> within the region</li> <li>Simplifying and harmonizing <b>cross-border</b> regulations and paperwork</li> <li>Coordinating <b>anti-monopoly</b> and <b>fair competition policies</b></li> </ul>	<ul style="list-style-type: none"> <li>Harmonizing <b>environmental standards</b></li> <li>Harmonizing product <b>safety standards</b></li> <li>Establishing reciprocal <b>consumer protection laws</b></li> <li>Opening <b>government procurement</b> within the region</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating <b>cross-border cluster upgrading</b>, e.g.               <ul style="list-style-type: none"> <li>– Tourism</li> <li>– Agribusiness</li> <li>– Transport &amp; Logistics</li> <li>– Business services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Coordinating programs to improve <b>public safety</b></li> <li>Coordinating <b>macro-economic</b> policies</li> </ul>	<ul style="list-style-type: none"> <li>Creating a regional marketing program</li> <li>Sharing <b>best practices</b> in government operations</li> <li>Creating regional <b>institutions</b> <ul style="list-style-type: none"> <li>– Dispute resolution mechanisms</li> <li>– Regional development bank</li> </ul> </li> <li>Developing a regional negotiating position with <b>international organizations</b></li> </ul>

# Agenda

- **Understanding Vietnam's Economic Performance**
- **Assessing Vietnamese Competitiveness**
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# Stages of National Competitive Development

## Shifting Policy Imperatives



# Competitiveness Action Agenda: Key Priorities

## ***Continue Existing Efforts***

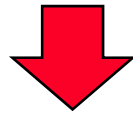
- Reduce corruption
- Improve infrastructure
- Deepen financial market reforms
- Impose regulatory attractiveness

## ***Fundamental Reform***

- Human resource development at all levels
- Reform of SOEs
- Cluster development

# Reducing Corruption

- The government has repeatedly committed itself towards **reducing corruption**; and some action has been taken
- Evidence reveals **little progress**



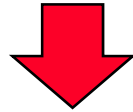
- Vietnam needs to target corruption as a crucial barrier for growth and design an **integrated strategy** to tackle its occurrence

## ***Action priorities***

- Reduce the potential for corruption through simplified **regulations**, use of modern **information technology**, and improved **SOE governance/ privatization**
- Set clear **guidelines** and **reporting requirements** for management of SOEs
- Demonstrate a **commitment for transparency**, including support for a strong press

# Improving Infrastructure

- Significant **infrastructure investments** have been made in recent years
- Evidence on their **impact** is mixed at best. There is significant duplication of efforts and companies complain about serious bottlenecks



- Vietnam needs to better **target infrastructure investments** to meet the needs of its growing economy

## ***Action priorities***

- Establish a **national fund** for key infrastructure projects to be implemented under the supervision of the Prime Minister's office
- Utilize **matching funds incentives** to improve effectiveness of investments by provincial governments
- Create a **public-private council** to advise on spending priorities

# Deepening Financial Markets

- Vietnam has made **clear progress** on opening up financial markets, more recently also to foreign companies as part of the WTO agreement
- But the weakness of Vietnam's **financial markets** even before the global crisis, and the **financing constraints** faced by private companies, indicate that serious challenges remain



- Vietnam needs to develop a **modern regulatory and institutional structure** to enable an effective financial system

## ***Action priorities***

- Continue opening **financial markets** in line with WTO commitments
- Create an effective, independent **financial regulator**, using outside help as needed
- Establish a **development bank** to develop financing tools for private SMEs

# Regulatory Reform

- Regulatory reform has been on the Vietnamese **policy agenda** for some time, especially over the last five years
- Despite some progress, the overall **regulatory burden** on businesses and citizens remains high with no clear societal benefits



- Vietnam needs a **fundamentally new approach** to regulatory reform and assessment of new regulations

## ***Action priorities***

- Aggressively pursue the work on **regulatory reform** initiated with foreign donors
- Improve **institutional capacity** to evaluate and administer regulations, not just the rules themselves
- Include an obligatory assessment of the **administrative burden on business** in the process of introducing new laws and regulations

# Human Resource Development

## Basic education

- Enrolment rates have increased significantly but **quality is low** and skills fail to meet **company needs**
- Vietnam needs to dramatically improve educational quality, through setting **standards**, **improving curricula**, and **involving the private sector** in governance

## Vocational training

- Vietnam lacks a **skills training system**
- Companies have launched own **training efforts** to address skill bottlenecks
- Vietnam needs a clear program for **cluster-based workforce development**

## Higher education

- The number of universities has increased but **quality is low** and **skills do not match** company needs
- Higher university education **standards** must be set and enforced, drawing on international experts
- Vietnam needs to develop a plan and enabling institutions for **assimilation of global technology**

# Restructuring of State Owned Enterprises

- The government has an explicit policy to promote private enterprise but there is deep-seated **ambivalence towards privatization**
- Without a thorough reform of the SOE sector, there is little hope for Vietnam to reach the **next level of economic development**

## SOE governance

- Create independent **boards of directors**
- Implement **transparent financial reporting**
- Define clear **financial objectives**
  - Set corporate charters

## Competition in markets with SOEs

- Remove existing trade, investment, and artificial entry **barriers protecting SOEs**
- Establish strong, independent **regulatory bodies**
- Support start-ups and spin-offs from SOEs

## Privatization

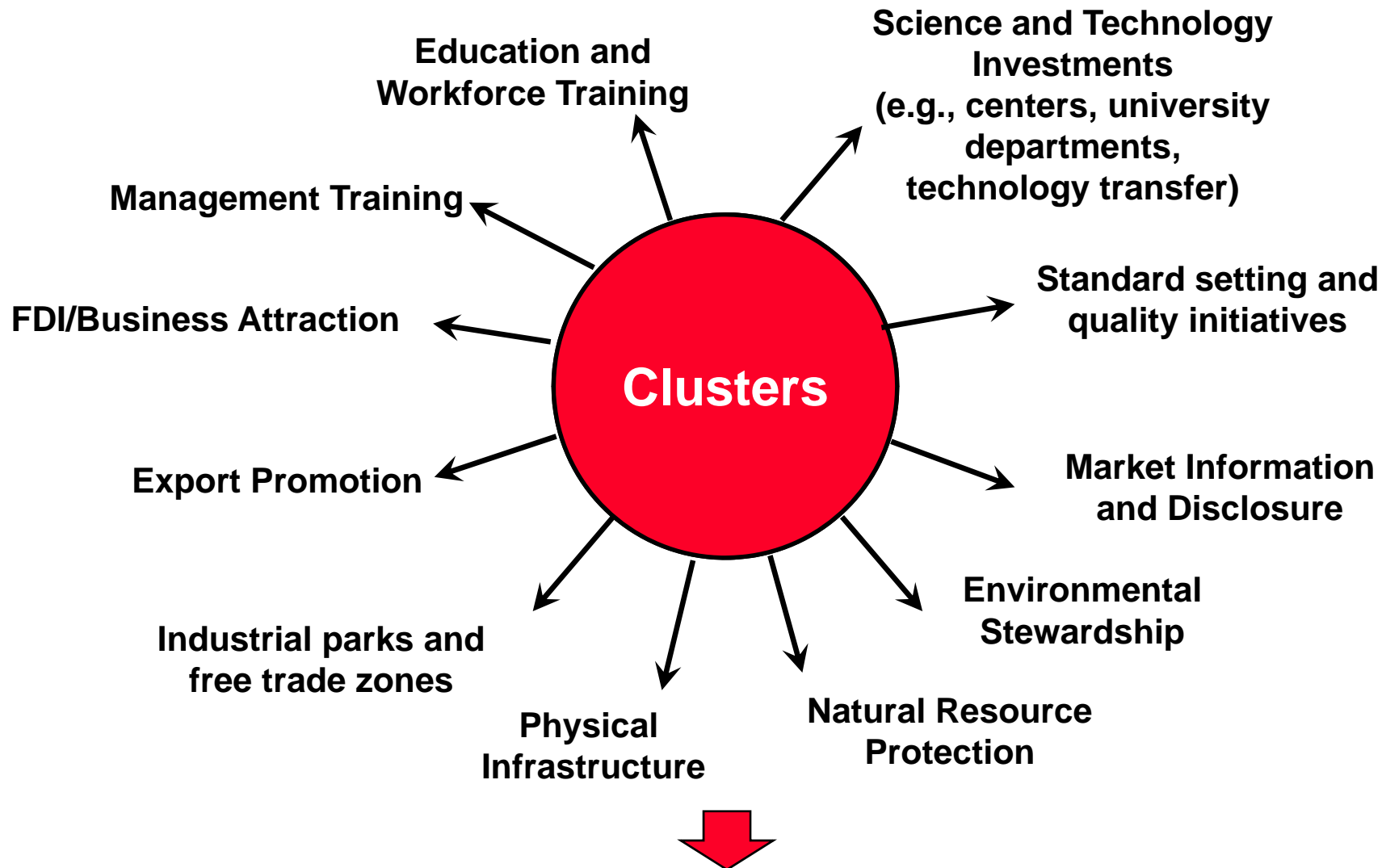
- Create clear **legal conditions** for privatization
- Define **explicit objectives** for privatization process
- Create a **dedicated structure** for implementing privatization

- The creation of SOE groups is **not a solution** and can exacerbate problems if no other reforms are being implemented

# Cluster Development in Vietnam

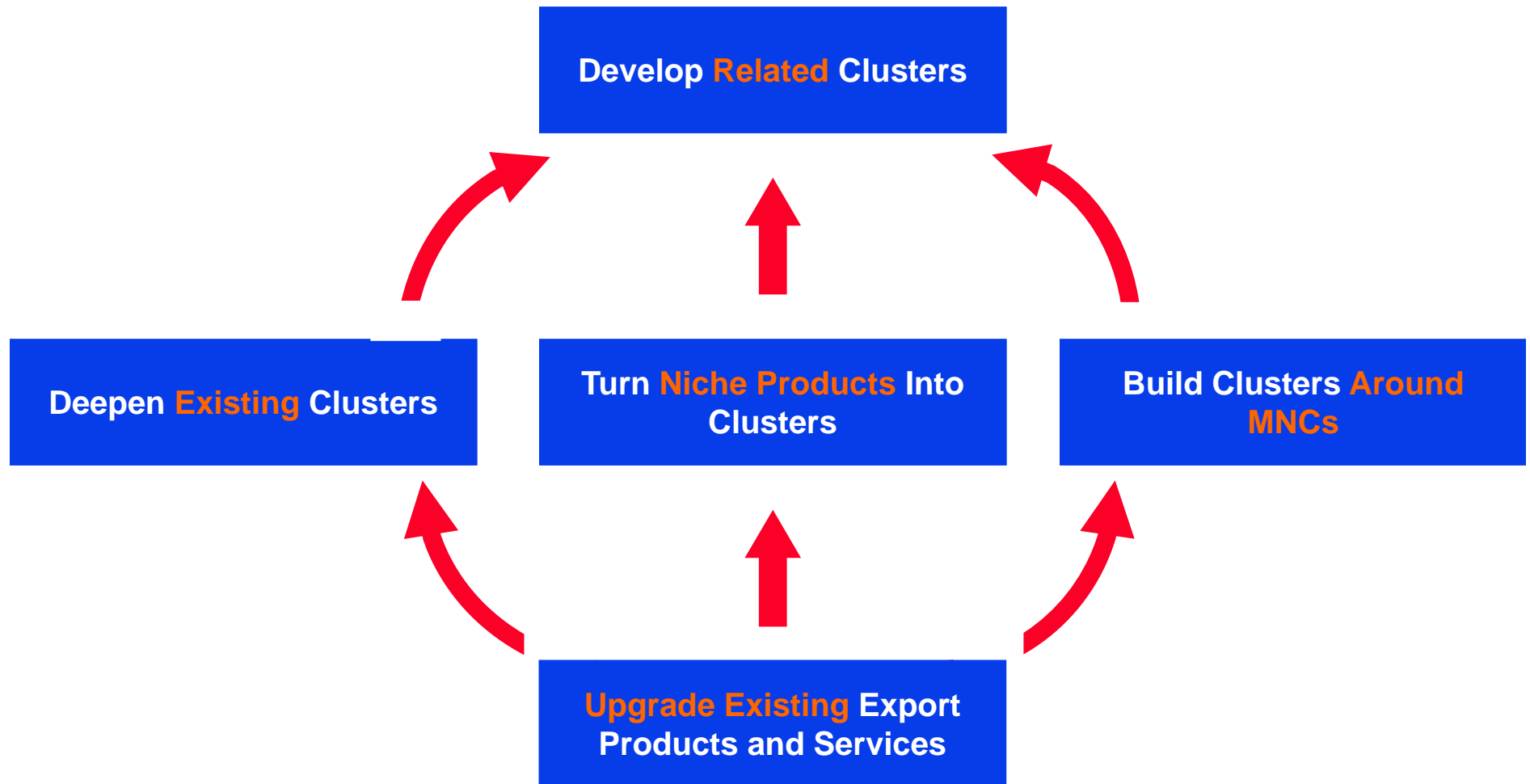
- Vietnam's clusters currently tend to be **narrowly focused** on individual products
- There is **limited collaboration** among companies, suppliers and other institutions
  - Some clusters, like coffee, have the potential to significantly increase their performance if they adopt a **collaboration approach**
- Cluster-based development thinking is crucial in improving the **delivery of other economic policies**
  - Workforce skill development around clusters
  - FDI attraction/industrial zones around clusters
  - Cluster-based regional development initiatives
  - Quality and technology transfer organization for each cluster
- Policy should upgrade **all** existing and emerging clusters, not choose among them

# Clusters and Economic Policy



- Clusters provide a framework for **implementing public policy** and **organizing public-private collaboration** to enhance competitiveness

# Clusters and Economic Diversification



# Upgrading Vietnamese Niche Positions, 2006

Cluster	Cluster World Export Share	Subcluster	Industry	Industry Share of World Exports	Change in Share (1997-2006)	Export Value (in \$thousands)
Plastics	0.490%	Rubber	Natural rubber, balata and similar natural gums	7.82%	3.40%	\$ 1,137,205
		Plastic Waste	Reclaimed unhardened rubber; waste	1.88%	1.87%	\$ 6,084
		Plastic Products	Plastic sacks, bags	1.55%	0.65%	\$ 150,234
		Rubber	Synthetic rubber	1.13%	1.13%	\$ 143,316
Sporting, Recreational and Children's Goods	0.361%	Motorcycles and Bicycles	Parts of other motorcycles	1.42%	1.22%	\$ 60,962
		Motorcycles and Bicycles	Bicycles and other cycles, non-motorized	1.27%	-1.56%	\$ 49,628
Communications Equipment	0.284%	Specialty Office Machines	Parts for calculating, accounting machines	23.04%	23.04%	\$ 444,384
		Electrical and Electronic Components	Insulated wire, cable and conductors	1.07%	0.72%	\$ 705,725
Processed Food	0.260%	Specialty Foods and Ingredients	Starches, inulin and gluten	7.93%	6.23%	\$ 148,445
		Food Products Machinery	Distilling, rectifying plant	2.64%	2.64%	\$ 19,449
		Specialty Foods and Ingredients	Vegetable saps, extracts	0.90%	0.50%	\$ 9,193
		Dairy and Related Products	Milk, concentrated or sweetened	0.84%	-0.22%	\$ 89,315
		Specialty Foods and Ingredients	Yeasts	0.81%	0.27%	\$ 7,962
		Specialty Foods and Ingredients	Homogenized food preparations	0.76%	0.59%	\$ 4,888
Lighting and Electrical Equipment	0.256%	Glass	Drawn, float, cast glass, worked	6.39%	6.37%	\$ 78,185
		Electrical Parts	Other inductors	3.20%	2.86%	\$ 137,477
		Electrical Parts	Other electric transformers	1.17%	0.68%	\$ 63,386
Motor Driven Products	0.156%	Motors and Generators	Electric motors<=37.5w	1.88%	1.15%	\$ 150,425
		Appliances	Sewing machines and parts	1.21%	0.26%	\$ 45,749
Entertainment and Reproduction Equipment	0.125%	Audio Equipment	Loudspeakers, unmounted	1.41%	1.40%	\$ 39,964
		Audio Equipment	Electric sound amplifiers	1.07%	1.07%	\$ 8,745
Information Technology	0.121%	Peripherals	Input or output units	1.01%	1.01%	\$ 653,740
		Electronic Components and Assemblies	Printed circuits	0.36%	-0.43%	\$ 85,738
Analytical Instruments	0.047%	Electronic Components	TV picture tubes, CRTs	1.26%	1.23%	\$ 53,690
		Electronic Components	Other electronic valves, tubes	0.35%	-0.50%	\$ 12,186
		Process Instruments	Gas meters	0.34%	0.34%	\$ 1,415
Production Technology	0.046%	Fabricated Plate Work	Steam generating boilers, super-heated water boilers; a	1.35%	1.35%	\$ 53,010
		Process Equipment Components	Articulated link chain and parts	0.45%	0.31%	\$ 7,292
		Machine Tools and Accessories	Cutting blades for machines	0.42%	0.38%	\$ 7,501

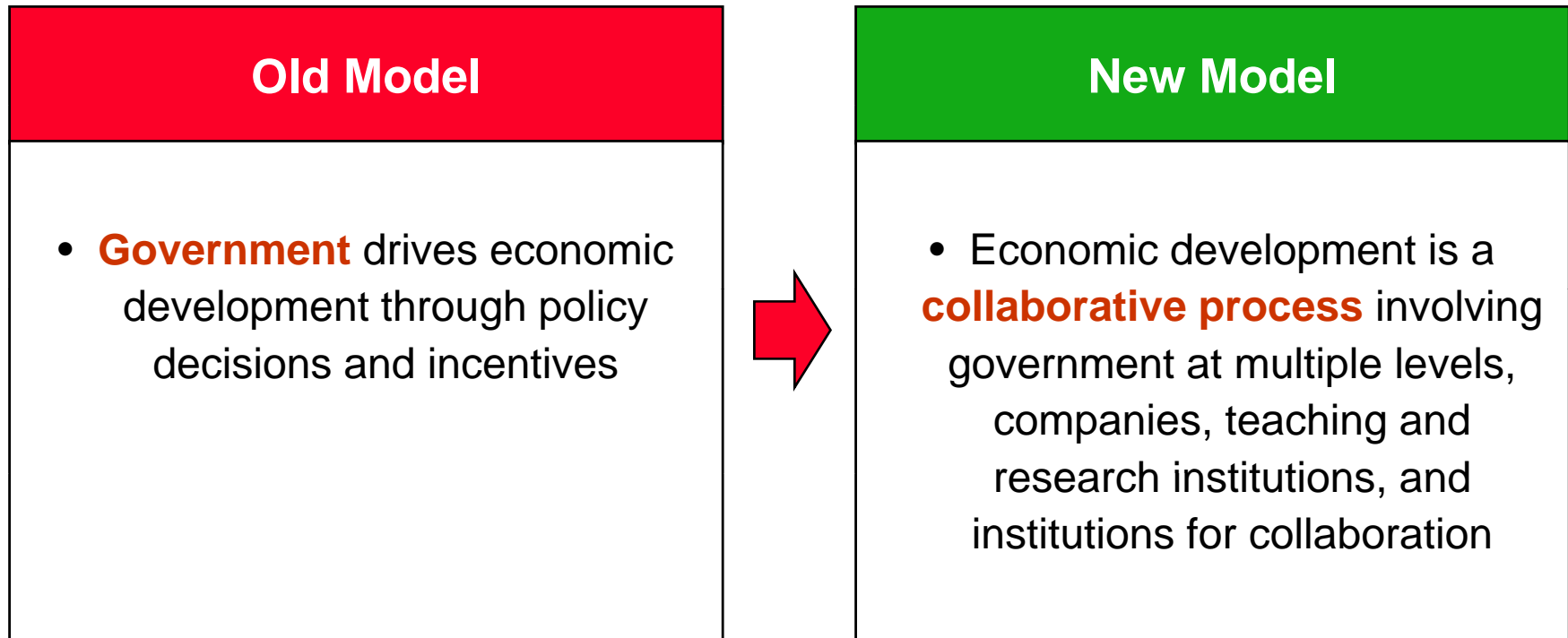
Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database.

# Agenda

- **Understanding Vietnam's Economic Performance**
- **Assessing Vietnamese Competitiveness**
- **Identifying Action Priorities**
- **Organizing for Competitiveness**
- **Creating an Economic Strategy**

# The Process of Economic Development

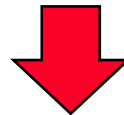
## Shifting Roles and Responsibilities



- Competitiveness must become a **bottoms-up process** in which many individuals, companies, and institutions take responsibility
- **Every** community and cluster can take steps to enhance competitiveness

# Government and the Process of Economic Development

- Competitiveness is affected by a **myriad of government entities**
  - Multiple agencies and departments (e.g. finance, trade, education, science and technology, commerce, regional policy, energy, agriculture)
  - Multiple **levels** of government (nations, states, cities, etc.)
  - Intergovernmental relations with **neighboring countries** affect competitiveness
- Competitiveness is **rarely the sole agenda** of any government agency



- **Coordinating structures** are needed that brings together the ministries and departments necessary to formulate and implement an economic strategy
- Explicit mechanisms are needed to **engage the private sector** in dialog about policy priorities and implementation progress

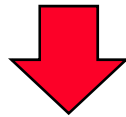
# Organizing for Competitiveness in Vietnam

## Recommendations

- Create effective, independent **regulatory organizations**
- Improve **economic policy** at the provincial level
- Improve mechanisms for **public-private** discussion and collaboration
- Enhance **strategic planning and program management capacity** in the central and provincial governments
- Develop a **national economic strategy process** to guide priorities in improving the business environment

# Regional Development in Vietnam

- Vietnam's provinces are developing at **different rates**; prosperity levels between the richest and poorest regions differs greatly
- Political power and responsibility for economic development has been **decentralized** to the provinces, who apply to the national government for funds
- Provinces have adopted **unfocused growth strategies** with much duplication and little specialization across provinces
- Provinces have **insufficient technical capacity** for policy design and implementation



- Each province should be charged with developing an economic plan based on its **unique strengths and potential**
- Each province should be expected to **publicly report** on implementation

# Competitiveness Institutions

- **Economic strategy unit** in the Prime Minister's office
  - Regularly updating on progress
  - Lead a formal planning and program management process involving all agencies
- Public-private **competitiveness council**
- Vietnam **Competitiveness Institute**
  - To conduct analyses, benchmark vs. other countries, and train government leaders
  - Joint national and provincial
- Enhanced role of **business associations**

# Agenda

- **Understanding Vietnam's Economic Performance**
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- **Integrating Corporate Social Responsibility**

# Defining an Economic Strategy

## National Value Proposition

- What is the **unique competitive position of the** nation or region given its location, legacy, and existing and potential strengths?
  - What roles with neighbors, the region, and the broader world?
  - What unique value as a business location?
  - For what types of activities and clusters?

## Developing Unique Strengths

- What **elements of context** and the **business environment** are crucial priorities?
- What **existing** and **emerging clusters** should be developed first?

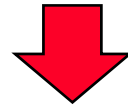
## Achieving and Maintaining Parity with Peers

- What **weaknesses** must be addressed to achieve parity with peer countries?

- **Priorities** and **sequencing** are a necessity in economic development

# The Need for an Economic Strategy

- The Vietnamese government follows largely an **evolutionary and reactive approach** in response to crises and specific problems
- **Foreign aid inflows** are fragmented and driven by donor-priorities
- This approach has been successful in achieving success in factor-based economic development, but will be **insufficient to move to a new stage**



- Government needs leads in a broad-based discussion on a **new economic strategy** that sets priorities for improvements in the business environment and institutions
  - Internally, the government needs to increase its technical capacity to support such a strategic dialogue, for example through a **strategy unit in the Prime Minister's office**