



CENTER FOR SOUTHEAST ASIAN STUDIES

IISPP
INSTITUTE FOR INTERNATIONAL
STUDIES AND PUBLIC POLICY

CSEAS ANALYSIS



www.rupp.edu.kh/iispp/cseas

CSEAS Analysis #18/October 2024

Vietnam's Strategic Ascent: Attracting Foreign Investment and Elevating Its Global Electronics Position

Chhun Phalanady and Neak Chandarith

Introduction

Vietnam has rapidly emerged as a pivotal hub for foreign direct investment (FDI), particularly within the electronics industry, which has become a cornerstone of its economy. This transformation is driven by factors such as competitive wage levels, a conducive business environment, and Vietnam's strategic integration within global supply chains. As the electronics sector now accounts for approximately 30% of the country's total exports, its significance to national economic growth cannot be overstated. Recent data from the Industry Agency under the Ministry of Industry and Trade indicates that electronics exports reached USD 114 billion, reflecting a robust 6% year-on-year growth.¹

The influx of multinational corporations such as Apple, Samsung, LG, and Foxconn underscores Vietnam's attractiveness as a manufacturing destination. Notably, LG's relocation of smartphone production from South Korea to Hai Phong exemplifies this trend, propelling Vietnam to 12th

¹ VietNamNet News. "Breakthrough Policies Needed to Develop Vietnam's Electronics Industry." *VietNamNet News*, February 25, 2023.
<https://vietnamnet.vn/en/breakthrough-policies-needed-to-develop-vietnam-s-electronics-industry-2113783.html>

place in global electronics export rankings.² In 2020, the country not only ranked among the top twelve in global electronics exports but also became the second-largest exporter of mobile devices after China, with the semiconductor industry projected to grow from USD 5.58 billion in 2023 to USD 6.16 billion.³

This analysis explores Vietnam's strategic approach to becoming a global economic hub through a detailed examination of its electronics sector and integration into international trade networks. By analyzing policies such as Đổi Mới and key trade agreements like the CPTPP and EVFTA, this paper will assess how Vietnam has attracted significant FDI, particularly in high-tech industries, and how it is positioning itself to ascend the value chain amidst evolving global economic dynamics. Ultimately, this investigation will elucidate Vietnam's competitive position in the global economy and its prospects for sustained growth within the electronics manufacturing sector.

Contextual Background

Economic Policies & Trade Agreements

The Đổi Mới policy, introduced in 1986, laid the foundation for Vietnam's transformation into an open, market-oriented economy, facilitating its integration into global trade networks. Vietnam has further enhanced its role in global supply chains through subsequent trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA). These agreements, with tax incentives and simplified regulatory frameworks, have made Vietnam an attractive destination for foreign direct investment (FDI), particularly in high-tech industries like electronics.⁴

²Trinh Nguyen, "Vietnam's Electronics Industry: A Guide to Emerging Opportunities," Vietnam Briefing News, October 19, 2023,

<https://www.vietnam-briefing.com/news/vietnams-electronics-industry-guide-emerging-opportunities.html/>.

³PANO, "Vietnam Listed Among Top 12 Largest Electronic Exporters in the World," trans. Oanh Quynh, People's Army News Paper, May 16, 2022

<https://en.qdnd.vn/economy/news/vietnam-listed-among-top-12-largest-electronic-exporters-in-the-world-541162>;

VNA/VLF, "Human Resources Training for Semiconductor Industry – Vietnam's Top Priority," *Vietnam Law & Legal Forum*, October 8, 2024,

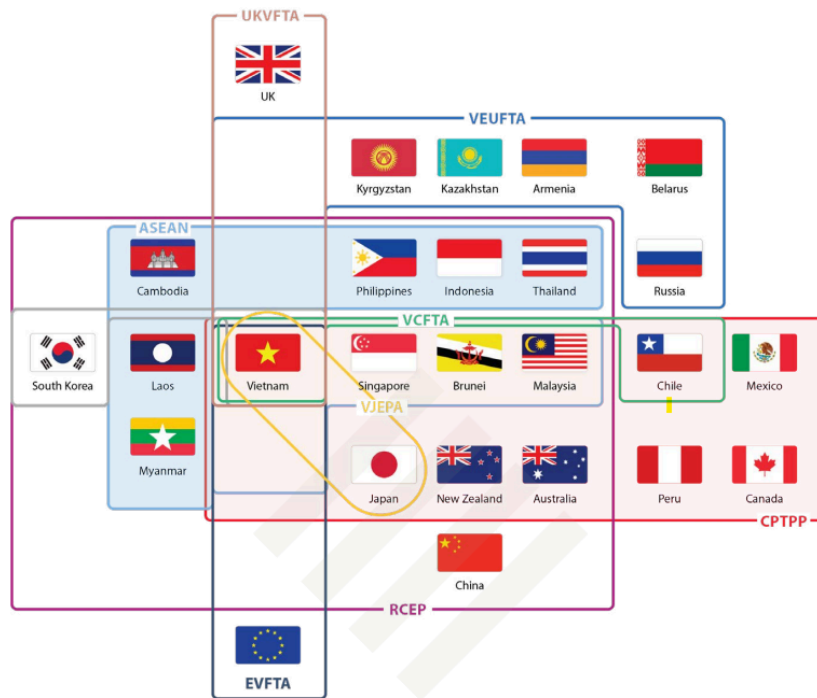
<https://vietnamlawmagazine.vn/human-resources-training-for-semiconductor-industry-%E2%80%93-vietnams-top-priority-72335.html>.

⁴Marco Förster and Dezan Shira & Associates, "Why Invest in Vietnam," Vietnam Briefing, n.d.,

<https://www.vietnam-briefing.com/doing-business-guide/vietnam/why-vietnam>.

Vietnam is positioning itself as a competitive player in the global electronics market through various incentives—such as tax breaks for R&D investments and support for high-tech industrial zones. These policies have attracted major corporations like Samsung, LG, and Foxconn, who have established significant manufacturing operations in Vietnam. By aligning its industrial strategy with global trends, the government aims to move Vietnam up the value chain, focusing on key areas such as semiconductor production and advanced electronics components. This strengthens Vietnam’s role in global value chains and ensures long-term competitiveness by fostering innovation and reducing reliance on external technologies.⁵

Exhibit 1: Vietnam’s Position at the Center of Global FTA Networks



*Vietnam's position at the center of global FTA networks
Free Trade Agreement Integration Parameter, D. Business Environment Tier, Emerging Asia Manufacturing Index 2024*

Source of Image:

https://agora.mfa.gr/inf/files/2510_702%20EAMI-2024-Report-Navigating-Asia-s-Industrial-Landscape-in-2024%20cn.pdf

⁵ “Breakthrough Policies Needed to Develop Vietnam’s Electronics Industry,” *VietNamNet News*, February 25, 2023, accessed April 10, 2024, <https://vietnamnet.vn/en/breakthrough-policies-needed-to-develop-vietnam-s-electronics-industry-2113783.html>

Vietnam's growing diplomatic influence has propelled it to 12th place in the 2020 Asia Power Index by the Lowy Institute.⁶ Furthermore, Vietnam has become a signatory to 16 free trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP), the region's largest trading blocs. Notably, the EU-Vietnam Free Trade Agreement (EVFTA) has played a pivotal role in eliminating most import tariffs on consumer goods from non-EU countries, which averaged 8.9% in 2018. Key export destinations for Vietnam include China, the United States, and South Korea, with significant exports comprising phones, televisions, cameras, and electronic integrated circuits.

Role of International Trade Tensions

For a small country, it is imperative for Vietnam to carefully observe and analyze the strategic adjustments made by major global powers as they shape their policies. The Political Report of the 13th National Party Congress emphasizes Vietnam's commitment to its longstanding foreign policy principles of independence, self-reliance, diversification, and multilateralism.

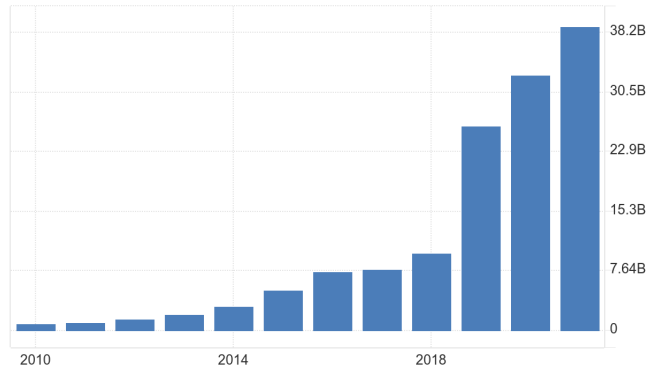
Amidst the escalating strategic competition between the United States and China, Vietnam has become a highly sought-after manufacturing location. Several major electronics firms have relocated at least part of their supply from China to Vietnam in recent years. For example, for the first time, Apple has shifted its New Production Innovation (NPI) resources to Vietnam for a core device (iPad), which entails collaborating with Vietnamese suppliers on new product design and development. This prevents over-reliance on a single source and China's strict zero-tolerance policies regarding COVID-19.⁷ This situation resulted in a notable increase in Vietnamese exports of electrical and electronic equipment to the United States, amounting to USD 38.97 billion in 2022, as documented by the United Nations COMTRADE database.⁸

⁶ "Lowy Institute Asia Power Index 2023 Edition," Lowy Institute, accessed April 10, 2024, <https://power.lowyinstitute.org>

⁷ Ting-Fang Cheng and Lauly Li, "Apple to Move Key iPad Engineering Resources to Vietnam," *Nikkei Asia*, December 8, 2023, accessed April 10, 2024, <https://asia.nikkei.com/Spotlight/Supply-Chain/Apple-to-move-key-iPad-engineering-resources-to-Vietnam>

⁸ United Nations COMTRADE database. "Vietnam Exports of electrical, electronic equipment to United States -2024 Data 2025 forecast 2000-2022 historical." TRADING ECONOMICS. Accessed April 5, 2024. <https://tradingeconomics.com/vietnam/exports/united-states/electrical-electronic-equipment>

Exhibit 2: Vietnam’s Export of Electrical and Electronic Equipment to the United States (2022)



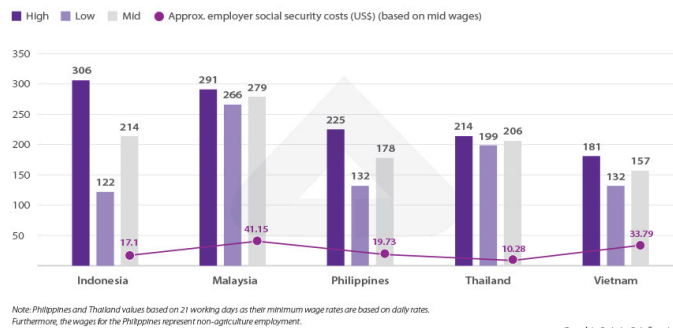
Source of Graph: <https://tradingeconomics.com/vietnam/exports/united-states/electrical-electronic-equipment>

Wage Competitiveness & Labor Market

Low Wage Compared to Other ASEAN Countries & China

Vietnam's competitive edge in the labor market is largely due to its low wage structure compared to other ASEAN countries and China. As of 2022, Vietnam's minimum wage is approximately \$157 monthly, one of the lowest in ASEAN. This makes the country an attractive foreign direct investment (FDI) destination, particularly in labor-intensive sectors like the electronics industry. Despite relatively low wages, Vietnam maintains a strong workforce capable of handling the demands of labor-intensive manufacturing, offering multinational corporations a cost-effective production environment.⁹

Exhibit 3: Monthly Minimum Wages in ASEAN (USD) in 2022



Source of Graph:

<https://www.vietnam-briefing.com/news/assessing-vietnams-labor-market-and-payroll-considerations.html/>

⁹ Dezan Shira & Associates, “Assessing Vietnam’s Labor Market and Payroll Considerations,” Vietnam Briefing News, March 2, 2022,

<https://www.vietnam-briefing.com/news/assessing-vietnams-labor-market-and-payroll-considerations.html/>

In contrast, labor costs in China are significantly higher, with wages in certain regions exceeding \$500 USD per month.¹⁰ This difference has made Vietnam a prime choice for manufacturers seeking to reduce costs, solidifying its position as a major manufacturing hub in the global electronics supply chain.

The ongoing trade tensions between the U.S. and China have accelerated the trend of reallocation from China to Vietnam. Companies seeking to mitigate risks associated with tariffs and rising labor costs in China have found Vietnam to be a cost-effective alternative. Moreover, labor costs in China are significantly higher, with wages in certain regions exceeding \$500 USD per month.¹¹ This difference has made Vietnam a prime choice for manufacturers seeking to reduce costs, solidifying its position as a major manufacturing hub in the global electronics supply chain.

This shift has been particularly evident in the electronics industry, where Vietnam's low labor costs and skilled workforce make it an ideal location for assembly and testing.

From 2019 to 2021, the number of workers in Vietnam's electronics industry grew from 1 million to 1.3 million, with female workers making up 60% of the workforce. The reallocation of production from China to Vietnam has contributed to this growth and strengthened Vietnam's role in global supply chains.

Potential Long-term Effects: High-Skilled Labor Supply and Low Wages

While Vietnam's low wage structure remains a key driver of its attractiveness, it has recognized the need to develop a high-skilled labor force to sustain its growth. The government has prioritized education, with 20% of its budget allocated to this sector. A significant development in this regard was Resolution 29 in 2013, which aims to link education with the labor market and promote scientific research and technology transfer. This policy reflects Vietnam's commitment

¹⁰ James Kennemer, "China Vs. Vietnam Manufacturing Guide // Vietnam and China Sourcing Pros and Cons — Cosmo Sourcing," Cosmo Sourcing, May 27, 2023, accessed April 10, 2024, <https://www.cosmosourcing.com/blog/china-vs-vietnam-manufacturing-sourcing-pros-and-cons>

¹¹

to fostering a workforce capable of taking on more advanced, high-value-added roles in the future.¹²

The government has launched new initiatives to strengthen its human capital, particularly in high-tech industries. On September 21st, 2024, Prime Minister Pham Minh Chinh signed a decision to launch Vietnam's semiconductor industry development strategy, which will run through 2030, with a vision extending to 2050. The strategy is symbolized by the formula $C = SET + 1$, where C represents Chips, S stands for Specialised, E for Electronics, T for Talent, and +1 signifies Vietnam's emergence as a secure and reliable global semiconductor supply chain hub.¹³

The government's goal is to train 50,000 engineers and graduates in the semiconductor field by 2030 and grow this number to over 100,000 by 2040. Major IT firms like Viettel, VNPT, and FPT are expanding their research and production capacities to support this endeavor. Moreover, Vietnam plans to attract top global talent through targeted policies and incentives, ensuring the availability of skilled professionals to support its growth in the semiconductor sector.¹⁴

This focus on human capital development is critical for Vietnam's future. The country seeks to build a robust high-tech workforce that can complement its low-cost labor advantage. By doing so, Vietnam positions itself as a cost-effective destination for FDI and a competitive player in advanced industries like semiconductors.

Business-Friendly Environment

Minimal Bureaucracy

A major factor enhancing Vietnam's attractiveness as an investment hub is its business-friendly environment, marked by streamlined regulations and minimal bureaucracy. Vietnam is also









¹² Le Anh Vinh et al., "An Emerging Dragon: Vietnamese Education After Resolution 29," in *Education to Build Back Better* (Springer Cham, 2022), 99–123, https://doi.org/10.1007/978-3-030-93951-9_5.

¹³ Asia News Network, "Trategy Issued to Develop Vietnam's Semiconductor Industry," *Phnom Penh Post*, September 24, 2024, <https://www.phnompenhpost.com/business/strategy-issued-to-develop-vietnam-s-semiconductor-industry>.

¹⁴ Ibid

recognized for its strong economic stability and resilience, ranking second on the 2024 Emerging Asia Manufacturing Index.¹⁵ This favorable climate attracts start-ups and foreign enterprises, making Vietnam an attractive choice for investment opportunities.

Exhibit 4: Rankings by Subcategory (Tiers) of the Emerging Asia Manufacturing Ranking 2024 (1=best)

Tier	BD	CN	IN	ID	MY	PH	TH	VN
								
A Economy	5	4	2	1	7	6	8	3
B Political Risk	8	3	6	5	1	7	4	2
C Business Environment	7	8	2	6	1	5	4	3
D International Trade	8	2	7	5	3	6	4	1
E Tax Policy	6	4	7	5	3	5	1	2
F Infrastructure	7	1	5	6	3	8	2	4
G Workforce	4	7	1	5	3	2	8	6
H Innovation	8	1	4	3	2	7	6	5
Final Ranking	8	1	4	5	3	7	6	2

Source of Image:

https://agora.mfa.gr/inf/files/2510_702%20EAMI-2024-Report-Navigating-Asia-s-Industrial-Landscape-in-2024%20cn.pdf

The table below highlights Vietnam's performance on the 2024 Index:

Exhibit 5: Vietnam's Emerging Asia Manufacturing Index 2024

Criteria	Rank	Description
Political Risk & Stability	2	Vietnam is politically stable, with a government dedicated to ensuring safety and enforcing strict laws to address terrorism and cybersecurity threats.
Business Environment	3	Vietnam offers a favorable regulatory environment and operational conditions, highlighted by the relatively low minimum average registered capital for manufacturing and an efficient company setup

¹⁵ Marco Foster et al., "The Emerging Asia Manufacturing Index 2024," ed. Melissa Cyrill, Agora, 2024, https://agora.mfa.gr/inf/files/2510_702%20EAMI-2024-Report-Navigating-Asia-s-Industrial-Landscape-in-2024%20cn.pdf.

		process. These factors contribute to the ease of establishing businesses in the country.
International Trade	1	Vietnam's strategic location in Southeast Asia provides excellent connectivity to major markets, including the US, Europe, and other Asian regions. This positioning reduces international freight costs and enhances the country's openness to trade.
Tax Policy	2	Vietnam provides competitive corporate tax rates and offers incentives for manufacturers, further boosting its appeal to foreign investors.
Infrastructure	4	Vietnam invests heavily in infrastructure, allocating 5.7% of its GDP, the highest in Southeast Asia. However, challenges like climate change, particularly affecting water availability in Ho Chi Minh City, persist, and efforts are underway to mitigate these issues.
Workforce	6	Vietnam has a relatively small population with a high median age of 35.6, reflecting an aging demographic. However, the country's higher-than-average population growth rate helps offset this trend, making it an attractive market for manufacturing companies.

Source of Info:

<https://www.vietnam-briefing.com/store/book/navigating-asia-s-industrial-landscape-in-2024-9915.html>

The Vietnamese government's 2024 administrative reforms, which aim to reduce compliance costs by at least 10% and digitalize 70% of public services, significantly improve the electronics sector's business environment. Additionally, the Ministry of Planning and Investment (MPI) has proposed further legislative amendments to streamline procedures for high-priority sectors, including semiconductors, high technology, and research and development (R&D). The proposed "green channel" mechanism for these industries would eliminate various licensing and permitting requirements, potentially reducing administrative processing times by up to 250 days.¹⁶

These reforms, coupled with a record \$27.96 billion in public investment disbursement and \$8.2 billion in tax and fee reductions, enhance Vietnam's infrastructure and regulatory environment.

¹⁶ "Red Tape to Be Slashed for Key Projects," *Vietnam Investment Review*, September 11, 2024, <https://vir.com.vn/red-tape-to-be-slashed-for-key-projects-114285.html>.

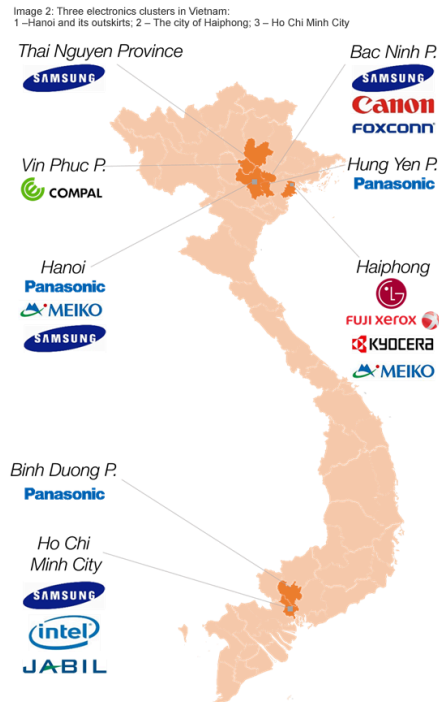
Such measures are expected to attract foreign direct investment (FDI), particularly in the high-tech and electronics industries, positioning Vietnam as a pivotal player in the global semiconductor and electronics supply chain. These initiatives foster a more efficient investment climate and contribute to the sustained growth of Vietnam’s electronics export sector.¹⁷

Clustered Effect

Over the last two decades, establishing industrial parks and special economic zones has driven Vietnam's exceptional and rapid economic growth. These areas provide various fiscal incentives, such as tax breaks and exemptions, and access to a young and dynamic workforce with competitive labor costs. These factors combine to enhance Vietnam's attractiveness as an investment hotspot.

¹⁷ “Latest Drive to Phase Out Red Tape Begins,” *Vietnam Investment Review*, February 26, 2024, <https://vir.com.vn/latest-drive-to-phase-out-red-tape-begins-109099.html>.

Exhibit 6: 3 Electronics Cluster in Vietnam



Source of Image:

<https://bdg-vietnam.com/de/about/news/details/items/vietnams-electronics-sector-development-locations/>

An illustrative case is the Northern Key Economic Region (NKER), which encompasses seven provinces: Hanoi, Hai Phong, Quang Ninh, Vinh Phuc, Bac Ninh, Hai Duong, and Hung Yen. The NKER holds strategic importance as an economic hub, particularly within the framework of the China+1 strategy. This has led to the region attracting renowned multinational corporations like Apple, Samsung, Microsoft, Canon, and Georek Vina Science and Technology. Notably, the proximity of the NKER to major Chinese manufacturing centers, such as Shenzhen, only 800 kilometers away, enables these companies to access raw materials in case of material shortages easily. As a result, the NKER has emerged as an immensely appealing destination, particularly for high-tech and environmentally focused sectors, further bolstering Vietnam's economic growth and development.¹⁸

¹⁸ Fidinam Vietnam. "Investing in Vietnam: Understanding its Industrial Parks and Special Economic Zones." Fidinam, September 7, 2023. Accessed April 5, 2024.

<https://www.fidinam.com/en/blog/vietnam-industrial-parks-and-special-economic-zones>

Investment Policy

The foreign direct investment (FDI) surge in Vietnam's electronics market can be attributed to key legislative reforms that have significantly improved the country's investment climate. The revised Law on Investment (LOI 2020), effective January 1, 2021, and Decree 31/2021 form the primary legal framework for inward and outward investments, replacing the previous 2015 Investment Law.¹⁹ These reforms, particularly relevant to the growing electronics sector, aim to enhance consistency in investment laws, improve foreign investment management, and safeguard national security.

Decree 31, critical for high-tech industries like electronics, specifies independent assessments of investment capital, machinery, and technology after a project begins operations. This helps strengthen state oversight, reduce transfer pricing and tax evasion, and clarify investor and state agency responsibilities in project management. Additionally, Decree 31 streamlines *the Capital Acquisition* process for foreign investors, allowing appraisals to be conducted by the Department of Planning and Investment (DPI) or the Management Boards of industrial and economic zones, depending on the company's location. This change simplifies licensing for companies in specialized zones, reducing complexity and overlap.²⁰

Once a Capital Acquisition is approved, foreign investors' rights and obligations are recognized after updating records with the business registration authority, including tax responsibilities and management rights. Importantly, investors are no longer required to obtain an Investment Registration Certificate for these acquisitions, further simplifying the process for pre-existing projects.

The Foreign Investment Agency (FIA), under the Ministry of Planning and Investment (MPI), plays a pivotal role in implementing these laws. The FIA enhances Vietnam's attractiveness as an FDI destination by managing investment procedures, updating policies, and facilitating foreign

¹⁹ The XIVth National Assembly of the Socialist Republic of Vietnam, "Law on Investment: 61/2020/QH14," Legal Normative Documents, June 17, 2020, <https://vbpl.vn/TW/Pages/vbpqen-toanvan.aspx?ItemID=11133>.

²⁰ "Legal Update on Decree 31/2021/ND-CP," KPMG, May 2021, <https://assets.kpmg.com/content/dam/kpmg/vn/pdf/Legal-Update/2021/Decree-31-2021-ND-CP-ENG.pdf>.

investment. Combined with the strategic direction of Resolution 50/2019, which outlines FDI goals through 2030, these reforms have made Vietnam's electronics market increasingly competitive and accessible to global investors.²¹

Challenges and Opportunities

Vietnam's electronics industry has seen remarkable growth, driven largely by foreign direct investment (FDI) and the presence of multinational corporations (MNCs). However, alongside the opportunities this growth presents, the industry faces several challenges, particularly in advancing key areas like semiconductor manufacturing and reducing its reliance on foreign-invested enterprises (FIEs).

Challenges

First, Vietnam faces critical challenges in developing its domestic electronics industry, particularly in semiconductor production. While Vietnam has long been involved in semiconductor packaging and testing for companies like Intel, a noticeable gap exists in its ability to design and manufacture integrated circuits (ICs). This lack of capacity in higher-value stages of the semiconductor supply chain, such as IC design, is largely due to a shortage of skilled labor in this highly specialized field. The existing labor force needs further development to meet the technical demands of IC production, which is essential for Vietnam to fully capitalize on the growth potential in the global semiconductor market.²²

Second, another significant challenge is the industry's heavy reliance on foreign-invested enterprises. FIEs contribute around 95% of the electronics export revenue, underscoring Vietnam's dependence on external investments for continued growth.²³ This reliance makes Vietnam vulnerable to global economic fluctuations and shifts in investment priorities by

²¹ "2022 Investment Policy and Regulatory Review," World Bank, 2022, <https://documents1.worldbank.org/curated/en/099010209062233021/pdf/P1739380c178d50340a5e30b51d6df72784.pdf>.

²² "Human Resources Training for Semiconductor Industry – Vietnam's Top Priority," *Vietnam+*, August 10, 2024, <https://en.vietnamplus.vn/human-resources-training-for-semiconductor-industry-vietnams-top-priority-post291601.vnp>.

²³ "Breakthrough Policies Needed to Develop Electronics Industry," *Vietnam+*, February 24, 2023, <https://en.vietnamplus.vn/breakthrough-policies-needed-to-develop-electronics-industry-post248882.vnp>.

multinational corporations. Without greater domestic involvement and the development of homegrown companies in the electronics and semiconductor sectors, Vietnam risks being locked into lower-value production activities, such as assembly and testing, rather than progressing into higher-value manufacturing and design capabilities.

Opportunities

First, one of the most significant opportunities for Vietnam lies in the expanding global demand for electronics and semiconductors, which has fueled its role as a critical player in the global electronics supply chain. Foreign investment, especially from major companies like Intel, Samsung, and LG, has driven export revenue and enhanced Vietnam's manufacturing capabilities. Establishing companies such as FPT Semiconductor Joint Stock Company in 2022 marks a significant step forward in Vietnam's ambitions to move up the value chain. By offering outsourcing services to major global chip producers and initiating training programs for semiconductor engineers, Vietnam is positioning itself to capitalize on the growing demand for more advanced electronics components.²⁴

Furthermore, Vietnam's strategic engagement in trade agreements like the CPTPP and RCEP enhances its access to global markets, providing opportunities to expand its export base and attract additional FDI. As electronics continue to represent a significant portion of Vietnam's exports, the government's support for human resource development in semiconductor technology could catalyze future growth, enabling local firms to capture more value within the global supply chain.²⁵

Conclusion

In summary, Vietnam's strategic orientation towards economic reform and global integration has markedly positioned the country as a pivotal player in the electronics and high-tech sectors. The implementation of the Đổi Mới policy, alongside significant trade agreements such as the

²⁴ "Why Does the Vietnamese Semiconductor Industry Have the Potential to Fully Participate in All Stages of the Semiconductor Value Chain?," FPT Semiconductor, July 21, 2024, <https://fpt-semiconductor.com/vietnamese-semiconductor-industry/>.

²⁵ Asia News Network, "Strategy Issued to Develop Vietnam's Semiconductor Industry."

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA), has facilitated Vietnam's emergence as an attractive destination for foreign direct investment (FDI), particularly in high-tech manufacturing.

However, the country faces several challenges that must be addressed to sustain this momentum. Notably, the development of domestic capabilities in the electronics and semiconductor industries remains critical. Vietnam's heavy reliance on foreign-invested enterprises, which currently contribute approximately 95% of its electronics export revenue, poses vulnerabilities that could impact long-term growth.

To navigate these challenges successfully, Vietnam must further prioritize the cultivation of a skilled workforce and foster an environment conducive to innovation. As the country continues to engage with evolving international trade dynamics, particularly amidst U.S.-China tensions, its commitment to economic diversification, infrastructure enhancement, and human capital development will be essential. These efforts will not only solidify Vietnam's competitive position within global supply chains but also facilitate its advancement up the value chain in the electronics sector.

Chhun Phalanady is a junior researcher at the Center for Southeast Asian Studies (CSEAS), Institute for International Studies and Public Policy (IISPP), Royal University of Phnom Penh (RUPP).

Assoc. Prof. Neak Chandarith is the Director of the Institute for International Studies and Public Policy, Royal University of Phnom Penh (RUPP). He is also the founding director of Cambodia's 21st Century Maritime Silk Road Research Centre at RUPP and a member of the Board of Directors at Cambodia Development Center.

The views expressed are the author's own and do not reflect the views of the Center for Southeast Asian Studies (CSEAS).

Center for Southeast Asian Studies (CSEAS) of the Institute for International Studies and Public Policy (IISPP) aims to be a highly reliable and advanced hub of knowledge on Southeast Asian affairs to catalyze progress and advance prospects of positive integration, peace, and development. With its pool of high-caliber researchers, IISPP's CSEAS aims to be an alternative to ad-hoc research, training, and policy dialogue arrangements with limited or short-lived national and regional impacts.