



Global Value Chain Project

VIETNAM AS THE NEW CHINA

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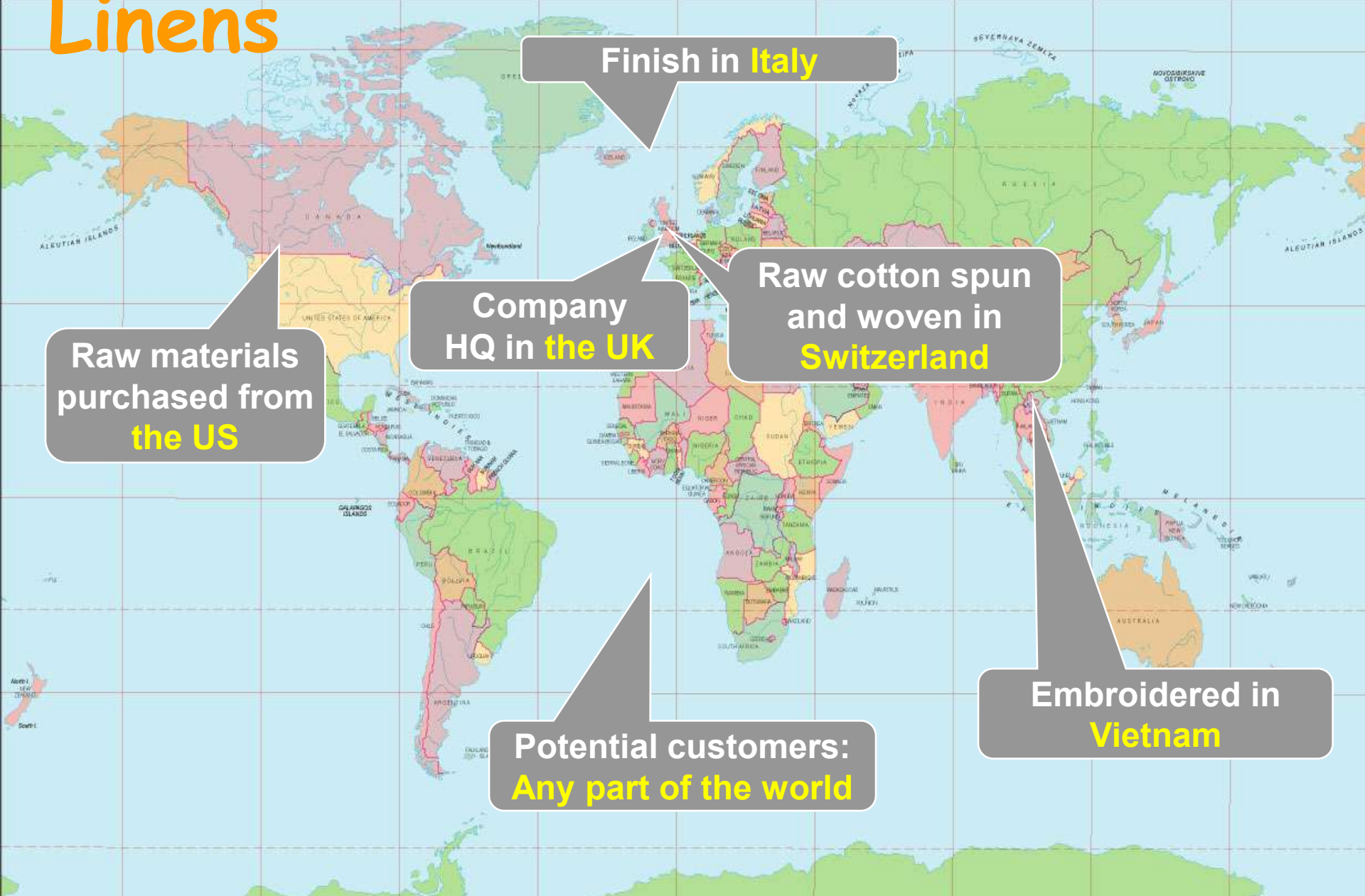
CANADA-VIETNAM TRADING HOUSE

Canada-Vietnam Chamber of Commerce

Outline

- Previous success stories of Vietnam being part of Global Value Chains
- Our success stories at Canada-Vietnam Trading House
- Why Vietnam? – advantages
- Concern? – challenges

Gayle Warwick Linens



Raw materials
purchased from
the US

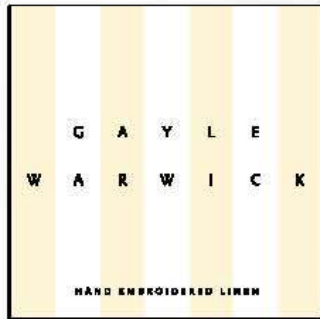
Finish in Italy

Company
HQ in the UK

Raw cotton spun
and woven in
Switzerland

Embroidered in
Vietnam

Potential customers:
Any part of the world



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THE COLLECTION

Dynasty

SHOWCASE:

Dynasty

LES JOURS

JARDIN

THE FULL RANGE

Inspired by an 11th Century terracotta frieze, this gentle wave of decorative foliage is characteristic of the sumptuous ornamentation found in palace architecture during the Ly Dynasty in Vietnam (1010–1225).

Elaborate designs covered entire walls. In the same spirit we have used the Dynasty pattern generously across the entire sheet turnback and duvet.



[Click image to enlarge](#)

RUFFWEAR for Dogs



- Challenge: high competition
- Experiment with a Chinese factory: lower cost but quality unacceptable
- Found Vietnamese companies that could easily adapt to his line of dog products
- Paying somewhat higher cost than in China, but quality is much higher.

Source: Hirrich (2007) "Entrepreneurship"

Vietnam

as part of Global Value Chains

- Canon has built a printer factory outside Hanoi
- Nissan is expanding a vehicle engineering center nearby
- Hanesbrands is setting up two new factories, shifting some manufacturing from Mexico and Central America to Asia
- Ever-Glory, which sells to Wal-Mart and Kohl's, is building a factory in Vietnam.

... **Why Vietnam?**

Vietnam holds much potential

- Lower cost
- Advantages other than cost
 - entrepreneurial energy
 - language skills
 - producing quick-turnaround prototypes for new product designs
 - political stability
- Industries
 - Manufacturing
 - Medical transcription
 - IT
 - and others

“China plus one” strategy

- establishing or expanding Asian bases outside China, particularly in Vietnam
- mitigating the risks of overdependence on factories in one country

This strategy is for outsourcers who want to diversify outside China and India

Why shift away from China?

- inflation
- shortages of workers and energy
- a strengthening currency
- changing government policies
- possibility of widespread civil unrest
- wages in China are rising close to 25 percent a year in many industries

Our clients

- **212, Vancouver-based Fashion Designer**
 - Shifted production from China to Vietnam
 - Satisfied with product quality
- **Saigon Cosmetics Corporation**
 - Seeking market outlets in North America

212, Vancouver-based Fashion Designer

- Shifted production from China to Vietnam
- Satisfied with product quality



Saigon Cosmetics Corporation

- Seeking market outlets in North America



There are challenges as well

- attracting and retaining critical staff in Vietnam
- relying on niche industries and specialties rather than competing solely on price or low labor costs
- shipping and transportation networks not as robust as in China



**Thinking about all the
world...**

**... and keeping a balance
between China and other
countries.**