

STRATIGMA

Southeast Asia Outlook Series

Vietnam: The New Manufacturing Powerhouse

How trade integration, industrial policy and sustained foreign investment are positioning Vietnam as a structural pillar of the global manufacturing landscape

A strategic briefing on Vietnam's transformation from low-cost production alternative to one of the world's most dynamic manufacturing hubs.

Context

Over the past decade, Vietnam has moved from the margins of global manufacturing to the center of supply chain discussions. Once viewed primarily as a low-cost production alternative, the country is now emerging as one of the most dynamic manufacturing hubs in the world.

Driven by trade integration, industrial policy reforms and sustained foreign investment, Vietnam has become a key destination for companies seeking to diversify production beyond China.

Today, Vietnam is no longer just a beneficiary of supply chain relocation. It is becoming a structural pillar of the new global manufacturing landscape.

What's Changing?

1) Manufacturing Relocation Is Accelerating

Vietnam has become one of the primary recipients of the global “China+1” strategy. Multinational companies across sectors such as:

- Electronics
- Textiles and apparel
- Furniture
- Consumer goods

have expanded production capacity in the country.

Vietnam's competitive labor costs, improving infrastructure and export-oriented policies have strengthened its position as a preferred manufacturing destination.

2) Trade Agreements Are Boosting Global Market Access

Vietnam's integration into global trade networks has played a decisive role in its manufacturing rise. Participation in major trade agreements has:

- Expanded export opportunities
- Reduced tariff barriers
- Increased investor confidence

These agreements allow manufacturers in Vietnam to access key global markets while maintaining cost competitiveness.

Trade policy has become a strategic asset.

3) Industrial Zones Are Reshaping the Economic Landscape

Across the country, industrial parks and special economic zones are expanding rapidly. These zones provide:

- Ready-to-use infrastructure
- Streamlined regulatory procedures
- Proximity to logistics corridors and ports

Industrial clustering is improving efficiency and attracting new waves of foreign investment.

4) Manufacturing Is Moving Up the Value Chain

Vietnam's industrial base is gradually diversifying beyond labor-intensive sectors. The country is increasingly attracting investment in:

- Electronics and high-tech assembly
- Machinery and equipment
- Renewable energy components

This shift signals a transition toward higher value-added production.

Why It Matters

Manufacturing growth has broad economic implications. Industrial expansion supports:

- Job creation
- Export growth
- Technology transfer
- Integration into global value chains

Vietnam's rise is reshaping the competitive landscape of global manufacturing.

Strategic Insight

Vietnam is not simply replacing other manufacturing hubs. It is becoming a key component of a more diversified global production network.

As supply chains become more distributed, countries capable of combining cost competitiveness, trade integration and industrial policy coherence gain long-term strategic importance.

*Vietnam is emerging as one of the most prominent examples
of this transformation.*