

Vietnam in the Global Supply Chain in the Context of the Covid-19 Epidemic: An Analysis of the Manufacturing Industry

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Abstract: *Vietnam's success in attracting foreign direct investment and international economic integration has enabled Vietnamese key products to gain foothold in major markets, increasing its competitiveness in the global supply chain thereby. The article analyzes the role of some key sectors in the manufacturing industry of Vietnam in the current global supply chain such as electronics, textile, footwear, and farm produce and fish processing. It also identifies difficulties faced by enterprises in the context of the epidemic and suggests several remedies for securing Vietnam's position in the global supply chain.*

Keywords: Global Supply Chain, Covid-19 Epidemic, Manufacturing Industry, Electronics, Textile, Footwear, Agro-fishery Processing, Vietnam

Introduction

The Covid-19 epidemic has comprehensively and intensely affected all aspects of socio-economic life at all levels, from people, businesses to countries and the entire world. The outbreak of the Covid-19 epidemic, especially the emergence of the highly contagious Delta variant, has caused many localities in Vietnam, particularly those in the southern region, to implement social distancing in accordance with Directive No. 16/CT-TTg issued by the Prime Minister on March 31st, 2020, on *urgent measures to prevent and control the Covid-19 epidemic* during a long time, leading to a myriad of economic and social consequences.

The global supply chain is disrupted by the disruption of the production chain and freight supply chain, thereby affecting the role of countries and businesses in the global chain.

1. Assessing Vietnam's role in the global supply chain and the challenges that enterprises face in the context of the Covid-19 epidemic

i) Electronics

The electronics industry is a key industry in terms of exports and participation in the global supply chain, which has a strong spillover effect on other industries. The main products of this industry include electronic components, complete phones, phone components, assembled televisions,

tablets, ipads and computers. Unlike other labor-intensive processing and assembly industries like textile or footwear, the electronics industry participate in the global supply chain at a higher and more advanced technology level, in which the leading role is held by FDI enterprises, i.e., subsidiaries of multinational corporations (MNCs) with outstanding technological advantages and available supply chains of the parent companies located overseas.

According to the data of the General Statistics Office (2021), due to the impressive growth rate, electronic components, computers and other components have surpassed textile to become the second largest export group of Vietnam since 2019. In 2020, China was the largest market that imported computers, electronic components and parts from Vietnam as the supply chain of multinational corporations has been established, in which factories located in China play the role of the focal point for component and part inputs, and end-product outputs. According to the statistics of the General Department of Vietnam Customs (cited by Ministry of Industry and Trade, 2021a), the export of computers, electronic products and components has elevated Vietnam's electronic export to rank 12th in the world, and 3rd in ASEAN in 2020.

Despite high export value and significant contribution to the total export turnover of Vietnam, the advantages of electronic goods export lie in the FDI sector. FDI enterprises account for 95% of total export value of electronic goods, even in the first 3 months of 2021, this sector represented 99% of the export value for phones and components, and 98% of the export value for computers

and parts. The current localization rate of the electronics industry remains relatively low, accounting for only about 5-10%. Domestic suppliers supporting electronics industry have taken part in the value chain of the industry, but mostly provide products with low technology content and value. The link between domestic supplier and FDI enterprises and MNCs remains weak (Anh Minh, 2021). In the top 10 leading enterprises in electronics in Vietnam (see: Hrchannels, 2020), 5 enterprises located in Ho Chi Minh City, 2 in Binh Duong, 1 in Dong Nai; all of these locations are facing severe Covid-19 outbreak, which has to implement social distancing in compliance with Directive 16 in a long time. As a result, these enterprises are struggling with organizing production and meeting orders according to the global supply chain. The electronic industry has a large openness, strongly participating in import-export activities and the global supply chain. The decline in production capacity of suppliers of input materials and components, especially those from China - providing the main source of raw materials and components for assemblers in Vietnam, along with the disruption in global transportation and difficulties due to inconsistent regulations on prevention and control of the Covid-19 epidemic among localities along the freight route, and regulations on the list of essential goods in the "green stream", has led to a lack of input materials for manufacturing enterprises. The requirement to ensure the prevention and control of Covid-19 causes businesses to operate at a fraction of their capacity under the "3-onsite" model with significant costs while many skilled workers cannot stay onsite. These inadequacies make it

difficult for even electronic enterprises, which have an important position in the global supply chain¹ to maintain their production activities, secure orders, and risk losing orders and customers. At the same time, these difficulties may also result in the reduction in production scale, and even capital withdrawal from Vietnam unless the situation is improved. In addition, many foreign experts and engineers cannot enter Vietnam, which causes disruption in training and technology transfer, particularly for new products and those that require higher technical skills in the global supply chain. The inability to maintain 100% of operating capacity causes many businesses to cut down on labor, thereby resulting in the risk of labor shortage and difficulty in recruiting skilled workers once businesses resume production (cited by Vietnam Chamber of Commerce and Industry, 2020; Quang Dinh, 2021).

ii) Textile

With the advantage of low labor costs, textile industry is one of the industries that attract enormous FDI in Vietnam to invest in processing factories for export. Along with the active participation of domestic enterprises, textile has become one of Vietnam's key export industries that robustly engaged in the global supply chain. Textile goods exported from Vietnam

are present in many major world markets. Vietnam's textile industry has grasped the trend of shifting production and consumers' taste under the impact of Covid-19, thereby moving to export common goods with high convenience and reducing the export proportion of luxury items. As a result, Vietnam's textile could maintain its positive growth rate in major markets such as the US, European Union, Japan, and South Korea while making breakthroughs in other markets. Vietnam is the 4th largest textile and garment exporter in the world market, preceded by China, EU, and Bangladesh. The proportion of textile export from Vietnam accounted for 7.05% of the total goods exports in 2020, up from 5.54% in 2016; meanwhile, the equivalent figure for China continually shrank from 34.31% in 2016 to 29.45% in 2020 (Ministry of Industry and Trade, 2021b). This trend is likely to increase due to the impact of the US-China trade war and the continued outbreak of Covid-19 in China, thereby moving the supply chain out of China to other countries in Asia, including Vietnam. According to the report on textile industry by the Bank for Investment and Development of Vietnam Securities Joint Stock Company (2021), some events are expected to promote the movement of textile orders to Vietnam, including (i) political tension in Myanmar negatively affects the textile industry of this country while it is competing with Vietnam's in major markets like the EU, Japan, and South Korea²; (ii) the event related to

¹ According to the representative of Intel Products Vietnam Co., Ltd., Intel Vietnam factory is currently undertaking a relatively large output of semiconductors and exporting to many customers around the world. As a result, the supply chain from this factory plays an exceptional important role in the global supply chain. In the first 6 months of 2021, Intel's exports reached 64% of the total export value of the entire hi-tech park, accounting for approximately 30% of the total export values of Ho Chi Minh City (cited by D.A, 2021).

² a number of textile factories, especially Chinese-owned factories, were vandalized and set on fire; retailers, terrified by political instability in Myanmar, could seek for other countries to replace their orders, including Vietnam.

Xinjiang cotton (China) is expected to continue to promote the shift of orders from China to countries with lower labor costs (comprising Vietnam)¹.

Being a typically labor-intensive industry, textile exporting enterprises primarily process textile products using direct labor. Social distancing regulations in compliance with Directive 16 cause businesses in Vietnam to reduce their capacity. The source of raw materials, which mainly depends on China, was also disrupted due to the impact of Covid-19, reducing the raw material supply capacity of factories in China. Furthermore, the movement of raw materials to processing factories in Vietnam was also disrupted as textiles are not considered essential goods. These factors make it exceptionally challenging for textile enterprises to maintain their production to meet orders.

A large number of textile and garment exporting enterprises are located in Ho Chi Minh City², where social distancing is being implemented in compliance with Directive 16 due to the strong outbreak of Covid-19. Therefore, textile exporting faces enormous difficulties and challenges, namely: (i) Disruption of raw material supply chain; (ii) Serious reduction in orders due to social distancing regulations and changes in consumption habits.

¹ On March 1st 2021, The Better Cotton Initiative (BCI) announced to suspend the issuance of BCI cotton licenses to Xinjiang, making members (including fashion houses, manufacturer, and social organizations) to simultaneously issued a statement of not using Xinjiang cotton in their production process.

² all 8 largest exporting garment companies in Vietnam are located in Ho Chi Minh City (see: <https://noithatxuongmay.com/8-cong-ty-may-xuat-khau-lon-nhat-viet-nam.html>).

Among various sectors in the economy, private enterprises operating in textile and garment industry have been hit hard by the pandemic (97% of enterprises were reported to be negatively affected) (Vietnam Chamber of Commerce and Industry and World Bank, 2021).

iii) Footwear

Similar to the textile industry, Vietnam's leather and footwear enjoys a competitive advantage due to abundant labor force and low labor costs. Vietnam has appealed to FDI enterprises investing in footwear. Along with the development of domestic enterprises, Vietnamese footwear products have appeared in a number of major markets. The increasing labor costs in China has driven customers to shift their orders to Vietnam. Though Myanmar also has competitive labor costs and appealing policies to attract foreign investment, its political instability has remarkably affected production activities and the ability to satisfy orders. Meanwhile, Cambodia is severely affected by Covid-19, which leads this country has to undertake social distancing, forcing importers to divert their orders (Duc Quang, 2021). As a result, Vietnam's footwear exports saw good growth in the first half of 2021.

Many large leather and footwear enterprises are located in Ho Chi Minh City and Dong Nai province³ - localities that have been implementing social distancing in compliance with Directive 16 for a long time. This could significantly affect the maintenance of production and export.

³ In the top 10 largest footwear companies in Vietnam, 5 are located in HCMC and 1 is located in Dong Nai (see: <https://tikibook.com/doanh-nghiep-giay-dep-lon-nhat-viet-nam-pr10625.html>).

Sharing similar features with the textile industry, footwear industry also depends heavily on raw materials from China for processing activities undertaken by processing factories in Vietnam. Taking into account the weak domestic footwear supporting industry, the medium and long-term sustainability of footwear industry needs careful consideration, thereby strategic decisions could be made to develop the domestic supporting industry to continue affirming its position in the global supply chain.

iv) Agro-fishery processing

Thanks to natural conditions, Vietnam enjoys the advantage of developing agro-fishery products. A large number of agro-fishery products of Vietnam have established a foothold in major markets around the world.

Regarding agricultural products: with favorable natural conditions, especially in the Mekong Delta, agriculture ensures food security for the country and rice is also the main export commodity in the world market. According to the US Department of Agriculture, India will continue to be the world's largest rice exporter, followed by Vietnam and Thailand in the second and third position respectively. According to the Vietnam Food Association, the structure of Vietnam's rice exports continues to shift to fragrant rice and high-quality rice with larger selling prices. Farmers and traders are increasingly interested in improving quality, traceability, and meeting stricter standards of markets such as the EU, South Korea and the US (Ha Anh, 2021).

Regarding fishery products: In the first 6 months of 2021, the United States, Japan, China and South Korea continued to be the top 4 exporting markets of Vietnamese

aquatic products, accounting for 57.9% of the total aquatic products' export values. The export values of aquatic products grew in almost all markets except for China (-9.2%) (cited by Thanh Thuy, 2021).

Due to the impact of Covid-19 outbreak in the southern provinces, where a large number of processing enterprises attached to raw material areas of the Mekong Delta locate, domestic enterprises that are mainly small to ultra-small scale cannot satisfy the conditions of maintaining production under the "3-onsite" model. According to Working group 970 of the Ministry of Agriculture and Rural Development (MARD), 123 processing factories have either closed down or suspended their production in southern provinces where social distancing is taking place (Phan Hau, 2021). Pangasius is one of the key export aquatic products of Vietnam in the global supply chain. However, as the consumption market shows positive signs¹, many factories could not operate at their full capacity along with bottlenecks in goods transportation. As a result, aquatic products procurement has been "frozen", traders dare not to buy in bulk during pangasius harvesting period. Meanwhile, raw pangasius materials fell sharply, causing heavy losses for farmers, which, in return, created a shortage of input for processing factories that were still operating. Exporting firms were also hit hard by this development. A similar situation also occurred in agricultural

¹ According to the Vietnam Association of Seafood Exporters and Producers (VASEP, the import demand for pangasius in some markets such as the US, Brazil, Mexico, Thailand, Canada, Columbia, Russia, the UAE to name a few started to bounce back from the second quarter of 2021 (cited by Tran Trong Triet, 2021).

product processing factories, especially to those located in the Mekong Delta - Vietnam's rice bowl - despite an established position in the global rice supply chain.

2. Some solutions to support businesses to maintain and restore production, and ensure Vietnam's role in the global supply chain under the context of the Covid-19 epidemic

a) Solutions to support enterprises to maintain and restore production

i) Change the approach and mindset to prevent and control Covid-19 epidemic to maintain and restore production activities for realization of dual goals¹: It is necessary to classify areas according to different safety levels at smaller scale, upgrade monitoring software, and switch the database from the existing district-level to commune-level. Based on testing to trace F0 and infection numbers, it is essential to identify "green zone", "orange zone", and "red zone" at commune level to apply social distancing accordingly. Social distancing should only be applied in compliance with Directive 16 at residential areas after narrowing the source of infection. It is important to avoid social distancing at a larger area (the entire district or the entire city/province) for a prolonged period of time, which could adversely affect production activities, goods circulations, and people's

life as social mobility needs are inevitable. There must be clear regulations on "safe movement" associated with regulations on people from "green zone", those getting full vaccination, and Covid-19 testing in accordance with regulations of the Ministry of Health to strengthen "safe movement" and limit "unsafe movement" for promotion of production restoration and goods circulation. Production activities and movement of enterprises and residents in "green zone" should be allowed in the "new normal" state to contribute to economic recovery and social stability.

ii) Allow enterprises to operate using a safe production model in accordance with the "4 green principle: green labor, green accommodation, green means of transport, and green factories": Local authorities need to identify "green zones" around industrial zones (IZs) to guide workers to rent accommodation to form "green accommodation areas". It is also necessary for workers to be fully vaccinated in order to establish "green labor". Enterprises should organize their production activities in independent and closed factories to ensure safety, forming "green factories". Fixed means of transportation for workers should be arranged by groups along with strict Covid-19 prevention and controlling measures to form "green transportation". Favorable conditions should be created to implement "1 route, 2 venues" for production model in accordance with the "4 green principle" so that enterprises could maintain, restore their production, and ensure "5K" to contain the spread of virus.

iii) Accelerate full vaccination, give priority to vaccinate factory workers, and socialize the cost of vaccination: Full vaccination priority should be

¹ The Prime Minister has instructed to change the mindset in Covid-19 prevention and controlling to co-live with the epidemic in the long-term. It is impossible to attain "zero Covid", thereby appropriate measures are needed to adapt to the situation. This is the fundamental strategic direction of the government, which is the basis for ministries, branches and local authorities to act by proper policies and regulations (Binh An, 2021).

given to workers in industrial zones, export processing zones, hi-tech zones, commercial enterprises (and traders), exporting businesses participating in the global supply chain, and logistics and shipping firms to restore production activities of key export items and movement of goods to prevent blockage of economic circulation. Full vaccination for workers should be carried out urgently to create herd immunity, which is a prerequisite and decisive factor for production activities to return to the normal status without any restrictions in production scale. Due to shortage of vaccine, Vietnam has not been proactive in vaccine supply. It is therefore important to store and distribute vaccine to ensure the second doses are timely injected instead of paying much attention to wide coverage of first dose. Policies on socialization of vaccine costs should be available, allowing businesses to pay for a part of the costs to reduce the burden on state budget while accelerating the process of full vaccination on a larger scale. One of the most important factors that enables the US economy to significantly recovery is rapid vaccine coverage at large scale (An Binh, 2021).

iv) Decentralization to allow management boards of IZs to undertake Covid-19 testing and issue travel permits for workers and goods of enterprises located in their respective IZs: management boards of IZs should be allowed to undertake Covid-19 testing, and issue travel permits and goods' circulation permits to make it more convenient for management activities as they better understand their administrative areas and the needs of enterprises located in their zones, especially when unexpected issues occur.

v) Arrange buses to help workers return to IZs to overcome labor shortage for enterprises: Authorities in provinces and cities that are economic centers need to offer solutions to support businesses, especially those taking part in the global supply chain located in industrial zones, export processing zones and hi-tech zones, to handle labor shortage, particularly after the recent Covid-19 outbreak as a large number of workers decided to return to their hometowns. It is necessary to organize bus trips to help workers return to industrial zones while separating the flows of labor from their departure points (in terms of IZs' destinations and occupation) to quickly have sufficient labor to meet enterprises' needs.

vi) Adjust travel regulations for foreign workers and experts: After the labor is fully vaccinated, it is necessary to apply the "vaccine passport" policy so that eligible labor could travel to and work in Vietnam. The authorities should provide support to facilitate travelling procedures and reduce the quarantine period for foreign experts and engineers who have been fully vaccinated. It is advisable to apply the open-door policy in visa and work permit to foreign experts and engineers who have been fully vaccinated to re-enter Vietnam so that enterprises, especially electronic enterprises, could be able to deploy training activities and technology transfer to ensure production progress and provide new lists of goods in the supply chain that requires high technology.

vii) Promote the role and the government and local authorities in continuing to improve the business environment, supporting enterprises to overcome difficulties: Along with the establishment of a special

working group¹ of the Prime Minister to remove difficulties for businesses and people affected by the Covid-19 epidemic, the working group's quick response has supported enterprises in many provinces and cities. The central government and local authorities need to have clear plans to show their companionship, facilitate and support enterprises to maintain and restore production activities through their readiness to communicate and receive feedback, and "quick response" policies to promptly solve difficulties of enterprises in order to gain credibility and confidence of investors, particularly foreign investors, who are maintaining, restoring and expanding their production scale in Vietnam. Thereby, they would not withdraw their investment capital, production lines, factories from Vietnam. By restoring the production scale back to normal state, orders will return to Vietnam along with the global supply chain.

viii) Ensure the circulation of input/output for enterprises: Inadequacies in goods circulation have been clearly revealed over the past time. The Ministry of Industry and Trade needs to urgently issue documents that are consistent with local authorities on the list of goods that are banned from being transported and circulated in the "green transport stream"

to replace the list of essential goods eligible to be circulated in "green transport stream". Also, it is necessary to inspect to ensure the circulation of input and output for production enterprises to satisfy the supplying capacity for the GSC.

The government's special working group need to direct the Ministry of Transport to closely coordinate with the people's committees, provincial departments of industry and trade and departments of transport to promptly adjust and remove inconsistent regulations that are either vague or inappropriate, causing the congestion of goods circulation. The working group must quickly respond to support enterprises to promptly detect problems for reporting to competent authorities to handle. For rice products exported from the Mekong Delta, due to the typical transporting feature primarily using waterway, it is recommended that "green transport stream" by waterway be opened for this type of product. Localities must reach consensus on inspection and supervision of freight transport at points of departure and destination, without checking along the transport route for vehicles issued with QRCode. Strong sanctions must be available to control and strictly handle organizations and individuals taking advantage of the "green transport streams" to violate regulations on Covid-19 prevention and controlling; and to promptly handle agencies and officials who do not comply with government's instructions, causing congestion in goods circulation, particularly inter-provincial goods circulation. For seasonal products such as agro-fishery products, to ensure the supply of raw materials for processing enterprises, special attention should be paid

¹ Decision No. 1292/QĐ-TTg issued by the Prime Minister on July 20th, 2021 on the establishment of a special working group for Covid-19 prevention. The Decision specifies the establishment of a government's special working group located in HCMC to promptly handle and resolve urgent issues arisen during the prevention of Covid-19 in HCMC and other centrally governed provinces and cities that are undertaking social distancing in compliance with Directive 16/CT-TTg issued by the Prime Minister on March 31st, 2020.

to the timeliness of the harvest (pangasius and rice). When necessary, provincial coordination is required to support traders, intermediate merchants, and commercial enterprises in purchasing and transporting raw materials for processing enterprises to provide products for export in the GSC in the context of rising demand for agro-fishery products in a number of markets while securing income for farmers.

ix) Increase the use of digital technology and digital transformation in administrative reform, business registration and travelling permit issuance in relation to population management to ensure the prevention and control of Covid-19: The Directorate for Roads of Vietnam and Provincial Department of Transport need to promote QRCode issuance for all means of transport, and timely upgrade the management software to avoid overcrowding. The issuance of road travelling permits by the Department of Industry and Trade, and Department of Public Security needs to be integrated into a larger database of population management and medical declaration, in which procedures should be carried out on the digital platform. QRCode is encouraged to be used for controlling and improving system management capacity, promoting administrative reform, and reducing face-to-face contact.

x) Synchronously implement other policies to support enterprises: According to a survey conducted by the Vietnam Chamber of Commerce and Industry (VCCI) and the World Bank (WB) (2021), three policies that are highly appreciated by enterprises in terms of their usefulness to business operations include: extension of value-added-tax (VAT) payment, extension

of corporate income tax payment, and extension of land rent payment. The Ministry of Finance, the General Department of Taxation, and the Vietnam Social Insurance should exempt or extend the payment of corporate income tax, VAT, and land rent while reducing and extending the payment of social insurance payment, which should be extended in at least 1 year. Regarding health insurance, it is necessary to be flexible to allow enterprises to buy individual health insurance for employees during the temporary suspension of labor contracts. In addition, the State Bank of Vietnam and other state-owned joint stock commercial banks need to calculate and adjust the interest rates, reducing lending rates providing preferential credit packages, and creating favorable conditions for enterprises affected by Covid-19 to access loans. It is also necessary to restructure the repayment period of interest and principal to reduce the pressure of debt repayment and credit maturity while enterprises are facing extreme difficulties in capital.

b) Medium and long-term measures

i) Strong development of supporting industries: This is a prerequisite for Vietnamese enterprises to extensively participate in the GSC, thereby: (i) reducing the dependence on input materials from China, (ii) gradually being proactive of raw materials and components to ensure input availability for processing and assembly activities, and (iii) increasing the localization rate. In addition to the supportive policies of the State, domestic enterprises must also attempt to collaborate with MNCs operating in Vietnam, especially in electronics industry.

ii) Robust development of the domestic market: The government needs to direct

the Ministry of Industry and Trade to promote the development of the domestic market, which is a lifesaving solution for businesses during this extremely tough period as well as in the medium and long term, particularly for exporters of agro-fishery products in the context of disruption in the global supply chain, and global circulation of goods. As a result, these businesses could restore their production and agro-fishery export activities, thereby stabilizing the lives of farmers and society.

iii) Strengthen vocational training and developing the labor market: the government needs to have solutions to support training labor resources for enterprises, especially those in the electronics industry, develop the local labor market, and closely connect between vocational training settings - business - labor. Ministry of Education and Training, and Ministry of Labor, Invalids and Social Affairs need to coordinate to direct universities, colleges and vocational institutions in providing training to take the lead in priority areas to attract investment, thereby forming an available skilled labor force. Provincial departments of labor, invalids, and social affairs need to establish an information center on digital platform to provide information about businesses and labor, supporting the labor market development.

iv) Continue promoting reform, improving business environment, and renewing policies to attract foreign investment: It is necessary to have breakthrough incentives (particularly land policies) to attract MNCs to invest in Vietnam, create opportunities for domestic enterprises to participate in the GSC. State agencies need to strengthen administrative reform, digital

transformation, and wide application of information technology to create favorable conditions for businesses to access information, avoid inconvenience, and limit under-the-table payment when handling administrative procedures.

v) Expand enterprises' capital through financial and credit support: Domestic enterprises are currently of small and micro-sized with limited capital which are unable to invest in modern specialized technology for intensive participation in the regional supply chain. The Ministry of Investment and Planning, Ministry of Finance, State Bank of Vietnam, Ministry of Industry and Trade, and provincial authorities need to review the operation of start-up support funds, business support funds, credit guarantee funds for small and medium sized enterprises (SMEs) to adjust and remove administrative regulations and procedures that hinder the practice of policies. As a result, enterprises could access to unsecured credits without having to mortgage assets and borrow through economic guaranteeing contracts with reliable partners, thereby promoting the role of these funds in encouraging start-ups, and orienting investment in priority areas. Ministries and local authorities need to strengthen policy communication to facilitate businesses to access business support funds by providing simple and easy guidelines and instructions on procedures and processes.

vi) Formulate national, regional, and local socio-economic development master plans, and sectoral master plans with high consistency and linkage: Forming highly specialized industrial zones (IZs) and clusters (ICs) is the premise to attract investment and establish production

network in line with commodity chains. It is necessary to arrange and group electronics enterprises in IZs of big cities or urban areas with high scientific and technological levels to ensure the supply of skilled labor. Meanwhile, processing enterprises should be grouped in IZs, or ICs located in towns and suburban areas where raw materials are readily available. Finally, textile and footwear enterprises should be arranged and grouped in IZs, and ICs located in rural areas to have sufficient unskilled labor force in accordance with the needs of enterprises.

Conclusion

Aiming at innovating the growth model, restructuring economy, accelerating industrialization and modernization, and developing the country rapidly and sustainably, one of the major orientations in the Document of the XIII National Party Congress of Vietnam's Communist Party is "drastically innovating the growth model, restructuring the economy, improving productivity, quality, efficiency, and competitiveness". This is specified as "developing products with competitive advantages, CNC products with high added value and effectively participating in the production network and global value chain" (Central Executive Committee, 2021). Under the context of Covid-19 outbreak in a number of localities which are the economic and industrial centers of the country, with the complexity and rapid infection of the Delta variant, businesses' production activities and the entire economy have been delayed. Providing support for businesses - particularly those in key export sectors, and FDI enterprises that have established important positions in the GSP but affected by Covid-19 - is of

paramount importance as it could retain these FDI enterprises in Vietnam and ensure the competitiveness and position of Vietnam in the global supply chain □

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