

Skill Gap and Priorities for Vietnam



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THE WORLD PERSPECTIVES

- **Changing world driven by the FTA and technological developments – the world full of challenges and chances**
- **Nations and countries compete on the basis of numerous factors such as those related to**
 - (1) Government efficiency**
 - (2) Support to business and**
 - (3) Quality of infrastructure (including quality of education)**

VIETNAM

has achieved consistently high annual gross domestic product (GDP) of 7% on average.



With the launch of the ASEAN Economic Community (AEC) in December 2015 along with the possibility of realizing the Trans-Pacific Partnership (TPP) agreement, a regional comprehensive economic partnership (RCEP) and other free trade agreements (FTAs), investors have increasingly identified Viet Nam as a key target economy.

As part of the AEC, Viet Nam can leverage its relatively young population, low-cost labour, abundant natural resources, and strategic geographical location for easy access to regional and global markets to continue its strong growth trend.

In implementing effectively the trade agreements, Viet Nam have to take steps in raising its competitiveness, esp. in education area, at the national level to strengthen its position.

- Viet Nam has made impressive progress in education standards
- Viet Nam's adult literacy rate is comparable to other states within the Association of Southeast Asian Nations (ASEAN) at the same level of human development
- The Government initiated a number of policies and programmes to foster skills development among the workforce

However

- There are some constrains in the education system and the formal education system needs to be strengthened and improved to meet the changing needs of the labour market
- The main challenges with vocational training include the low level of enterprise support for vocational training and the large variance in effectiveness of the training that workers acquire
- Viet Nam's productivity is relatively weak compared to other ASEAN Member States



The unemployment rate is high among young graduates with professional and tertiary certificates

Students and workers in Viet Nam are concerned that the higher the education attainment, the higher their chances of being unemployed

Employers are concerned about the difficulty of securing the right talent for their enterprise



**The 3rd industry revolution -
computer and automation and 4th
industry revolution - cyber
physical system taking place**

INDUSTRY 4.0

- **In Vietnam, most E&E factories focus on low-value production and low-skilled assembly work**
- **As for Textile, clothing and footwear (TCF), a high proportion of workers are at risk of automation in this sector**
- **ILO estimates that around 75 per cent of workers in Viet Nam are at high risk of automation**
- **TCF production are very important subsectors for Viet Nam, yet they are strongly characterized by low-skill and labour-intensive production and are vulnerable to automation**
- **The share of workers in the garment sector is up to 86% at high risk of automation**

- Viet Nam's labour productivity in agriculture is still one of the lowest among the countries in ASEAN
- Over one million workers transition from agriculture to industry and services every year
- Cities have developed into centres of employment in the services sector (33 per cent of the labour force) and manufacturing (23 per cent of the labour force)

As Vietnam has restructured, service has become the key to sustaining economic growth going forward

- Improvements in freight logistics can unlock productivity gains across the Vietnamese economy in the years to come
- By making commerce more predictable, particularly for regional and inter-continental trade, more efficient logistics can lower the cost of doing business, boost competitiveness, attract investment and generate employment

- **Viet Nam must achieve higher labour productivity in key sectors such as manufacturing (especially garment, textiles and others like electronic, mechanical, construction...), agriculture and service (logistics, tourism) by improving the basic infrastructure like training and education**
- **one of the very first things is to make the pick up the core industries by analyzing the SWOT of Vietnam, its possible competitors and potential competitiveness in the new changing market**
- **Then the infrastructure development policies including education strategy are to be followed while keeping the economie being balanced and gradually restructured in the right direction**
- **once the cores are identified, there is a need of mobilizing resources to implement. In this regard, the cooperation and partnership are very important for learning, experience sharing, supporting each other and moving sustainably forwards**

CONCLUSIONS

There is still a fact that in the world of triple letter C: Change, Challenge, and Chance in which the new changes are generated. They may be positive or negative. However, it is believed that with our active partnership and joined cooperation in the education area and narrowing the skill gaps to raise our competitiveness, we will pro-actively create more positive changes for the prosperity of our countries as well as of the region at large.

THANK YOU