

Viet nam: innovation profile (Innovation in Southeast Asia)

Starting with economic reforms in 1987, Viet Nam has pursued an export-led growth strategy based on more open markets and increased foreign direct investment. Despite marked economic progress, however, Viet Nam is still a low-income developing country that is ranked lower on competitiveness indices than most of its neighbours in the Southeast Asian region. Viet Nam remains the second largest exporter of rice and coffee in the world and its agricultural sector employs 52% of workers, but technology-based exports constitute a small share of total exports. Due to fewer international links, Viet Nam suffered relatively less than other countries in the region from the Asian financial crisis in 1997 and the global economic crisis in 2008. Government actors dominate all aspects of science and technology and research and innovative activity in both the public and private sectors is limited. There is a strong case for streamlining and clarifying the role of government S and T agencies, while the country would benefit from centres of research excellence focusing on public health and environmental goods. The expanding tourism sector and agricultural niches could also be targeted areas of research and development. Priority sectors such as information and communications technology (ICT) continue to develop well and Viet Nam is now attracting investments from multinational enterprises in information technology. Along with continued economic reforms and international integration, there is scope for the state's role to change from that of a main innovation actor to that of an innovation catalyst. Continued economic growth in Viet Nam and its ability to compete in global markets will depend on increasing investments in education and technology-based production. The national innovation system (NIS) needs to be strengthened in terms of public research, incentives to private R and D, and technology transfer and linkages between the public and private sectors, particularly with foreign firms.

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