

VIETNAM-AUSTRALIA POLICY EXCHANGE

Technology change in Vietnam: the contribution of technology to economic growth

Context

Report “*Technological change in Vietnam: the contribution of technology to economic growth*” is a joint venture between the Ministry of Science and Technology of Vietnam (MoST) and CSIRO’s Data61 of Australia funded by the Aus4Innovation program. The project aims at providing tools to assess the current situation and impacts of technological progress and innovation on Vietnam's economic growth.

Research

Leading researchers from Vietnam and abroad gathered data on Vietnam business technology adoption (with more than 4.5 million observations) from 2001 to 2019. Based on the data, advanced economic models have been applied to quantify the contribution of technological progress to economic growth, and identify the impact that technology and innovation have on Vietnam's economy.

Policy recommendations

This report is an important reference for policy in the economic transition process of Vietnam out to 2030, with a vision to 2045.

Policy recommendations in the report focus on five areas: i) improve absorptive capabilities and investment to promote technology adoption amongst businesses; (ii) improve management, structure and non-technical skills; (iii) promote R&D and emerging industries to boost the technology frontier; (iv) human resource development; and (v) develop policy instruments and implementation mechanisms at national and provincial level to stimulate technology development efforts.



Key findings

1. In 2015-2019 period, for the first time, technology adoption surpassed capital intensity to be the number one contributor to growth, comprising more than half of average productivity growth in Vietnam.
2. In the last 20 years, 2001-2019, contribution of technology adoption to growth is increasing in most sectors. At the same time, improvement in management skills and other non-technical capabilities (organization, structure, culture) is critical for business to deploy new technologies. Productivity in Vietnam could increase by 23% if these managerial and organizational barriers could be overcome.
3. The increase in R&D expenditure allows Vietnam’s economy to grow by 12 and 15% by 2045.

For further information

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