

Why Has Vietnam Sustained High GDP Growth Amid Global Shocks during 2020–2025? Lessons Learned and Policy Implications for Emerging Economies

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Abstract—The period 2020–2025 exposed the Vietnamese economy to a succession of major shocks, ranging from the COVID-19 pandemic and supply-chain disruptions to trade tensions and geopolitical instability. Despite fluctuations in growth, Vietnam demonstrated considerable resilience and a rapid recovery, with GDP expanding by 8.02% in 2025—one of the highest growth rates worldwide. This study employs a qualitative approach, combining descriptive statistics, comparative analysis, and a synthesis of domestic and international studies and reports to elucidate the key drivers underlying this performance. The findings indicate that Vietnam's resilience and GDP growth have emerged from the interaction of institutional reforms, trade integration, foreign direct investment, structural transformation, and macroeconomic management. Nevertheless, the current growth model remains substantially dependent on capital accumulation, exports, and the foreign-invested sector, while linkages with domestic enterprises, productivity, and innovation remain limited. The study therefore underscores the need to shift from scale-driven growth toward a growth model grounded in productivity, technological advancement, and greater domestic value added.

Keywords—economic growth; resilience; foreign direct investment; productivity; Vietnam.

I. INTRODUCTION

Over the more than three decades since the Doi Moi reforms were launched in 1986, Vietnam has emerged as one of East Asia's most notable growth performers. From a low-income economy, Vietnam has undergone a profound transformation toward an export-oriented market economy, expanding its trade relations and attracting substantial inflows of foreign direct investment (FDI). The International Monetary Fund (IMF) estimates that over the past two decades, Vietnam's economy has grown at an average annual rate of approximately 6.5%, while trade openness has reached nearly 170% of GDP over the most recent decade, and annual FDI inflows have consistently exceeded 4% of GDP (International Monetary Fund [IMF], 2025).

However, asking why Vietnam's GDP has maintained high growth for many consecutive years, if applied mechanically to the 2020–2025 period, would lead to an inaccurate assessment. GDP grew by only 2.87% in 2020 and 2.55% in 2021, reflecting the severe impact of COVID-19. Growth rebounded to 8.54% in 2022 as the economy reopened, before slowing to 4.98% in 2023 amid weakening global trade. It subsequently recovered to 7.04% in 2024 and reached 8.02% in 2025.

Thus, the phenomenon worthy of investigation is not a trajectory of “continuously high” growth, but rather Vietnam's ability to preserve its underlying growth foundations, absorb shocks, and regain momentum relatively rapidly. From this perspective, Vietnam represents a valuable case study for emerging economies that are simultaneously confronted with

three fundamental challenges: (i) sustaining economic growth, (ii) raising productivity, and (iii) reducing vulnerability to external shocks.

The central research question is: What economic, institutional, and policy mechanisms enabled Vietnam to maintain resilience and regain growth momentum during 2020–2025, and which experiences can be translated into policy lessons for emerging economies?

In the authors' view, the answer lies in the interplay among institutional capacity, international integration, FDI, structural transformation, macroeconomic stability, public investment, and productivity, rather than in any single factor.

This study makes three main contributions. First, it reframes the issue from “continuously high growth” to “resilience and the re-acceleration of GDP growth,” thereby providing a more accurate representation of actual economic developments. Second, it integrates growth drivers that are often examined separately into a unified growth mechanism. Third, it moves beyond the conventional lesson that “Vietnam succeeded through openness and FDI” toward a deeper policy message: openness creates growth potential, but institutions, domestic enterprises, productivity, and absorptive capacity ultimately determine how much value the economy is able to retain.

II. LITERATURE REVIEW

A. Exports, Integration, and Growth

A substantial body of research argues that international trade drives economic growth through market expansion, specialization, competition, technology adoption, and learning from advanced markets. For developing countries, exports can stimulate growth by generating scale effects, productivity gains, and technology transfer (Sanjuán-López & Dawson, 2010).

In the case of Vietnam, Thanh and Duong (2011) show that export growth is significantly influenced by world trade, competitiveness, and trade liberalization. These findings are consistent with Vietnam's increasingly deep integration into free trade agreements and global value chains.

However, exports do not necessarily translate into high domestic value added. This is a particularly important consideration when assessing the Vietnamese growth model. The World Bank (2024) reports that foreign-owned enterprises account for approximately 73% of Vietnam's exports, while the participation of domestic firms in global value chains declined from 35% in 2009 to around 18% in 2023.

This creates a paradox: a very high degree of trade openness can simultaneously constitute a source of strength and a source of vulnerability. It generates markets, capital, technology, and employment, but it also makes growth heavily dependent on external demand.

B. FDI and Productivity Spillovers

FDI constitutes another pillar of Vietnam's GDP growth model. Previous studies indicate that its effects cannot be reduced to the proposition that "the more FDI, the higher the growth." Ni et al. (2017) demonstrate that productivity spillovers depend on the origin of FDI and the structure of linkages between foreign-invested and domestic enterprises.

Pham et al. (2021) further show that FDI plays an important role in total factor productivity convergence in Vietnam's manufacturing industries.

A recent study by Baek and Urata (2023), using data from Vietnam, Indonesia, and the Philippines, likewise finds that participation in global value chains does not automatically generate productivity gains. The learning effects depend on the mode of participation, firm capabilities, and the ability to establish linkages between imported inputs and exported products.

Accordingly, the central policy issue is no longer whether to "attract FDI at any cost," but rather how to attract high-quality FDI and foster backward linkages with domestic enterprises.

C. Institutions and Productivity

Institutional theory emphasizes that institutional quality affects investment incentives, innovation, resource allocation, and market efficiency (Acemoglu et al., 2005). Evidence from Vietnam increasingly reinforces this proposition. Huynh (2022) finds that the quality of local institutions has a direct effect on firm performance and also generates spillover effects across provinces.

Notably, using Vietnamese firm-level data for 2010–2020, Ha et al. (2024) find that institutional quality has a positive effect on total factor productivity (TFP), with time costs and labor policies emerging as important institutional components.

These findings suggest that sustainable growth cannot rely solely on capital and labor. As the advantage of low-cost labor gradually diminishes, institutional quality and productivity must become the central engines of growth.

D. Structural Transformation and Productivity Growth

According to McMillan et al. (2014), the movement of labor from low-productivity sectors to high-productivity sectors can make a substantial contribution to economic growth in developing economies.

Vietnam provides a prominent example of this process. Labor has gradually shifted away from agriculture toward manufacturing and services. This transformation has generated "growth through structural change," even though productivity within individual sectors has yet to reach the levels observed in advanced economies.

However, this mechanism has inherent limits. As the share of agricultural employment declines, the scope for further growth through labor reallocation alone gradually narrows. At that point, within-sector productivity growth must replace structural transformation as the principal source of economic expansion.

E. Research Gaps

The literature review reveals three principal gaps.

First, many studies focus on a single variable or mechanism—FDI, exports, institutions, global value chains, or productivity. Relatively few studies connect these factors within a unified explanatory framework for a period characterized by multiple shocks, such as 2020–2025.

Second, most studies assess "GDP growth" without sufficiently distinguishing among growth driven by post-shock

recovery, growth resulting from expanded factor inputs, and growth generated by productivity improvements.

Third, lessons for emerging economies are often distilled into broad prescriptions such as "open up, attract FDI, and promote exports." This approach leaves unanswered a more fundamental question: how can integration be transformed into domestic productive capacity and productivity? This study therefore focuses on addressing that gap.

III. THEORETICAL FOUNDATIONS AND RESEARCH FRAMEWORK

This study develops an analytical framework comprising six interconnected layers.

A. Institutional Foundations

Institutional reforms reduce transaction costs, enhance policy predictability, encourage investment, and improve the efficiency of resource allocation. From the perspective of endogenous growth theory, sound institutions also provide an enabling environment for knowledge accumulation, innovation, and long-term investment (Romer, 1994).

B. Integration and Trade

Participation in free trade agreements (FTAs) and global value chains expands market access, intensifies competition, and facilitates technology adoption.

C. FDI

FDI provides capital, technology, managerial capabilities, and access to international market networks. However, its long-term effects depend on the absorptive capacity of domestic firms.

D. Structural Transformation

Resources shift from low-productivity sectors toward higher-productivity manufacturing and service activities, thereby generating economy-wide productivity growth.

E. Macroeconomic Policy and Public Investment

Maintaining stability in inflation, exchange rates, credit, fiscal policy, and public investment helps mitigate cyclical volatility, sustain aggregate demand, and provide the infrastructure required by the private sector.

F. Productivity and Innovation

This is the decisive layer in determining whether an economy can move from growth driven by capital accumulation toward growth based on efficiency, technology, and innovation.

Accordingly, the study proposes the following causal mechanism:

Institutions → Integration/FDI → Structural Transformation →
Infrastructure/Skills/Innovation → Productivity → Sustainable
Growth

During periods of crisis, an additional mechanism comes into play:

Institutional Capacity + Macroeconomic Policy + Market
Diversification → Resilience → Recovery → Re-acceleration

This framework differs from the simplistic explanation that "FDI + exports = growth" by emphasizing the critical mediating condition of absorptive capacity and the ability to transform external resources into endogenous productive capabilities.

IV. RESEARCH METHODOLOGY

The study adopts a qualitative approach, combining four analytical techniques.

First, time-series descriptive statistics are employed to identify developments in GDP, exports, FDI, investment, inflation, and sectoral structure during 2020–2025.

Second, period-based comparative analysis is conducted across four phases: (i) resilience in 2020–2021; (ii) recovery in 2022; (iii) adjustment in 2023; and (iv) re-acceleration in 2024–2025.

Third, policy-document analysis draws on reports from the National Statistics Office, the Government of Vietnam, the IMF, the World Bank, the OECD, the Asian Development Bank (ADB), and other international organizations.

Fourth, the study synthesizes the international academic literature, with priority given to peer-reviewed articles with DOIs, focusing on FDI, global value chains, institutions, productivity, structural transformation, trade, and economic resilience.

These methods are appropriate for the study's objective of explaining underlying mechanisms and deriving policy lessons. However, the study does not claim to establish causal relationships among the variables. The conclusions concerning the mechanisms are instead developed through triangulation of observed data patterns, theoretical perspectives, prior empirical evidence, and policy documents.

V. RESEARCH FINDINGS

A. Resilience and Changes in the Growth Structure

Vietnam's GDP growth during 2020–2025 demonstrates considerable resilience in the face of external shocks, while also reflecting a gradual transformation in the structure of growth. According to the National Statistics Office, GDP grew by 2.87% in 2020, 2.55% in 2021, 8.54% in 2022, 4.98% in 2023, 7.04% in 2024, and 8.02% in 2025, corresponding to a simple average annual growth rate of approximately 5.67%. Notably, Vietnam maintained positive growth throughout the two COVID-19 years and recovered rapidly following the pandemic.

TABLE I. VIETNAM'S GDP GROWTH, 2020–2025

Year	GDP Growth (%)	Major Economic Context	Growth Characteristic
2020	2.87	COVID-19 and disruption to economic activity	Resilience
2021	2.55	Pandemic and production disruptions	Resilience
2022	8.54	Reopening and post-pandemic recovery	Strong recovery
2023	4.98	Weakening trade and external demand	Adjustment
2024	7.04	Recovery in production and exports	Renewed recovery
2025	8.02	Strong expansion in production, exports, investment, and services	Re-acceleration

Source: National Statistics Office, Socio-Economic Situation in the Fourth Quarter and 2025, updated data. Note: The classifications "resilience," "recovery," "adjustment," and "re-acceleration" are the authors' interpretations based on growth developments and the prevailing economic context; they are not official classifications used by the National Statistics Office.

In 2025, GDP growth was supported not merely by post-pandemic recovery effects but also by an expansion of production and service activities. Industry and construction grew by 8.95%, while services expanded by 8.62%. Within industry, manufacturing grew by 9.97% alone and accounted for 31.49% of the increase in the economy's total gross value added. The services sector contributed 51.08% of total growth in gross value added, while industry and construction contributed 43.62%.

These results suggest that Vietnam's growth model rests on two foundations: resilience to cyclical shocks and the accumulation of structural productive capacity. Nevertheless, the OECD argues that growth over the past several decades has remained substantially dependent on capital accumulation, while the contribution of productivity has been relatively modest (OECD, 2025). The challenge for the next phase, therefore, is not simply to sustain a high growth rate, but to transform the existing drivers of growth into sustained productivity gains.

TABLE II. CONTRIBUTIONS OF ECONOMIC SECTORS TO GROWTH IN 2025

Sector	Growth in Gross Value Added (%)	Contribution to Growth (%)
Agriculture, forestry, and fisheries	3.78	5.30
Industry and construction	8.95	43.62
Services	8.62	51.08
GDP	8.02	100.00

Source: National Statistics Office, Socio-Economic Situation in the Fourth Quarter and 2025.

B. Trade Integration and Deep Dependence on International Markets

Trade integration is one of the most important drivers of Vietnam's growth model. In 2025, total merchandise trade reached USD 930.05 billion, comprising USD 475.04 billion in exports and USD 455.01 billion in imports. Manufactured and processed industrial products accounted for 88.7% of total exports, indicating that Vietnam has undergone a substantial shift from primary commodity exports toward internationally oriented industrial production (National Statistics Office, 2026).

According to the OECD, Vietnam's total trade increased from approximately 19% of GDP in 1988 to 184% in 2022. This scale of integration has enabled firms to access large markets, exploit economies of scale, attract technology, and participate in international production networks. At the same time, however, such a high degree of openness has made the economy more sensitive to trade protectionism, geoeconomic fragmentation, and fluctuations in global demand.

The more consequential issue, however, concerns the economy's capacity to retain value domestically. The World Bank reports that foreign-invested enterprises account for approximately 73% of exports, while the share of domestic firms participating in global value chains (GVCs) declined from around 35% in 2009 to 18% in 2023. This indicates that the expansion of exports has not translated proportionately into stronger technological capabilities and greater domestic value added among Vietnamese firms.

Accordingly, a critical measure of Vietnam's next stage of development is not merely the expansion of exports, but also the upgrading of Vietnamese firms' positions within value chains particularly in higher-value-added activities such as design, technology, business services, logistics, and research and development.

C. FDI, Global Value Chains, and the Challenge of Linkages with Domestic Enterprises

FDI continues to serve as a pillar of Vietnam's industrialization process. Disbursed FDI reached USD 25.35 billion in 2024 and USD 27.62 billion in 2025, with manufacturing and processing accounting for the overwhelming share. FDI has not only supplemented domestic capital formation but has also enabled Vietnam to gain access to technology, managerial standards, international markets, and global production networks.

However, FDI spillovers do not materialize automatically. Baek and Urata (2023) show that productivity gains from GVC participation depend on the mode of participation and firm capabilities. In Vietnam, recent studies likewise indicate that positive FDI spillovers depend on absorptive capacity, backward linkages, and the extent to which domestic firms participate in international trade.

The bottleneck, therefore, lies not in Vietnam's ability to attract FDI, but in its ability to transform FDI into endogenous productive capabilities. Vietnam has succeeded in "bringing factories to Vietnam," but its success in "bringing Vietnamese firms into the value chains of those factories" remains limited.

This gap creates the risk of a two-tier economic structure: the FDI sector possesses relatively high productivity and export capacity, while a large proportion of domestic firms remain small in scale and technologically constrained.

This issue is particularly consequential for long-term growth. Where domestic linkages remain weak, a substantial share of the gains generated by international integration may continue to accrue outside the Vietnamese business sector.

TABLE III. TRADE INTEGRATION, FDI, AND DOMESTIC VALUE RETENTION

Indicator	Value	Implications for the Growth Model
Merchandise exports in 2025	USD 475.04 billion	Very large scale of international integration
Share of exports accounted for by the FDI sector in 2025	77.3%	FDI plays a dominant role in exports
Share of exports accounted for by the domestic sector in 2025	22.7%	Domestic firms' participation in exports remains limited
Disbursed FDI in 2025	USD 27.62 billion	A critical source of productive capacity and export expansion
Domestic firms participating in GVCs, 2009	35%	Initial level of integration
Domestic firms participating in GVCs, 2023	18%	Weakening linkages with GVCs
Foreign value added in gross exports, 2005	36%	Dependence on foreign inputs
Foreign value added in gross exports, 2020	48%	Increasing dependence on foreign inputs

Source: National Statistics Office; World Bank, Viet Nam 2045: Trading Up in a Changing World; OECD, OECD Economic Surveys: Viet Nam 2025.

D. Structural Transformation and the Limits of a Growth Model Based on Labor Reallocation

Structural transformation has made a substantial contribution to productivity growth in Vietnam. The movement of labor from agriculture into industry and services has raised average economy-wide productivity, even when productivity growth within individual sectors has remained relatively modest. McCaig and Pavcnik (2013) show that structural transformation accounted for approximately one-third of labor productivity growth in Vietnam during 1990–2008.

By 2025, agriculture, forestry, and fisheries accounted for only around 11.64% of GDP, while industry and construction represented 37.65% and services 42.75%. These figures reflect the depth of structural transformation achieved after several decades of industrialization.

However, the growth potential arising from labor reallocation is gradually narrowing. As the share of agricultural employment declines and the economy becomes increasingly urbanized and industrialized, future growth will need to derive increasingly from productivity improvements within individual sectors and firms. Consequently, technology, skills, innovation, and the quality of management are becoming progressively more decisive.

E. Macroeconomic Stability and Public Investment: Foundations for Long-Term Growth

Vietnam maintained relatively strong macroeconomic stability throughout the recovery process. The Consumer Price Index (CPI) increased by 3.63% in 2024 and 3.31% in 2025, while GDP grew by 8.02% in 2025. The combination of robust economic recovery and contained inflation highlights the important role of coordinated fiscal and monetary policies.

Within this policy mix, public investment has increasingly emerged as an important instrument. Total realized investment across the economy reached approximately VND 4,150.5 trillion in 2025, representing an increase of 12.1%, while investment by the state sector amounted to VND 1,233.6 trillion, up 19.7%. According to the IMF, accelerating public investment could add approximately 0.2 percentage points to growth in 2025 and as much as 0.8 percentage points by 2027;

improvements in investment efficiency could generate additional positive effects.

Nevertheless, the long-term impact of public investment depends less on its absolute scale than on the quality of investment and the efficiency of capital allocation. Transport infrastructure, energy systems, logistics, and digital infrastructure can reduce transaction costs, enhance competitiveness, and stimulate private investment. Public investment should therefore be viewed not merely as a demand-management instrument, but also as a means of raising productivity across the economy.

F. Productivity and the Transformation of the Growth Model

Productivity is a decisive variable for Vietnam's next stage of development. Labor productivity at constant prices increased by 5.88% in 2024 and 6.83% in 2025. This is an encouraging signal, but rising labor productivity should not be equated with a commensurate technological breakthrough or an equivalent increase in total factor productivity (TFP).

Labor productivity gains may stem from capital accumulation, labor reallocation, changes in sectoral composition, or technological improvements. If a substantial share of productivity growth continues to originate from capital deepening and resource reallocation, the capacity to sustain high growth will diminish as wages rise, the population ages, and the advantages of low-cost labor weaken. Vietnam's growth model therefore needs to gradually shift from "more capital, more labor, and more exports" toward "better technology, more capable firms, and greater domestic value added." Both the OECD and the World Bank emphasize the need for Vietnam to improve productivity, skills, and innovation, while strengthening the participation of domestic enterprises in higher-value-added segments of global value chains.

TABLE IV. INVESTMENT, PRODUCTIVITY, AND RESOURCE QUALITY IN 2025

Indicator	2025	Change from Previous Year
Total realized investment	VND 4,150.5 trillion	+12.1%
Investment by the state sector	VND 1,233.6 trillion	+19.7%
Disbursed FDI	USD 27.62 billion	+9.0%
Labor productivity at constant prices	—	+6.83%
Labor productivity at current prices	VND 245.0 million per worker	+USD 626 per worker
Workers with degrees or certificates	29.2%	+0.8 percentage points
GDP per capita	USD 5,026	+USD 326
GDP growth	8.02%	—

Source: National Statistics Office, Socio-Economic Situation in the Fourth Quarter and 2025.

Note: Real labor productivity is measured at constant prices; the 6.83% increase reflects changes in real labor productivity and should not be interpreted as equivalent to an increase in total factor productivity (TFP).

VI. DISCUSSION

A. Why Has Vietnam Maintained Relatively High Economic Resilience?

The findings indicate that the resilience of the Vietnamese economy during 2020–2025 was not the product of any single factor, but rather emerged from the interaction of four "buffers": institutions and policy, trade, productive capacity, and economic structure. Notably, these buffers are mutually reinforcing. Macroeconomic policy creates room for adjustment; trade integration broadens opportunities for reallocating orders; the production sector, particularly manufacturing and FDI, provides the capacity to respond rapidly; while the expansion of industry and services reduces dependence on any single economic sector.

This capacity is reflected relatively clearly in Vietnam's growth trajectory. The country did not experience a year of

negative growth during the pandemic period and subsequently recovered rapidly, with GDP expanding by 8.54% in 2022, 7.04% in 2024, and 8.02% in 2025. However, the IMF notes that a growth model heavily reliant on exports and FDI also makes Vietnam more sensitive to changes in international trade policy. Accordingly, Vietnam's "resilience and recovery" should not be understood as immunity to shocks; more precisely, it represents the capacity to absorb shocks, adjust, and reallocate resources relatively rapidly in their aftermath.

Another important source of resilience lies in the diversification of international integration. According to the OECD, Vietnam currently participates in 17 bilateral and multilateral trade agreements covering 53 countries and approximately 87% of global GDP; total merchandise trade was equivalent to 184% of GDP in 2022. This network provides multiple market "gateways" and enables firms to mitigate, to some extent, the risks associated with dependence on any single trading partner. Yet high openness also creates a paradox: the deeper Vietnam's integration, the more strongly it is exposed to external shocks. The IMF estimates that the direct domestic value added embodied in Vietnam's exports to the United States is equivalent to approximately 10% of GDP, among the highest levels in Asia.

B. The 2022 and 2025 Growth Rates Do Not Carry the Same Meaning

Although GDP growth was very high in both 2022 (8.54%) and 2025 (8.02%), the two episodes should not be treated as comparable forms of growth. A closer examination reveals substantial differences in their underlying nature.

Growth in 2022 was clearly characterized by a post-pandemic rebound. GDP expanded by as much as 13.71% year-on-year in the third quarter, against a backdrop in which the corresponding quarter of 2021 had been severely affected by social-distancing measures. At the time, the statistical authorities also attributed the 2022 growth performance to the process of restoring economic activity following the pandemic.

The 2025 performance, by contrast, rested on a broader foundation. GDP grew by 8.02%, with manufacturing and processing expanding by 9.97%; merchandise exports reached USD 475.04 billion, an increase of 17%; disbursed FDI reached USD 27.62 billion, up 9% and the highest level in five years; and total realized investment reached VND 4,150.5 trillion, an increase of 12.1%.

The key distinction, therefore, lies not in the growth rate itself, but in the sources of growth. The 2022 performance strongly reflected reopening and the release of pent-up demand, whereas the 2025 performance more clearly reflected the combined contribution of domestic demand, exports, FDI, and expanded productive capacity. This is why growth quality should not be assessed solely on the basis of an aggregate GDP indicator.

C. The Core Paradox: Deep Integration but Limited Domestic Value Retention

The findings also reveal an important paradox in Vietnam's development model: the scale of international integration has continued to expand, yet the capacity to retain domestic value added has not increased commensurately.

In 2025, the FDI sector accounted for 77.3% of total merchandise exports, equivalent to USD 367.09 billion, while the domestic economic sector accounted for only 22.7%; exports by the domestic sector declined by 6.1% from the previous year. This does not imply that FDI constitutes a weakness. On the contrary, FDI has played a central role in

Vietnam's industrialization, the expansion of productive capacity, and the country's integration into global value chains.

The issue lies in the strength of linkages between the FDI sector and domestic enterprises. The World Bank reports that foreign-owned firms account for approximately 73% of Vietnam's exports, while the share of domestic firms participating in global value chains declined from 35% in 2009 to only 18% in 2023. The OECD likewise indicates that approximately four-fifths of the inputs embodied in Vietnam's final exports originate from imports; the share of foreign value added in gross exports increased from 36% in 2005 to 48% in 2020.

The policy question, therefore, is no longer simply "How much FDI can Vietnam attract?" but rather "How much domestic value does FDI generate, how many supply-chain linkages does it create, and how much technology does it diffuse?" This represents a shift in policy thinking from FDI quantity toward FDI quality and linkages.

D. From Capital-Driven Growth to Productivity-Driven Growth

The findings above also help explain why high economic growth does not necessarily mean that the growth model has undergone a complete transformation. The OECD observes that Vietnam's long-term growth remains substantially dependent on capital accumulation; capital accounted for approximately 62% of output growth during 2010–2022, while total factor productivity (TFP) played a more modest role. Labor productivity growth also declined from approximately 5.9% per year during 2000–2010 to 4.6% during 2010–2022.

This has particular significance as Vietnam enters a stage in which the advantages of low-cost labor and labor reallocation from agriculture to industry are no longer sufficiently powerful to sustain high growth rates. In other words, the sources of extensive growth are gradually narrowing, while the need for intensive growth is becoming increasingly pronounced.

Against this backdrop, FDI, trade, and public investment should be viewed not as ends in themselves, but as instruments for raising productivity. FDI generates lasting effects only when domestic firms possess the capacity to absorb technology; exports generate high domestic value added only when Vietnamese firms move further into higher-value-added segments; and public investment enhances potential growth only when it is directed toward infrastructure capable of reducing transaction costs, strengthening connectivity, and stimulating private investment. The IMF therefore emphasizes three priorities simultaneously: improving productivity, upgrading infrastructure, and diversifying trade in order to reduce the vulnerability of the current growth model.

E. Contributions of the Study and Theoretical Implications

Drawing on the evidence presented above, this study proposes that Vietnam's growth should not be understood as the outcome of any single driver, but rather as the product of a transforming ecosystem in which institutions, trade, FDI, investment, productivity, and firm capabilities interact. This approach complements the conventional strand of research that tends to treat exports, FDI, or capital accumulation as independent drivers of growth.

The key novelty lies in shifting the analytical focus from "Vietnam grows through integration" to a deeper question: through what mechanisms does Vietnam transform the benefits of integration into productivity, innovation, and domestic value added? The OECD likewise emphasizes that supply-chain linkages between foreign-invested and domestic firms,

technological absorptive capacity, human capital quality, and innovation capabilities are decisive conditions for converting capital inflows and trade into productivity growth.

Accordingly, the challenge for the next stage is not to maintain integration at any cost, but to upgrade the quality of integration. Vietnam needs to move from the advantage of “producing in Vietnam” toward the advantage of “creating value in Vietnam”; from attracting capital toward absorbing technology; and from expanding export volumes toward increasing the share of domestic value added. It is precisely this transformation that will determine whether the resilience achieved to date can be converted into sustainable, productivity- and innovation-driven growth, rather than leaving the economy persistently dependent on capital, labor, and external demand.

VII. ACADEMIC AND POLICY IMPLICATIONS

The findings demonstrate the need to distinguish among growth, resilience, and productivity. Vietnam’s GDP grew by 8.54% in 2022, slowed to 4.98% in 2023, recovered to 7.04% in 2024, and reached 8.02% in 2025. Yet high growth does not necessarily imply a commensurate improvement in the economy’s long-term growth capacity. The central issue is the ability to transform international integration, FDI, and capital accumulation into productivity gains and greater domestic value added.

From an academic perspective, the study proposes shifting the analytical focus from the conventional FDI–growth relationship toward an FDI–linkages–productivity–growth framework. FDI and trade can provide the foundations for sustainable growth only when accompanied by technological absorptive capacity, labor skills, business linkages, and innovation. In 2025, the FDI sector accounted for 77.3% of merchandise exports, while the share of domestic firms participating in global value chains declined from 35% in 2009 to 18% in 2023. This suggests that deeper integration does not necessarily translate into greater domestic value retention.

From a policy perspective, Vietnam needs to shift from expanding the scale of growth toward upgrading its quality. FDI attraction should be linked to R&D, workforce training, supplier development, and technology transfer. Public investment should prioritize logistics, energy, digital infrastructure, and interregional connectivity. Human-capital policies should focus on engineering, STEM, artificial intelligence, automation, and other high-technology fields. In 2025, labor productivity increased by 6.83%, yet only 29.2% of the workforce held a degree or professional certificate, indicating substantial scope for further upgrading.

Over the longer term, the growth engine needs to shift from “capital + labor → output” toward “capital + skills + technology + institutions + innovation → productivity → value added.” This transformation is critical for Vietnam to move from advantages based on scale and cost toward competitive advantages grounded in productivity, technology, and innovation.

VIII. CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

The study shows that Vietnam’s growth during 2020–2025 evolved from resilience through recovery to re-acceleration, supported by institutional reforms, trade integration, FDI, investment, macroeconomic stability, and structural transformation. In 2025, GDP grew by 8.02%, the economy reached an estimated size of approximately USD 514 billion, and labor productivity increased by 6.83%. Nevertheless,

heavy dependence on FDI and exports, weak domestic linkages, and relatively low productivity indicate that resilience does not necessarily translate into strong endogenous growth capacity.

The principal contribution of this study is to shift the focus from the question “What has driven Vietnam’s growth?” to the more fundamental question “How has Vietnam transformed the benefits of international integration into productivity and domestic value added?” From this perspective, trade, FDI, and public investment should be regarded not merely as engines of growth, but as instruments for advancing technology, productivity, business linkages, and innovation. This provides a basis for Vietnam to move from comparative advantages based on capital and labor toward advantages grounded in productivity and knowledge.

The study has several limitations, including its reliance on secondary data, a relatively short observation period, and the absence of direct empirical tests of causal relationships. Future research should exploit firm-, industry-, and province-level data to examine more rigorously the effects of FDI, global value chains, institutions, public investment, and digital transformation on productivity. In particular, artificial intelligence and digital transformation represent promising areas of inquiry for clarifying how technology can enhance the absorptive capacity, innovation capabilities, and value-creation potential of Vietnamese firms. Such research could further refine the causal chain linking resilience → integration → technology → productivity → innovation → sustainable growth.

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CONFLICT OF INTEREST

The authors declare that they have no conflict of interest related to this study.

DATA AVAILABILITY STATEMENT

The data used in this study consist primarily of publicly available secondary data from the National Statistics Office, the Ministry of Finance, the Government of Vietnam, the World Bank, the IMF, the OECD, the ADB, and other international sources cited in the manuscript. These publicly available datasets can be accessed and verified using the reference information provided.

In preparing the manuscript, the authors used ChatGPT as an auxiliary tool for literature retrieval and organization, language review, and refinement of the presentation of the text and figures. The tool was used solely to support the editorial and manuscript-development process; the scientific content, analysis, and conclusions of the study were reviewed and remain the responsibility of the authors.

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