

MINISTRY OF EDUCATION AND TRAINING MINISTRY OF INDUSTRY AND TRADE
VIET NAM INSTITUTE OF INDUSTRIAL AND TRADE POLICY AND STRATEGY

LE THI THU HUONG

**DEVELOPMENT OF OVERSEAS VIETNAMESE
GOODS DISTRIBUTION SYSTEM**

Major: Commercial

Code: 9.34.01.21

SUMMARY OF THE DOCTORAL THESIS

HANOI, 2022

The work is completed at:
Viet Nam Institute Of Industrial And Trade Policy And Strategy

Science instructor: **1. Assoc.Prof.Dr. Dinh Van Thanh**
 2. Assoc.Prof.Dr. Ngo Thi Tuyet Mai

Reviewer 1:

Reviewer 2:

Reviewer 3:

The thesis is defended before the Institute's thesis grading committee,
meeting at Viet Nam Institute Of Industrial And Trade Policy And Strategy
at ... hour ... on day ... month ... year 20...

Thesis can be found at:

- National Library of Vietnam;
- Library of Viet Nam Institute Of Industrial And Trade Policy And Strategy

PREAMBLE

1. Necessity of the thesis topic

The development of the distribution service industry is closely related to the level of development, economic structure characteristics and policies of each country. In our country, along with the process of international economic integration in general and the opening of the distribution service market in particular, the distribution service industry has had a rapid development in the direction of modernity with the participation of many domestic and foreign economic sectors.

Besides developing distribution systems (DS) of goods in the domestic market, Vietnamese enterprises have actively developed the overseas Vietnamese goods distribution system with many different methods such as foreign direct investment into the goods distribution system; opening branches, representative offices and distribution stores of Vietnamese goods in foreign countries; bringing Vietnamese goods directly into the distribution chain of modern overseas distribution corporations... Recognizing the important role of developing the overseas Vietnamese goods distribution system, the Prime Minister also issued Decision No. 1513/QĐ-TTg dated September 3, 2015 approving the Scheme to promote Vietnamese enterprises to directly participate in foreign distribution networks in the period by 2020.

Over the past years, Vietnam has obtained many positive results in the development of the domestic goods distribution system, but the development of the overseas distribution system of Vietnamese goods is still slow and the efficiency is not high. The problem is how to make Vietnamese enterprises actively and proactively exploit investment opportunities to develop distribution systems to other countries. While the socio-economic context in the country and the world is still suffering from many negative impacts from the Covid-19 epidemic, Vietnamese export turnover through the overseas distribution system is still modest. The situation of foreign direct investment in the distribution sector is still small and tends to decrease.

From the limitations and inadequacies in the past time and the development trend of the overseas Vietnamese goods distribution system in the coming time, to quickly and sustainably develop the overseas Vietnamese goods distribution system, it is necessary to systematically research and find development solutions with scientific and practical bases. It is found out that it is necessary to research to have practical and feasible proposals and solutions to effectively develop the overseas Vietnamese goods distribution system in the coming period, the PhD student has chosen the topic ***Development of Overseas Vietnamese Goods Distribution System*** as the study topic of the thesis.

2. Study objectives and tasks

The general purpose of the study is to contribute to supplementing the reasoning, analyzing the current situation and proposing solutions to develop the overseas Vietnamese goods distribution system.

Based on the above purpose, the proposed study tasks are:

Firstly: Systematize and further clarify the theoretical issues of a country's goods distribution system in foreign markets, study international experiences on this issue and offer useful lessons for Vietnam.

Secondly: Assess the current situation of developing V overseas Vietnamese goods distribution system. Draw the points of success, limitations and shortcomings and causes of limitations to serve as a basis for solutions and recommendations in the coming time.

Thirdly: Propose the viewpoints, solutions and recommendations for the development of overseas Vietnamese goods distribution system by 2025, with vision towards 2030.

3. Object and scope of study

Object: The thesis studies on the reasoning, practice and solutions to develop the overseas Vietnamese goods distribution system.

Scope:

- In terms of content, the thesis delves into the content, development form, influencing factors and solutions to develop the distribution system of overseas Vietnamese goods (consumer) distribution system.

- In terms of space: The Thesis studies on development of Vietnam's goods distribution system in another country (Focus on Southeast Asia market and some countries in Europe and America).

- Scope of time: Analyze the current situation from 2016 to 2020 and make policy recommendations for the period by 2025, with vision towards 2030.

- Research subject: Mainly from the business perspective and further research from the State perspective, the Association as a support and facilitating businesses to develop their consumer goods distribution systems in another country.

4. Study Methodology

- Methodology: In order to achieve the study objective of the thesis, the author uses a common and popular scientific study method to collect, analyze data and explain issues of developing the overseas Vietnamese goods distribution system.

- Specific study methods: dialectical materialism method, secondary data collection method, data analysis method, expert interview survey method...

5. New contributions of the Thesis

- In terms of reasoning: On the basis of systematizing in-depth and comprehensive issues on the development of overseas Vietnamese goods distribution system with aspects of policy and administration of the development of the distribution system, the thesis clarifies the unique characteristics of the overseas goods distribution system of a country, setting up a new concept and connotation of the development of overseas goods distribution system of a country. In particular, clarify the content, evaluation criteria and give 5 groups of factors affecting the development of overseas goods distribution system of a country. These are new theoretical contributions to the development of the overseas distribution system of a country in the context of deeper international economic integration and meet the requirements of rapid development combined with sustainable development.

- In terms of practice: On the basis of scientific analysis and assessment of the current situation of developing overseas Vietnamese goods distribution system in recent years, the thesis points out the achievements, limitations and causes attributable to the State, the enterprise; Combining theoretical and practical bases, combined with analysis and forecasting of future contexts, the thesis establishes a number of viewpoints and development orientations, proposes 2

groups of solutions (for the State and for enterprises) and some specific recommendations to develop overseas Vietnamese goods distribution system in the period by 2025, with a vision towards 2030. Solutions and recommendations have scientific and practical bases, have many new points on linkages to develop overseas Vietnamese goods distribution system.

Therefore, the thesis has high practical value for the development of overseas Vietnamese goods distribution system both in terms of policy making and in enterprise aspects. And also, it is a valuable reference for researchers and interested people.

6. Structure of Thesis

In addition to the preamble, conclusion and appendices, the thesis will have a structure of 4 chapters as follows:

Chapter 1. Overview of foreign and domestic study works published related to the thesis topic

Chapter 2. Theoretical basis and practical experience on developing the overseas goods distribution system of a country

Chapter 3. Current situation of developing the overseas Vietnamese goods distribution system in the period of 2016-2020

Chapter 4. Solutions for development of overseas Vietnamese goods distribution system by 2025, with a vision towards 2030

CHAPTER 1. OVERVIEW OF FOREIGN AND DOMESTIC STUDY WORKS PUBLISHED RELATED TO THE DEVELOPMENT OF OVERSEAS VIETNAMESE GOODS DISTRIBUTION SYSTEM

1.1. Overview of study works

1.1.1. Studies on the development of general goods distribution systems

In the past period, in the world and in the domestic space, study on the development of general goods distribution system has been quite a lot, typically some of the studies listed below. These studies are very useful references to create a theoretical and practical bases for the PhD thesis topic.

- Vietnam Institute of Trade Research (2004), "Development of the goods distribution system in Vietnam in the context of international economic integration", Political Theory Publishing House [62]; Vietnam Institute of Trade Research (2006), Ministry-level scientific project "Assessment of the current situation and orientation of the organization of distribution channels for a number of key products of our country" [63]; Ministry of Trade and GTZ co-chaired (2005), Project "Research on building legal framework for distribution system" [12]; Ministry of Planning and Investment (2008), Research Project "Overall development strategy of Vietnam's service sector by 2020" [7]; Nguyen Thanh Binh (2012), PhD thesis "Improving the policy of developing retail distribution services in Vietnam in the integration period" [13]; Pham Huy Giang (2011), doctoral thesis "Development of a modern distribution system in the form of a chain of retail supermarkets in Hanoi city". [27]; Le Ngoc Trung (2018), PhD thesis "Solutions to develop the distribution system of agricultural products in the Southeast region today". [56]; Assoc.Prof.Dr. Dinh Van Thanh (2012), Ministry-level project "Participating in global value chains through transnational companies (TNC)- Lessons for Vietnam". [53]; Vietnam Retailers Association (2012), Post-survey summary *Korea's experience: Opening the distribution-retail*

market according to WTO commitments and developing the retail industry [28]; Andrew Cox, Paul Ireland, Chris Lonsdale, Joe Sanderson and Glyn Watson (2002), book “*Supply Chain, Markets and Power: Mapping power and supplier power regime*” [1]; Scott D. Freedman (1995), PhD thesis “*The Role of Distributors in Product Supply Channels: Theory and Practice*”, Massachusetts Institute of Technology [88]; Assoc.Prof.Dr. Ha Van Hoi (2012), scientific article “*Vietnam's textile and garment export value chain: Disadvantages, difficulties and countermeasures*”, Journal of Science, Vietnam National University, Hanoi [34]

1.1.2. Studies on the development of overseas goods distribution system of a country

There are not many studies on the development of overseas goods distribution system of a country, however, the PhD student has studied and listed some of the following case studies. These studies are very useful references in practice, helping the PhD student analyze and draw some lessons that can be applied in practice in Vietnam.

- Masakuni Negishi and Takashi Shimasaki (2014), scientific article *possibility of building Japanese-style distribution infrastructure in ASEAN market*, Nomura Research Institute [86]; Roehlano M. Briones and Danilo C. Israel (2014), Study “*Strengthening Supply Chain Connectivity and Competitiveness of ASEAN Agricultural Products: Identifying Nodes and Opportunities for Improvement*”, Institute of Philippine Development Studies [89]; Gerd Tungsten (2003), workshop material “*Metro Group: Future Store Initiative*” [75]; Atsushi Kobayashi (2013), Scientific publication “*The role of Singapore in the development of intra-Southeast Asian trade, period of 1820-1852*”, Institute of Asian and African Studies, University of Tokyo [70]; Japan-ASEAN Consolidation Fund (2014), Training Manual on “*Logistics Planning and Analysis*” [87]

1.1.3. Studies on the development of overseas Vietnamese goods distribution system

The study on overseas Vietnamese goods distribution system is a fairly new issue. In the last few years, there have been a number of related and useful studies in Vietnam with the thesis of the PhD student.

- Pham Thi Tuong Van (2017), scientific report *Survey Research: Policy for developing border economy in Vietnam*, Institute of Financial Policy and Strategy [64]; Government (2015), Decision No. 1513/QĐ-TTg dated September 3, 2015 of the Prime Minister *approving the Scheme to promote Vietnamese enterprises to directly participate in overseas distribution networks in the period by 2020* [17]; Government (2019), Decision No. 1797/QĐ-TTg dated December 12, 2019 of the Prime Minister *approving the Scheme on mobilizing overseas Vietnamese to participate in product introduction, consumption and development distribution channels of Vietnamese goods in foreign countries* [18]; Dinh Thi Bao Linh (2019), Ministry-level scientific project “*Research and proposal of solutions to build a distribution network for a number of Vietnam's strong industrial products in the ASEAN market*”, Industry-Trade Information Center, Ministry of Industry and Trade [41]; Le Thi Thu Huong (2019), “*Research and proposal of solutions to develop the distribution system of Vietnam's goods to the EU market*”, ministerial-level study topic [35]; Nguyen Thao Hien (2020), “*Study and proposal of solutions to promote the export of Vietnamese agricultural products - food through a number of modern distribution systems in the world*”, Ministry-level project, Ministry of Industry and Trade [31]; Pham Hong Tu (2016), “*Research and proposal of solutions to develop distribution systems of Vietnamese*

enterprises to countries in the Mekong sub-region" [51]; Thanh Giang, *Vietnamese goods to foreign markets through modern distribution channels*, Dai Doan Ket electronic newspaper, May 24, 2019; Nguyen Hue, *Bringing Vietnamese goods to foreign markets through modern distribution channels*, Website Haiquanonline.com.vn, 4/7/2019; Nguyen Thuy, *Enterprises participating in foreign distribution networks: Solutions must be synchronized*, daibieunhandan.vn, May 10, 2018; Minh Lam – Thanh Hong, *Bringing goods to foreign markets through foreign distribution channels*, thobaonganhang.vn, May 30, 2019.

1.2. Shortcomings in reasoning and practice

Firstly, in the study documents, a number of topics have built up the reasoning of developing overseas goods distribution system of a country, the implementation conditions as well as the factors affecting this activity. These contents are very necessary, useful and inherited by the PhD student, shown in the Thesis. However, the studies have not mentioned in general the basic requirements of the construction of a goods distribution system in different countries and regions around the world; basic characteristics of key countries, regions and markets.

Secondly, the situation and current status of the development of overseas Vietnamese goods distribution system has been mentioned and analyzed quite specifically by the studies. However, the role of the state and enterprises, the coordination between the state and enterprises, the influence of diplomatic relations, as well as the impact of free trade agreements on the development of this distribution system have not been fully studied in-depth. In particular, the studies have not analyzed much about the role, motivation, and difficulties and obstacles of enterprises in this regard. The studies are still heavily qualitative, less quantitative, especially the statistics of Vietnamese enterprises investing in developing the overseas distribution system. The studies often focus on data of state management agencies, have not conducted surveys and investigations for enterprises.

Thirdly, the studies have not clarified the concept of overseas Vietnamese goods distribution system, including Vietnamese goods distribution system of investors who are overseas Vietnamese without Vietnamese nationality. Therefore, when it comes to solutions, it is usually only a matter of mobilizing overseas Vietnamese to introduce Vietnamese products and develop distribution channels for Vietnamese products in a general way, without giving specific solution, although the Government has developed a scheme on this issue.

From the above conclusions, the main content issue that the thesis chooses for further study is to contribute to supplementing the specialized reasoning on the development of overseas goods distribution system, to analyze the current situation, to assess the current state of policies and solutions of the State, enterprises, and overseas Vietnamese communities for the development of the current overseas Vietnamese goods distribution system. And also, the topic focuses on providing the most effective solution to develop the Vietnamese goods distribution system in foreign markets.

CHAPTER 2. THEORETICAL BASIS AND PRACTICAL EXPERIENCE ON DEVELOPING THE OVERSEAS GOODS DISTRIBUTION SYSTEM OF A COUNTRY

2.1. Concept and role of developing overseas goods distribution system of a country

2.1.1. Some concepts

- *Concept of Goods Distribution System:* According to Decree No. 09/2018/ND-CP dated January 15, 2018 of the Government detailing the Commercial Law and the Law on Foreign Trade Management on goods purchase and sale activities, activities related to the purchase and sale of goods by foreign investors and foreign-invested economic organizations in Vietnam, Articles 4 and 3 stipulate: “Distribution is wholesale activities, retailers, resellers and franchisees”.

- Concept of developing overseas goods distribution system of a country

Development of overseas goods distribution system of a country is the process by which the State/enterprise expands distribution channels of goods abroad, participates more deeply in goods distribution channels in foreign countries, and affects goods distribution channels to adapt to the activities of supplying goods outside the national border in order to serve the goal of increasing the export of goods to foreign countries.

That process is associated with the trend of globalization and liberalization of trade in services. The implementation of commitments on market opening, including commitments on opening the distribution service market, has opened up the possibility of interoperability and connection of goods distribution systems between economies and forming a transnational goods distribution system. According to the WTO's point of view, the development of an enterprise's distribution system from one country to another belongs to the field of services and trade (distribution service industry).

Development of overseas goods distribution system of a country is understood as: Extending a goods distribution system of a country to overseas final consumers; Expanding the country's goods distribution system to regions, territories and countries; Upgrading quality and service for existing goods distribution system.

2.1.2 Role of development of overseas goods distribution system

The development of the overseas goods distribution system of a country has major roles for the economy such as:

- Contributing to improving the ability to exploit comparative advantages and expand the scale of production and business of enterprises in particular and of the whole economy in general; contributing to exploiting the economy's export potential of goods, increasing added value for domestically produced goods; contributing to brand promotion and improving the competitiveness of goods, enterprises and the economy in foreign countries; contributing to the development of service trade in the direction of increasing service exports of the economy.

- In the business activities of an enterprise, the consumption of goods is always an important issue, deciding the existence and development of the enterprise. Efficient distribution of goods can only collect money to pay the costs in all stages of the production and business process. On the contrary, inefficient distribution of goods will lead to business bottlenecks and may not be able to pay the costs, leading to bankruptcy.

2.2. Characteristics and forms of development of overseas goods distribution system of a country

2.2.1. Characteristics of the development of overseas goods distribution system of a country

- The goods distributed often have characteristics suitable to the needs, preferences, and consumption habits of the above customer groups. In addition, it is necessary to take into account the weather, climate, seasons, socio-economic conditions, etc. of the country where the goods are distributed.

- Foreign regulations: The development of overseas goods distribution system of a country must comply with the regulations of the host country, on goods quality, labels, packaging, etc., and comply with regulations on wholesale/retail distribution establishments of goods.

- Members participating in overseas goods distribution system of a country: Members of a overseas goods distribution system of a country include: (1) Producers/exporters; (2) Distribution intermediaries; (3) End consumers in the host country.

- + Producer/exporter: The producer/exporter is the originator of the overseas goods distribution system of a country. They supply foreign markets with domestically produced goods.

- + Commercial intermediaries (distribution intermediaries) include import intermediaries of foreign countries and host countries; Commercial presence of national enterprises producing goods abroad (branches, representative offices); Enterprises of the producing country invest in overseas goods distribution infrastructure; Commercial intermediaries of the national population producing goods abroad (in wholesale markets, supermarkets, trade centers). Import intermediaries of foreign countries and host countries.

- + Consumers include both individual consumers and organizations, enterprises in the host country market as the final destination of goods and services. It is only when the goods reach the final consumer that the distribution process is complete.

2.2.2 Forms of developments of overseas goods distribution system

The forms of developing the overseas goods distribution system that enterprises can choose are as follows:

- Goods are brought through an import intermediary and then into the retail system, which is a method of participating in the foreign market indirectly, by going through a third person to perform import transactions into the foreign market

- Enterprises build commercial presence in foreign markets (representative offices, branches).

- Enterprises investing in building bonded warehouses, overseas processing and distributing facilities, investing in developing overseas wholesale and/or retail distribution systems, can set up wholesales establishments through the warehouse according to the cash & carry model.

- The enterprise invests in the development of an overseas distribution system in the form of franchising.

- Bringing the goods of that country directly into the overseas goods distribution system, usually of multinational corporations. Accordingly, goods of the producing country are directly purchased and exported by the purchasing department of multinational distribution corporations, sold at the chain stores, supermarkets, trading centers, ... of that corporation in foreign markets. Thus, the overseas goods distribution system of a country is extended and expanded.

2.3. Content and criteria for evaluating the development of overseas goods distribution system of a country

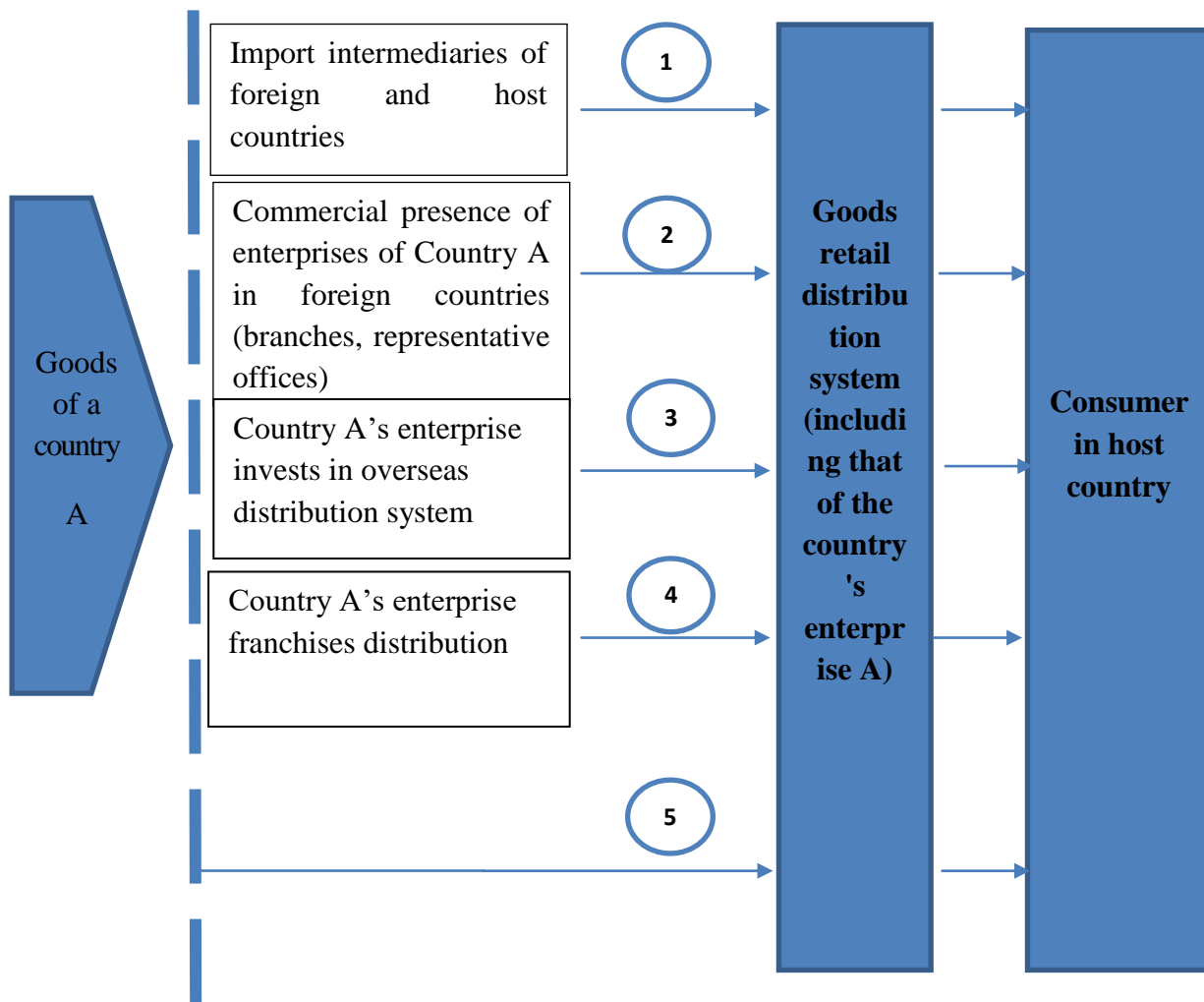
2.3.1. Contents of developing overseas goods distribution system of a country

- Developing overseas goods distribution system by the width is that the scale of the distribution system expands to many regions, territories and countries around the world.

- Developing overseas goods distribution system by the depth that is the length of the distribution system to consumers, accordingly, the longer the distribution system is, the more intermediate levels in the system is and the improvement in quality of distributed goods and the quality of services delivered compared to the existing distribution system. And also, there is also an increase in the scale, quality and competitiveness of members in the distribution system.

- Development in both width and depth is the growth in the scale of the distribution system and the length of the distribution system, the development in the quality of goods, the quality of services and the quality of the members in the goods distribution system of a foreign country.

Figure 1. Diagram of overseas goods distribution system of a country



Source: Summarized, proposed by the PhD student

2.3.2 Criteria for assessing the development of overseas goods distribution system of a country

a. Criteria for development by breadth (in terms of quantity)

- *Market coverage*: Market coverage reflects the development level of overseas goods distribution system of a country by the width.

- *Scale of the system*: The scale of overseas goods distribution system of a country reflects the number of members in the distribution system, representing the scale of a country's overseas goods distribution channel.

- *The length of the system* represents the length of the overseas goods distribution channel of a country as determined by the number of levels of distribution intermediaries present in the distribution system, reflecting the evolution of the overseas goods distribution system of a country in depth. The length of the system is large, the number of levels of distribution intermediaries increases, and the overseas goods distribution system of a country will develop in depth.

b. Criteria for development in depth (in terms of quality)

- *Level of linkage between members in the system*: The level of linkage between members in the system shows the sustainability of the overseas goods distribution system of a country. The stronger the level of linkage is, the more sustainable the overseas goods distribution system of a country is. Conversely, the looser the level of linkage is, the less sustainable the overseas goods distribution system of a country is.

The sustainability of overseas goods distribution system of a country reflects the breadth and depth of overseas goods distribution system of a country.

- *Competitiveness of each goods distribution system in foreign markets*. The development of an overseas goods distribution system of a country depends heavily on the development of individual distribution systems and is evident in the competitiveness of each individual system. Normally, when measuring competitiveness, it can be based on factors constituting competitiveness such as financial capacity, organizational and administrative capacity, technology and human resources...

- *The quality and efficiency of the existing goods distribution system*, modernization and application of civilized and modern distribution forms represent the in-depth development of overseas goods distribution system of a country, with criteria such as:

The level of linkage between members in the system; Competing capability; Quality of goods of a country distributing abroad; Number of types and quality of services, structure of modern and traditional retail types; Quantity and quality of goods distribution infrastructure works of a country investing abroad (investing enterprise or state).

2.4 Factors affecting the development of overseas goods distribution system of a country

2.4.1. International and regional factors

- In terms of international scope, the factors affecting the development of international business in general and the development of the overseas goods distribution system of the enterprise in particular, include the following basic factors: Political relations between countries; Development of regional and international links; International trade and investment liberalization; Growth of transnational companies (TNCs); Development of

science and technology. Besides, the thinking, perception and attitude of distributors towards the development of the overseas distribution system is also a decisive factor to the expansion or development of the goods system. consumption abroad

- *In terms of scope of bilateral relations*, the factors affecting the development of the goods distribution system of enterprises (distribution service exporters) to foreign countries (partner countries), including the following basic factors: Political situation of the partner country; Policies and laws of the partner country; Geographical location, natural conditions of the partner country; Market potential of the partner country; Labor source of the partner country; Infrastructure in the partner country; Socio-cultural factors of the partner country.

2.4.2. *National factor*

- National competitiveness is the set of institutions, policies and factors that determine the level of efficiency and productivity of a country. Currently in the world, the "Global Competitiveness Index" (GCI) evaluates competitiveness through 12 pillar indexes classified into 3 groups.

Group 1- Indices that reflect the basic requirements of an economy, including: (1) Institutions, (2) Infrastructure, (3) Macro-economic environment, (4) Health, primary education.

Group 2 - Indices for the economy to develop towards quality and efficiency include: (5) Post-primary education and training, (6) Commodity market efficiency, (7) Market efficiency labor, (8) Development level of the financial market; (9) Technology readiness and (10) Market size.

Group 3 - Indices reflecting the level of enterprises and innovation capacity include: (11) Business level, (12) Innovation capacity.

2.4.3. *Factors in the business industry*

- Competitive factor

- Internal factors of enterprises, including: Adaptability of enterprises to the overseas distribution service market; Capacity of enterprises to organize and operate distribution systems in general and overseas distribution system in particular; Ability of enterprises to attract, train and employ employees; Ability to mobilize and use capital of enterprises; Enterprise's ability to apply and innovate technology; Orientation to build brands of goods and businesses.

2.4.4. *Factor of distributors*

One of the forms of developing the overseas goods distribution system is that an enterprise of a country puts goods directly into the distribution chain of a distribution corporation/distributor in foreign markets (through the purchase department from a distributor). The policy on trade and import management of foreign countries for products of exporting countries is one of the important factors. In particular, goods of the exporting country must meet the regulations and standards on the distribution system of goods such as the supermarket system of the importing market countries, through their policy on trade, import management.

2.5 *Experiences of some countries on developing overseas goods distribution systems and lessons learned for Vietnam*

2.5.1. Experiences of some countries in developing overseas goods distribution systems

Through analyzing the experience of Australia, some Southeast Asian countries and Korea, the PhD student draws some lessons for Vietnam.

Lessons of success that can be applied

- Role of government in creating and strengthening linkages at the government, local and business levels.
- Promote the role of business associations, industry associations.
- In addition, it is necessary to continue to promote and take advantage of the network of overseas Vietnamese entrepreneurs, especially in countries where entrepreneurs are active in the distribution sector.
- Be able to penetrate into the large and global retail distribution chain, the enterprises must actively seek information and knowledge fully and appropriately.
- Build and promote the image in the target market.
- Export through overseas distribution systems invested by domestic enterprises.

CHAPTER 3. CURRENT SITUATION OF DEVELOPING THE OVERSEAS VIETNAMESE GOODS DISTRIBUTION SYSTEM IN THE PERIOD OF 2016-2020

3.1. Analysis of the current situation of developing overseas Vietnamese goods distribution system

3.1.1. Developing the overseas Vietnamese goods distribution system by bringing Vietnamese goods into the distribution system of corporations around the world.

In recent years, the fact that Vietnamese enterprises, through the purchase department of large distribution corporations, have brought Vietnamese enterprises' goods into the distribution system of these corporations globally is quite common and is promoted and facilitated by the state agencies. Thereby, Vietnamese goods are distributed in markets where the Corporation has its distribution system, this is considered a measure to shorten the intermediary stages, bringing Vietnamese goods to consumers in markets around the world quickly with suitable cost and guaranteed quality. Thereby, it helps prolong and expand the distribution system for Vietnamese goods, and also, increase the competitiveness of Vietnamese goods in the international market.

- Statistics show that Vietnamese enterprises have developed quite well the method of exporting goods through large supermarkets investing in Vietnam. *The total value of Vietnamese goods purchased and distributed through modern distribution systems of distribution corporations in foreign markets in the five-year period from 2015 to 2019 has gradually increased over the years.* For example: Central Group, if in 2012, the total value of goods purchased and distributed by domestic enterprises through this system in foreign markets only reached 21 million USD, in 2019, it has reached 205 million USD (up nearly 10 times). In the AEON system, the total value of goods purchased and distributed by domestic enterprises through this system in 2017 reached 200 million USD, by 2019, about 380 million USD and 500 million USD in 2020. It is to increase total value of Vietnamese goods into the AEON system (in foreign markets) to reach 1 billion USD by 2025.

- *The average annual growth rate of the value of Vietnamese goods purchased and distributed through a number of distribution systems of distribution corporations in foreign markets is quite fast.*

Vietnamese goods are appearing more and more in hypermarkets, in modern overseas distribution systems. However, compared with the number of products in the distribution systems as well as the production potential of Vietnam, the quantity is still small.

The product category has grown in both quantity and quality. The Vietnamese goods on display are diverse in types and designs, with many types of items such as fresh fruits, processed foods, garments, consumer goods, handicrafts...

+ *Distribution by partner/by market and by product: Vietnamese agricultural products are purchased and distributed through modern distribution systems of corporations, mainly in a number of markets:*

Currently, Vietnamese goods through this form have penetrated into many fastidious markets such as Japan (AEON Group), the US (WallMart), France (Big C) and Thailand and Italy (Central Retail, MM Mega Market), ...

+ The large distribution corporation also buys and distributes Vietnamese goods at the Corporation's distribution system in foreign markets under its own label. For example, AEON with TopValue brand, Lotte Mart with Choice L brand, ... and achieved positive results.

- The number of Vietnamese enterprises becoming goods suppliers through modern distribution systems in foreign markets of distribution corporations is increasing gradually, there are more than 51 Vietnamese enterprises and 20 buyers in 8 industries of Central Group connected, the draft on bringing Vietnamese goods to Thailand in general and the Central Group system in particular. In addition to effectively developing a modern distribution system in Vietnam, foreign retail corporations are effective and sustainable direct distribution channels, bringing high quality Vietnamese products to millions of consumers around the world through overseas distribution systems.

3.1.2. Development of infrastructure for overseas Vietnamese goods distribution invested by Vietnamese enterprises or State

3.1.2.1. Overview of Vietnam's foreign investment

Over the years, the FDI capital of Vietnamese enterprises has achieved many positive results with the number of projects and registered capital in the following year always higher than the previous year. This shows that Vietnamese enterprises not only focus on investing in the country but also expand investment abroad to affirm their brand and position in the international arena, especially in the context of current international integration. The number of investment projects grows rapidly. From 18 projects before the promulgation of Decree No. 78/2006/ND-CP dated August 9, 2006 regulating foreign direct investment, by the end of December 2016, there were 1,188 foreign investment projects of Vietnamese enterprises, with a total registered capital of nearly 21.4 billion USD in 70 countries and territories. Accumulated from 1989 to November 2019, Vietnam has invested more than 22 billion USD abroad. In the period of 2016-2020, the average number of projects per year is quite high, but the average registered capital/project decreases sharply.

3.1.2.2. Situation of foreign direct investment in the field of distribution services in the general investment of all economic sectors in Vietnam

By 2020, the service sector will continue to increase sharply in the number of projects, accounting for 69.74% of the total number of projects in the country. In which, the number of foreign direct investment projects in the field of distribution services in 2005 accounted for 12.3% of the total number of foreign direct investment projects of Vietnamese enterprises, in 2010, increasing by 17% and in 2015 up to 22.6%, by 2020 up to 28.98%.

The total registered capital of foreign direct investment in the field of distribution services in 2005 was 8.7 million USD, accounting for 1.4% of the total registered capital of Vietnamese enterprises, by 2010, increasing by 148.8 million USD, accounting for 1.69% and in 2015 increasing by 264.9 million USD, but the proportion decreased to 1.34%. By 2020, the corresponding figure was 602.1 million USD with a slight increase, reaching 2.81%.

The average size of registered investment capital of projects in the field of distribution services has increased from 0.46 million USD/project in 2005 to 1.57 million USD/project in 2010, but then decreased down to 1.34 million USD/project in 2015 and by 2020 reaching 1.48 million USD/project.

Compared with the overall average registered capital, the average registered capital of projects in the field of distribution services has decreased from 52.7% in 2005 to 35.04% in 2010 and 5.06% in 2015. By 2020, this rate will increase slightly but still low, equivalent to 9.68%.

3.1.3. Development situation of overseas Vietnamese goods distribution system

3.1.3.1. Development of distribution systems of Vietnamese enterprises to some Asian countries in the period of 2016 - 2020

a/ Current situation of developing distribution systems of Vietnamese enterprises at the border lines with Laos, Cambodia and China

On December 24, 2019, Vietnam and Cambodia inaugurated Cho Da area (a model border market between Vietnam and Cambodia) to create favourable conditions for promoting and exploiting the potential and advantages of the two border provinces such as Tay Ninh and Tbaung Khmum, contributing to expanding trade exchanges, building distribution systems, transforming the economic structure of the region and the two provinces such as Tay Ninh and Tbaung Khmum, promoting the export of Vietnamese goods to Cambodia, creating a new appearance for a border area which was previously a remote area.

Statistics of the Ministry of Industry and Trade in 2020 show that, of the types of border trade infrastructure that have been formed, the most popular are border markets (270 markets) and warehouses (159 warehouses). Most are located on the border with China and Cambodia. The border route with Laos accounts for about 14% of the number of markets and 3% of the number of warehouses. The type of logistics center, so far, has only formed three provincial-level centers in Lao Cai.

The goods distribution system of Vietnamese enterprises on the border line with Lao PDR and Cambodia focuses mainly on the retail industry with major retail types such as supermarkets, trading centers, and duty-free shops and border markets. In particular, in

border-gate economic zones, some Vietnamese enterprises have built supermarkets, trading centers and duty-free shops. However, supermarkets, trading centers in and duty-free shops in border-gate economic zones of Vietnam are currently inefficient. Compared to the Vietnam-Cambodia border, the exchange and sale of goods across the Vietnam-Laos border is better maintained, but it is also mainly a small trade and serves the needs of border residents.

b. Current situation of developing the goods distribution system of Vietnamese enterprises in some countries in Asia

In the field of distribution services, a number of Vietnamese enterprises have penetrated the distribution service market in Myanmar, such as:

- + CT Group, headquartered in Tan Binh district, Ho Chi Minh City, has established C.T Myanmar Distribution in Myanmar (headquartered at 147 West Shew Gone Daing Yard, Baham Township, Yangon, Myanmar). C.T Myanmar Distribution in Myanmar has established a strong distribution network in all channels, from traditional markets to supermarkets, commercial centers and even a system of agents and retail stores in Myanmar. C.T Group represents 50 companies organizing distribution systems in the traditional form including wholesale markets, supermarkets and stores; And also, a joint venture with the world's leading company specializing in HomeShopping services to deploy a modern form of distribution with the HomeShopping model, operating through television, telephone and Internet devices.

- + Following the favorable opening of C.T Group, other Vietnamese enterprises followed in the footsteps of investment in Myanmar with hundreds of commercial presences in various forms such as representative offices, corporate branches, joint ventures and companies with 100% Vietnamese capital. On the Myanmar market, there are currently about 25 Vietnamese products, including instant noodles, noodles, tea, coffee, confectionery, processed foods, cosmetics, children's clothing, plastic household appliances, and electrical appliances, pharmaceuticals, metal and electronics...

- In the field of distribution services, Vietnamese enterprises have just approached the market through fairs in Thailand in recent years. At the Vietnamese Goods Fair in Thailand 2016, famous brands such as Viet Tiep locks, Dien Quang lights, Saigon beer... were looking for opportunities to penetrate the Thai market. According to the general assessment of Vietnamese enterprises participating in the fair, Vietnamese goods are currently of good quality and variety, but Vietnamese enterprises' understanding of the Thai market is still not deep. Therefore, the presence of Vietnamese goods in Thailand is still limited.

3.1.3.2. Distribution infrastructure of Vietnamese goods in some other countries invested by Vietnamese enterprises

Trung Nguyen Coffee Group invested its first overseas store in 2008, Trung Nguyen Café at Terminal 1 at Changi Airport, Singapore. In 2009, Trung Nguyen opened a second store in Liang Court. This was a shopping center located at the famous Clarke Quay. It was established but the most famous, i.e Trung Nguyen Coffee at Marina Bay Sands. It is located in the lobby of the 5-star hotel-casino complex. Trung Nguyen E-Coffee, also has a

point of sale in Laos and is looking forward to continuing to expand the franchise chain here.

King Coffee brand has appeared in more than 80 countries and territories, especially major markets such as the US, Korea, Singapore, Australia, Russia, Dubai, etc. And also, this brand also opened a representative offices in the United States, China and Singapore to run the global business network.

- Longdan, one of the most successful Vietnamese enterprises in the UK, established the Longdan supermarket system since 1998. Up to now, LongDan Express is the largest supermarket chain supplying "Made in Vietnam" products in the UK. It has a system of 10 supermarkets, specializing in the distribution of Asian products, of which Vietnamese products account for about 30%. On average, each year this supermarket chain imports 2,000 tons of Vietnamese products, of which, each week imports at least 1 ton of fruits and vegetables via airway.

Through the actual situation analyzed above, we can see that at present, Vietnamese enterprises mainly distribute to foreign countries still in the form of wholesale. In the form of retailing, sales agents and franchising, although some Vietnamese enterprises have implemented it, it is still very limited in size and quantity. In short, at present, Vietnamese enterprises develops an overseas Vietnamese goods distribution system, focusing on several methods. In which, mainly form 1 - distribution through import intermediaries of the host country. It is followed by foreign direct investment to develop the goods distribution system (investment in markets, supermarkets, trading centers,...). The enterprises have also implemented the form of agent selling goods and franchising, but there are quite a few Vietnamese enterprises.

3.2. Current situation of factors affecting the development of the overseas Vietnamese goods distribution system

3.2.1. International and regional factors

In terms of international scope, Vietnam has become an official member of ASEAN, APEC, ASEM and WTO and financial institutions such as WB, ADB, IMF... The accession to WTO in 2007 opened up fair trade relations between Vietnam and other countries and territories. Vietnam becomes an equal country in trade with other countries in the world. In addition, Vietnam has had trade relations with more than two hundred countries and territories on all continents; More than one hundred countries and territories have investment projects in Vietnam and Vietnamese enterprises have had investment projects in nearly seventy countries and territories. Over the past time, Vietnam has actively negotiated and signed many important agreements and commitments. New generation FTAs were signed and took effect, opening a new era for Vietnam's role and position in the international arena. However, in reality, many countries have their own quite strict regulations on the import of goods as well as allowing foreign retail distributors to open retail systems of goods directly to domestic consumers such as Japan, EU ...

3.2.2. National factor

- Vietnam's global competitiveness: is a combination of institutions, policies and factors that determine the level of efficiency and productivity of a country.

- State policies on the development of overseas Vietnamese goods distribution system: Legal policy on foreign investment in general, legal documents of the state on investment and development of overseas Vietnamese goods distribution infrastructure in the past time, focus a lot on border trade infrastructure, with plannings, plans to develop markets, warehouses, ... in foreign countries. Over the years, the Government has issued many policies aimed at developing Vietnam's goods exports in general and developing Vietnam's goods distribution system in foreign markets.

3.2.3. Factor in the business industry

- Competitive factor: in order to develop the overseas distribution system, Vietnamese enterprises must compete with distributors of the host country. In particular, multinational corporations present in the host country or in the target (foreign) market to which the enterprise plans to distribute goods will have great impacts on the development of overseas Vietnamese goods distribution system. Moreover, while the world's major retailers have investment capital, experience, and modern trade management technology, most of our country's enterprises are small and medium-sized, with limited resources in terms of capital, basic business infrastructure, management technology, market connectivity...

- Internal factors of enterprises: Adaptability of enterprises to the overseas distribution service market; Capacity to organize and operate the distribution system of enterprises in general and overseas distribution system in particular; Enterprise's ability to attract, train and employ workers; Enterprise's ability to mobilize and use capital; Enterprise's ability to apply and innovate technology; Orientation to build brands of goods and enterprises.

3.2.4. Factors of distributors

Currently, Vietnamese enterprises are gradually developing the overseas Vietnamese goods distribution system from the lowest form to the highest form. However, it is still mainly based on the direct method of bringing Vietnamese goods into the distribution chain of the Distribution Corporation in foreign markets (through the purchasing department of the distributor). With this form, some key characteristics of the distributor are: financial strength; distributor's technical facilities; Distributor's requirements for goods of the exporting country, etc. will have a direct influence on the development of overseas Vietnamese goods distribution system. The policy on trade and import management of foreign countries for Vietnamese products is one of the important factors. In particular, Vietnamese goods must meet regulations and standards on goods distribution systems such as supermarket systems of importing market countries, through their policies on trade and import management.

Another form is to develop an overseas distribution system, mainly in the food industry. Currently, there are coffee companies in Vietnam that have developed overseas systems: Highlands Coffee, Cong coffee; E-Coffee; King Coffee and Phuc Long Coffee & Tea. The above chains all develop the system in the way of franchising for businesses in the host country, because they cannot do it themselves. This is also one of the difficulties of Vietnamese enterprises when they want to develop a system of goods to foreign markets.

3.3. General assessment of the development of the overseas Vietnamese goods distribution system

3.3.1. Achievements and causes

a. Achievements

The level of market coverage increases, as shown in (i) The number of Vietnamese enterprises participating in the development of distribution systems to other countries tends to increase. (ii) Vietnamese enterprises have been expanding their activities of developing distribution systems to many countries. (iii) The methods and forms of developing the goods distribution system of Vietnamese enterprises to other countries are relatively suitable to the actual conditions and development level of Vietnamese enterprises. As follows:

- + The number of Vietnamese enterprises participating in the development of overseas goods distribution system has increased. Foreign direct investment projects of Vietnamese enterprises in the distribution service industry in the total number of overseas investment projects of the country increased from 15.3% in 2010 to 18.6% in 2018.

- + Vietnamese enterprises have been expanding their activities to develop the goods distribution systems.

- + Vietnamese goods supplied to other countries through the enterprise's distribution system have increased in size and product structure.

- + The methods and forms of developing the distribution systems of goods of Vietnamese enterprises to other countries are suitable to the actual conditions and are relatively diverse with the mode of presence of natural persons (traders bringing goods to sell in border markets of Laos and Cambodia), as well as the mode of consumption of overseas distribution services (Vietnamese traders sell goods through markets and supermarkets in border economic zones to border residents of Laos and Cambodia). And also, Vietnamese enterprises have developed the distribution systems to other countries by the current commercial method (opening branches, building shopping malls, supermarkets, retail stores).

Regarding forms of distribution system development, Vietnamese enterprises are focusing on developing strongly in the form of consumption agents. Besides, the development of distribution system in the form of retail and wholesale is also focused on developing by Vietnamese enterprises on the border with Laos and Cambodia.

Vietnamese enterprises have developed quite well the method of distributing goods to countries through large supermarkets of multinational corporations investing in Vietnam. Taking advantage of distribution channels through Vietnamese enterprises in countries with large overseas Vietnamese communities such as the US, Germany, the Czech Republic, etc. And also, a number of large-scale Vietnamese enterprises have also taken initial steps to develop the distribution systems to other countries by the current commercial method (opening branches, building trade centers, supermarkets, retail stores) in the host country market.

- + Vietnamese enterprises have been expanding their activities of developing distribution systems to many countries. In Asian countries: Laos, Cambodia, Myanmar and some other Asian countries are quite large overseas investment destinations of Vietnam, including in the field of distribution infrastructure. Among EU countries, in the first stage, Vietnamese enterprises have developed the goods distribution systems to other countries through distribution enterprises investing in Vietnam such as France and Germany, and then

promoted the development of distribution systems to other markets such as Czech Republic, Sweden, Italy... to exploit the potential of this market. Many distribution systems are initially looking for distribution system development opportunities through trade fairs and exhibitions in Europe.

b. Causes

- Perspectives and support policies, support activities from the Government and State management agencies of Vietnam, especially in the five years 2016-2020, have created basic favorable conditions for the development of foreign direct investment and the form of direct purchasing and distribution of goods through distribution systems of global retail corporations.

- The flourishing of overseas investment activities of Vietnamese enterprises really started thanks to the efforts to standardize investment procedures in association with perfecting the legal corridor in accordance with the new context.

- The program to export Vietnamese goods to other countries through a system of foreign supermarkets is receiving support from many agencies and associations.

- The cooperation and support of modern distributors has pushed Vietnamese enterprises to improve the quality of their goods, meet the purchasing standards of corporations and put Vietnamese goods into distribution at distribution systems of corporations in foreign markets.

- The overseas Vietnamese community is an important factor in trade, playing the role of a trade bridge between Vietnam and the world.

3.3.2. Limitations and causes

a. Limitations

- + Vietnamese enterprises develop the distribution systems to countries mainly manufacturing enterprises, the quantity is not much; The list of goods in the distribution systems of Vietnamese enterprises to other countries is still modest; Vietnamese enterprises have just focused on developing the goods distribution systems to other countries in the form of wholesalers or purchasing, and distributing through large retail distributors; The achieved results are not commensurate with the quantity, types of products and production potential of Vietnam.

b. Causes

- On the state side

- + The competitiveness of the Vietnamese economy has improved rapidly, but it is still at a low level in the world; orientation policy of Vietnamese enterprises for foreign direct investment is being completed and lacks specificity.

- On the Enterprise side

- + Many Vietnamese enterprises go abroad to do business but it is still spontaneous. In terms of state management, there is no competent authority, conditions and capacity to manage and grasp the situation of investment, production and business activities of all Vietnamese enterprises operating in foreign countries.

- + The ability to forecast the market, management capacity, and financial capacity is still limited.

- + The quality and types of goods in Vietnam are not enough/not suitable to the requirements and tastes of the market, have not met the strict requirements of distributors and markets, and the quantity is not enough to meet the large orders from distributors.
- + The awareness and views of Vietnamese manufacturers and enterprises about bringing their goods to be directly distributed in modern overseas distribution systems are still low, leading to unknown/or unwillingness to participate in export in this form.
- + There is an urgent need to have warehouses in host countries before goods are distributed and delivered to partners and consumers.
- + The promotion and advertising of Vietnamese goods has not been highly effective
- + Differences in culture, law, environment between Vietnam and other investees.
- On the side of distributors and competitors: The standards of distributors are very strict and high; Competition and intermediaries
- *On the Association side*
- + Having not tried their best to connect businesses with appropriate authorities; Having not developed support policies and been able to obtain information on trade remedy activities as well as in distribution systems; Having not put forward any idea for the appropriate authorities to consider;...

CHAPTER 4. ORIENTATIONS AND SOLUTIONS FOR DEVELOPMENT OF OVERSEAS VIETNAMESE GOODS DISTRIBUTION SYSTEM BY 2025, WITH A VISION TOWARDS 2030

4.1. Domestic and international context affecting the development of the overseas Vietnamese goods distribution system in the coming period

4.1.1. Domestic context

- General objective: To strive by 2030 to be a developing country with modern industry, high middle income; modern, competitive, effective and efficient management institutions; a dynamic, fast and sustainable economic development, independence and self-reliance on the basis of science, technology, and innovation in association with improving efficiency in foreign affairs and international integration; arouse the aspiration to develop the country, bring into play the creativity, will and strength of the whole nation, build a prosperous, democratic, fair, civilized, orderly, disciplined, safe and ensure the peaceful and happy life of the people; constantly improve the people's life in all aspects; firmly protect the Fatherland, a peaceful and stable environment for national development; improve Vietnam's position and reputation in the international arena. To strive to become a developed and high-income country by 2045.

- Oriented views on Vietnam's foreign investment in the coming period: The openness of the investment legal environment, the system of policies to support and promote Vietnamese enterprises' foreign investment is increasingly complete. Thereby, expanding investment and business activities, improving competitiveness and increasing the ability of international economic integration of domestic enterprises. Vietnam's foreign investment activities are increasingly diversified, clearly reflected in the market, fields and scale of investment.

- Vietnam's national competitiveness and the internal capacity of Vietnamese enterprises in the coming period: Currently, Vietnam's prestige and position are being highly appreciated by the international community through its successes achieved from the recent fight against the Covid-19 pandemic. This is a "golden" opportunity for the world to know about Vietnam with the special advantage of "strategic credibility", a safe investment destination and ready to receive capital flows to Vietnam.

4.1.2. Foreign context

- World economic growth slows down and potentially unpredictable factors. Major changes globally due to the impact of the Covid-19 pandemic have and will lead to the emergence of a wave of mergers and acquisitions through capital contribution and share purchase in potential companies at very cheap price. The breakdown of supply chains and value chains that cannot be overcome in the near future will continue to greatly affect the enterprises, especially those whose inputs and outputs depend on the international market, deeply participating in production networks, global value chains such as textiles, footwear, tourism, aviation, restaurants, hotels, logistics... And also, due to the impact of the Covid-19 epidemic, countries are seeking to reduce their dependence on one market, leading to a change in global trade flows, depleting emerging markets that depend on imports and exports. After the epidemic, large FDI enterprises tend to restructure the system of enterprises supplying raw materials to be more proactive and choose new investment locations that satisfy the conditions of science, technology, ecological environment and secure medical services.

- All countries have adjusted their development strategies, enhanced linkages, cooperation and competition, especially in trade, investment, human resources, science and technology; Developed countries carry out economic development in the direction of slowing down the growth of manufacturing while accelerating the development of services.

- Economic links between countries continue to be promoted. The dominant role in the global economic network of transnational corporations (TNCs) continues to be confirmed. The role and influence of Chinese TNCs is increasingly strong with the acquisition of many large corporations from the US, Europe...

- The tendency to shrink, even in large economies, is weakening the multilateral process. Therefore, countries are turning to approaches such as "inclusive globalization", "globalization 4.0" to shape new standards and rules on global governance with the requirement to pay more attention to those left behind in the process of development and integration.

- Science and technology have developed rapidly and strongly in the world, especially the Fourth Industrial Revolution, which has affected many socio-economic aspects as well as relations between countries and regions.

4.1.3. Opportunities, challenges and some given issues

4.1.3.1. Opportunities

- Views, orientations and goals for socio-economic development of Vietnam in the coming period in a positive direction; The national competitiveness and internal capacity of Vietnamese enterprises have had many positive changes, creating opportunities for the development of overseas Vietnamese goods distribution system; Vietnam's policy on

foreign investment in general in the coming period will be evaluated, reviewed and will be revised in a positive direction.

4.1.3.2. Challenges

- The complicated socio-political and economic situation in many regions and countries around the globe is a big challenge for the development of overseas Vietnamese goods distribution system in the coming period; Global issues and non-traditional security develop seriously; Challenges from epidemics, trade conflicts between major economies and the impact of climate change with increasing severity; Increasing application of protection measures, technical barriers, new regulations on traceability, origin, higher and higher food safety standards...; Digital transformation is taking place more and more strongly, creating opportunities to develop the overseas Vietnamese goods distribution system in new ways.

Thus, the new requirements for the development of Vietnam's overseas distribution system of consumer goods by 2025, with a vision to 2030 are: The state policy needs to be updated more rapidly and efficiently; Capturing information activities needs to be more effective;...

4.2. Perspectives, orientations and goals for the development of the overseas Vietnamese goods distribution system

4.2.1. Development perspective

- Ensuring the enhancement of development and cooperation between Vietnam and other countries in the world; ensure a stable and sustainable capacity building process of Vietnamese manufacturing industries and enterprises by 2025 and by 2030; strengthening cooperation between Vietnamese manufacturing and exporting enterprises and the distribution systems of Vietnamese enterprises in other countries, creating a stable and solid distribution channel and closely linked with the external environment; exploiting and bringing into full play the favorable factors and comparative advantages of Vietnam in comparison with other countries; Develop the goods distribution systems of Vietnamese enterprises to other countries in the period of 2021 - 2025 and the next period with the active participation of the State; ensuring the strengthening of cooperation relations for development, peace and stability; Perspectives on promoting Vietnamese enterprises to export directly through foreign distribution systems

4.2.2. Development orientation

In the period by 2030, the main orientations for the development of goods distribution system of Vietnamese enterprises to other countries from the State perspective, include:

Develop diversified types of enterprises of different sizes, increase in number, expand fields of activity and participate in developing goods distribution systems to other countries; Increase the product lines and goods with brands and competitive advantages in the distribution systems of Vietnamese enterprises to other countries and territories; Develop a distribution system in all modes, in which focusing on strong development in the form of presence of natural persons and consumption abroad. Vietnamese enterprises need to have an orientation to find opportunities and partners to increase their commercial presence, especially in central and large cities of other countries; Develop the goods

distribution systems of Vietnamese enterprises to other countries and territories in all types of distribution services (wholesale, retail, agency and franchising).

4.2.3. Development Objectives

Increase the number of Vietnamese enterprises participating in the development of goods distribution systems to countries around the world. Maintain an increase in the turnover of goods purchased and distributed directly through foreign goods distribution systems in the coming time; Increase the sectors and goods that Vietnam has strengths (such as textiles and garments, leather and footwear, seafood, coffee, tea, vegetables, furniture, etc.) in the goods distribution systems of Vietnamese enterprises to other countries; Enhance the commercial presence of Vietnamese enterprises in the distribution service market in other countries; Diversify export products into the distribution system, advise the Government to negotiate with each country on each specific product in order to open up potential Vietnamese products; Striving to 2030, Vietnam's exports will be directly exported to all major distribution systems in Europe, North America, Latin America and in countries that have signed FTAs with Vietnam.

4.3. Solutions to develop the overseas Vietnamese goods distribution system

4.3.1. Solution on the side of the State

a) Completing the legal framework for the development of overseas distribution systems of Vietnamese enterprises

- Propose the Government to assign functional agencies to *review and evaluate the trend of foreign investment* in some fields of real estate business and investment of foreign-invested individuals and economic organizations in Vietnam to invest abroad to promptly handle new problems that arise.

- *Develop a new Decree on foreign investment to guide the Investment Law in 2020 and replace the Government's Decree No. 83/2015/ND-CP dated September 25, 2015 on foreign investment*, in the direction of: encouraging and creating more favorable conditions for outward investment activities on the basis of suitability with Vietnam's socio-economic development conditions from time to time.

- The Government should have *more supportive policies and create favorable conditions for businesses in terms of necessary legal procedures, legal advice, information on natural and socio-economic conditions of partner country*.

b. Developing strategies, master planning and plans to develop the Vietnamese goods distribution systems to foreign markets

- + Orientation for the development of commodity production to meet market regulations and standards on the basis of assessing the competitive advantages of the Vietnamese economy, enterprises and goods with other countries and with other competitors in the market; Orientation to invest in building domestic infrastructure to serve the activities of the distribution systems of enterprises, synchronously from production areas to foreign markets; Development of mechanisms and policies to promote Vietnamese enterprises in the manufacturing and service industries to cooperate and link in the development of goods distribution systems to markets of other countries and territories,...; Announcing the list of sectors and products according to the markets of countries encouraged to develop distribution systems to countries and territories, etc., together with incentive policies in each specific period; Agencies and departments need to

implement, drastically and effectively implement the solutions proposed by the Government in Resolution No. 19/NQ-CP dated March 12, 2015 in order to improve the business environment and raise national competitiveness.

c. Promoting development cooperation of Vietnam with countries and territories around the world

- Periodically review and evaluate the implementation of the Free Trade Agreements signed in the previous period in order to promptly draw out shortcomings and limitations arising; Promote negotiations and soon sign investment encouragement and protection agreements with countries with many investment activities of Vietnamese enterprises or potential partners in order to create a legal framework and promote investment cooperation in the convenient, safe and effective way. Promote the conclusion of appropriate trade agreements; Enhance Vietnam's trade facilitation with other countries and territories

d. Group of solutions for trade promotion, market development and export products

- *Promote connection and trade activities with overseas distribution systems:* Strengthen activities of overseas trade offices and trade promotion offices in supporting enterprises to learn, connect and distribute directly to overseas distribution systems. Consider establishing and developing exhibition centers of Vietnamese goods in markets with the aim of using indigenous people...; *Promote consulting and support to build business capacity; Make propaganda and publicity*

4.3.2. Enterprise-side solutions

- Enterprises need to understand and strictly comply with the laws and regulations of the countries; Enhance competitiveness in domestic and regional markets; Take advantage of opportunities to develop Vietnam's goods distribution system to other countries; Select the method and form of developing the goods distribution system in the market in accordance with the capacity and business strategy of the enterprise and the market conditions of the target countries.

4.3.3. Solutions on the side of the association

- Industry associations need to do a good job as a bridge between enterprises and authorities; need to develop a support mechanism and obtain information on trade remedy activities in markets as well as at distribution systems, and propose to the relevant authorities to assist in solving the problem when there are disputes arising about the origin and geographical indication of goods; need to organize a chain of activities to support each other, avoid unfair competition within the association...; Promote the role of business associations, industry associations in which specific support policies are needed for purchasing activities of enterprises and foreign distribution groups. Industry associations focus on orienting manufacturing enterprises, developing high quality products, meeting international standards, and building brands.

4.3.4. Other solutions

The State implements solutions to strengthen support for Vietnamese enterprises to improve their goods supply capacity and develop distribution systems to other countries, such as: Improving the investment environment and well implementing the planning to develop industries, concentrated production areas, expand production scale, create stable and large-scale commodity source bases to increase the supply of goods for the distribution system of Vietnamese enterprises to other countries; Supporting enterprises in production activities, product design development, branding of export goods in accordance with the

requirements of overseas distribution systems; Prioritizing the implementation of trade promotion activities and connect with overseas distribution systems within the framework of the National Trade Promotion Program in accordance with the law; Strengthening activities of Trade Offices and trade promotion offices in other countries in supporting enterprises to learn, connect and develop the distribution systems....

CONCLUSION

The content of the thesis has focused on solving the study tasks and requirements set out in the study outline. On the basis of an overview of a number of theories on the development of overseas goods distribution system, analysis of international experiences and lessons learned for Vietnam, analysis of the current situation, clarification of the causes affecting the development of overseas Vietnamese goods distribution system, analyzing opportunities and challenges in domestic and international contexts, the thesis has provided orientations and proposed solutions to develop the overseas Vietnamese goods distribution system in the coming period. From the study results, the thesis draws some conclusions as follows:

- The thesis has reviewed a number of theories on the development of the overseas goods distribution systems, introduced a number of concepts related to the distribution of goods, and thereby, clarified the characteristics and forms of the overseas goods distribution system of a country. The thesis has delved into the content analysis of the development of the overseas goods distribution system, analyzing the factors affecting the development of the overseas goods distribution system. The thesis has also pointed out some international experiences on developing the overseas goods distribution system and lessons learned for Vietnam.

- Next, the thesis has reviewed the current situation of developing Vietnam's goods distribution system in foreign markets, assessing the achieved results, limitations and causes of limitations in the development of overseas Vietnamese goods distribution system for the period of 2016-2020.

- The thesis analyzes a number of factors affecting the two methods of developing the overseas Vietnamese goods distribution system as above, evaluating the results, limitations, drawing out the causes and some problems to continue to develop the overseas Vietnamese goods distribution system in the coming period.

- The thesis overviews the domestic and foreign context in the coming period, analyzes the strengths, weaknesses, opportunities and challenges in the development of Vietnamese goods distribution system in foreign markets.

- The thesis has set out orientations and proposed solutions to develop Vietnamese goods distribution system in foreign markets in the period by 2025, with a vision towards 2030. In which, some policies and solutions are recommended for the state, government, enterprises and business associations.

Due to objective and subjective limitations, the study content of the thesis cannot avoid limitations. The PhD student wishes to receive suggestions and help from scientists, managers and traders to best complete the study tasks.

Finally, the PhD student would like to thank the encouragement and support in all aspects from the supervisors, teaching institution, the Viet Nam Institute Of Industrial And Trade Policy And Strategy, and related units of the Ministry of Industry and Trade, the contributions of scientists and colleagues during the implementation of the doctoral thesis.

LIST OF WORKS RELATED TO THIS CURRENT THESIS'S SUBJECT OF THE AUTHOR

1. Le Thi Thu Huong (2019), "*Research and proposal of solutions to develop the distribution system of Vietnam's goods to the EU market*", Ministry-level project, Ministry of Industry and Trade.
2. Le Thi Thu Huong (2021), "*Development of the overseas Vietnamese goods distribution system and problems for the next period*", Banking Journal.
3. Le Thi Thu Huong (2021), "*Scientific basis on depeloping overseas Vietnamese goods distribution system and research of some solutions in the current context*", Journal of finance & accounting research.
4. Le Thi Thu Huong (2021), "*Scientific basis for the development of overseas Vietnamese goods distribution system and proposal of some solutions in the current context*", Industry and Trade Journal.
5. Le Thi Thu Huong, Dinh Van Thanh (2022) "*Development of overseas Vietnamese goods distribution system and solutions in the current context*", Review of finance.