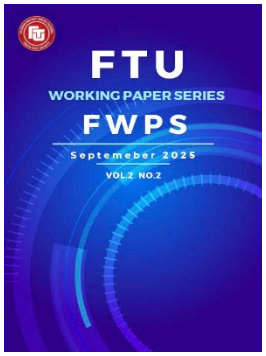

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TÁC ĐỘNG KÉP CỦA CHIẾN LƯỢC FRIEND-SHORING VÀ HIỆP ĐỊNH RCEP ĐỐI VỚI CHUỖI CUNG ỨNG DỆT MAY Ở ĐÔNG NAM Á: HÀM Ý CHO VIỆT NAM

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Tóm tắt

Nghiên cứu này tìm hiểu sự thay đổi cấu trúc trong chuỗi cung ứng dệt may Đông Nam Á dưới tác động đồng thời của xu hướng "friendshoring" và Hiệp định RCEP, với trọng tâm là Việt Nam. Friendshoring khuyến khích chuyển dịch sản xuất sang các quốc gia có cùng định hướng chính trị, qua đó giúp Việt Nam trở thành điểm đến đáng tin cậy. RCEP thúc đẩy hội nhập khu vực và liên kết chuỗi cung ứng. Nghiên cứu sử dụng phương pháp định tính gồm phân tích tài liệu, so sánh và đánh giá cấu trúc chuỗi cung ứng để làm rõ các mâu thuẫn và điểm bổ trợ giữa hai xu hướng. Cuối

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cùng, nghiên cứu đưa ra khuyến nghị chính sách nhằm tăng cường năng lực thích ứng thương mại và phát triển công nghiệp bền vững cho Việt Nam.

Từ khóa: friend-shoring, RCEP, Việt Nam, chuỗi cung ứng dệt may

THE DUAL IMPACT OF FRIEND-SHORING AND RCEP ON SOUTHEAST ASIA'S TEXTILE CHAIN: IMPLICATIONS FOR VIETNAM

ABSTRACT

This study investigates the structural changes of Southeast Asia's textile and garment supply chains under the dual influence of friend-shoring and the Regional Comprehensive Economic Partnership (RCEP), focusing on Viet Nam. As friend-shoring encourages production relocation toward politically aligned economies, Vietnam emerges as a key beneficiary. Meanwhile, RCEP promotes deeper regional integration and supply chain interdependence. The research uses qualitative methods—including documentary analysis, comparative study, and supply chain structural evaluation—to examine the strategic tensions and complementarities between these two dynamics. It concludes with policy recommendations to enhance Vietnam's trade resilience and promote sustainable industrial development.

Keywords: friend-shoring, RCEP, Viet Nam, textile supply chain

1. Introduction

The textile and apparel industry has historically played a central role in the economic development of Southeast Asian countries. The sector has contributed significantly to export earnings, job creation, particularly for female workers, and deeper integration into global value chains. As the region transitioned from agriculture to manufacturing, garments served as an entry point to industrialization and trade liberalization (Lopez-Acevedo and Robertson, 2016).

In recent years, however, this growth model has been increasingly shaped by shifting geopolitical dynamics. The rise of *friend-shoring*—the strategy of relocating production to politically aligned countries—has emerged as a response to the US–China trade war and broader global fragmentation. As a result, Southeast Asia has seen an influx of manufacturing investments from firms seeking alternatives to China, with Vietnam becoming a key beneficiary (Maihold, G, 2022). At the same time, the implementation of the Regional Comprehensive Economic Partnership (RCEP) has reinforced trade ties within Asia, further tilting the region's economic orientation toward China and intra-Asian supply chains (UNCTAD, 2021a).

Together, these two forces—friend-shoring and RCEP—are reshaping the textile and apparel landscape in Southeast Asia. While they offer new opportunities for diversification and market access, they also pose challenges in terms of supply chain complexity and strategic dependency. For Vietnam, understanding how these trends intersect is crucial for maintaining its competitive edge in the global textile value chain.

2. Theoretical framework

2.1. Friend-shoring

Friend-shoring has emerged as a new paradigm in global trade, referring to the relocation of supply chains and production activities to "trusted countries" that also have political convergence, allowing the country to continue to securely extend market access and lower the risks to its economy as well as to our trusted trade partners. This shift gained momentum following the COVID-19 crisis, growing tensions between the West and China, and the war in Ukraine, which exposed the vulnerabilities of over-concentrated supply chains. This trend differs from nearshoring - relocation of production activities in foreign countries back to the home country or to its proximity, and reshoring - a generic relocation of production activities in the opposite direction from offshoring (UNCTAD, 2023).

Southeast Asian economies, including Vietnam, have become attractive alternatives for multinational firms seeking to diversify away from China. This trend is especially relevant in the textile and apparel sector, where geopolitical risk, labor cost considerations, and trade agreements significantly shape sourcing decisions (Jason E. Kra, 2023). Friend-shoring reflects a broader reconfiguration of the global value chain, one that prioritizes strategic resilience over pure efficiency (Maihold, G., 2022)

2.2. RCEP

The RCEP, signed in November 2020 and implemented from January 2022, is currently the world's largest free trade agreement. Comprising 15 Asia-Pacific countries—including the ten ASEAN nations, China, Japan, South Korea, Australia, and New Zealand—it accounts for around 30% of global GDP and 13% of global trade (UNCTAD, 2021a).

The RCEP agreement aims to further advance regional trade by providing members with better market access conditions, largely by reducing tariffs and implementing trade facilitation measures, therefore bringing RCEP countries a step closer to becoming a regional trading bloc. One of its transformative features is the unified rule of origin system, which allows goods to move more freely among member countries, enabling deeper regional integration, particularly in sectors like textiles and apparel (Ling and Qian, 2023).

For Southeast Asia's textile industry, RCEP represents both an opportunity and a challenge. On one hand, it opens access to broader markets and benefits from a more integrated regional T&A supply chain. On the other hand, despite RCEP's relatively flexible product-specific rules of origin (PSRs), the lack of harmonization across different FTAs poses a significant challenge, leading to the so-called "spaghetti bowl" effect that complicates compliance for firms engaged in global value chains. Vietnam, as both an ASEAN member and a rising friend-shoring destination, saw the most significant market share gain from the US' shift away from China (Alfaro, L. and Chor, D., 2023).

2.3. Vietnam's textile supply chain

2.3.1. Definition of supply chain

Supply chain is a concept that consists of all direct and indirect parties, which are not only suppliers and manufacturers, but also transporters, warehouses, retailers, and even customers, including many functions (Sunil Chopra, Peter Meindl, 2016). Supply chain is the coordination of both upstream and downstream flow between information, product, and funds at different stages to effectively transform raw material into finished goods, then deliver to the customer (La Londe and Masters, 1994; Sunil Chopra, Peter Meindl, 2016).

Supply chain management is a system that manages the supply chain as a whole, including a strategic approach to deliver superior value to the customer at a lower cost to achieve customer satisfaction (Christopher, 2016; Mentzer et al., 2001). In another research, the SCM is managing a network of businesses and relationships, using cross–functional business processes to create value for the customers and stakeholders (Lambert, 2010).

2.3.2. Supply chain characteristics

A supply chain is characterised along with four main factors: geographic dispersion, flexibility, integration, and visibility. The resiliency of a supply chain to disruption might be affected by a geographical concentration of nodes in the supply chain, and has a reversed relationship with geographical dispersion (Rienkhemaniyom and Pazhani, 2015; Shao, 2013). Geographic dispersion refers to suppliers, production facilities, distributors, and customers related in a supply chain located across many geographic regions. Concluded from the study, a firm with a low level of geographic dispersion would experience a high proportion of supply chain units within one region and low proportions in others, and vice versa (Shao, 2013).

The flexibility of a supply chain refers to the capability of the firm itself and with its key partners, to adapt or respond quickly to marketplace changes and to potential and actual disruption (Christopher, M and D. Towill, 2001). Supply chain agility contains four elements: responsiveness, competency, adaptability, and speed. Supply chain integration is constituted by internal and external integrations, while internal integration is a necessary step in the supply chain integration process (Braunscheidel, M. J, and N. C. Suresh, 2009). Supply chain integration is also an important strategy to eliminate supply chain disruptions (Shao, 2013).

Supply chain visibility could be understood as firms having access to or sharing information that they consider key or useful to their operations and mutual benefits within a supply chain (Barratt, M and A. Oke, 2007). Another study defines supply chain visibility as the identity, location, and status of entities transiting the supply chain (Francis, 2008). Therefore, the time between the disruption and its discovery could be mitigated by improved information visibility (Shao, 2013).

Moreover, some significant characteristics of supply chain management could be listed: inventory management, cost efficiencies, risks and rewards shared (Cooper and Ellram, 1993). Supply chain networks (SCN) are also an important term in supply chain, which is defined as networks of interdependence between suppliers, customers, and their partners that are essential for manufacturing and distributing goods and services to the market (Wiedmer and Griffis, 2021).

2.3.3. Process of Vietnam's textile supply chain

The textile and garment supply chain in Southeast Asia is an integrated system where different countries specialize in distinct stages of production. Supply chain process includes three flows: flows of goods, flow of funds, and flow of information (Singh and Nijhar, 2018a).

The flow of goods in the textile and garment supply chain has three primary stages: (i) procurement of raw materials, (ii) intermediate production, and (iii) garment assembly and final manufacturing (Fernández-Stark, Bamber and Couto, 2022). Each stage is fragmented among countries based on their resource endowments, technological capabilities, and comparative advantages, forming a complex regional value chain (Gereffi and Frederick, 2010).

(i) Procurement of raw materials: dominated by countries outside of Southeast Asia, particularly China, India, and South Korea. China is the leading exporter of synthetic fibers while India supplies a significant proportion of natural fibers (Macdonald and Whitley, 2011; Tewari, 2006). Within Southeast Asia, Indonesia and Thailand play key roles in producing semi-synthetic fibers (ASEAN, 2024).

(ii) Intermediate production: including spinning, weaving, and dyeing, primarily undertaken by countries with established industrial infrastructure and technological capacity. China, South Korea, and Taiwan remain the primary sources for spinning and weaving operations, exporting large volumes of intermediate goods to Southeast Asian garment hubs. Vietnam has attempted to expand its capacity in this area but remains largely dependent on imports, with over 70% of its fabric still sourced externally, mainly from China (Majumdar and Sinha, 2019). Cambodia, Laos, and Myanmar possess minimal upstream capabilities and rely almost entirely on imported textiles (ASEAN, 2024).

(iii) Garment assembly and final manufacturing: concentrated in labor-abundant, cost-competitive economies. Vietnam, Cambodia, and Myanmar have emerged as key locations for this stage, with Vietnam being the most significant player due to its skilled labor force, efficient logistics, and favorable trade access (ASEAN, 2024). Finished garments are exported primarily to the United States, European Union, and Japan, often routed through transshipment hubs such as Singapore and Hong Kong for value-added services like labeling and packaging (UNCTAD, 2021b).

The flow of funds in the Southeast Asian textile supply chain reflects a buyer-driven model, in which global brands hold financial power, while Southeast Asian suppliers operate on thin margins and high working capital requirements. Funds typically come from downstream entities, including global brands, wholesalers, and retailers located in developed markets such as the US, EU, and Japan. These entities place purchase orders to Southeast Asian manufacturers, who must finance production well in advance of payment (Gereffi and Frederick, 2010; ILO, 2022). Manufacturers in Southeast Asia often face cash flow problems due to payment terms that can extend 30 to 90 days post-delivery. In most of cases, the payment methods are open account or letters of credit; therefore, producers may face liquidity risk and delayed revenue realization (Thuy, 2025).

The flow of information in the Southeast Asian textile supply chain is centralized and top-down, driven by global buyers who control forecasting, design, and compliance, while local suppliers often receive limited and delayed data for execution (World Bank, 2008). Technology plays a crucial role in facilitating the flow of information within the textile and garment supply chain, enhancing coordination, traceability, and responsiveness. (ILO, 2021).

3. Analyzing and discussing

3.1. Position of Vietnam in the supply chain of textiles and garments

Textiles and garments are Vietnam's largest manufacturing export, contributing nearly 17% of total export earnings in 2002. The amount of export of this industry increased more rapidly than the total exports of Vietnam from 1991 to 2000. Along with that, state-owned enterprises produced textiles and exported about 1/3 of their output; they also exported their textiles indirectly, in the form. This sector of Vietnam has rapidly inserted itself into global export garment value chains (Nadvi et al., 2004a). There are 6000 companies, with about 2.5 million people related, accounting for about 25% of labor in the industrial sectors, contributing around 10–15% of the national GDP per year. Over the last twenty years, the Vietnam textile and garments industry has presented impressive growth. The industry has been in the international market since 1990, and has ranked very high in the field of major export products for many years. Vietnam has comparative advantages for 9 items out of 14 in three sub-sections as producing raw materials, manufacturing textiles, and making garments. The industry is outstanding its regional competitors, therefore many foreign investors have invested in Vietnam to take advantage of this growing market. It could be considered that textiles and garments has contributed significantly to the national economy and the sustainable development of Vietnam (Le and Wang, 2017).

Vietnamese textile and garment products have appeared in over 180 countries and territories around the world. For only US market, Vietnamese textile and garment exports to this market increased from $49 million in 2001 to $951 million in 2002. By the end of April 2003, textiles and garments exports to the US rose to $1.69 billion, and 95% were garments. There is significant growth in both output and employment. Foreign traders, especially from Hong Kong, played in leading role in tying Vietnamese producers to global retailers. Compound Annual Growth Rate of the industry has increased 21.6% per year in the period from 2010 to 2016, which made Vietnam the fifth largest textile and garment exporters in the world (Le and Wang, 2017; Nadvi et al., 2004b).

On the other hand, raw materials are still a shortcoming of the textile garment supply chain in Vietnam. Importing materials causes the textile garment industry in general to have a diminished comparative advantage due to the production lead time and cost of garments increasing. Because of being dependent on imported raw materials has subjected this industry has been subjected to vulnerabilities in global markets, whereas the devalued domestic currency has weakened the ability of Vietnam to import raw materials and machinery (Angie Ngọc Trần, 2012). The industry imported more than 70% materials and accessories from foreign countries such as China, Korea, and Taiwan, which affects the trade surplus and mitigates the strength of the industry. Although having some comparative advantages in the subsection, such as silk, cotton, and man-made filaments, Vietnam is not as advantageous at producing and exporting cotton as other countries like China and India. Meanwhile Vietnam textile garment industry is rather dependent on importing raw materials from countries advantageous, resulting in the Vietnamese textile garment limited to its export value (Nguyen, 2023; Singh and Nijhar, 2018b).

3.2. Current Status of Vietnam's Textile and Garment Supply Chain

3.2.1. Vietnam's objective in supply chain management

Viet Nam's textile and garment industry has played a significant role in the country's economic development while creating more than 1.6 million jobs and accounting for more than 12% of the industrial workforce, witnessing an average growth rate of about 15%, contributing about 15% of the total export turnover in Viet Nam (Lê Hồng Thuận, 2017). In the next decade, Viet Nam's textile and garment industry has set many objectives for development objectives:

3.2.1.1 Strengthen the competitive advantages of the industry

One main objective of Vietnam's Garment and Textile industry is to move from cut-make-trim (CMT), which is a labor-intensive process, to more advanced ones such as Free on Board (FOB) or Original Design Manufacturing (ODM) (Kenta Gonto, 2023; Nadvi et al., 2004c). As reported, the proportion of pure-haired tailoring is 35% lower than a decade ago, while FOB and ODM witnessed positive growth, accounting for 55% and 9%, respectively, in this industry ("Positioning the value in the chain," 2024).

To promote the sustainable growth of this industry in Vietnam, the government should invest in high-tech machinery and equipment and gradually upgrade labor skills with the management process (World Bank, 2000). In that condition, the Vietnamese government has approved the "National Digital Transformation Program up to 2025, with a vision to 2030," focusing on digital economic transformation and enhancing economic competitive advantages. Despite Viet Nam excels in textile and garment production, the industry still depends heavily on external sources, with up to 90% of materials of Ho Chi Minh's enterprises being imported (Viet Nam News, 2024); therefore, a significant objective is to reduce the reliance on these resources (Nguyen Thuy Linh, 2025).

3.2.1.2. Promoting Sustainable and Ethical Practices

VITAS has stated the importance of localization and greening the raw materials to meet the demand for sustainable growth and also increase the ability to compete in the global market (Doan and Vu, 2023). It is stated that sustainable practices help maximize the effectiveness of the industry in the of financial performance, marketing, and human resources (Phan et al., 2020). For that reason, the government and industry stakeholders are trying to implement measures to enhance the environmental and ethical practices that comply with the United Nations Sustainable Development Goals and the International Labor Standards (Bộ Công Thương Việt Nam, 2022).

3.2.2. Vietnam's challenges in supply chain management:

3.2.2.1. Structural and Operational Limitations

Firstly, Viet Nam's textile and garment industry lacks support industries, resulting in high reliance on external resources and limitations of supply. This condition is caused by the reluctance to invest money in high-tech machinery and environmental concerns of Viet Nam's small and medium-sized enterprises (SMEs) (Viet Nam News, 2024). *Secondly,* Viet Nam has occasionally been concerned with compliance with national labor conditions and ethical standards; this problem may hinder the opportunities to cooperate with global brands to strictly investigate and tighten the regulations for their exporting goods. (Doan and Vu, 2023).

Thirdly, SMEs dominating the industry may lead to a fragmented supply chain in Viet Nam, especially in dealing with capacity constraints and working with large, vertically integrated suppliers. *Fourthly,* the shortage of skilled labor and rising production costs, along with wages, are diminishing the labor cost advantage of Vietnam over time (ASEAN business partners, 2024).

3.2.2.2. External Pressures and Competitive Challenges

The textile industry of Vietnam faces fierce competition in both domestic and foreign markets. In regards to the Vietnamese market, the SMEs mostly haven't established their brand name, making them more difficult to compete with big brands such as Zara and Mango. Vietnamese firms also face fierce competition from China and Bangladesh, which are increasingly adapting to strict international standards, making them more attractive to foreign investors (Doan and Vu, 2023).

Vietnam's textile and garment industry also faces growing pressure from the global market to adapt to sustainable practices, however, high cost and inconsistent environmental regulations hinder the progress. Moreover, the capital-intensive nature of the textile and dyeing process, coupled with limited provincial support for wastewater treatment, resulted in a small proportion of companies participating in this activity (VnEconomy, 2022).

3.3. Dual Impact of friend-shoring and RCEP on Vietnam's textiles and garments supply chain

3.3.1. The importance of the dual impact of friend-shoring and RCEP

Investigating the dual impact of RCEP and the rising trend of friend-shoring on Vietnam's textile and garment industry is strategically important. The RCEP is the world's largest free trade agreement, which increases the market prospects, directly affects Viet Nam's trade flows, and rules of origin. In previous studies, Vietnam will benefit greatly from RCEPP, and it is forecasted that Vietnamese export value will increase up to 11.4% by 2030 (Nguyen Thuy Linh, 2025; Viet Nam National Trade Repository, 2023). Friend-shoring, which affects the shifting of the value chain to the country that shares the same value system, per geopolitical alignment, to more trusting partners than the cost–advantage markets. In that condition, Vietnam is seen as a preferred alternative market. Studying the impact of these two phenomena in combination may provide a deep understanding of the structural transformations of Vietnam's industry (Paché, 2022).

Viet Nam's textile and garment industry currently develops a more resilient and localized supply chain to reduce the reliance on imports and avoid disruptions, especially affected by the geopolitical tensions arising from RCEP and friend-shoring collaboration. Understanding this dual impact may offer an effective framework for applications that assist the supply chain management and attract FDI in Vietnam as a whole and the textile and garment industry in specific (The Investor, 2024).

3.3.2. Impact of RCEP on Vietnam's textiles and garments supply chain

Regional Comprehensive Economic Partnership (RCEP), which came into force on January 1, 2022, proposes a key advantage with its coordinated and more flexible rules of origin, which favor Vietnam's major export sectors, particularly textiles and garments. Vietnamese businesses are admitted to leverage diverse sources of raw materials imported from the bloc and globally by RCEP. For instance, fabrics for textile manufacturing could be bought from any country, while the cutting and further processing occur in Vietnam, the perfected products can be certified for favorable tariffs (Hai Phu Do, 2025). Most East and Southeast Asian RCEP members prefer importing textiles and garment products from other RCEP members rather than exchanging with countries outside the agreement. Hence, the implementation of the RCEP would benefit the overall economic welfare of its members and promote economic integration in the Asia-Pacific region. Among all industries in Vietnam, not textile and garment but agriculture exports would benefit mostly from the trade creation effect of the RCEP. The RCEP could make Vietnam textile and garment producers more vulnerable to the increasing imports from China after tariff protection falls (Shen, Gu, and Yang, 2019). Not only the opportunities of being a member of RCEP, markets created by this agreement have become increasingly important for Vietnam's exports of labour-intensive products, especially products of the textile and garment industry. Nearly one-third of the exports of garments and footwear of Vietnam were delivered to RCEP markets in 2013 (Nguyen, 2018).

Textile and garments is a crucial sector under the RCEP negotiation. The sixteen RCEP members generally exported \$405 billion worth of textiles and garments (54% of the world share) and imported \$115 billion (31% of the world share) in 2015. When the tariff on textiles and garments traded between members of the RCEP falls, some domestic textile and garment production in an RCEP member would be replaced by more adequate products from other RCEP partners, resulting in expanded trade flows of textiles and garments between RCEP members (trade creation effect). The lowered cost of trade could encourage RCEP members to use more textile inputs locally made in the RCEP area therefore, the existing regional textile and garment supply chain would be strengthened. It could be concluded that not all RCEP member countries will benefit from the agreement equally, but RCEP would lead to a more integrated textile and garment supply chain among its members (Nguyen, 2018; Shen et al., 2019; Từ Thúy Anh et al., 2024).

The establishment of the Regional Comprehensive Economic Partnership (RCEP) has not yet affected the size of Vietnam's imports and exports to China due to the implementation lags. Therefore, it could be concluded that RCEP participation has not yet led to improvements in Vietnam's trade with China, although it had a positive impact on Vietnam’s export-import ratio with China. The textile and garment industry in developing members of the RCEP was also at the early stages of development (Shen et al., 2019; Từ Thúy Anh et al., 2024).

3.3.3 Impact of friend-shoring on Vietnam’s textiles and garments supply chain

Friend-shoring, the strategic relocation of production to politically aligned or trusted countries, is reshaping the global textile and garment supply chain. Amid rising geopolitical tensions and trade restrictions - particularly between the US and China - global apparel brands are increasingly shifting their sourcing away from China toward countries perceived as stable and “friendly”, including Vietnam (James et al., 2023). This realignment has positioned Vietnam as a preferred manufacturing destination, due to its established garment infrastructure, participation in key free trade agreements, and relatively stable political environment (ASEAN, 2024).

Friend-shoring provides both opportunities and challenges for Vietnam's textile and garment sector. Vietnam’s proximity to China allows it to serve as a lower-risk alternative while maintaining access to essential upstream inputs. Additionally, the country’s competitive labor costs, improving infrastructure, and expanding industrial clusters—especially in provinces like Binh Duong and Dong Nai—strengthen its appeal for production relocation (Nadvi et al., 2004d). Friend-shoring presents Vietnam with a strategic window to upgrade its role in the global textile and garment supply chain, transitioning from a low-value assembly hub to a more integrated and competitive player. Friend-shoring creates an opportunity for Vietnam not only to attract more final-stage manufacturing contracts but also to invest in upstream activities such as yarn production, fabric dyeing, and textile innovation. With targeted foreign direct investment (FDI), public-private partnerships, and incentives for local firms to build technical capacity, Vietnam can reduce its dependence on imported intermediate goods and capture a greater share of the value chain (ASEAN, 2024; Nadvi et al., 2004d). Friend-shoring could encourage MNCs to relocate regional headquarters, design centers, and R&D units to Vietnam, especially if supported by skilled labor development and digital infrastructure (Wu, 2025). By aligning its domestic policies with shifting buyer priorities, such as ESG compliance, traceability, and digital transparency, Vietnam can position itself not only as a cost-effective manufacturer but as a strategic, full-package sourcing destination. Vietnam may gradually reposition itself as a mid-to-high value contributor in the global textile supply chain, rather than remaining a final-assembly subcontractor vulnerable to price competition.

While friend-shoring may relocate final assembly to Vietnam, upstream dependence on China remains significant. A significant proportion of fabric and yarn used in Vietnamese garment exports are imported from China (ASEAN, 2024; Nadvi et al., 2004d). Any geopolitical escalation that affects China could disrupt Vietnam's supply continuity, undermining the friend-shoring intent. Many small and medium-sized enterprises (SMEs) struggle to meet the digital traceability and environmental compliance standards increasingly demanded by Western buyers (Thuy, 2025). Furthermore, overdependence on a narrow group of "friendly" markets, particularly the US. and EU, exposes Vietnam to concentration risks if global sourcing strategies shift again (Bag et al., 2024).

3.3.4. The Dual Impact of friend-shoring and RCEP

The dual impact of RCEP and friend-shoring may restructure the Vietnamese textile and garment supply chain. While RCEP enables Vietnam to have a more flexible rule of origin and expands regional market access, enhances trade effectiveness, and strengthens its role in the global value chain (Hai Phu Do, 2025). Simultaneously, friend-shoring, driven by geopolitical tensions, has positioned Vietnam as a trusted partner to China due to many favourable conditions for production (James et al., 2023). This shift encourages multinational firms to relocate not only manufacturing but also their upstream and value-added activities to Vietnam. Together, RCEP and friend-shoring require Vietnam to have a strategic adaptation and bring about many opportunities to reposition in the global textile supply chain from low-value assembly to a more integrated and competitive one (Từ Thúy Anh et al., 2024).

4. Recommendations

Based on the given results, there are several recommendations to guide Vietnam's trade and industrial strategy under the dual influence of friend-shoring and the RCEP framework.

It is advised to strengthen domestic raw material production. Currently, over 70% of the textile inputs are imported, reducing the comparative advantage. Vietnam should invest in the upstream production of textiles, namely cotton and synthetic fibers. At the same time, local sourcing through R&D and financial incentives should be encouraged. In addition, extra care to vertical integration between raw material producers and garment manufacturers should also be invested.

Vietnam should diversify and decentralize the supply chain, reducing the risk of disruption. This can be done through various acts, consisting as reducing reliance on imports on a limited set of countries or developing domestic supply hubs across regions.

RCEP opportunity maximization will also be considered. By facilitating compliance with Rules of Origin and promoting trade with less saturated RCEP markets, Vietnam will enable the market expansion of the industry and further integrate into the regional supply chain.

Enhancing workforce development through vocational training, upskilling, and industry collaboration will equip Vietnam's textile sector to adapt to automation, meet global sustainability standards, and maintain competitiveness in an increasingly sophisticated and technology-driven supply chain.

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