

Apple's deepening roots and flourishing partnerships

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Apple's recent visit to Vietnam by CEO Tim Cook signifies a significant commitment by the tech giant to the Southeast Asian nation. This commitment extends beyond mere words, as Apple has pledged to increase spending on local suppliers, highlighting Vietnam's growing importance in the company's global supply chain.

With an increasing number of Apple suppliers establishing a presence in Vietnam, the country is poised to become a vital component of Apple's production network.

Vietnam's strategic importance is evident through the growing number of Apple suppliers setting up operations in the country. Currently ranked fourth globally, Vietnam surpasses its Southeast Asian counterparts with 35 suppliers, trailing only manufacturing giants such as China, Taiwan, and Japan. This positioning reflects Vietnam's potential to become a crucial cog in Apple's global supply chain.

Several major Apple suppliers, including Foxconn, Luxshare, Goertek, and Intel, have significantly expanded their operations in Vietnam in recent years. The expansion is attributed to several factors. Firstly, Vietnam offers attractive tax incentives and streamlined business processes, making it an appealing destination for foreign investors.

Additionally, Vietnam boasts lower labour costs compared to other established manufacturing hubs like China, making it a cost-effective option for labour-intensive production. Vietnam has made substantial investments in education and training, resulting in a growing pool of skilled workers capable of meeting the demands of high-tech manufacturing.

Moreover, Vietnam's strategic location near major Asian markets and access to seaports facilitate efficient logistics and distribution.

Analysts predict that from next year, Vietnam will significantly contribute to Apple's production capacity, manufacturing one-fifth of all iPads and Apple Watches, 5 per cent of MacBooks, and 65 per cent of AirPods. This presents a tremendous opportunity for Vietnam to establish itself as a major manufacturing hub for Apple products.



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Apple's recent visit to Vietnam by CEO Tim Cook signifies a significant commitment by the tech giant to the Southeast Asian nation, photo VNA

However, Vietnam faces tough competition from countries like India and Indonesia, both vying for a larger share of Apple's manufacturing pie. To solidify its position, Vietnam must focus on improving infrastructure, upgrading transportation networks, and enhancing power grids to support the growing manufacturing sector. The government should prioritise investments in roads, highways, and ports to ensure efficient transportation and logistics.

In addition, upgrading power infrastructure and ensuring a stable energy supply will be crucial for sustaining manufacturing operations.

Investing in skill development is another key aspect for Vietnam's success as a manufacturing hub. The government should collaborate with educational institutions and industry experts to design specialised training programmes that cater to the needs of high-tech manufacturing. This will ensure a competent and adaptable workforce capable of meeting the evolving demands of Apple and other technology companies.

Furthermore, fostering innovation and research and development (R&D) capabilities will be essential for Vietnam to move beyond being just a production centre. Encouraging local companies to participate in R&D initiatives and providing incentives for innovation will position Vietnam as a centre for technological advancement. This will not only strengthen its partnership with Apple but also attract other technology companies to establish their R&D centres in the country.

Vietnam's commitment to sustainability and environmental responsibility will also play a crucial role in its long-term partnership with Apple. As the demand for eco-friendly products and manufacturing practices increases, Vietnam should continue to prioritise sustainable development and implement environmentally conscious policies. This will not only align with Apple's own sustainability goals but also enhance Vietnam's attractiveness as a manufacturing destination for environmentally conscious consumers and companies.