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Australia's Model, Ho Chi Minh City's Moment: Advancing Industrial Policy in a Global Context

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This policy brief is a condensed version of a longer paper originally presented at the [Ho Chi Minh City Economic Forum](#), Sept 2024, by our late colleague and leader, Saskia Loer Hansen, together with the co-authors. Titled "Attracting Global Resources and Talents to Drive Industrial Transformation: Experience from Australia and Policy Implications for Vietnam and Ho Chi Minh City," the original paper explores Vietnam's path toward high-value, sustainable industrial development. Drawing on experiences from Australia and other countries, this short version highlights key comparative insights and proposes actionable strategies for Ho Chi Minh City to shift from labour-intensive sectors to a resilient, technology-driven economy—while honouring Saskia's visionary leadership and lasting impact.

¹ In memory of Saskia Loer Hansen, Deputy Vice-Chancellor International and Engagement and Interim General Director of RMIT Vietnam, whose visionary and compassionate leadership left a lasting legacy in international education and community engagement at RMIT and beyond. She tragically passed away in a car accident in 2025. Saskia presented this timely and important paper at the Ho Chi Minh City Economic Forum (September 24–27, 2024). She is deeply missed.

Industrial transformation, a pivotal shift from a slow, traditional economy, where most people toil in farming with static production methods, to a dynamic, modern economy driven by factories, cutting-edge technology, and innovation (Desmet & Parente, 2012), is reshaping nations like Vietnam, with Ho Chi Minh City (HCMC) at the forefront. Fueled by expanding/diversifying markets and intensifying global competition, this process drives businesses to scale up, boost efficiency, and innovate cost-effective production methods.

The result is a profound uplift in living standards, reshaping how communities work and thrive. For HCMC, Vietnam's economic engine, this means pivoting from labour-intensive sectors like textiles and footwear to high-value, sustainable industries. The stakes are high: with ambitious targets to achieve a modern industrial economy by 2025 and high-income status by 2045, Vietnam must navigate rising competition, technological disruption, and environmental risk — all of which demand bold, strategic action (Ministry of Justice of Vietnam, 2022).

Why Vietnam and HCMC Must Act Swiftly

Vietnam's economic prospects are vibrant, fueled by its strategic location in Southeast Asia and a wide network of Free Trade Agreements (Center for WTO and International Trade, 2023), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam Free Trade Agreement (EVFTA), and the Regional Comprehensive Economic Partnership (RCEP). These agreements, effective with major economies like the EU, Japan, and Australia, reduce tariffs, open markets, and facilitate technology transfers, boosting Vietnam's export competitiveness and attracting foreign direct investment (FDI). HCMC, with its robust export base and leadership in digital adoption, stands as a hub for growth.

At the same time, Vietnam is pursuing dual goals of economic growth and green, digital, and circular transformation. These ambitions must also account for the country's vulnerability to climate change, particularly in low-lying urban hubs like HCMC (Anbumozhi & Van Manh, 2023). Yet, formidable challenges loom. Emerging economies are escalating competition, squeezing traditional industries that rely on low-cost labour. For instance, Vietnam's textile sector, a cornerstone of its exports, faces significant pressure from automation and shifting global demand, with the International Labour Organization (ILO) estimating that up to 86% of jobs in the textile and footwear industries are at risk from Industry 4.0 technologies (Dung, 2020).

Climate change poses another urgent threat. The manufacturing sector's dependence on fossil fuels generates significant greenhouse gas emissions, clashing with global sustainability mandates. Manufacturing-intensive sectors such as textiles, cement, and automobiles face both regulatory and environmental risks. HCMC, already vulnerable to rising sea levels and extreme weather (Nguyen, 2023), must urgently transition to low-carbon technologies to safeguard both the environment and economic stability.

Meanwhile, rapid technological advancements, such as artificial intelligence and robotics, demand robust digital infrastructure and a workforce equipped with advanced skills. Despite recent progress in administrative reforms, HCMC faces challenges in fully streamlining governance, an issue that hinders its ability to compete in high-tech global value chains (Tri, 2024). Strategic, forward-thinking policies are essential to leverage free trade agreements and ensure growth that is inclusive, sustainable, and resilient.

Lessons from Australia's Economic Performance

The original paper, presented at the Ho Chi Minh City Economic Forum (Sep 2024), examined global models for industrial transformation, including strategies from South Korea, Singapore, and Switzerland. South Korea's transformation was driven by proactive government policies and public-private collaboration, moving from low-value production to high-tech innovation (Lee, 2012; Chung, 2008). Singapore leveraged its strategic location, business-friendly environment, and investment in education and innovation to advance into sectors like electronics and biomedical sciences (Thangavelu, 2023; Sharon, 2024). Switzerland demonstrated the importance of political stability, strong institutions, and skilled human capital in attracting FDI and supporting precision industries (Breiding, 2012; Tarabishy, 2024). While these comparative cases offer valuable lessons, this brief focuses on Australia's experience due to space constraints, offering actionable insights tailored to Vietnam and HCMC's current context.

Australia's uninterrupted economic growth since 1991, except for a brief dip in 2020 due to COVID-19, offers a compelling model (World Bank, 2025). Through strategic population management, economic diversification, and adaptability to global shifts, Australia has built a resilient economy that Vietnam can learn from. Its success rests on three pillars: innovation, investment, and international collaboration.

Fostering Innovation and Entrepreneurship

Australia's National Innovation and Science Agenda (NISA), launched in 2015, has catalysed entrepreneurship by fostering collaboration between research institutions and industry (Australian Government Department of Treasury, 2015). The research and design (R&D) Tax Incentive encourages businesses to invest in research, offering tax offsets that have spurred advancements in biotechnology and clean energy. Early-stage startups benefit from tax breaks under the Early Stage Innovation Company (ESIC) programme, which has fueled ventures. Venture capital programmes, such as Venture Capital Limited Partnerships (VCLP), further bolster the startup ecosystem, with innovation hubs like Sydney's Startup Hub nurturing new enterprises (Investment NSW, n.d.). These initiatives highlight Australia's legal framework and policy commitment as a foundation for innovation.

Attracting Investment and Global Talent

Australia's Foreign Investment Review Board (FIRB) ensures FDI aligns with national priorities, channelling funds into high-growth sectors like renewable energy and advanced manufacturing (Foreign Investment Review Board, 2024). The Clean Energy Finance Corporation (CEFC) has mobilised billions in private investment for solar, wind, and hydrogen projects, cementing Australia's leadership in the low-carbon transition (Clean Energy Finance Corporation [CEFC], 2020). In mining, FDI has propelled companies like Fortescue Metals Group and BHP to global prominence, showcasing the power of targeted investment (Kennerley, 2024).

To bolster its workforce, Australia's Global Talent Visa programme attracts experts in fields like AI, cybersecurity, and biotechnology, while the Medical Research Future Fund (MRFF) supports cutting-edge health innovations (Australian Government - Department of Health, 2024). The Commonwealth Scientific and Industrial Research Organisation (CSIRO) exemplifies Australia's innovation prowess, with breakthroughs like WiFi technology stemming from industry-academia partnerships. These efforts have made Australia a global leader in medical research and technology, offering lessons for HCMC's aspirations to become a tech hub. Technology adoption, however, must be tailored to Vietnam's unique socio-economic and institutional context, requiring local adaptation and investment in soft infrastructure.

Forging Global Partnerships

Australia's commitment to international cooperation has been a cornerstone of its industrial transformation. Through the Australia Awards Scholarships programme, it equips professionals from developing countries—particularly in fields like engineering and environmental sciences—with globally recognized training (DFAT, n.d.-a). Strategic alliances with ASEAN (Association of Southeast Asian Nations), the World Bank, and the Asian Development Bank channel funding and technical expertise into renewable energy, smart infrastructure, and digitalisation initiatives (DFAT, n.d.-b). The Australia-Japan Partnership for Quality Infrastructure (AJPQI) also exemplifies coordinated efforts to unlock regional infrastructure financing (AJBCC & JABCC, 2022). These collaborative mechanisms offer valuable models for Vietnam to leverage international support in accelerating its own path toward sustainable, innovation-led development.

A Plan for Vietnam and HCMC

Drawing on Australia's experience, the briefing proposes five actionable strategies to propel Vietnam and HCMC towards a sustainable, innovation-driven future:

- **Adopt a Selective FDI Strategy:** HCMC should redirect FDI to tech, renewables, and advanced manufacturing, moving beyond traditional sectors. With streamlined approvals under Resolution 98 (granting special mechanisms to HCMC), a targeted FDI strategy can attract tech and green energy firms. Prioritising semiconductors could position HCMC in global high-tech supply chains.
- **Invest in Education and R&D:** Strengthening universities and research in tech, engineering, and environmental sciences is vital. HCMC should follow Australia's industry-academia model, linking institutions like Vietnam National University with tech firms to build skills, attract talent, and drive innovation in AI and renewables.
- **Implement Targeted Incentive Programs:** Targeted tax breaks, grants, and streamlined visas, modelled on Australia's ESIC and VCLP, can attract investors and experts to HCMC's high-tech sectors. Incentives for green tech startups, enabled by Resolution 98, would support solar innovation and advance Vietnam's net-zero goals.
- **Develop Smart and Sustainable Cities:** HCMC should leverage smart technologies in planning, transport, and energy to boost liveability and attract investment. Smart systems, as seen in Australian cities, can cut congestion and emissions, positioning HCMC as a regional innovation hub. Resolution 98 enables flexible trials of digital governance and smart city initiatives.
- **Leverage Special Mechanisms for Rapid Implementation:** Partnering with bodies like the World Bank and ASEAN can unlock funding and expertise for training, digital infrastructure, and sustainability. Joining ASEAN's carbon initiatives, as Australia has done, can boost HCMC's access to green finance and resilience.

The Path Forward

Australia's experience shows that strategic policies, education investment, and global partnerships are key levers for industrial transformation. For HCMC, now is the time to act. By applying these lessons and leveraging Resolution 98, the city can evolve from a manufacturing base into a global innovation hub. The opportunity is great—but time is limited. To stay ahead, Vietnam must move swiftly and continue drawing on global experience to support its transformation.

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Images

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Trung's expertise spans economics, leadership, and digital transformation management, and he co-leads RMIT's APAC Smart and Sustainable Cities Hub. He actively engages with ASEAN, government bodies, and regional business forums like the Ho Chi Minh City Economic Forum.

Additionally, Trung is the founder of the high-profile annual International Business Forum at RMIT. He has secured numerous research grants, published widely, and consults for leading organisations such as KPMG and the Vietnam–Australia Centre. He has earned numerous prestigious awards and recognition in education and industry.



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