

# Investigating revealed comparative advantage and competitiveness of Vietnam's manufactured goods

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*Submitted: 19/04/2016 – Accepted: 30/08/2016*

## **Abstract**

**T**his paper analyses the competitiveness of Vietnam's manufactured goods utilizing the concept of Revealed Comparative Advantage (RCA). Four indices of RCA are calculated, for the period 2005-2014. From the result of consistency test, it is recommended that the RCA indices should be interpreted cautiously. As dichotomous measure, RCA indices are fairly consistent in their identification of comparative advantage. It is, therefore, proposed that RCA indices should be used to examine whether or not Vietnam possesses comparative advantage in particular groups of manufactured goods rather than the extent or ranking of comparative advantage. The empirical result indicates that in spite of remarkable improvement in trade of Vietnam's manufactured goods over the period of research, the structure of comparative advantage has not enjoyed a radical change. Relevant policies should be promulgated to diversify exports and reach the targeted pattern of comparative advantage.

**Keywords:** *Revealed comparative advantage/disadvantage, competitiveness, trade, manufactured goods, Vietnam.*