How Vietnam can Leverage on its Comparative Advantage in the Coffee Industry

Your Name (First M. Last)

School or Institution Name (University at Place or Town, State)

**How Vietnam can leverage its comparative advantage in the coffee industry**

Alejandra, Maria; Gutierrez-Viana, Santiago (2010). Cooperation in coffee markets: The case of Vietnam and Colombia.

The author Maria in this article made a comparison between Vietnam and Columbia which are the two major exporting countries for coffee. By using value chain analysis, she concluded that both countries have diverse strategies to be the most competitive countries in the world. The difference in the progress can fluctuate through the trade relationship they made with other countries. This study directly hit my topic about comparative advantage and need for leverage. As Vietnam is already competitive in the coffee industry, therefore to maintain its place in the market leverage on its comparative advantage would be beneficial.

Minh, H. T., Trang, D. T. N., & Chen, J. (2016). Applying the DRC (Domestic Resource Cost) Index to Evaluate the Competitive Advantage of Dak Lak Coffee. *Open Access Library Journal*, *03*, 1.

In this article, Hoang did not discuss Vietnam production, but it is useful to know some factors that have an impact on the coffee industry. Results show that fluctuation in world price market, intrinsic weaknesses affect the effectiveness of coffee production which means for my topic factors that should be noticed include the fluctuation in the international market as well as domestic weaknesses.

Rosiana, N., Nurmalina, R., Winandi, R., & Rifin, A. (2017). THE LEVEL OF COMPARATIVE ADVANTAGES OF WORLD MAIN COFFEE PRODUCERS. *Buletin Ilmiah Litbang Perdagangan*, *11*(2), 227–246.

In this article, Rosiana studied the level of comparative advantage of the main coffee producer. Through analysing the competition between the countries, he concluded that production of the coffee is less than the demand of the coffee. This finding is useful for me as it indicates that if Vietnam increases its production to meet the world coffee demand, it can raise its comparative advantage.

Aron Torok, Tamas Mizik , Attila Jambor. (2018). The Competitiveness of Global Coffee Trade. *International Journal of Economics and Financial Issues*, 2018, 8(5), 1-6

In the article, Aron indicated that Vietnam, Columbia, and Brazil are the largest producers of the coffee. He explained that coffee trade is basically to be a strong member of a developed market. He concluded that Vietnam is doing just great by specialising in coffee production; he just needs to focus on the stability and duration tests. It is relevant to the topic as the test is based on comparative advantage and covered the progress of Vietnam which is positive. Therefore it indicated the positive correlation between the leverage and high coffee production.

Dannenberg, P., & Kulke, E. (2016). *Economic Development in Rural Areas: Functional and Multifunctional Approaches*.

In this article Adriana studied the progress of Vietnam coffee industry in terms of value added, external shocks, infrastructure, and innovation through branding and marketing, and international relations. The result shows that Vietnam can compete as long as they achieve to produce enough coffee quantity. Also, they should focus on consumer preference and corporation with other countries. It is relevant to my study as it identifies the factor of consumer preference which means if the demand for coffee is high then leverage would be beneficial for the industry.

Nguyen, T. V., Nguyen, T. V., Bosch, O. J. H., Nguyen, T. V., & Nguyen, N. C. (2017). Identifying key success factors in supply chain management for increasing the competitive advantages of Vietnamese coffee. *Competitiveness Review*, *27*(5), 438–461.

In this article, Thich identified the factors in supply chain management which can result in the rise in competitive advantages for Vietnam in the coffee industry. Through a sequential approach, scholar concluded that supply change method is beneficial for Vietnam and high investment can boost the coffee industry. Therefore for me, it is useful as it indicates that investment through leverage is beneficial.

Gutierrez‐Viana, S., & Gonzalez‐Perez, M. (2012). Cooperation in coffee markets: the case of Vietnam and Colombia. *Journal of Agribusiness in Developing and Emerging Economies*, *2*(1), 57–73.

In this article scholars argued that with the increase in coffee production, economic benefits for farmers would increase and the negative impact on the environment will be decreased. The result shows that farmer reduce fifty per cent of environment pressure by producing coffee. Therefore this article indicated the two more factors that can be a significant part of my research. It will help me to find out my research question of leverage for comparative advantage in coffee production.

Mighty, M. A. (2017). “We Likkle, but We Tallawah”: Maintaining Competitive Advantage in the Crowded Specialty Coffee Market. *Journal of International Food & Agribusiness Marketing*, *29*(1), 70–91.

In this article, Mighty discussed the competitive advantage of Jamaican coffee industry. The study indicates that moderate bargaining power is the key point to increase the comparative advantage. It is relevant to my topic as research is focusing on the factor that can affect the comparative advantage and it can help me to determine the role of leverage for Vietnam comparative advantage.

Tham, A., Fleischman, D., & Jenner, P. (2018). Spilling the social capital beans: a comparative case study of coffee service enterprises within Asia-Pacific. *Asia Pacific Business Review*, *24*(2), 150–173.

In this article study of the coffee franchise and coffee, the roaster is discussed. Results show that social capital and strong organisation can help in better economic outcome. Also, strong networks and consumer loyalty can increase the demand of the consumer. It is relevant to my topic as it indicates that leverage for the coffee industry is not just beneficial for international trade. It can also increase demand domestically.

Lý, N. V. H. & M. T. Đ. (2017). Competitiveness of Vietnam Coffee Industry and its Trend. *Journal of Economic Development*, 53–58.

In this article, scholars have used indexes to study the competitiveness and comparative advantage of Vietnam coffee industry. Findings show that Vietnam has the highest comparative advantage in the coffee industry. Therefore, Vietnam can save foreign currencies by increasing investment in coffee production. This research directly hits my topics as it shows that leverage will beneficial to increase the comparative advantage.

Mai, T. C., Shakur, S., & Cassells, S. (2018). Testing vertical price transmission for Vietnam’s Robusta coffee. *Australian Journal of Agricultural and Resource Economics*, *62*(4), 563–575.

This article highlighted the market reform that Vietnam has faced from the past three decades. The coffee industry is the one which is highly market driven. Scholars investigated the impact of the coffee industry on the economy through both the negative and positive price fluctuations. The result indicated that price fluctuation develops the behaviour of the producers. When price increases in the international market, domestic prices show a rapid increase but when price decreases in the international market then producer take a while to lower their prices on the domestic level. It means that the domestic output of the coffee industry highly depends on international prices. This article is useful to study the factor related to the comparative advantage that is the price.

Fanggidae, R. E., Fanggidae, R. P. C., & Kamuri, K. J. (2019). Productivity Factor Analysis of Timor Coffee in Coffee Industry. *Presented at the International Conference on Tourism, Economics, Accounting, Management, and Social Science* (TEAMS 2018), Atlantis

This article discussed the world fourth largest coffee industry that is Indonesia. This article is not discussing Vietnam, but I have chosen this article to know about the progress of the competitive industry of Vietnam and their policies to make a comparison between the two countries. The study shows that Indonesia is a developing country and coffee industry is one of the positive factors of the economic growth of the country. Indonesia uses 15% of the total land for coffee production. Indonesia requires selling power to increase its export.

Amir, I. T., Indah, P. N., & Widayanti, S. (2018). Spices Coffee : Innovation Strategy To Increase Quality On Powder Coffee Farmers. *Journal of Physics: Conference Series*, *953*, 012242.

The purpose of the article is to make research on spices coffee industry. Strategy for technological innovation in spices coffee is necessary as it can help in improving the competitiveness of the coffee producers. It will be significant to the added value of the products. Scholarly concluded that government role is vital for the spice coffee industry. Technological assistance and support for the development should be provided by the government to increase the comparative advantage. The government can change policies or increase investment through leverage to support aggressive growth.

Tuong, T. T., Arslan, A., Branca, G., & Trinh, M. V. (2018). *Bio-Economic Assessment of Climate-Smart Tea Production in the Northern Mountainous Region of Vietnam*. Rochester, NY: Social Science Research Network.

In this article, findings of coffee industry related to climate change are being discussed. The results are indicating that the coffee industry of Vietnam is playing a role to achieve net margins, high family labour, and return to capital. It means the coffee industry is playing an important role in the economic growth of the country. Therefore through proper environmental security and climate-smart agriculture country can achieve a higher comparative advantage. It requires investment for the implementation of useful strategies.

Setyastuti, R., Adiningsih, S., & Widodo, T. (2018, May 6). The Dynamics of Comparative Advantage in the ASEAN Region *[MPRA Paper].*

In this article, scholars claim that international trade highly depends on the dynamic comparative advantage. Vietnam is one of the biggest coffee producers, but as to competitiveness, Ethiopia, Uganda, and Honduras have the highest comparative advantage. It concluded for me that even after producing a high quantity of coffee, a comparative advantage for the country is relatively low. Therefore factors that control the competitiveness in the market should be taken into account.

Hoang, V. V. (2018). Investigating the evolution of agricultural trade specialisation in transition economies: A case study from Vietnam. *The International Trade Journal*, *0*(0), 1–18.

The article investigates the trade specialisation of Vietnam in the international market. Through trend analysis, OLS method, and Markov matrix scholar concluded that with the increase in highly specialised industry, there is a decrease in the degree of specialisation. On the other hand with the increase in the low specialised industry, there is an increase in the degree of specialisation. This finding goes against my topic as a result indicated that instead of investing in the coffee industry, Vietnam should increase its investment in less specialised industry to increase its comparative advantage.

Rosiana, N., Major of Agricultural Economics, G. S. of B. A. U., Nurmalina, R., Department of Agribusiness, (2018). *Dynamics of Indonesian Robusta Coffee Competition Among Major Competitor Countries*. *2528-7222*.

The article studied the behaviour of different markets. Asian market behaves differently than the European market, and therefore comparative advantage varies in the global market. Comparative advantage depends on the export destination and consumer behaviour. After studying these two factors, the country should invest in the industry. Leverage on the coffee industry should be used if the coordinating country is providing a high advantage.

Viere, T., von Enden, J., & Schaltegger, S. (2011). Life Cycle and Supply Chain Information in Environmental Management Accounting: A Coffee Case Study, *Environmental Management Accounting and Supply Chain Management* (pp. 23–40).

In the article which is the part of a book discussed the supply and demand in the coffee industry. The competitiveness between Brazil and Vietnam is discussed. The article indicated the factors that give the coffee industry high comparative advantages. It includes government policies, strategies of the producers and the relationship with other countries. Vietnam should increase its investment so it can achieve the highest comparative advantage with high competitive qualities.

Tran, Nguyen– South East Asia Journal of Business Economics and Law. *South East Asia Journal of Contemporary Business, Economics and Law*, Vol. 15, Issue 6 (April).

In this article, the development of agriculture is studied. It is not directly linked to the leverage issue on the comparative advantage of the coffee industry, but it is useful to determine the agriculture factors that affect the coffee industry. The study tells us that agriculture plays a vital role in the economic growth of the country. Therefore it is necessary to bring Vietnam agriculture to achieve sustainable development.

Grogan, L. (2018). Labor Market Conditions and Cultural Change: Evidence from Vietnam. *Journal of Human Capital*, *12*(1), 99–124.

In the article, Grogan is talking about the investment to gain the opportunities in Vietnam industry. The result shows that the investment in labour can bring prosperity. It is relevant to my topic as it highlighted the reason why Vietnam should increase its investment. Through leverage, Vietnam can increase its labour power which can be useful to achieve a high comparative advantage in the coffee industry.

Revilla, D. J. (2016). Vietnam 30 years after Doi Moi: achievements and challenges. *Zeitschrift Für Wirtschaftsgeographie*, *60*(3), 121–133.

In the article, Revilla discussed the economic policies made by the Vietnam government. The change in economic policies brings remarkable changes in the economy. It leads the country to the distinctive Movement. Through the change in economic policy, Vietnam achieved cheap labour, stability, sustainability, low environmental issues, and high comparative advantage for the coffee industry. It shows that politics play an important role in economic growth. The government should think for the leverage on the comparative advantage for the coffee industry.

Ho, T. Q. (2018). *Economic analysis of sustainable coffee production in Vietnam* (phd). Queensland University of Technology.

Through this article, scholar presented the analysis of sustainable coffee production in the country. Results are indicating that certified coffee farm is better than the uncertified coffee farm. Overall both types of the farm are raising economic growth. The industry is facing the tradeoff between efficiency of environment and cost. It means that in o to control the cost and environmental efficiency, policies should be made and through investing in the industry issues can be resolved.

Le, T. H. (2017). *Trade Impacts of the European Union – Vietnam Free Trade Agreement: The Sussex Framework Analysis*

This article is the most useful source among all the articles, as it is indicating the current trade conditions. The scholar studied the impact of the free trade agreement between Vietnam and the European Union. With the help of both quantitative and qualitative analysis scholar concluded that Vietnam is a developing country. Through free trade agreement, Vietnam will face a positive impact on the economy. FTA will provide new opportunities as well as challenges to the country. This article is not focusing on the comparative advantage of the coffee industry, but international relation has a great impact on coffee exports. Therefore, it is useful to add this tool to my research.

Fox, J. A. (2008). Confronting the Coffee Crisis: Fair Trade, Sustainable Livelihoods and Ecosystems in Mexico and Central America. *MIT Press*.

In this article comparative advantage of the coffee industry is discussed by focusing on the ecosystem. The environment of Vietnam is required to improve. Eco-efficiency is positively correlated with the supply chain of coffee. It is relevant to my topic as analysing the requirement of leverage need for comparative analysis will become easy to understand through the ecosystem factor.

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