



# Reliable supply chains provide an edge



Vietnam's exporters are facing longer and less predictable shipping routes to Europe as disruptions in key maritime corridors directly affect delivery, planning, and commitments. **Sven David**, CEO of VIET Transformation Advisors, analysed the impacts and implications for the Vietnamese market.

**M**anufacturers and logistics providers report longer and materially less predictable shipments to Europe. Exporters in furniture, textiles, and industrial components are revising delivery timelines, adjusting production schedules and renegotiating commercial terms with international buyers.

For companies operating with tight delivery windows, even moderate delays translate into operational pressure and immediate financial exposure. In several export segments, buyers are demanding wider delivery windows or additional contractual safeguards, reflecting reduced confidence in shipping reliability.

The shift is visible in daily operations. Exporters must establish closer coordination between procurement, production, and logistics to manage changing shipping conditions. Delivery reliability has shifted from an operational variable to a management issue, directly affecting customer relationships and revenue predictability. What used to be handled within operations is now escalated to management level, where delivery performance becomes a commercial risk rather than a logistics detail.

Companies must now absorb these changes. Components must be ordered earlier, production cycles extended, and more working capital tied up. These adjustments reflect a structural change in supply chain design, not a temporary reaction. Production managers increasingly adjust manufacturing sequences dynamically, prioritising orders based on shipment timing and contractual exposure rather than internal efficiency.

The consequence is clear: coordination tightens, tolerance for disruption falls, and financial exposure rises, particularly for mid-sized exporters. This marks a structural shift. Vietnam's success as a manufacturing hub has long

been tied to efficiency. Companies optimised costs and relied on stable logistics to connect factories with global markets.

International buyers increasingly evaluate suppliers not only on cost and quality, but on their ability to maintain stable delivery under volatile logistics conditions. Suppliers able to absorb disruptions and maintain continuity gain a measurable advantage, even with slightly higher cost structures. The decision logic is shifting: continuity outweighs marginal cost differences when production systems depend on synchronised inputs.

This dynamic already shapes how Vietnam's export industries operate. Furniture exporters to Europe have extended delivery timelines and recalibrated production planning as shipping schedules fluctuate.

In electronics and industrial production, delays in inbound components require more flexible sequencing of assembly processes to maintain output stability. Some manufacturers split shipments across routes or diversify supplier bases to reduce exposure to single transport corridors, while others report negotiating capacity commitments with logistics partners.

Logistics providers are adapting accordingly. Freight forwarders and shipping agents report increasing complexity in route planning and coordination as schedules shift and reliability declines. In Vietnam's main logistics corridors, operators rely more on real-time coordination to manage delays and avoid bottlenecks, supported by tighter integration between trucking, port handling, and shipping schedules.

## Visible on the ground

Large manufacturing operations in Vietnam depend on tightly synchronised inputs. When shipping becomes less predictable, this synchronisation erodes. Producers respond with higher buffer inventories, longer planning horizons, and tighter coordination across supply chain functions.

Working capital requirements are rising as goods remain in transit longer, increasing financial exposure and constraining liquidity. Compa-

nies that fail to adapt face a growing risk of production interruptions and delivery failures. In practice, companies rarely plan for instability and typically recognise its cost only once continuity breaks down.

Procurement behaviour is also shifting. Buyers are shifting towards suppliers that guarantee continuity, even when cost differences remain. This creates a structural selection among Vietnamese exporters: those who ensure delivery remain integrated in global production networks, while others are gradually excluded. Companies that adapt secure more stable, long-term relationships with international partners. Others lose relevance, even if they remain cost-efficient.

The implications go beyond individual firms and directly affect Vietnam's economic positioning. As supply chains are reconfigured, countries are assessed not only by production cost but by their ability to provide stable and predictable operating conditions. Reliability becomes a national competitiveness factor.

Political stability, a diversified industrial base, and integration into global trade frameworks provide a strong foundation. Ongoing investment in infrastructure and logistics is improving connectivity to international markets. However, competitiveness increasingly depends on execution quality rather than structural advantages. The differentiator is no longer access, but consistency.

Maintaining this position requires disciplined execution. Operational reliability depends not only on infrastructure, but on how systems function in practice. Customs procedures, regulatory coordination, and administrative consistency directly shape predictability. Even marginal improvements in clearance times or port handling materially strengthen delivery reliability.

At the same time, constraints remain. Logistics impediments in secondary ports, uneven infrastructure quality between regions, and capacity pressure in peak export periods continue to limit system-wide reliability. Without addressing these frictions, gains in production efficiency risk being offset by inconsistencies in execution.

Investment decisions are being recalibrated accordingly. Companies expanding in Southeast Asia evaluate not only labour cost and market access, but also logistics stability, infrastructure, and administrative reliability. Decisions now prioritise the ability to maintain operations under disruption, not theoretical cost advantages.

In practical terms, this shift is visible in how projects are structured. Companies placing new manufacturing capacity in Vietnam increasingly build redundancy into operating models, including dual sourcing, buffer capacity, and flexible logistics configurations. Rather than optimising for peak efficiency, investors prioritise operational continuity under stressful conditions.

Vietnam is not only benefiting from supply chain shifts. It is increasingly being tested against them. A visible pattern is the expansion of export-oriented industrial zones in northern Vietnam, where proximity to the Haiphong port and improving logistics corridors are factored into investment decisions. Manufacturers increasingly tend to cluster in locations where port access, customs handling, and transport reliability combine to reduce delivery uncertainty, even when cost differences are marginal.

This also affects site selection within Vietnam. Locations are assessed not only on cost or proximity to ports, but on infrastructure resilience, logistics performance, and administrative execution. Industrial areas that demonstrate stable operations under pressure gain a clear advantage, particularly in complex export supply chains.

Over time, this shifts competition from cost arbitrage to execution capability. Maintaining investor confidence depends less on offering the lowest cost base and more on delivering predictable operating conditions at scale.

## Global context

Disruptions in key maritime corridors, particularly in the Red Sea and along Asia-Europe routes, confirm how concentrated global trade flows remain.

Since late 2023 and continuing

into 2025–2026, major shipping lines have rerouted vessels around the Cape of Good Hope, extending transit times by up to two weeks. Industry data from the UN Conference on Trade and Development and major carriers indicate transport times have increased by 10-15 days, alongside higher freight and insurance costs. For Vietnam, the implication is direct. The country is not only affected by these disruptions. It is increasingly part of the adjustment.

As companies redesign supply chains to reduce risk, stable manufacturing locations gain importance. Vietnam is emerging as an alternative production base, and as a stabilising node within regional supply networks. This opens a narrow but tangible strategic window. If Vietnam combines competitive production with reliable logistics and consistent execution, it can strengthen its role within global manufacturing systems.

In practice, reliability is not determined only at sea, but in how smoothly goods move from factory to port, how consistently procedures are applied, and how quickly disruptions are managed. Even minor delays in inland transport or clearance can offset production cost advantages.

Supplier depth is another critical factor. Strengthening local supporting industries reduces exposure to delays in imported inputs and increases operational flexibility.

For companies, the message is clear: reliability is no longer secondary. It now defines competitiveness. Companies that fail to ensure it will fall behind. For policymakers, the challenge is equally clear: infrastructure investment, administrative efficiency, and consistent regulatory implementation are not supporting factors. They are core to national competitiveness.

Global trade is not retreating, but reorganising. Efficiency remains relevant, but no longer sufficient. Continuity under disruption is becoming a defining capability. For Vietnam, this shift creates a narrow but real window of opportunity. In this environment, the key question is no longer who produces most efficiently, but who remains reliably connected to global markets over time. ■



With transport times increasing and costs rising, the implication is direct for Vietnam