

Developing the Vietnamese Handicrafts Market in Connect with the Preservation of Indigenous Culture and Sustainable Exports in the Period 2025–2045

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ABSTRACT: This paper comprehensively analyzes the current situation, potential, and challenges of Vietnam's handicraft industry in the context of the Strategy for the Development of Cultural Industries to 2030, with a vision to 2045, recently approved by the Prime Minister under Decision No. 2486/QĐ-TTg. Based on this, the study proposes systemic solutions to develop the handicraft market in conjunction with preserving indigenous culture and promoting sustainable exports, aiming for an export turnover of US\$6 billion and attracting approximately 200,000 permanent workers by 2030, while simultaneously building a foundation for the industry to become a cultural industry with its own identity and international competitiveness by 2045.

KEYWORDS: Handicrafts, cultural industry, preservation of indigenous culture, sustainable export, traditional craft villages.

1. INTRODUCTION

Throughout the millennia-long history of the Vietnamese nation, handicrafts have not only been an economic sector but also a vibrant cultural treasure, reflecting the depth of aesthetic thinking, skillful techniques, and unique identity of each ethnic group and region. Research by Luong Hong Quang and Tran Thi Thu Thuy (2019) affirmed that Vietnamese craft villages are "special cultural spaces, where tangible and intangible cultural values converge and crystallize over many generations," where each product carries the consciousness, memories, and stories of the community that produced it. From Bat Trang ceramic vases shaped by the skillful hands of Hanoi artisans, to the shimmering Hoi An silks under the Central Vietnamese sun, to the exquisite rattan and bamboo products of the ethnic minorities in the Northwest highlands, all possess a dual value—both economic and cultural—that is inseparable.

In the context of increasingly deep international integration and the rising demand for unique products with clear cultural origins globally, the Vietnamese handicraft industry is facing a historic opportunity to rise and assert its position. According to a report by Allied Market Research (2023), the global handicraft market was valued at US\$752.8 billion in 2022 and is expected to reach US\$1,252.6 billion in 2032, with a compound annual growth rate (CAGR) of 5.3%, in which the high-end handicraft segment with cultural value is growing faster than the industry average. Consumers in developed markets such as the US, EU, Japan, and South Korea are increasingly willing to pay higher prices for products that tell a cultural story, are unique, and are sustainable (Bhattacharya & Sen, 2003; Kapferer, 2014).

Recognizing this importance, the Vietnamese Party and State have included handicrafts as one of the ten key cultural industries in the Strategy for the Development of Vietnam's Cultural Industries to 2030, with a vision to 2045 (Decision No. 2486/QĐ-TTg dated November 14, 2025). The strategy sets ambitious but achievable goals: handicraft export turnover reaching approximately 150 trillion VND, equivalent to 6 billion USD; and attracting about 200,000 permanent workers by 2030 (Prime Minister, 2025). By 2045, Vietnam's cultural industries, including handicrafts, are expected to contribute 9% to GDP and affirm Vietnam's position on the world map of cultural industries.

However, to realize these goals, a comprehensive development strategy is needed, harmoniously addressing the relationship between economic development and cultural preservation, between expanding export markets and maintaining identity, and between applying modern technology and preserving traditional techniques. This is the issue that this research focuses on analyzing and proposing solutions for.

2. OVERVIEW OF THEORY AND RESEARCH METHODS

2.1. Theoretical framework for the development of the handicraft industry in conjunction with cultural preservation.

In international research on the creative cultural industry, the handicraft sector is positioned as a highly specialized field, located at the intersection of three dimensions: cultural, economic, and social. UNESCO (2005), in its Convention on the Protection and Promotion of the Diversity of Cultural Expressions, affirmed that cultural products and services, including handicrafts, possess a "dual nature," *being* both economic goods and carriers of cultural values and identity. This view was later reinforced by the Council of Europe (2011), which emphasized that handicraft products are "irreplaceable by industrial production because they are linked to unique cultural knowledge, skills, and stories." This means that when developing the handicraft industry, it cannot be viewed solely from a purely commercial perspective but must be placed within the overall picture of preserving and promoting cultural heritage. Brundtland's (1987) theory of sustainable development provides an important framework for application in this field: the development of the handicraft industry is only truly sustainable when it meets the economic needs of the present generation without compromising the ability of future generations to meet their cultural and economic needs. This requires preserving cultural capital, safeguarding traditional craft secrets, maintaining a successor generation of artisans, and using environmentally responsible materials. This principle has been reiterated and applied by many researchers in cultural economics to the context of developing economies in Asia (Hang & Wee, 2011; Nurrachmi, 2018).

theory of cultural capital *indicates* that the value of handicraft products comes not only from raw materials and labor but also from "cultural capital" accumulated over generations, including technical knowledge, traditional aesthetics, collective memory, and community identity. Throsby (2001, p. 46) emphasizes that "cultural capital has the ability to generate economic and cultural value over time, similar to natural or physical capital." It is this cultural capital that creates the difference and surplus value compared to mass-produced industrial products. Therefore, an effective development strategy must focus on preserving, exploiting, and increasing cultural capital instead of just focusing on production and distribution efficiency.

On the other hand, Porter's (1990) *cluster theory* has been applied by scholars to the study of handicraft villages in many Asian countries. The handicraft village cluster model creates a competitive advantage through geographical concentration, knowledge sharing, common infrastructure, and a mutually supportive business ecosystem. Schmitz and Nadvi's (1999) research on handicraft production clusters in South Asia shows that the collective efficiency of the handicraft village cluster model can help small businesses overcome scale limitations and access export markets that they cannot reach when operating individually. The successful experiences of China with its "One Village One Product" (OTOP) model, Japan with its OVOP (One Village One Product) movement initiated in Ōita Prefecture in 1979 (Nishimura, 2009), and Italy with its high-end craft clusters in Tuscany and Veneto (Becattini, 1990) all demonstrate the power of the cluster model in the development of handicrafts.

Furthermore, the experience economy theory of Pine and Gilmore (1999) plays a crucial role in guiding the strategic development of the industry. According to Pine and Gilmore (1999, p. 4), "experience is a service when companies intentionally use services as a stage and goods as props to attract individual customers in a way that creates memorable events." In the handicraft industry, this means that the value of a product comes not only from the object itself but also from the entire experience associated with it, including visiting craft villages, meeting artisans, learning how to make the product, and understanding the cultural story behind it. This is the theoretical foundation for strategically linking handicrafts with cultural tourism.

2.2. Overview of domestic research

In Vietnam, research on craft villages and the export of handicrafts has been considered from various perspectives. The Ministry of Agriculture and Rural Development (2017), in its overview report on craft villages, confirmed that Vietnam has approximately 5,400 craft villages and villages with traditional crafts, employing over 11 million workers. However, it also pointed out serious environmental pollution and the decline of crafts in many villages. Nguyen Huu Thang (2018), in his research on the export value chain of handicrafts, indicated that "the majority of the added value in Vietnam's handicraft export chain is held by foreign intermediaries, while domestic artisans and production facilities receive only a small portion" (Nguyen Huu Thang, 2018, p. 87). This is a core bottleneck that needs to be addressed in the strategy for upgrading the value chain.

Tran Minh Yen's (2004) research on traditional craft villages in the process of industrialization and modernization provided insightful analyses of the conflict between commercialization pressure and the requirement to preserve cultural identity, and proposed a "controlled development" model to reconcile these two goals. Dang Van Bai (2012) pioneered the issue of protecting intellectual property rights for folk knowledge and traditional craft skills, emphasizing that this is "an indispensable legal foundation for protecting the cultural assets of the community in the context of integration" (Dang Van Bai, 2012, p. 33).

More recently, Pham Trung Luong and colleagues (2020) studied the relationship between craft village tourism development and intangible cultural heritage preservation, pointing out that "craft village tourism, when well managed, can become a sustainable economic driver while effectively contributing to the preservation and transmission of traditional crafts" (Pham Trung Luong et al., 2020, p. 156). This is an important basis for the proposal to link handicrafts with cultural tourism in this research paper.

2.3. Research Methodology

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This study employs secondary document analysis *combined* with policy analysis *and* comparative analysis . The main sources include: (i) documents, strategies, and policies of the Vietnamese Party and State, particularly Decision No. 2486/QĐ-TTg on the Strategy for the Development of Vietnam's Cultural Industries to 2030, with a vision to 2045, and the Five-Year Review of the 10-Year Socio-Economic Development Strategy 2021-2030 (Nguyen Thanh Nghi, 2025); (ii) domestic and international academic research works on cultural economics, village craft development, and handicraft exports; and (iii) statistical and market reports from reputable international organizations such as UNESCO, UNCTAD, World Crafts Council, and independent market research organizations. The value *chain* analysis method , based on the framework of Gereffi and Korzeniewicz (1994), was used to assess Vietnam's position in the global handicraft value chain and identify points requiring strategic intervention.

3. CURRENT STATUS OF VIETNAMESE HANDICRAFTS INDUSTRY

3.1. Notable Achievements

Vietnam currently has approximately 5,400 craft villages and traditional craft villages, distributed across all regions, with over 200 diverse product types, ranging from ceramics, silk, fine art wood products, rattan and bamboo weaving, embroidery, to copper, silver, lacquerware, and many unique handicrafts of ethnic minorities (Ministry of Agriculture and Rural Development, 2022). This is an incredibly rich cultural resource that few countries in the world possess. According to UNCTAD (2022), Vietnam is among the world's largest exporters of creative products, with handicrafts being one of the key cultural export items.

In recent years, Vietnam's handicraft export turnover has grown positively. According to data from the General Department of Vietnam Customs (2023), handicraft export turnover reached approximately US\$2.8 billion in 2022, with key markets including the US (accounting for about 40%), the EU (25%), Japan (15%), South Korea and ASEAN countries (20%). The "One Commune One Product" (OCOP) program, initiated in 2018, has created tens of thousands of certified products, many of which are handicrafts that have been recognized and are beginning their journey to reach international markets. According to the Ministry of Agriculture and Environment (2024), by the end of 2023, the whole country had more than 10,880 OCOP products recognized as meeting standards of 3 stars or higher, of which about 28% belonged to the handicraft and decorative items group.

The increasing emergence of handicraft businesses with modern design thinking, knowing how to exploit traditional cultural elements combined with contemporary aesthetic trends, has created a new generation of products that are both deeply rooted in Vietnamese identity and meet the needs of global consumers. Brands such as Kilomet109, Thuy Lap, Vietnam Weaving, and GAIA have begun to appear at international handicraft events and have been positively received by foreign media and consumers (Nguyen Thi Minh Phuong, 2022).

3.2. Limitations and challenges to overcome

However, facing the reality, the Vietnamese handicraft industry still faces many core challenges that have not been thoroughly addressed. These weaknesses were also clearly identified in the five-year review of the Socio-Economic Development Strategy 2021-2030, when the report pointed out that "mechanisms and policies for cultural development still have shortcomings and lack synchronization; investment in culture is not yet effective and not commensurate with the requirements of the task" (Nguyen Thanh Nghi, 2025, p. 5).

Firstly, the decline of the artisan workforce and the risk of losing unique techniques is an alarming issue. The Vietnam Traditional Craft Village Association (2023) estimates that about 40% of traditional crafts are at risk of disappearing or have already been completely lost due to a lack of successors. The older generation of artisans is gradually disappearing while the younger generation is not interested in the craft because of low and unstable income . A survey by Nguyen Thi Thu Ha (2021) in 15 typical craft villages in the Red River Delta showed that "up to 73% of young people under 30 in these craft villages do not plan to follow in their ancestors' footsteps, with the leading reason being that income from handicrafts is 40-60% lower than working as a factory worker in industrial zones" (Nguyen Thi Thu Ha, 2021, p. 94).

Secondly, Vietnamese handicrafts are largely stuck in the low and medium price segments of the global value chain. Analysis by Gereffi and Lee (2016) on the Asian handicraft value chain indicates that manufacturers in developing countries are often in the lower segment of the chain and are trapped in a "low -value trap " due to a lack of design, branding, and direct marketing capabilities. This aligns perfectly with the situation in Vietnam, where, according to the Vietnam Handicraft Export Association (VIETCRAFT, 2022), over 70% of handicraft exports are conducted through foreign intermediaries, and the profit margin for domestic manufacturers is only 10-15% of the final retail price.

Thirdly, environmental pollution in craft villages has not been thoroughly addressed, affecting the sustainable image of the industry. A report by the General Department of Environment (2022) shows that about 46% of craft villages in Vietnam have seriously polluted environments, especially those involved in metalworking, textile dyeing, and lacquerware. This situation not only directly affects public health but also creates barriers to exporting to markets with high environmental standards, such as the EU with its Sustainable Products Regulation. A report evaluating the five-year implementation of the socio-economic development strategy also

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confirms that "environmental pollution in industrial clusters, river basins, craft villages, and the marine environment has not seen much improvement" (Nguyen Thanh Nghi, 2025, p. 5).

Fourth, the linkages between entities in the value chain remain fragmented. Artisans, export businesses, designers, training institutions, and state management agencies have not yet formed an effective interconnected ecosystem. Le Thi Hong Diep's (2019) research on the Bat Trang ceramics and Hanoi rattan and bamboo weaving value chains indicated that "the lack of vertical and horizontal linkages in the handicraft production-trade chain prevents small production facilities from meeting large, regular orders with high quality requirements from international partners" (Le Thi Hong Diep, 2019, p. 112).

4. THE DIALECTICAL RELATIONSHIP BETWEEN ECONOMIC DEVELOPMENT AND THE PRESERVATION OF INDIGENOUS CULTURE

4.1. Indigenous culture is a strategic asset of the industry.

One of the most important understandings to be established in the development strategy of Vietnam's handicraft industry is that indigenous culture is not an obstacle to economic development but rather a strategic asset, a long-term competitive advantage that cannot be replicated. The Strategy for the Development of Vietnam's Cultural Industries to 2030, with a vision to 2045, affirms this viewpoint by emphasizing "maximizing the cultural and human resources of Vietnam" and identifying cultural industry products as needing to meet the criteria of "identity and uniqueness" as top priorities (Prime Minister's Decree, 2025, Article 1, Section II).

This argument is supported by numerous international studies. Howkins (2001, p. 88), in his classic work "The Creative Economy," argued that "in the global creative economy, the most sustainable competitive advantage is what cannot be copied, and local culture is one of the few assets that meets that requirement." Florida (2002) also asserted that local cultural uniqueness is a core factor in attracting the creative class *and* driving the development of the creative economy. In the context of handicrafts, research by Goswami and Goswami (2015) on the Indian handicraft industry demonstrated that products clearly positioned based on local cultural narratives achieved prices 2.5 to 4 times higher than similar products without accompanying cultural narratives.

Each Vietnamese handicraft, when made correctly, carries within it a rich cultural story: the story of a craft village's history, the aesthetic philosophy of an ethnic group, and the relationship between humans and nature in a particular region. The World Crafts Council (2020) stated that "Vietnam possesses one of the richest and most diverse handicraft heritages in Southeast Asia, with a unique blend of indigenous, Cham, Khmer, Chinese, and neighboring cultural influences, creating a distinct handicraft identity unlike anywhere else."

Countries that have pioneered in this field have convincingly demonstrated this point. Japan, with its strategy of preserving and commercializing "Wabi-sabi aesthetics" in traditional crafts, has created an export market for handicrafts exceeding US\$2 billion annually (Japan Craft Council, 2022). Italy, with its high-end craft clusters in Tuscany and Veneto, has successfully built a billion-dollar "Made in Italy" brand based on local culture and traditional techniques (Becattini, 1990; Micelli, 2011). Morocco, with its Fès pottery, Berber carpets, and Marrakech leather goods, attracts tourists and its handicraft exports exceed US\$1 billion annually thanks to its strong and unique cultural narrative (UNCTAD, 2022)

4.2. The risks of "empty commercialization" and solutions for genuine conservation.

However, it is necessary to recognize a serious risk in the development of the handicraft industry, which Appadurai (1986) calls "commodification of culture," or the commercialization of culture in a way that strips away its original meaning. When indigenous cultural elements are used as superficial decorative forms without substantive content, or when market pressure forces artisans to mass-produce, obscuring the subtlety and uniqueness of each product, not only is the cultural value diminished, but the foundation of long-term competitive advantage is also gradually destroyed. Cohen (1988) warned about "staged authenticity" in the tourism and handicraft industries, where cultural products become meaningless after excessive commercialization.

Preserving indigenous culture in the context of commercial development requires a multi-faceted approach. First, it is necessary to build and effectively enforce intellectual property protection mechanisms for folk knowledge, traditional patterns, and specific techniques of each cultural region. According to Wend (2020), registering Geographical Indications (GI) for traditional handicraft products is one of the most effective legal tools to protect cultural assets and enhance product value in the international market. Vietnam currently has a number of handicraft products protected by GI, such as Phu Lang pottery and Bao Loc silk, but the number is still very small compared to the potential. The strategy for developing cultural industries has emphasized the task of "collecting, preserving, and preserving the sophisticated and unique traditional secrets, technologies, and patterns on handicraft products" (Prime Minister's Office, 2025, Section IV, point d).

Furthermore, it is necessary to establish a system of cultural origin certification *for* handicraft products to verify their authenticity and help consumers distinguish them from counterfeit and low-quality goods. The experience of the India Craft Council with its "Craftmark" labeling system has helped increase the revenue of participating artisans by an average of 35% compared to before certification (India Craft Council, 2019). This is a model that Vietnam can certainly learn from and adapt.

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5. STRATEGIC FRAMEWORK FOR INDUSTRY DEVELOPMENT, PERIOD 2025-2045

5.1. Phase 2025-2030: Building the foundation and boosting exports

This is a crucial stage in achieving the specific goals set out in the Strategy for the Development of Cultural Industries, especially the target of \$6 billion in export turnover and attracting 200,000 workers (Prime Minister's Office, 2025, Section II, point b). To achieve these goals from the current export level of approximately \$2.8-3 billion, the industry needs to achieve an average growth rate of over 15% per year, requiring the coordinated implementation of many groups of solutions.

The first group of solutions: Improving institutions and policies. It is urgent to issue and implement preferential policies on taxes, land, and credit specifically for businesses operating in the handicraft sector, especially small and medium-sized enterprises in craft villages. This is consistent with the principle of "reviewing and improving relevant mechanisms and policies on finance, taxation, investment... mobilizing strong investment participation from individuals and businesses in the development of cultural industries" (Prime Minister's Office, 2025, Section IV, point b). At the same time, it is necessary to simplify administrative procedures related to the export of handicraft products, resolving bottlenecks in quality inspection, customs clearance, and technical requirements. The Ministry of Industry and Trade should take the lead in implementing "market development activities for handicraft products" as assigned in the Strategy (Prime Minister's Office, 2025, Article 2, Clause 3).

Special attention should be paid to building flexible financial support mechanisms for artisans and small-scale production facilities, including unsecured credit guarantee funds, preferential loan policies using intellectual property rights as collateral, and co-financing programs for product innovation and market expansion. This aligns with the direction of the Strategy on "researching policies on using intellectual property assets to provide preferential loans for creative activities, supporting investment for individuals, organizations, and creative businesses to develop cultural industry products" (Prime Minister, 2025, Section IV, point b). The experience of the World Bank (2021) in credit support programs for creative cultural enterprises in developing countries shows that the state credit guarantee model is a key factor in unlocking capital flows to the industry.

The second group of solutions: Developing and honoring the team of artisans. A system of appropriate incentives needs to be established to retain and attract talented artisans, including allowances, social insurance, and special benefits. More importantly, a dual vocational training system, modeled after Germany and Austria, should be established, combining formal vocational training at training institutions with hands-on practice in the workshops of experienced artisans. This would both impart vocational skills and transfer cultural knowledge. This training model has been recommended by UNESCO (2015) as the most effective method for preserving and transmitting traditional crafts in a modern context. The cultural industry development strategy has specified the need to "support creative communities, artisans in traditional craft villages, and indigenous cultural entities in participating in the production and supply of cultural industry products" and "implement support policies for the team inheriting, preserving, and promoting traditional crafts" (Prime Minister's Office, 2025, Section IV, point d).

The recognition of artisans also needs to be more substantive. The system of awarding titles such as "People's Artisan" and "Outstanding Artisan" should be linked to specific economic benefits, not just honors. Japan is a model worth learning from with its national "Intangible Cultural Properties" system, in which artisans awarded the title "Living National Treasure" receive annual subsidies and state support for training successor apprentices (Agency for Cultural Affairs Japan, 2023).

The third group of solutions: Upgrading design and branding. Design is the weakest link and also the biggest growth potential in the Vietnamese handicraft value chain. It is necessary to establish specialized Handicraft Design Centers in key craft villages, bringing together capable designers with cultural understanding to research and develop new product lines that combine traditional values with global aesthetic trends. This is consistent with the Strategy's direction of "investing in research and design of product models that possess traditional cultural values and high applicability, suitable to the tastes and needs of domestic and export consumers" (Prime Minister, 2025, Section IV, point d). Verganti's (2009) research on "design-driven innovation" shows that products innovated through strategic design, that is, changing the meaning and language of the product rather than just improving its functionality, achieve a much more sustainable competitive advantage than mere technological improvements.

At the national level, it is necessary to develop a National Cultural Identity for exported handicraft products. The cultural industry development strategy has designated the task of "Developing a National Cultural Identity for Key Export Industries" to be led by the Ministry of Culture, Sports and Tourism, to be implemented during the period 2026-2030 (Prime Minister's Office, 2025, Appendix, Section II, Task No. 10). This identity should reflect the depth of Vietnamese culture, telling the story of each craft village, each technique, and each cultural region in a modern and appealing way to international consumers.

The fourth group of solutions: Developing value chains and regional linkages. A successful development model must be based on an integrated value chain, where all links from raw materials, production, design, quality, distribution to marketing and after-sales service are closely connected and operate efficiently. The global value chain analysis framework of Gereffi and Korzeniewicz (1994) and Kaplinsky and Morris (2001) indicates that "value chain upgrading" requires a shift from contract manufacturing to

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original design manufacturing *and* ultimately to original brand manufacturing . This is precisely the upgrade path that Vietnamese handicrafts need to pursue.

It is necessary to strongly promote the link between handicrafts and cultural tourism, a development direction with great potential. Pham Trung Luong et al. (2020) pointed out that craft villages with good cultural tourism products achieve average revenue 2.3 times higher than craft villages that only produce goods. The cultural industry development strategy has clearly oriented towards "effectively implementing the 'One Commune One Product (OCOP)' program in conjunction with communication activities for local cultural industry products" (Prime Minister, 2025, Section IV, point d).

The fifth group of solutions: Selective application of technology. In the era of digital transformation, which the Socio-Economic Development Strategy identifies as the "main driving force" for the new growth model (Nguyen Thanh Nghi, 2025, p. 10), technology plays a dual role for the handicraft industry. In terms of commerce, cross -border e-commerce is opening up opportunities for artisans and small businesses to directly access global consumers without intermediaries. According to eMarketer (2023), the global cross-border e-commerce market is expected to reach US\$7.9 trillion by 2030, with particularly strong growth in the handicraft and cultural products segment.

In terms of preservation, blockchain technology can be applied to trace the origin of products, verify the authenticity of traditional crafts, and protect the intellectual property rights of artisans. 3D digitization and virtual reality (VR/AR) technologies can be used to store and digitize sophisticated craft techniques, preventing the risk of them being lost. The cultural industry development strategy has emphasized "increasing the digitization rate of cultural heritage, cultural documents, and art, and forming a national database on the cultural industry" (Prime Minister's Office, 2025, Section IV, point d).

The sixth group of solutions: Expanding and diversifying export markets. To achieve the target of US\$6 billion in export turnover by 2030, it is necessary to both consolidate market share in traditional markets and aggressively penetrate new markets. Potential markets to be exploited include the Middle East (especially the UAE and Saudi Arabia, which are promoting tourism and economic diversification), India (a rapidly growing middle class with a preference for handcrafted decorative items), South American countries, and the Vietnamese diaspora abroad, estimated at 5.3 million people (State Committee for Overseas Vietnamese, 2023). The cultural industry development strategy has assigned the Ministry of Industry and Trade the task of "simplifying export procedures for cultural industry products; implementing market development activities for handicraft products" (Prime Minister, 2025, Article 2, Clause 3).

5.2. Period 2030-2045: Affirming position and sustainable development

By 2045, the vision of the Strategy for the Development of Cultural Industries is for Vietnam to "strive to become a developed country in the cultural and entertainment industries in the Asian region, affirming Vietnam's position on the world map of cultural industries," with revenue contributing 9% of GDP (Prime Minister's Office, 2025, Section II, point 3). Within this picture, the handicraft industry needs to achieve the status of a mature cultural industry with a clear identity. The 2045 vision is also consistent with the Resolution of the 14th National Congress of the Party on the goal of Vietnam becoming a developed, high-income country by 2045 (Nguyen Thanh Nghi, 2025, p. 8).

According to Rifkin (2000) in "The Age of Access," the future economy will be an economy of cultural experiences, where handcrafted products with cultural value will increasingly play a more important role in the spending structure of global consumers. This creates long-term opportunities for Vietnamese handicrafts if the industry is invested in and developed in the right direction from 2025-2030.

Regarding long-term cultural preservation, it is necessary to complete the construction of a national database on craft heritage and establish living *heritage conservation mechanisms* through maintaining the practical activities of craft villages, as recommended by UNESCO (2003) in the Convention for the Protection of Intangible Cultural Heritage. The goal is not to preserve the craft as a museum artifact but to keep it alive and developing as a cultural entity capable of self-renewal while retaining its core identity, which Lowenthal (1985) calls "the living tradition," distinct from "heritage frozen in time."

6. CONTEXT AND STRATEGIC OPPORTUNITIES

6.1. Favorable global trends

Several global trends are converging, creating an unprecedented market opportunity for Vietnam's handicraft industry. The "slow fashion" and "conscious consumption" movements are changing consumer habits in developed markets. According to Nielsen (2023), 73% of global consumers said they are willing to change their consumption habits to reduce environmental impact, and 66% are willing to pay more for sustainable products. Millennials and Gen Z, two groups that are increasingly holding the largest purchasing power globally, are particularly interested in the story behind a product, its cultural origins, and the working conditions of the producers (Deloitte, 2023). This is a significant advantage for Vietnamese handicrafts if properly communicated on digital platforms.

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In particular, the boom in experiential tourism *after* the COVID-19 pandemic is creating a huge new demand for handicrafts associated with local culture. According to the United Nations World Tourism Organization (UNWTO, 2023), cultural tourism accounts for 40% of total global tourist arrivals and is growing at twice the rate of traditional tourism. This presents a great opportunity for Vietnamese handicrafts to be consumed domestically through the tourism channel, increasing revenue and promoting brands internationally

6.2. Domestic macroeconomic foundation

Domestically, the Vietnamese economy is in a breakthrough phase with an average GDP growth rate of 6.3% per year during the 2021-2025 period, GDP per capita reaching approximately US\$5,000, and Vietnam entering the upper-middle income group (Nguyen Thanh Nghi, 2025, p. 2). Trade volume is expected to reach a record high of over US\$920 billion in 2025, placing it among the top 20 countries in the world. This provides a solid macroeconomic foundation for the handicraft industry to invest in development and expand exports.

Notably, Vietnam has established diplomatic relations with 194 countries and has a wide network of free trade agreements (FTAs), including the CPTPP, EVFTA, and many other bilateral FTAs (Nguyen Thanh Nghi, 2025, p. 4). This is an important foundation for Vietnamese handicrafts to access international markets with preferential tariff conditions. At the same time, the completion of over 3,000 km of expressways, along with the synchronized investment in key seaports and airports, creates a favorable logistics infrastructure for transporting handicrafts (Nguyen Thanh Nghi, 2025, p. 3).

The National Target Program on Cultural Development for the period 2025-2035, approved by the National Assembly for investment (Resolution No. 162/2024/QH15), is also an important resource supporting the development of the handicraft industry, including activities such as preserving traditional craft villages, training artisans, and promoting trade.

7. PROPOSED DEVELOPMENT MODEL: INTEGRATED HANDICRAFTS ECOSYSTEM

7.1. Overall architecture of the model

Based on an analysis of the current situation, trends, and international experience, this study proposes an Integrated Craft Ecosystem development model, inspired by Howkins' (2009) concept of a creative ecosystem and adapted to the specific characteristics of the Vietnamese handicraft industry. In this model, all components of the industry are connected and operate in close interdependence, aiming for three simultaneous outputs: economic value, cultural preservation, and sustainable social development.

This model is built on three pillars: The Cultural pillar includes preserving knowledge and skills in the craft, promoting local cultural values, and building brand identity; the Economic pillar includes product development, building value chains, expanding markets, and increasing export value; and the Social pillar includes developing skilled human resources, improving the income of artisans and craft villages, and promoting gender equality in the industry. The integration of these three pillars reflects the "sustainability triangle" principle *proposed* by Sachs (2015) within the framework of the United Nations Sustainable Development Goals (SDGs).

7.2. Execution Platforms

To operate this model effectively, four specific implementation platforms need to be built, aligned with the direction and task assignments in the Cultural Industry Development Strategy.

The first platform is the National and Regional Handicraft Innovation Center, a space connecting artisans, designers, businesses, researchers, and management agencies. This model aligns with the Strategy's direction of "forming startup and innovation centers" and "supporting, forming, and developing a number of digital cultural industry enterprises" (Prime Minister, 2025, Section IV, point d). The experience of the Korea Craft & Design Foundation (KCDF) shows that this model can act as a " *big push* " to move the handicraft industry from traditional production to a modern creative industry (Kim & Lee, 2019).

The second platform is a specialized e-commerce exchange for Vietnamese handicrafts, integrating cultural storytelling functions, verifying origin using blockchain technology, and connecting directly with global consumers without intermediaries. The cultural industry development strategy emphasized the need to "research and build an online trading platform for a number of cultural industry products (including virtual assets in the electronic environment) and traditional Vietnamese goods so that businesses can easily access the market and promote their products to domestic and international consumers" (Prime Minister's Office, 2025, Section IV, point e).

The third foundation is the System for the Protection and Management of Intellectual Property in Handicrafts, encompassing the registration of patterns, techniques, and trademarks; the establishment of a national database on craft knowledge; and a mechanism for equitable benefit sharing when cultural knowledge is commercialized. The cultural industry development strategy has identified the need to "improve the effectiveness and efficiency of management and enforcement of intellectual property laws to enhance the protection of intellectual creations for cultural and entertainment industry products" and, in particular, to support "creations that exploit traditional cultural values and the identity of Vietnamese ethnic groups" (Prime Minister, 2025, Section IV, point h). According to WIPO (2017), building a comprehensive legal framework to protect traditional knowledge and folk cultural expression is an urgent policy priority for countries with rich cultural heritage like Vietnam.

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The fourth platform is the National Brand Program for Vietnamese Handicrafts, with a unified brand identity, a compelling brand story, and a multi-channel international communication strategy. This aligns with the task of "effectively implementing the Vietnam National Brand Program from 2020 to 2030" and the "Project to build a national brand program for Vietnamese cultural industries" (Prime Minister, 2025, Section IV, point d and Appendix, task number 4). Kapferer (2014, p. 231) affirms that "national branding is an important strategic tool to enhance the export position of culture and handicrafts," and the successful case of South Korea with "Korean Wave" (*Hallyu*) is the most convincing evidence of the power of national branding in promoting cultural exports (Kim, 2013).

8. CHALLENGES AND RISKS THAT NEED TO BE MANAGED

Alongside the obvious opportunities, the implementation of the handicraft industry development strategy for the period 2025–2045 also faces challenges and risks that need to be identified and managed proactively.

Human resource challenges are among the most pressing issues. A report evaluating the five-year implementation of the socio-economic development strategy acknowledged that "the quality of human resources is improving slowly, there is a shortage of labor to meet the requirements of key industries" and "training is not yet aligned with market needs" (Nguyen Thanh Nghi, 2025, p. 5). In the context of declining birth rates (Vietnam's total fertility rate has fallen below the replacement level of 2.1 children per woman according to the General Statistics Office, 2023) and pressure from rural-to-urban migration, maintaining a sufficient and high-quality workforce for traditional craft villages requires specific and breakthrough policies.

The challenges of international competition are becoming increasingly intense, especially from China – a country that is adopting the "China Chic" (*Guochao*) strategy to promote its traditional cultural handicrafts to the global market and investing heavily in cross-border e-commerce (Wang & Kim, 2022). India with its "Vocal for Local" policy and Thailand with its "Thailand Premium" strategy are also strongly upgrading their handicraft segments. To compete successfully, Vietnam needs to focus on unique, unreplicable cultural characteristics, genuine quality, and an authentic brand story.

Risks related to climate change and scarcity of natural materials also need to be included in the management strategy. The IPCC report (2022) warns that Vietnam is one of the most vulnerable countries to climate change, with direct impacts on the supply of natural materials for handicrafts. A shift towards a sustainable materials model is needed, developing responsible raw material sources and seeking environmentally friendly alternatives, in line with the requirement to "encourage the use of new, traceable, environmentally friendly materials as alternatives to traditional materials that are becoming increasingly scarce" (Prime Minister's Office, 2025, Section IV, point d).

The risks of policy fragmentation and a lack of inter-sectoral coordination also pose significant challenges. The development of handicrafts involves at least five ministries (Culture, Industry and Trade, Agriculture, Science and Technology, and Finance), and coordination among these ministries in practice remains limited. This is a point identified in the Socio-Economic Development Strategy, which emphasizes the need to "review, adjust, and supplement effective coordination mechanisms among ministries, sectors, and localities" (Nguyen Thanh Nghi, 2025, p. 9).

9. CONCLUSION AND RECOMMENDATIONS

Developing the Vietnamese handicraft market in conjunction with preserving indigenous culture and achieving sustainable exports during the 2025–2045 period is a task of both strategic economic importance and profound cultural significance. The target of achieving US\$6 billion in export revenue and attracting 200,000 workers by 2030, aiming to contribute 9% of GDP from cultural industries by 2045, is not merely an economic indicator but also an expression of the aspiration to affirm Vietnamese identity on the world cultural and commercial map, in line with the spirit of the Party's 14th National Congress Resolution on "promoting the strength of culture and people as an endogenous resource and a powerful driving force for development" (Nguyen Thanh Nghi, 2025, p. 7).

Lessons from international experiences of Japan, South Korea, Italy, India, and Morocco, as well as from the practical assessment of Vietnam's socio-economic development in the 2021–2025 period, show that the success of the handicraft industry depends on three key factors: (1) consistent political will and effective inter-sectoral coordination in policy implementation; (2) building an integrated creative ecosystem connecting artisans, designers, businesses, and markets; and (3) harmoniously resolving the dialectical relationship between cultural preservation and commercial development.

Based on the analysis in this research paper, the author proposes several priority policy recommendations. Institutionally, an inter-ministerial coordinating committee for handicraft development should be established, chaired by the Deputy Prime Minister in charge of culture and social affairs, with the participation of the Ministry of Culture, Sports and Tourism, the Ministry of Industry and Trade, the Ministry of Agriculture and Environment, the Ministry of Science and Technology, and the Ministry of Finance, ensuring coordinated efforts and avoiding fragmentation. Regarding investment, priority should be given to allocating budget from the National Target Program for Cultural Development 2025–2035 for vocational training, international trade promotion, and the development of digital infrastructure to support handicraft exports. Regarding cultural preservation, the program for registering

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geographical indications for typical traditional handicraft products and building a national database on handicraft heritage should be implemented immediately. Regarding market development, it is necessary to strengthen cooperation with major e-commerce corporations such as Amazon, Etsy, and Alibaba to open online distribution channels for Vietnamese handicrafts, while simultaneously building an export promotion program focusing on the high-end segment in five key markets: the US, EU, Japan, South Korea, and UAE.

With favorable conditions converging both domestically and internationally, coupled with the political determination demonstrated through the Cultural Industry Development Strategy and the spirit of "choosing correctly - implementing quickly - doing it thoroughly - measuring by results" as directed by General Secretary To Lam (Nguyen Thanh Nghi, 2025, p. 14), the Vietnamese handicraft industry has the full potential to rise to become a cultural industry with its own identity, making a worthy contribution to the prosperity of the country and affirming Vietnam's cultural position on the international stage in the period 2025-2045.

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