

Vietnam



Trade and investment relationship with Australia

Two-way trade A\$25.7b (2022)	Two-way investment: A\$2.2b (2022)	Students 22,521 (2022)	Visitors 69,830 (2022)
Two-way trade in goods A\$23.3b (2022)	AUS investment in Vietnam: A\$1.8b (2022)	Diaspora 268,170 (2021)	Outbound visitors: 132,072 (2022)
Two-way trade in services: A\$2.4b (2022)	Vietnam investment in AUS: A\$437m (2022)		
Australian ODA: A\$95.1m (2023-24)			

Multilateral/Regional	Bilateral
WTO – member; APEC – member; CPTPP – party; RCEP – party; AANZFTA – party; IPEF – founding member	Strategic Partnership; Enhanced Economic Engagement Strategy

Diplomatic and economic relations

Australia and Vietnam are strong partners with converging strategic interests, fast-growing trade, expanding education links and a long-term, constructive development partnership. The two countries intend to elevate the relationship to a Comprehensive Strategic Partnership. Australia and Vietnam are involved in trade and investment rules-setting and, through the Enhanced Economic Engagement Strategy (EEES), are committed to strengthening two-way trade and investment.

Outlook to 2040

Vietnam's strong growth trajectory (average 6.7 per cent annually over the past 30 years) is projected to be maintained for the next five years, before falling to 4 per cent by 2040. It aims to become a high-income country by 2045 with growth targets of 6.5 to 7.5 per cent annually and seeks to move up the global value chain from a manufacturing export-oriented economy based on fossil fuels to one with advanced technology, services and highly skilled labour based on renewable energy. Vietnam has committed to net zero emissions by 2050. Achieving this and meeting its ambitious growth targets will be challenging, likely requiring substantial market and institutional reforms, and investment in renewable energy. By 2035, Vietnam will be one of the fastest-ageing countries. In response, it has proposed reforms to facilitate productivity, invest in skills training and increase healthcare support.

Sectors to watch

Agriculture and food

As the economy expands, demand for premium food and beverages will grow. Two-way trade in agriculture, fisheries and forestry surpassed A\$6 billion in 2022. Australia and Vietnam have committed to expand market access, including on fresh fruits. Opportunities exist for investors to expand food production and add value to downstream processing industries.

Resources

Energy and resources exports make up over half of Australia's merchandise exports to Vietnam. Coal is the top export and Australian iron ore exports have also increased. Demand for Australia's resources exports will grow further, including in aluminium, copper, zinc and lead. Australia's mining sector could also assist with resources exploration, new innovations and supply of critical minerals.

Green energy transition

Opportunities exist for investors in renewable energy (solar, wind and battery storage). Australian capabilities in clean energy supply chains and services will find viable markets. Vietnam's regulatory and investment framework and complicated approval processes remain obstacles.

Education and skills

Competition for international students is strong. Australia needs to focus on marketing, promotion and alumni support. There is potential for universities to cooperate in program delivery, staff and student exchanges, and research. Opportunities also exist in VET and for Australian schools.

Vietnam action plan



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in Vietnam
- Leverage investor stories to build awareness of opportunities, including through EEES business champions and diaspora
- Support Australian and Vietnamese businesses to understand digital trade rules and digital trade facilitation
- Hold the Energy and Resources Ministerial Dialogue
- Attract more tertiary, VET, English-language and school students from Vietnam
- Promote newly established direct flights between Australia and Vietnam
- Expand tourism promotion and build industry capability to meet Vietnamese demand
- Promote Australian private care models for disability care, aged care and childcare



Remove blockages

- Continue to support AusCham Vietnam to enhance its advocacy capacity for Australian business
- Continue support for Vietnam's digital government agenda
- Continue to support the revision of Vietnam's Mining Law
- Advocate for removal of regulatory barriers to Australian university campuses in Vietnam
- Prioritise negotiations on air services agreements
- Explore ways to improve recognition arrangements for TGA-approved medical devices and pharmaceuticals
- Encourage cooperation in recognition of qualifications between Vietnam and Australia



Build capability

- Continue support for business environment reform
- Develop the Digital Economy Memorandum of Understanding and broader cooperation mechanisms with Vietnam
- Continue building skills through ACIAR collaborative research and CSIRO's Aus4Innovation program
- Encourage Australian agencies – such as Geoscience Australia, CSIRO and the Australian Nuclear Science and Technology Organisation – to promote sustainable critical minerals processes and supply chain linkages in Vietnam
- Connect alumni with Australian and Vietnamese businesses
- Boost exchanges on sustainable tourism destination management and planning
- Encourage co-productions in the film and digital games industries



Deepen investment

- Extend Austrade Landing Pads for tech companies to Vietnam
- Expand use of development program to catalyse impact investment and highlight opportunities for Australian investors
- Continue investment in women-led tech companies, e.g. Investing in Women and the Emerging Markets Impact Investment Fund (EMIIF)
- Commission a study on critical minerals supply chain linkages
- Deliver A\$75 million development cooperation program to support energy transition, transport and infrastructure, trade policy, competitiveness and productivity