VIETNAM

What’s happening in this economy

Vietnam is one of Southeast Asia’s fastest growing economies and is expected to be a global top 20 economy by 2050.

Growth is driven by export-oriented foreign direct investment, particularly in manufacturing (trade to GDP ratio of 185 per cent).

The country is a globally significant exporter of textiles, electronic and telecommunications equipment, as well as agricultural products.

Its credible, ambitious and Australian-supported plan for economic reform—the Vietnam 2035 Report—focuses on the country achieving upper-middle income status by 2035.

Its business environment is steadily improving (up 23 places in two years on the World Bank’s Ease of Doing Business index), but inconsistently applied policy is cited by business as an ongoing concern.

An increasingly globally and regionally integrated economy through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), Regional Comprehensive Economic Partnership (RCEP), and ASEAN-led and bilateral free trade agreements (including with the European Union, Japan and Republic of Korea).

Trade, investment, and commercial opportunities and activities

- Vietnam is Australia’s second fastest growing trade partner with bilateral trade increasing around 12 per cent annually over the past five years:
  - the country is now Australia’s 15th largest trade partner.

- Vietnam’s growing economy and burgeoning middle-class presents significant opportunities for Australian business to both fuel and feed this growth through:
  - commodities, including coal, wheat and live cattle, and
  - our services industry, including education, professional and technical services.

- Vietnam’s foreign direct investment-led growth provides opportunities for Australian companies to grow our modest investment footprint in the country (AUD 2.3 billion in 2017) by building on existing Australian investments in:
  - education (RMIT and UTS)

Key facts and figures

- Population: 93.6 million
- GDP growth: 6.6%
- GDP per capita: USD 2,545
- Political system: one-party communist state
- Two-way trade value: USD 12.8 billion
- Key exports to Vietnam: education, coal, wheat, and crustaceans
- Key imports from Vietnam: telecommunications equipment, crude petroleum, footwear, and monitors, projectors and TVs
- Two-way investment: USD 3.1 billion
- Aid relationship: AUD 84.2 million
– manufacturing (BlueScope Steel)
– agribusiness (CBH Group)
– logistics (Linfox and Toll Group)
– aviation (Qantas Group), and
– financial services (ANZ and CBA).

- Australian companies risk missing out if they are not alert to trade and investment opportunities in Vietnam as North Asian and European companies are already well-established in the market.
- Vietnamese outward investment is small and concentrated among Vietnam’s high net worth individuals.
- Our bilateral aid program is a strategic asset in positioning Australia as a trusted economic reform partner with a strong record of:
  – improving the business environment
  – strengthening Vietnam’s competition and productivity policies, and
  – increasing the role of the private sector in the economy.

Trade policy and negotiations

Vietnam recognises the need to further integrate its economy into global value chains. It has pursued a steady international and regional economic integration agenda through its membership of the World Trade Organization (including the Cairns Group), ASEAN and APEC.

Vietnam is a member of the TPP-11, ASEAN–Australia–New Zealand FTA and is a party to RCEP currently being negotiated.

Disclaimer

The Department of Foreign Affairs and Trade (DFAT) has taken great care to ensure the information contained in this publication is correct and accurate.

DFAT does not guarantee and accepts no legal liability arising from or connected to the accuracy, reliability, currency or completeness of any material contained in this publication.

Readers should exercise their own skill and care in using the material contained in this publication and carefully evaluate the accuracy, currency, completeness and relevance of the material for their purposes.