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 export-oriented manufacturing (trade-to-GDP ratio of 187 per cent).

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

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

The business environment is steadily improving, with Vietnam’s score on the World Bank’s Doing Business index increasing in recent years. In the latest World Economic Forum’s Global Competitiveness index, Vietnam’s score improved more than any other country assessed. However, inconsistently applied policy and opaque decision-making are cited by business as ongoing concerns.

Vietnam is an increasingly globally and regionally integrated economy through its membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), 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 among Australia’s fastest growing major trade partners, with bilateral trade increasing around 12 per cent annually over the past five years:
  - the country is currently Australia’s 15th largest trade partner
  - Australia and Vietnam have agreed to develop a strategy to become top ten trading partners and double investment.

- Vietnam’s growing economy and burgeoning middle-class present significant opportunities for Australian business through:
  - our commodities, including coal, LNG, iron ore, wheat and live cattle, and
  - our services industry, including education, professional and technical services.

Key facts and figures

- Population: 94.6 million (2018)
- GDP growth: 7.1% (2018)
- GDP per capita: USD2,726 (2018)
- Political system: one-party communist state
- Two-way trade value: AUD14.5 billion
- Key exports to Vietnam: education, coal, iron ore, wheat, cotton and live cattle
- Key imports from Vietnam: telecommunications equipment, crude petroleum, footwear, and furniture
- Two-way investment: AUD3.2 billion
- Aid relationship: AUD78 million
Vietnam’s foreign direct investment-led growth provides opportunities for Australian companies to grow our modest investment footprint by building on existing Australian investments in:

- education (RMIT, Swinburne and UTS)
- manufacturing (BlueScope Steel and Austal)
- agribusiness (CBH Group and SunRice)
- logistics (Linfox and Toll Group)
- aviation (Qantas Group), and
- financial services (ANZ, CBA, CPA and QBE).

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

- Australia was the most popular destination for outbound Vietnamese investment in 2018.

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 CPTPP, ASEAN–Australia–New Zealand Free Trade Area Agreement (AANZFTA) and is a party to RCEP currently being negotiated.

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