



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).

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

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.



connecting Australian business to the world

- 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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