



# DOING BUSINESS IN VIETNAM

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## Market profile

Located in the heart of South East Asia, Vietnam is the world's 15<sup>th</sup> most populous country and one of the fastest growing economies globally.

The 21<sup>st</sup> century witnesses Vietnam being increasingly integrated into the global economy and becoming one of most attractive investment destinations in Asia. Vietnam is a signatory to 15 Free Trade Agreements, EVFTA, CPTPP, UKVFTA and RCEP. Vietnam is a member of the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN) and the World Trade Organization (WTO).

## Economy and business structure

Vietnam has emerged as one of the great success stories among Asian emerging economies during the last 25 years. Thanks to its market-oriented economic and political reforms, the country has transitioned from one of the world's poorest nations to a lower middle-income country with an annual average GDP per capita growth of 6.5%. Vietnam's strong GDP growth is led by the service and industrial sectors, as it is transitioning from agricultural-based economy toward manufacturing and services. Vietnam has relatively low inflation, stable currency, strong FDI inflows, and strong manufacturing sector. The majority of Vietnamese companies are SMEs.

**Economic structure (% of GDP, 2022):** Agriculture, forestry and fishery (11.88%), Industrial and construction (38.26%), Services (41.33%)

**Main export markets (2022):** U.S, China, EU, ASEAN, South Korea.

**Top exports (2022):** Phones and spare parts, Electronic goods/computers, machinery, textiles, footwear.

**Main import markets (2022):** China, South Korea, ASEAN, Japan, U.S.

**Top imports (2022):** computers, electrical products, spare-parts; machinery, equipment; phones; textile, leather, footwear materials.

**Ease of Doing Business ranking:** 70/190 - World Bank's Doing Business 2020 Report

### FACTS 2023

- Capital: Hanoi
- Largest city & economic hub: Ho Chi Minh City
- Official language: Vietnamese
- Area: 331 699 sq km
- Population: 99.6 million
- Currency: Vietnam Dong (VND)
- Government: One-party socialist republic
- GDP (2022): \$409 billion
- 2022 GDP growth: 8.02%
- Finland's Merchandise exports (2022): \$439.3 million
- Inflation rate (2023): 3.92%
- Urbanisation rate: 37%
- Median age: 33

## Key industries and their trends

### Key industries

Main industries: Electronics, machinery, steel, food processing, wood industry, textile, footwear, vehicle, rice, coffee, cashews, seafood, vegetable and tourism.

Vietnam has emerged as an attractive market for foreign investors in a number of industries, including textiles and garments, pharmaceuticals, cars, coffee production as well as e-commerce. The country is also becoming a key destination for high-technology manufacturing and ICT (e.g. electronics, software outsourcing, fintech etc.), thus gradually transitioning from an agriculture-based economy towards a services and higher value added manufacturing driven country. In addition, real estate as well as tourism and related services and infrastructure construction continue to be big growth sectors in Vietnam.

### Future focus

The government has identified four key priority industries for Vietnam by 2050, including: 1) Emerging technologies (AI, robotics and smart systems), 2) Education and training, 3) High-tech agriculture and food processing and 4) Green energy, environment, health and tourism. As a result, these are among business areas that enjoy various investment incentives, for instance in the form of lower tax rates, import duty exemptions and reduction or exemption of land rental.

### Potential sectors for Finnish expertise

Digitalisation and IoT; Bio, Circular and Cleantech; Healthcare; Construction & Smart City; Consumer Business; Food & Beverages; Maritime & Offshore; Smart Mobility & Automotive.

## Important things to consider when doing business in Vietnam

- Collaborate with a local partner to take advantage of local knowledge and networks. To succeed in the Vietnamese market, it is necessary to have market presence through networks and proactive sales.
- Build your networks as they are crucial in doing business in Vietnam – business is personal and done between people, not companies. As the Vietnamese government is often involved in business, building relationships also with the government authorities might be important.
- Arrange face-to-face meetings. After the first contact on the phone or via email, meeting the partner in person is necessary.
- Be prepared to use translation services or hire Vietnamese and English speaking staff.
- Be patient, business decisions often take a long time and sales cycles are long. Building a long lasting relationship with the partner is important before any decisions are made. Make sure that you have enough resources and commitment when entering the market.

## Market data sources and other useful links

Vietnam Country Profile

- [World Bank](#)
- [IMF](#)
- [CIA – The World Factbook](#)

Vietnam Government Official Websites:

- [Vietnam Government](#)
- [General Statistics Office of Vietnam](#)
- [Invest in Vietnam](#)
- [Visit Vietnam](#)
- [Vietnam Chamber of Commerce & Industry](#)

Doing Business In Vietnam:

- [Doing Business In Vietnam 2022 Guidebook by Ernst & Young and Foreign Investment Agency of Vietnam](#)