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# Economic Report 2023

## VIETNAM

17 May 2023

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### Executive Summary

- In 2022, Vietnam's economy experienced a strong but short-lived rebound, with GDP growth estimated at 8%. However, already in Q4-2022, inflationary pressures, weaker internal consumption, dropping export demand, labour lay-offs, as well as sluggish public investment were pre-announcing a more difficult 2023.
- The first quarter in 2023 confirmed a tumultuous period for Vietnam, marked by continuing decline in exports and investments. 2023 growth prospects have been reduced.
- Vietnam's intensified anti-corruption fight, which led to the arrests of high-level officials and CEOs, incl. the resignation in early 2023 of the country's President, led to a sharp slow-down in decision-making. On the positive side, decision-makers increased meetings with stakeholders, including major foreign investors in Vietnam.
- Vietnam's commitment to net zero carbon emissions by 2050 is challenging, all the more so, given growing energy needs and the lack of a modern electricity grid. The long expected Power Development Plan/PDP 8 for 2021-30, approved this month, should be now opening the way for Vietnam to draw on the USD 15.5 billion "Just Energy Transition Partnership" concluded with the G7, EU and Norway in Dec. 2022.
- Economic relations between Switzerland and Vietnam remained stable during the Covid period and 2022. With Swiss trade and investment to Vietnam partly recorded outside of Switzerland - in the NL, Singapore or else -, figures do not necessarily reflect the correct size of bilateral economic cooperation. Swiss direct investments in Vietnam are estimated at around USD 2 billion (21st rank among foreign investors). On trade, Vietnam, a renowned manufacturing hub for electronics (smartphones, etc.) and shoes/textiles as well as agro-exporter, benefits from a comfortable surplus.

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## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

In 2022, Vietnam's economy experienced a **strong but short-lived rebound**, with growth reaching 8% (above average rates of 7% in 2016-19). This growth was made possible by a low base effect, driven by temporary post-Covid rebounds in domestic private consumption and in export-oriented manufacturing. Public sector contribution remained limited due to notoriously **weak execution of public investment programs**. While employment temporarily recovered, **weaker global demand** led to slowing orders and exports in Q4-2022, and to **renewed labor market pressures**. Consumer Price Index (CPI) inflation in 2022 averaged 3.1%.

**2023 prospects:** The IMF had already downgraded Vietnam's 2023 growth forecasts to 5.8% last March. However, as Vietnam's exports and investment continued to plunge in Q1-2023, forecasts have further deteriorated; the GDP growth rate in Q1 registered a mere 3.32%, falling short of the anticipated 4.8%. Ongoing risk factors for Vietnam continue to include:

- **Limited growth in Vietnam's major export markets** - US, China and Eurozone. Given the strong trade orientation of Vietnam's economy, the country's economic vulnerability is high. Eliminating **non-tariff barriers**, which remain very high compared to other countries in the region, is a continuing challenge.
- Rising **inflation** (especially higher electricity prices) are affecting domestic demand, one main driver of growth. Labor lay-offs are a continued concern for VN authorities.
- Further tightening of **global financial conditions** also affects Vietnam's financial sector, which already suffers from weaknesses in the balance sheets in the corporate, banking and household sectors.
- **Reduced business confidence**, due to a complicated world context marked by the Ukraine war and great power tensions, dampens the already diminished foreign investor appetite worldwide. Foreign direct investments (FDI) remain a key motor for growth in Vietnam. FDI pledges in 2022 and Q1-2023 evolved on a decreasing trend, despite the hype about US IT companies reorienting production chains from China towards India and Vietnam.

**Removing law inconsistencies<sup>1</sup> and improving enforcement, eliminating overly complicated administrative procedures, overcoming fragmented public finance management and concretely moving ahead with the transition to a circular economy, incl. increased use of recycling and renewable energy<sup>2</sup>**, appear all the more important. Not only foreign companies suffer from shortcomings in the business environment, also the [domestic private sector](#) is struggling. Presently, it still contributes only 12% to the country's GDP, whereas "household industries" (informal businesses) contribute much more, up to 28%. The latter find little incentives to move and enter into the formal economy. The continued strong presence of State-owned enterprises, besides few big private "flagship corporates" with close connections to the VN government, continue to dominate the domestic economic landscape, hindering both: much needed structural reforms and the formidable entrepreneurial spirit of Vietnamese people. This also explains why most foreign companies doing business in Vietnam use foreign suppliers based here, Vietnamese ones being very limited in number.

### Economic policy developments:

The overwhelming political development last year was and continues to be the intensified **anti-corruption fight**. Challenged in its legitimacy, the Communist Party of Vietnam (CPV) partly reported in an unusually transparent and candid manner about major corruption cases, incl. the scandal related to [Covid-19 repatriation flights](#). The fight against endemic corruption is having a paralyzing effect on the government administration at all levels, with decision-making sharply slowed down. Besides health and banking, the [real estate sector](#), a key driver of domestic growth, remains strongly affected.

<sup>1</sup> For example, there are inconsistent overlaps between the four laws on construction, investment, housing and real estate business. Those conflicting rules force companies involved in housing projects in VN to violate at least one of those laws.

<sup>2</sup> Vietnam ranks as the world's [tenth-largest coal power generator](#) with the [youngest fleet](#) of coal-fired generators in Southeast Asia (82 percent of VN power plants are less than ten years old), [weaning off coal](#) is a costly (due to the necessary upgrading of the electricity grid) and politically daunting challenge.

**Legislative developments:**

A revised **Intellectual Property Law**, reflecting higher VN commitments taken as member of the CPTPP and EVFTA, entered into force on 1.1.2023; the [Asia Business Law Journal](#) concludes that “the amended IP Law remains vague and unclear over some points, and further IP-related guidelines, including four decrees and two circulars, yet need to be revised, amended or replaced. Still, the adjustments and supplements under the new Law bring Vietnam into broad and general compliance with international treaties and common practices” - as such, the changes made are to be welcomed. A revised **Insurance Business Law** and revised **Law on Money Laundering, Prevention and Control** were both also adopted in 2022. The trend in favor of ever more control and stricter data and [online communication](#) surveillance by VN authorities (police) on data and information was noticeable also in 2022: Foreign telecom/IT firms expressed concerns re. **Decree 53 “Governing Data Localization Requirements”**, which was adopted last year and maintained the requirement for storage in VN of client data, incl. foreign client data. A **new Decree on Personal Data Protection** was issued on 17 April, bigger companies need to comply from July 1 onward; foreign, incl. Swiss, companies are looking into how the [new requirements](#) may affect their operations. A **Pharma Law revision** recently started (new law expected to enter into force in early 2025); in the meantime, a series of key “emergency pharma regulations” were adopted to help cope with urgent issues affecting VN’s health sector, incl. a critical shortage of medicine in early 2023; those temporary solutions are of key importance to a pharma companies in VN.

## 2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

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Vietnam remains a **land of contradictions**: On the one hand, the country continues to figure as “tiger cub” economy with a huge potential. On the other, the slowdown in structural reforms and recent quick leadership changes are raised questions as to where the country is heading to. Opportunities indeed exist and are supported by a still young population (though rapid aging is a concern<sup>3</sup>) and expanding middle class. International financial organizations and European chambers of commerce in Vietnam repeatedly highlight difficulties linked to inconsistent legislation, the overwhelming bureaucracy and cultural differences, incl. risks related to the country’s one-party governance system, endemic corruption and State interventions.

**Opportunities** for Swiss businesses particularly exist in sectors, where Vietnam aims to catch up, modernize or expand (health), cope with challenges (climate change) or increase quality or precision (more value-addition in agricultural/industrial processes and service provision). There are opportunities in sectors as different as: health (pharma, medtech), machinery and construction, as well as, potentially, also environmental technologies (e.g. waste treatment). Limited opportunities also continue to exist in traditional manufacturing, such as footwear or textiles, though Vietnamese authorities want to move up the manufacturing value chain. The vastly underdeveloped private services, still dominated by the large VN public entities, offer a varied set of opportunities, most notably in education, tourism or special maintenance operations. Opportunities in IT also exist, but are under pressure - not only because of the engineer shortage, but also due to the before-mentioned trend towards increasing State control and interventionism.

**Challenges**: Conflicting legal provisions continue to make it difficult, if not at times impossible, for enterprises to comply with Vietnamese business law. For instance in taxation, enterprises must comply with an undue amount of quickly changing regulations, which hamper the planning of operations. With the introduction in 2024 of the [global tax overhaul](#) (minimal corporate tax rate of 15%), VN will need to replace fiscal incentives offered to foreign investors. VN rules on Environmental, Social, and Governance (ESG) standards lack coherence, and the allocation of responsibilities among stakeholders is poorly regulated. Legislation in support of the

<sup>3</sup> Rapid aging is a little discussed but important challenge for VN, where the share of +65 year-olds is to double, from 7% to 14%, in 20-25 years only (vs. 100 years for European countries, 60 years for the US). Currently, there are about 11.4 million elderly people, accounting for 11.86 per cent of the population. VN officially entered the aging population phase in 2011, six years faster than previous forecasts. Without policy reforms supporting better health and longer professional lives, VN may lose one of its comparative advantages: availability of labor.

country's [COP26 climate commitments](#) is being put in place slowly: the approval, this month, of the [PDP 8](#) reflects internal concerns and conflicting interests, but is a first stepping stone with regard to energy transition. Enhancing legal certainty and reducing burdensome admin procedures, including on entry and work permits for foreigners, are central to reviving dampened foreign investor interest. Relaxed visa regulations, expected to be adopted in the upcoming Parliamentary session, will be received with great attention. Bottlenecks in transport infrastructure and logistics are known and persisting challenges that call for a reform of procedures related to traditionally low and slow public investment expenditures.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Vietnam's policy and priorities

Vietnam, a **WTO** member since 2007, has seen its trade (imports + exports) expand 7 times in the 15-year period 2007-2022. With a network of 15 free trade agreements (FTAs), comprising 58 partner countries, including 14 G20 member states, the country is very well integrated into the global economy - up to a point, where Vietnam inevitably also suffers, when the world's economy is not doing well and when geopolitics partly hinders free trade.

VN's three key free trade agreements include:

- **The Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP)**, in force in Vietnam since 14.1.2019, currently involves 10 partner countries - Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru and Singapore. The UK is on its way to join the CPTPP. The agreement provides for a gradual elimination of customs duties on 95% of goods traded among signatory states.
- **The EU-Vietnam Free Trade Agreement (EVFTA)**, in force since August 2020, was the most comprehensive agreement so far concluded by the EU with a developing country in Asia. Almost 99 percent of all customs duties are to be eliminated over a period of 10 years. The text includes provisions for public procurement and respect of intellectual property. Challenges abound in the fields of respect for environmental standards as well as civil and political human rights, reflected by Vietnam's strict repression of free media and speech. Find the full legal texts [here](#).  
One important companion agreement of the EVFTA, namely the **EU-VN Investment Protection Agreement (EVIPA)**, which would bring important improvements to investors of both sides, yet has to be ratified by several EU member states.  
**The UK-Vietnam Free Trade Agreement (UKVFTA)**, in force since May 2021, is largely based on the EVFTA.
- **The Regional Comprehensive Economic Partnership (RCEP)**, in force since 1.1.2022 for Australia, Brunei Darussalam, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Viet Nam includes in total 15 countries (plus South Korea and other ASEAN members). Considered as "old generation" FTA, it may become the world's largest trade pact, covering about 30% of global GDP and a third of the world's population. Vietnam committed to abolish 89.6 percent of its tariff lines over 15-20 years.

The CPTPP and EVFTA both stimulated legal reform processes, which are still underway. Besides adapting or revising domestic laws, implementation and enforcement are other enduring challenges. As member of the ASEAN Economic Community (AEC), Vietnam is also part of the ASEAN Free Trade Area.

#### Recent developments:

Negotiations for a VN-Israeli FTA were completed on 2.4.2023 (signing expected this year). With the UAE, VN agreed to start negotiations on a comprehensive economic partnership agreement (cf. Ministerial Declaration of early April 2023).

### 3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

The EU-Vietnam Free Trade Agreement has brought success to both sides, with bilateral trade growth of 30% in 2021-2022. In 2022, Vietnam was the EU's 14th-largest trading partner worldwide, and the EU's biggest in ASEAN. The UK, which has a quasi-similar FTA with Vietnam, is getting closer to joining the CPTPP. Hopes remain that negotiations for a progressive VN-EFTA FTA can be concluded soon. Such an agreement would bring a boost to both: bilateral trade and Swiss investments in Vietnam.

## 4 FOREIGN TRADE

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### 4.1 Developments and general outlook

As mentioned in chapter 1, VN exports in Q4-2022 and Q1-2023 declined, which is linked to depressed demands in Vietnam's key export markets (USA and EU). Vietnam, like Switzerland, has much to lose in times when worldwide free trade is challenged by geopolitics and inward-looking nationalism. Also, Vietnam's manufacturing industry is in need of quickly upgrading its facilities to meet higher environmental standards, the EU's new Carbon Border Adjustment Mechanism (CBAM) will be a challenge for many producers in Vietnam.

The online Vietnam Trade Information Portal [VTIP](#), the official source for regulatory information on trade with and by Vietnam, offers a rich database and features search options for commodities (defined by HS Code), legal documents, procedures, forms, measures, standards and other requirements.

#### 4.1.1 Trade in goods

Vietnam's total trade in 2022 amounted to USD 732.5 billion (+9.5% vs. 2021, i.e. year-on-year/YoY), with VN exports reaching USD 371.85 billion (+10.6% YoY), and imports USD 360.65 billion (+8.4% YoY). The country's trade surplus increased to USD 11.25 billion in 2022 (vs. USD 4 billion in 2021).

**Key trade partners for VN:** The US remained the largest buyer of Vietnamese products (USD 107.7 billion amounting to about 29%), leading to a trade benefit for VN of USD 93.2 billion - in contrast to the country's trade deficit of USD 60.8 billion with China. Beside the overwhelmingly important US market, Vietnamese products mainly went to China (15% of all exports) and the EU (around 12%). With the EU, Vietnam achieved a trade surplus of about USD 31.8 billion in 2022. Among key exporters to VN, China remains the unchallenged winner, with an over 32% share. VN's traditional trade deficit with China increased by 11.5% YoY. South Korea ensures over 17% of exports to VN. Japan and Taiwan each provide about 6%.

**Composition of traded goods:** VN mainly imports machines and raw materials (accounting for 93.5% - almost same as last year), of which raw materials account for the larger part (48.8%). Consumer goods' imports in 2022 were only about 6.5% of all imports.

VN mainly exports smartphones and parts, followed by electronics/computers & components, machinery/equipment/tools/accessories, textile and garment, footwear as well as agriproducts. [Reuters](#), referring to the US Geological Survey (USGS), recently highlighted one VN advantage, as the country has the **world's second largest estimated deposits of rare earths**. VN's estimated reserves of 22 million tons are half of China's, but larger than any other country. In 2022, the country's mined output of rare earths soared tenfold, turning it into the world's 6th biggest producer up from 10th in 2021, still far behind China, US and Australia, but promising. The picture is not fully clear, as VN also imports rare earths for processing and re-exporting. Past attempts to build up VN's rare earth industry have stuttered due to falling prices and regulatory hurdles, but growing sales of electric vehicles and firms' efforts to diversify their suppliers has revived interest - notably from Japan, Australia and South Korea - in VN. The main beneficiary of increased VN output in 2022 appears to be China, the world's largest auto and EV market, also a major global manufacturing hub for electronic goods such as smartphones. China's customs data show a doubling of imports of VN rare earth elements and other concentrates. It remains to be seen if 2022 indeed will be confirmed as turning point in VN's exploitation of rare earth resources and where those will mainly go.



#### **4.1.2 Trade in services (only limited data available)**

In 2022, Vietnam's traditional deficit in services trade persisted at USD 12.6 billion (vs. USD 15.73 in 2021). Transport accounted for 48.7% and tourism 25.6% of total services imported in 2022 (USD 25.5 billion). Vietnamese services exports were estimated at USD 12.9 billion (+145.2% vs. 2021), with Transport and tourism being the main item. Despite hopes for a stronger recovery, tourism only slowly and partially recovered from the 2-year Covid-19 related border closure until mid-March 2022. The VN government is now looking at making visa regulations more attractive to foreign tourists, trying to match better visa conditions offered since long by Thailand.

#### **4.1.3 Swiss support to Vietnam's trade and economic expansion:**

As priority country for Swiss economic development cooperation, VN benefits from a SECO technical assistance program worth CHF 70 million for 2021-24, aiming at supporting more sustainable growth. The cooperation program focuses on the improvement of framework conditions in public finance management, the strengthening and deepening of the financial sector, the strengthening of the competitiveness of local businesses and their access to markets, and the enhancement of urban planning and resilience against climate risks. As part of this cooperation, Vietnam also benefits from expertise provided by the International Trade Centre (ITC) for the implementation of its National Export Strategy 2021-30. Beyond that, in the area of industry and trade, the program supports the transition of industrial parks into eco-industrial parks and offers assistance to Vietnamese SMEs to improve productivity, quality and sustainability, with the aim of facilitating their exports and/or enhancing their potential role as suppliers within regional or global supply chains.

## **4.2 Bilateral trade**

### **4.2.1 Trade in goods**

According to Swiss Customs data, total bilateral trade in 2022 amounted to CHF 2.35 billion (+7.2% vs. 2021), with Swiss exports to VN slightly decreased to CHF 480.5 million (-0.5% vs. 2021) and Swiss imports from VN imports reached to CHF 1.86 billion (+ 9.3 vs. 2021). VN again reaped a sizable trade surplus valued at CHF 1.38 billion.

As a consequence of the scandal-stricken VN Ministry of Health's incapacity to take decisions, pharmaceutical products imported from Switzerland and other foreign pharma suppliers all saw big decreases in 2022 (-15.5% for CH pharma exports to VN). The VN government closely averted a critical medicine shortage early in 2023, by accepting to automatically renew marketing authorizations, until a new Pharma Law enters into force (expected in 2025).

Differences between Swiss and Vietnamese Customs data, especially on Vietnamese exports to Switzerland, subsist, resulting in an underestimation of the importance of Switzerland as trade partner for Vietnam. For the year 2022, Switzerland was ranked as the 32<sup>th</sup> largest import partner of VN and 64<sup>rd</sup> export destination for VN, according to VN Customs data.

#### Main bilaterally traded goods in 2022

##### **Switzerland's top 3 export categories to Vietnam:**

Machinery, both electrical and non-electrical (42.2%)

Pharma & chemicals (32.2%)

Precision instruments & watches (13.1%)

##### **Vietnam's top 3 export categories to Switzerland:**

Shoes and textiles (42.6%)

Electronic appliances (29% - more important than shoes and textiles, if the two are separated)

Aquaculture and o. agriproducts (9.9%)

### **4.2.2 Trade in services (no data available)**

There is no data available on services exports between the two countries.

## 5 DIRECT INVESTMENTS

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### 5.1 Developments and general outlook

In 2022, foreign direct investments to Vietnam are estimated to have risen to USD 22.4 billion (+13.5% YoY). The increase was short-lived, mostly due to the “catch-up effect” of postponed FDI projects that could not be implemented in 2020-21 due to the COVID19 restrictions.

Meanwhile, newly registered capital investments - i.e. FDI pledges which indicate the size of future FDI disbursements - only reached USD 12.45 billion in 2022 (-18.4% YoY). The decrease continued in Q1-2023, when FDI pledges slumped by 19.3% YoY. There also was a substantial decrease in financial investments, indicating [a growing inclination among international capital to withdraw](#) from the Vietnamese financial market. Overseas investors as a whole reduced their total investment in Vietnam by a significant 38.8% year-on-year in Q1-2023.

In 2022, the majority of FDI to VN still went to manufacturing/processing (79.5%). Production and distribution of electricity, gas, hot water, steam and air conditioning (6.7%) and real estate (6.5%) are the two other areas receiving foreign investments.

South Korea, with a share of 18.4 % of FDI, remained Vietnam’s leading source of foreign investment, followed by Japan, Singapore, Taiwan, Hong Kong, British Virgin Island and China. The USA (11<sup>th</sup> rank) and European countries remain far behind VN’s principal East Asian investors.

### 5.2 Bilateral investment

Switzerland continues to rank as Vietnam’s 21st most important foreign investor, with an investment stock per 20.12.2022 estimated at US\$ 1.9 billion (0.43% of all FDI). Uncertainties over the routes taken by FDI flowing into VN - often via intermediary regional headquarters in Singapore or the British Virgin Islands - indicate that numbers for European/Swiss FDI probably are under-estimated. According to VN data, there were 17 new Swiss investment projects in 2022 - in IT, trading, logistics and real estate. They all are located in or around big cities like Ho Chi Minh City (15) and Hanoi (2).

Over 100 Swiss firms, ranging from about multinational companies to small- and medium-sized enterprises, are established in Vietnam. They are active in different sectors, including construction, food processing, machinery, precision instruments, incl. medtech, and tools, IT and transport and logistics. Swiss pharma companies do not produce in VN, but nevertheless had to convert into the costlier company form of foreign-invested companies. Swiss companies are credited with having created over 20’000 jobs and regularly win awards as best employers providing high-quality jobs.

## 6 ECONOMIC AND TOURISM PROMOTION

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### 6.1 Swiss foreign economic promotion instruments

The **Swiss Embassy in Vietnam, incl. its Consulate-General in Ho Chi Minh City**, entertains regular contacts with the Swiss business community in Vietnam and welcomes contacts with new-coming companies. Besides direct involvement of Swiss diplomats when it comes to defending Swiss business interests, both the Embassy and CG employ a local trade officer, working for the **S-GE ASEAN Swiss Business Hub** in the two Swiss representations in Vietnam. After 2 years’ postponement, Swiss Education Fairs were again held in Oct. 2022 in both Hanoi and HCMC (8 hospitality schools participated).

Based in Zurich, the Swiss-Asian Chamber of Commerce ([SACC](#)) serves as meeting point and relay between entrepreneurs and government institutions for enhancing economic relations between Switzerland and Asian countries. The chamber has a dedicated Vietnam Committee. The **Swiss Business Association (SBA) in Ho Chi Minh City** - with about 100 members - acts as Swiss club, which also helps facilitate contacts between established Swiss SMEs and new or potentially interested ones.



The **European Chamber of Commerce in Vietnam** ([EuroCham](#)) is the main voice of the European business community in Vietnam. Established in 1998, it acts as umbrella organization and is a key vector for companies and business sectors to engage in policy dialogue with the Vietnamese authorities. Seminars and events are partly also open to non-members against payment of a fee. Several of the larger European countries (incl. D/F) have their own chamber of commerce in Vietnam, and some Swiss companies are also members.

## 6.2 Vietnamese interests in Switzerland

Switzerland enjoys an excellent reputation - both as tourist destination and provider of high quality education - among Vietnam's rich elite. Vietnamese parents have shown a longstanding interest in Swiss **private college education and hospitality studies**, a competitive field.

VN authorities are keen to develop more cooperation in **research and innovation**. The Swiss State Secretariat for Education, Research and Innovation (SERI) asked the VN Government to help identify areas and projects where cooperation benefits are mutual. Each year, Vietnamese graduates compete for Swiss Government Excellence Scholarships to obtain a Master's Degree or PhD from Swiss universities; on average, 1 or 2 Vietnamese get such a scholarship per year (which is little compared to what neighboring countries of CH offer).

Since 2021, the **Swiss National Science Foundation (SNSF) and its Vietnamese counterpart (NAFOSTED)** financially support joint research projects undertaken by Swiss-Vietnamese teams in a variety of disciplines. A next call is to be launched in autumn 2023.

Within its development cooperation program, SECO co-finances a program for **Swiss bank executive training**, in cooperation with Vietnam's central bank (State Bank of Vietnam). In addition, a **Swiss Sustainable Tourism Project** draws on Swiss experience to foster more sustainable tourism development in Vietnam.

## ANNEX 1 – Economic structure

<b>Distribution of GDP</b>	<b>2017</b>	<b>2022</b>
<b>Primary sector</b> (Agriculture, Forestry and Fisheries)	15.34%	11.88%
<b>Manufacturing sector</b> (Industry, construction, mining)	33.34%	38.26%
<b>Services (incl. taxes)</b>	51.32%	49.86%
<b>Distribution of Employment</b>	<b>2017</b>	<b>2022</b>
<b>Primary sector</b> Agriculture, Forestry and Fisheries	40.3%	27.5%
<b>Manufacturing sector</b> (Industry, construction, mining)	25.7%	33.6%
<b>Services (incl. taxes)</b>	34%	38.9%

Source: General Statistics Office of Vietnam, [www.gso.gov.vn](http://www.gso.gov.vn)

## ANNEX 2 – Main economic data

	2021	2022e	2023f
<b>GDP (USD bn)</b>	<b>366.2</b>	<b>406.5</b>	<b>449.1</b>
<b>GDP per capita (USD)</b>	<b>3,725</b>	<b>4,087</b>	<b>4,476</b>
<b>Growth rate (% of GDP)</b>	<b>2.6</b>	<b>8.0</b>	<b>5.8</b>
<b>Inflation rate (period average, %)</b>	<b>1.9</b>	<b>3.2</b>	<b>5.0</b>
<b>Unemployment rate (%)</b>	<b>4</b>	<b>2.3</b>	<b>...</b>
<b>Fiscal balance (% of GDP)</b>	<b>-3.5</b>	<b>-2.5</b>	<b>-3.3</b>
<b>Current account balance (% of GDP)</b>	<b>-1.0</b>	<b>-0.9</b>	<b>0.2</b>
<b>Total external debt (% of GDP)</b>	<b>36.1</b>	<b>36.6</b>	<b>35.7</b>
<b>Debt-service ratio (% of exports)</b>	<b>...</b>	<b>...</b>	
<b>Reserves (months of imports)</b>	<b>3.5</b>	<b>2.7</b>	

Source: IMF [WEO database](#) (March 2023)

**Comment relating to the unemployment rate:**

Over 50% of VN economic activities (and over 90% for agricultural activities) continue to take place in the informal sector. Under- and unemployment in those sectors are not captured by VN official data.

## ANNEX 3 – Trade partners of Vietnam in 2022

Rank	Country	Exports from the host country (USD billion)	Share (%)	Change <sup>4</sup> (%)	Rank	Country	Imports to the host country (USD million)	Share (%)	Change <sup>10</sup>
1	USA	109.43	28.9	13.6	1	China	118.48	32.9	7.1
2	China	57.93	15.6	3.58	2	Korea	62.24	17.2	10.5
3	Korea	24.30	6.5	10.7	3	Japan	23.38	6.4	2.5
4	Japan	24.24	6.5	20.4	4	Taiwan	22.63	6.2	8.9
5	Hong Kong	10.93	2.9	-8.8	5	USA	14.46	4.0	-5.3
6	Netherlands	10.43	2.8	35.7	6	Thailand	14.09	3.8	12.0
7	Germany	8.96	2.4	22.9	7	Australia	10.11	2.8	27.0
8	India	7.96	2.1	26.7	8	Indonesia	9.62	2.6	26.5
9	Thailand	7.51	2.0	22.1	9	Malaysia	9.12	2.5	11.7
10	Canada	6.32	1.6	19.9	10	India	7.1	1.9	2.01
11	The UK	6.06	1.6	5.2	11	Kuwait	6.56	1.9	39.2
12	Australia	5.51	1.4	25.2	12	Singapore	4.83	1.3	13.3
13	Cambodia	5.81	1.5	20.2	13	Cambodia	4.82	1.3	2.33
14	Malaysia	5.56	1.4	26.0	14	Brazil	4.54	1.2	10.7
15	Philippines	5.10	1.3	11.5	15	Argentina	4.04	1.1	10.1
16	Taiwan	5.13	1.3	12.0	16	Germany	3.61	0.9	-8.6
17	Mexico	4.53	1.2	-0.4	17	Ireland	3.34	0.9	-24.6
18	Indonesia	4.53	1.2	15.8	18	Philippines	2.71	0.7	12.9
19	Italy	4.42	1.1	13.6	19	Saudi Arabia	1.91	0.5	19.7
20	Singapore	4.31	1.1	9.3	20	Hongkong	1.91	0.5	19.0
63	Switzerland	0.183	0.05	15.09	34	Switzerland	0.62	0.17	0.0
	<b>Total</b>	<b>371.85</b>	<b>100</b>	<b>10.6</b>		<b>Total</b>	<b>360.65</b>	<b>100</b>	<b>8.4</b>

Source: VN Customs and VN GSO

<sup>4</sup> Change from the previous year in %

## ANNEX 4 – Bilateral trade: Switzerland – Vietnam

**2022 Bilateral Trade figures - according to Swiss customs data**

	<b>Export (CHF m)</b>	<b>Change (%)</b>	<b>Import (CHF m)</b>	<b>Change (%)</b>	<b>Balance (in million)</b>	<b>Import+Export (in million)</b>	<b>Change (%)</b>
2017	615.4	13.8	1'418.2	-3.3	-802.7	2'033.708	1.3
2018	663,9	7,9	1'467.7	3,5	-803,7	2'131,693	4,8
2019	763.1	14.9	2'848.3	94,1	-2'085.2	3'611,522	69,4
2020	532.7	-30.2	2'612.6	-8.3	-2'079.4	3'145,054	-12.9
2021	483.1	-9.3	1'710.4	-34.5	-1'227.3	2'193,524	-30.3
<b>2022 (Total 1)*</b>	<b>480.5</b>	<b>-0.5</b>	<b>1'869.8</b>	<b>9.3</b>	<b>-1'389.3</b>	<b>2'350,408</b>	<b>7.2</b>

(total 1): not including gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques. The indicated change (%) is compared to the previous year.

**Main traded goods**

<b>Main Swiss Exports</b>	<b>2021 (% of total)</b>	<b>2022 (% of total)</b>
1. Chemical and pharmaceuticals	37.9	32.2
2. Machines, appliances, electronics	37.9	42.2
3. Precision instruments, clocks and watches	12.2	13.1
4. Metals	3.7	4.1
5. Leather, rubber, plastics	2.6	2.4

<b>Main Swiss Imports</b>	<b>2021 (% of total)</b>	<b>2022 (% of total)</b>
1. Shoes, textiles, clothing	45.7	42.6
2. Machines, appliances, electronics (phones)	29.7	29
3. Aquaculture products / fisheries	8.1	9.9
4. Leather, rubber, plastics	5.3	5.7
5. Music instruments, home furnishings etc..	4.3	4.4

Source: Swiss-Impex platform of the Federal Office for Customs and Border Security:  
<https://www.gate.ezv.admin.ch/swissimpex/>

For comparison purposes, please find here below:

## 2022 Bilateral Trade figures - according to Vietnamese Customs (figures in USD)

### Swiss exports to Vietnam

	2022 (USD million)	Change (%)	Share in 2022
Machinery, equipment, tools	164.1	-10.2	26.3
Computers, electronic devices and accessories	96.6	-0.6	15.5
Pharmaceutical products	70.8	-15.7	11.3
Chemical products	32.5	-6.7	5.2
Plastic products	25.4	-3.4	4.2
Chemical	22.9	15	3.6
Precious stones, precious metals and products	56.2	46.8	2.4
Iron and steel products	8.8	-31.25	2.1
Milk and dairy products	8.6	-28.3	1.3
Cosmetic and hygiene products	6.5	35.4	0.8
Pharmaceutical raw materials	6.4	-31.1	1.0
Other food products	4.7	-28.7	0.7
Fabric	5.0	-	0.8
Pesticides and raw materials	3.3	-	0.5
Other goods	151.5	30	24.3
<b>Total</b>	<b>622.69</b> <i>vs CHF 480.5 million according to Swiss data</i>	<b>-0.04</b>	<b>100</b>

### Swiss imports from Vietnam

	2022 (USD million)	Change (%)	Share in 2022
Computers, electronic devices and accessories	38.3	46.7	20.8
Shoes	36.3	45.2	19.7
Aquaculture products	31	8.3	16.8
Machineries, equipment, tools	13.7	-18.9	7.4
Textiles and garments	11.8	26.8	6.4
Wood and wooden products	7.7	4.0	4.1
Iron and steel products	7.4	5.7	4.0
Bags, wallets, suitcases, hats, umbrellas	5.1	-	2.7
Vegetables and fruits	3.6	-10	1.9
Other goods	28.7	46.4	15.6
<b>Total</b>	<b>183.9</b> <i>vs. CHF 1.86 billion - according to Swiss figures</i>	<b>15.6</b>	<b>100</b>



## ANNEX 5 – Main investing countries

## MAIN INVESTING COUNTRIES IN VIETNAM in 2022

Rank	Country	Overall stock of FDI (USD million)	Share (%)	Variation (stock %)	2022 inflows of FDI & FII* (USD million)
1	South Korea	80,969.64	18.4	8.4	4,879.01
3	Singapore	70,846.16	16	10.0	6,455.01
2	Japan	68,897.17	15.7	6.98	4,781.39
4	Taiwan	36,433.74	8.3	3.1	1,351.62
5	Hong Kong	29,492.77	6.7	5.95	2,223.88
6	China	23,348.82	5.3	9.4	2,518.01
7	British Virgin Islands	22,382.22	5.1	1.5	607.00
8	Netherlands	13,713.70	3.1	31.0	702.19
9	Thailand	13,098.25	2.9	0.69	198.86
10	Malaysia	13,060.40	2.9	1.98	185.18
11	The United States	11,415.00	2.6	11.0	748.17
12	Samoa	9,408.06	2.1	9.4	305.77
13	Cayman Islands	6,746.98	1.5	-4.2	222.62
14	Canada	4,819.20	1.09	0.02	57.34
15	United Kingdom	4,194.96	0.95	3.85	134.66
16	France	3,764.70	0.85	4.21	164.94
17	Luxembourg	2,623.32	0.59	24.5	41.42
18	Germany	2,371.48	0.54	3.5	117.07
19	Seychelles	2,009.86	0.45	5.99	114.14
20	Australia	1,979.58	0.45	2.2	71.25
21	<b>Switzerland</b>	<b>1,890.86</b>	<b>0.43</b>	<b>0.365</b>	<b>11.12</b>
	<b>TOTAL</b>	<b>438'692.29</b>			<b>27'718.13</b>

Source: Foreign Investment Agency - Ministry of Planning and Investment (MPI)

\*Data mentioned in this column relate to new, added and shared investment pledges registered with MPI (up to 20 December 2022). Foreign direct investments and more speculative financial investments are thus cumulated in this column.