



Viet Nam Economic Bulletin

Embassy of the Socialist Republic of Viet Nam in India

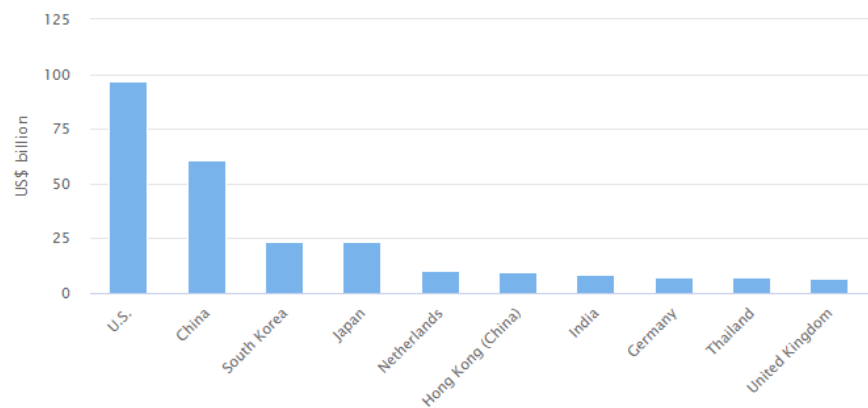
November 2024

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Viet Nam among world's 30 largest export economies

Top 10 key export markets of Viet Nam in 2023



- Viet Nam was ranked 23rd among the world's top 30 countries and territories with the largest export value, according to rankings compiled by the World Trade Organization (WTO).
- In 2023, Viet Nam's total export turnover hit US\$354 billion, accounting for 1.5 percent of global export value.
- Top four export markets of Viet Nam in 2023 included the U.S. with US\$96.99 billion; China US\$60.71 billion; South Korea US\$23.45 billion and Japan US\$23.29 billion, according to the General Department of Viet Nam Customs.
- From January-November 15, 2024, the Southeast Asian nation earned US\$352.38 billion from exporting goods, up 14.8 percent, or US\$45.54 billion against same period last year.
- Exports are one of the main drivers of Viet Nam's economic growth and are on a path to recovery.
- The World Bank (WB) noted that in recent years, Viet Nam has emerged as a prime example of an export-led growth economy. This transformation has not only bolstered the nation's economic standing but also had significant implications for its labor market.

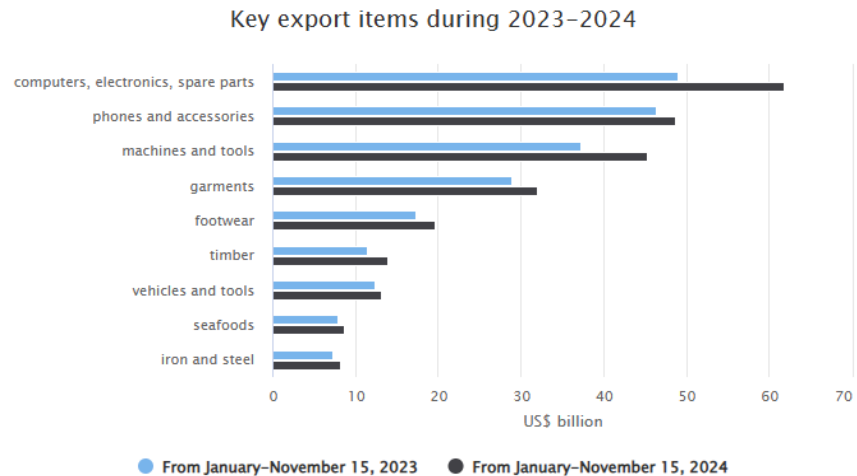
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Viet Nam's export-import turnover hits over US\$681 bln by mid-November

- As of November 15, Viet Nam's total import-export turnover reached US\$681.48 billion, a year-on-year increase of 15.7 percent, reported the General Department of Viet Nam Customs.
- Of the figure, foreign direct investment (FDI) sector contributed US\$461.33 billion, up 14 percent or US\$56.74 billion from the same period last year.
- The Southeast Asian nation earned US\$352.38 billion from exporting

goods, up 14.8 percent, or US\$45.54 billion against same period last year.

- Key export products include computers, electronics and spare parts up 26.1 percent; machines and tools up 21.7 percent; garments up 10.6 percent; and timber up 21.4 percent.



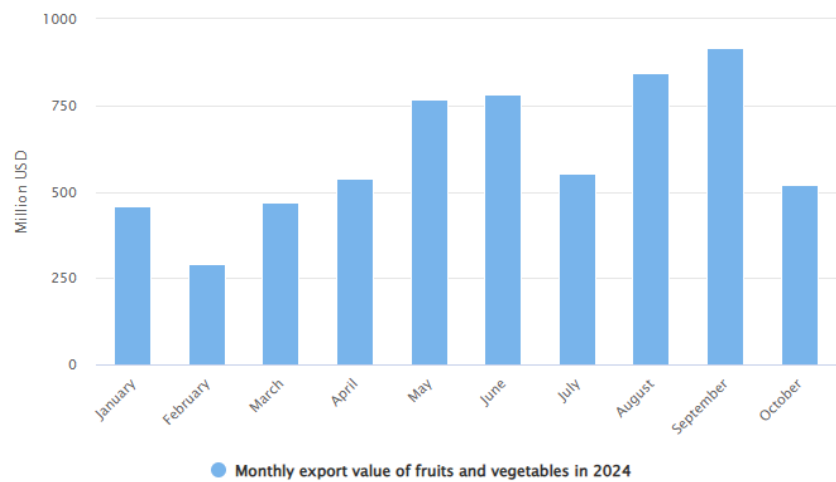
- During the reviewed period, Viet Nam spent US\$329.1 billion on imports, up 16.6 percent (or US\$46.74 billion).

- The country enjoyed a trade surplus of US\$23.28 billion.

- Viet Nam's trade with the rest of the world is expected to hit US\$800 billion by the end of this year.

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Fruit and vegetable export turnover breaks new record of US\$6 billion



- Export turnover of fruits and vegetables reached a new record high of US\$6.16 billion in the first ten months of 2024, a year-on-year increase of 27.8 percent, according to the General Department of Viet Nam Customs.

- Dang Phuc Nguyen, General Secretary of the Viet Nam Fruits and Vegetables Association (Vinafruit) said that durian remains the major driving force behind the record export turnover.

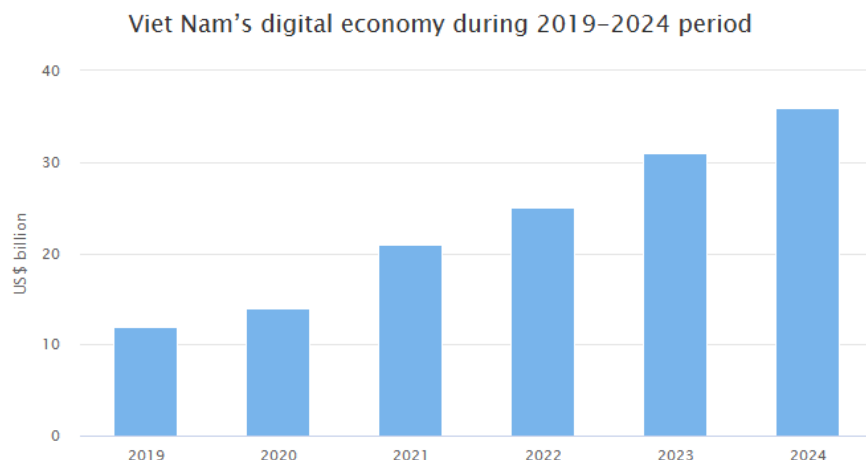
- As of late October, durian export value outstripped US\$3 billion and is expected to increase to US\$3.5 billion by the end of this year.

- Outputs of key fruit exports were also on the rise following increasing cultivation areas including durian (over 1.1 million tons), mango (858,000 tons), orange (1.15 million), and dragon fruit (841,700).

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Viet Nam's digital economy to reach US\$36 bln this year

- Viet Nam's digital economy is projected to post a compound annual growth rate (CAGR) of 16 percent, reaching US\$36 billion in 2024, with e-commerce and online travel as the primary growth drivers.



- The above projection was highlighted in the 9th edition of the e-Economy SEA report "Profits on the Rise, Harnessing SEA's Advantage" released by Google, Temasek, and Bain & Company.

- According to the report, Viet Nam leads Southeast Asia in online media growth, with its GMV forecasted to reach US\$6 billion in 2024 (a 14 percent CAGR), and anticipated to reach US\$11 billion by 2030.

- Online travel alone is expected to grow 16 percent year-on-year, reaching US\$5 billion in 2024, significantly contributing to the overall GMV.

- The ride-hailing market in Viet Nam is increasingly competitive, particularly with the emergence of local companies and electric vehicle (EV) options. GMV in transport and food delivery is expected to reach US\$4 billion in 2024, a 12 percent increase over the previous year.

- Marc Woo, Google Asia-Pacific's Managing Director for Viet Nam, said that over the past five years, they have seen strong and steady growth in Viet Nam's digital economy, and 2024 continues to affirm that potential.

- Vietnamese users have also shown keen interest in artificial intelligence (AI) this year, and it is encouraging to see the Vietnamese government prioritizing this sector, he said.

- The report also highlights strong interest and demand for AI in Viet Nam's urban centers, particularly Ho Chi Minh City and Da Nang, which lead the country in AI-related interest. The education, marketing, and healthcare sectors drive the highest volume of AI searches in Viet Nam.

- It predicts that in 2024, the Southeast Asian region's digital economy will reach US\$263 billion in GMV, a 15 percent increase over last year. Revenues have grown 14 percent and are projected to reach US\$89 billion in 2024.

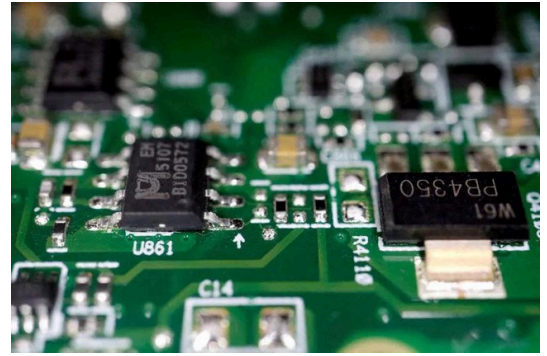
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Foreign investors expand chip packaging footprint in Viet Nam

- The semiconductor back-end manufacturing sector, which is less capital-intensive than more strategic front-end chipmaking in foundries, but Viet Nam is among the fastest-growing countries in the US\$95 billion segment.

- Viet Nam's growth in the back-end segment of the chips industry has been encouraged by the Biden administration amid growing trade tensions between Washington and Beijing, which may further escalate with the second presidency of Donald Trump.

- Thanks largely to the investments from foreign companies, Viet Nam is expected to have by 2032 an 8-9 percent share of global capacity in chip assembling, testing and packaging (ATP), from just 1 percent in 2022, according to a report published in May by the U.S. Semiconductor Industry Association and Boston Consulting Group.



- Reuters quoted Hana Micron's Vice President for Viet Nam, Cho Hyung Rae, as saying that the company was expanding in the Southeast Asian country to meet requests from industrial clients.

- The Korean company is investing about US\$930.49 million until 2026 to boost packaging operations for legacy memory chips, a company official based in South Korea said.

- U.S.-headquartered Amkor Technology announced last year a US\$1.6 billion plan to build a 200,000 square metre (2.2 million sq. ft) factory which it said would become its most extensive and advanced facility, "delivering next-generation semiconductor packaging capabilities."

- A business executive with direct knowledge of Amkor's operation in Viet Nam said some of the equipment installed in the new plant had been transferred from factories in China.

- Intel, which had a large booth last week at Viet Nam's first international semiconductors exhibition near Ha Noi, has in the country its largest chips back-end factory in its global network.

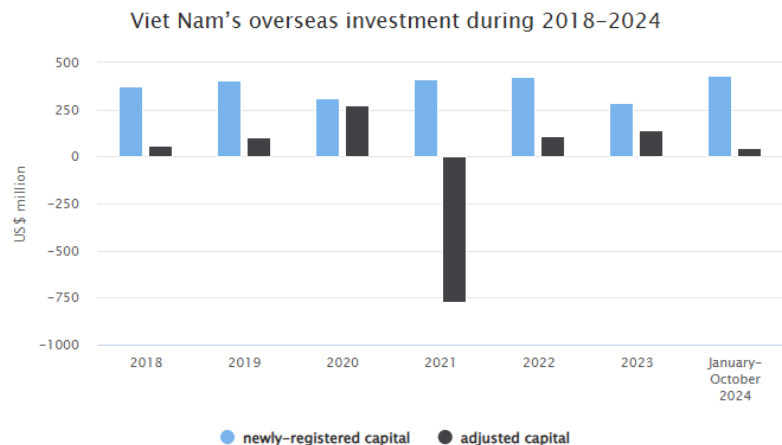
- Meanwhile, local companies are also expected to contribute to the sector's forecast growth.

- Earlier, Viet Nam set a target of some US\$25 billion a year in revenue from the semiconductor industry by 2030, according to the country's semiconductor development strategy until 2030, with a vision for 2050, issued by the Prime Minister.

- The figure will soar to \$50 billion a year during the 2030-40 period and US\$100 billion between 2040 and 2050.

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Viet Nam's overseas investment up 11.5% in 10 months



- Viet Nam's outbound investment hit US\$473.1 million in the first ten months of 2024, a year-on-year increase of 11.5 percent.

- Of the above figure, over US\$429.9 million was registered for 124 newly-licensed projects, up 71.2 percent against the same period last year, while US\$43.2 million was added to 21 existing projects, down 75.1 percent.

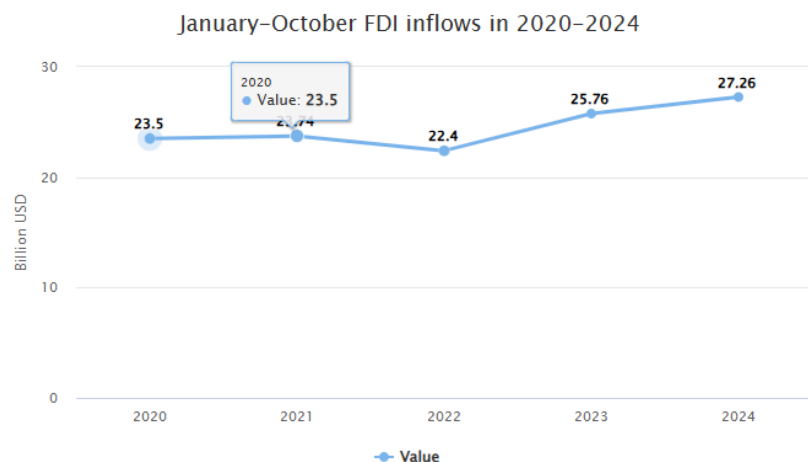
- In October alone, overseas investments totalled US\$283.5 million, in which investments in science and technology took the lead with US\$200.5 million, making up 42.4 percent of the total investment.

- The manufacturing and processing industry ranked second with US\$70.8 million, accounting for 15 percent; followed by mining with US\$58.6 million; wholesale and retail, repair of automobiles, motorcycles, and other motor vehicles with US\$36.2 million; and transportation and warehousing with US\$33.2 million.

- In the January-October period, Vietnamese investors poured investment capital in 30 countries and territories, with Indonesia topping the list with US\$127.7 million, India US\$90.1 million, Laos US\$77.9 million, the Netherlands US\$54.6 million, and the U.S. US\$42.8 million.

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Foreign investment inflows reach over US\$27 bln in ten months



- Foreign direct investment (FDI) inflows to Viet Nam reached US\$27.26 billion in the first ten months of 2024, a year-on-year increase of 1.9 percent, the General Statistics Office (GSO) reported Wednesday.

- The volume of FDI disbursement rose was estimated at US\$19.58 billion in the reviewed period, up 8.8 percent against the same period last year, said GSO.

- Meanwhile, Viet Nam's outbound investments totaled US\$473.1 million, a year-on-year rise of 11.5 percent.

- Regarding trade, total export and import value was estimated at US\$69.19 billion in October and US\$647.87 billion in January-October period, respectively up 11.8 percent and 15.8 percent against the same periods last year.

- Of the above figure, export turnover in the first ten months increased by 14.9 percent on year to US\$335.59 billion while import volume rose 16.8 percent on year to US\$312.28 billion.

- The U.S. remains the biggest importer of Vietnamese goods, with US\$98.4 billion.

- Viet Nam enjoyed a trade surplus of US\$23.31 billion compared to US\$24.8 billion of the same period last year.

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Viet Nam grows stronger after 18-year of joining WTO

- Viet Nam has gained significant achievements in the fields of trade and investment, contributing to raising the country's status in global supply chains after nearly two decades of joining the World Trade Organization.
- Viet Nam became an official member of the World Trade Organization (WTO) on November 7, 2006 when the country's total import-export value was just US\$ 84.7 billion with a trade deficit of US\$5.1 billion.



- Nearly two decades following accession to the WTO, export turnover surged sharply from over US\$48 billion in 2007 to US\$371 billion in 2022, up eight times.
- Viet Nam is now in the top 20 economies in terms of trade, maintaining trade surplus over the last eight consecutive years, with US\$28 billion in 2023.
- As of October 2024, Viet Nam had already signed and enforced 17 FTAs including new generation FTAs such as the EVFTA, the CPTPP. The country is negotiating on other two FTAs.
- Particularly, the two-way trade between Viet Nam and EU reached US\$72.3 billion last year, making Viet Nam the largest trading partner of EU in ASEAN. Trade with major partners like the U.S., Japan, South Korea, and China also reported positive indicators.
- Joining the WTO and signing FTAs have helped Viet Nam to boost foreign direct investment (FDI) attraction. In 2008, the amount of registered FDI valued US\$64 billion, a three-fold increase in comparison with 2007. In 2023, the total of FDI reached US\$36.6 billion.
- In addition, joining the WTO has helped Viet Nam to reform its legal system and economic regulations.
- These reforms have helped increase transparency in economic management, improve the business environment and enhance Viet Nam's position on the international arena.
- Viet Nam's growth competitiveness index (GCI) jumped 13 notches between 2007 and 2017, according to the World Economic Forum's Global Competitiveness Report.
- The Southeast Asian country's ranking on Sustainable Development Goals (SDG) performance has continuously improved, from 88th in 2016 to 55th in 2022.

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Viet Nam becomes leader in global production shift trend

- Viet Nam has surpassed Mexico to become the leader in the "nearshoring" trend (companies moving production, services and logistics activities from a distant country to neighboring countries).
- According to a recent article published by riotimesonline.com on

November 17, citing new data from S&P Global Market Intelligence, Viet Nam has emerged as the premier destination for manufacturing relocation as companies seek to protect their supply chains from disruption.



- The S&P Global Market Intelligence data reveals that Viet Nam has surpassed Mexico to become the leading country in nearshoring trends, where companies relocate their manufacturing, services, and logistics operations to neighboring countries.

- Major corporations have demonstrated this shift, with Samsung making substantial investments in electronics manufacturing facilities in Viet Nam. Similarly, Nike and Adidas have moved their production operations to the country, while Intel has established a significant presence with a chip manufacturing plant in Ho Chi Minh City.

- Over 35 percent of Vietnamese companies reported increased demand from multinational manufacturers in the past year, contrasting sharply with Mexico, where only 15 percent of companies noted similar growth. A survey conducted in May 2024 further confirmed Viet Nam's growing appeal to international businesses.

- The country's advantages include its strategic geographic location providing easy access to major Asian markets, competitive labor costs attracting cost-conscious companies, and government policies supporting foreign investment.

- Viet Nam's workforce has played a crucial role in this success story, ranking ninth among 60 countries in ManpowerGroup's Total Workforce Index, demonstrating its reliable and skilled labor force.

- While Mexico also benefits from nearshoring trends, its growth has been slower. Mexican manufacturers remain optimistic about future growth opportunities, though the impact has been less pronounced compared to Viet Nam.

- Experts estimate the investment relocation window at 10-12 years, intensifying competition among emerging manufacturing hubs. This limited timeframe emphasizes the urgency for countries to act swiftly in attracting and retaining these investments.

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Indian visitors take a fancy to Viet Nam

- Travel bookings to Viet Nam from India are up 500 percent this year compared to 2019, and Indian travel companies and carriers are looking to offer more options and boost capacity, according to India-based Economic Times.

- The financial media outlet from India recently published an article entitled "Travel companies roll up sleeves as Indians take a fancy to Viet Nam."

- Viet Nam is emerging as a popular travel destination for Indians. Travel companies are witnessing a significant surge in bookings to Viet Nam. The increase in bookings is attributed to factors like improved flight connectivity and attractive pricing. Vietnamese carrier Vietjet is offering special promotions for Indian travelers. Travel companies are expanding their offerings and capacity to cater to the growing demand.

- According to the Viet Nam National Authority of Tourism (VNAT), there were 392,000 Indian visitors to Viet Nam in 2023, an over threefold increase from 2019.

- When compared to other Southeast Asian destinations, Viet Nam also presents a great value proposition with truly attractive price points. What's

noteworthy is the appeal of Viet Nam across diverse traveller segments of families, including multigenerational groups and senior citizens, as well as millennials, Gen Z, couples and groups of friends,

- Recently, direct flights from Ahmedabad to Da Nang were introduced to cater to the rising demand from this region and looking ahead to 2025, we anticipate travel demand to continue to grow, driven by the increasing number of regional departures.

- This month, Vietnamese carrier Vietjet announced two exclusive promotions for Indian travelers. The airline claims since 2019, it has continually expanded its routes and direct connections to meet rising demand. Currently, the airline operates 68 weekly flights between the two countries connecting key Indian cities such as New Delhi, Mumbai, Ahmedabad, and Kochi to major destinations in Viet Nam such as Ha Noi, Da Nang and Ho Chi Minh City.

- Over the past year, searches for Viet Nam increase by 17 percent.



- The country's affordability, combined with hassle free visa regulations and a growing number of direct flights from India are fueling this growth among Indian tourists, whether they are seeking cultural immersion or a romantic getaway.

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