



Viet Nam Economic Bulletin

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Viet Nam enters group of upper middle-income countries



- Despite lower-than-expected economic growth, the Vietnamese economy reached a scale of 430 billion USD at the end of 2023, causing the country to enter the list of upper middle-income countries.

- According to the government report on socio-economic development presented at the seventh session of the 15th National Assembly, the national GDP was posted at 5.05% in 2023. Although lower than expected, it was a relatively high level in the region and the world.

- In December 2023, the General Statistics Office said that with an estimated GDP growth rate of 5.05%, the scale of Vietnam's economy at current prices was estimated at 10.22 quadrillion VND, equivalent to 430 billion USD. GDP per capita was estimated at 101.9 million VND, equivalent to 4,284 USD — an increase of 160 USD compared to 2022. Thus, Vietnam's per capita income hit 100 million VND per person per year by the end of 2023.

- In addition, state budget revenue was reported at over 1.75 quadrillion VND in 2023, up 8.2% compared to the estimate, thus meeting the requirements of socio-economic development, national defence and security, and other urgent tasks.

- In addition, several other macroeconomic indicators also saw positive changes. The total import-export revenue was posted at 681 billion USD and trade surplus hit 28.3 billion USD, contributing to ensuring the balance of payments and foreign currency balance.

- Specifically, FDI surged to 39.4 billion USD in 2023, a sharp rise of 34.5%, with a record disbursement of 23.2 billion USD, an annual increase of 3.5%.

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Key economic indicators show positive growth pace in May



- Industrial production continued positive growth with the index of industrial production in May expanding 3.9 percent against previous month and 8.9 percent against the same period last year, the General Statistics Office reported Wednesday.
- In the first five months, the index of industrial production was estimated to increase by 6.8 percent compared to that of the same period last year.
- Total disbursed volume of State investment capital was estimated at VND190.6 trillion, equal to 26.6 percent of this year's plan and up 5 percent compared to the same period last year.
- Foreign investment inflows increased by 2 percent to nearly US\$11.07 billion from January 1 to May 20 while disbursement rose 7.8 percent to US\$8.25 billion.
- Outbound investment decreased by 57 percent to US\$136.1 million, according to the General Statistics Office.
- Export value in May was estimated at US\$32.81 billion, an increase of 5.7 percent against the previous month and 15.8 percent year on year. In January-May period, export turnover was estimated at US\$156.77 billion, up 15.2 percent year on year.
- Import value in May was estimated at US\$33.81 billion, up 12.8 percent compared to that of April and 29.9 percent year on year. In the first five months, export turnover was estimated at US\$148.76 billion, up 18.2 percent against the same period last year.
- The U.S. was the largest importer of Vietnamese goods with US\$44 billion while China was the biggest exporter to Viet Nam with US\$54.9 billion.
- Consumer price index in the first five months increased by 4.03 percent compared to that of the same last year.
- Foreign arrivals to Viet Nam soared by 51 percent to nearly 1.4 million in May and by 64.9 percent to nearly 7.6 million in January-May period.

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FDI attraction in five months tops 11 billion USD



- More than 11.07 billion USD in foreign direct investment (FDI) was funneled into Viet Nam during January-May, up 2% against the same time last year, according to the Ministry of Industry and Trade (MoIT)'s Foreign Investment Agency.

- Of the total, 7.94 billion USD was poured into 1,227 new projects, a year-on-year increase of 50.8% and 27.5%, respectively. Meanwhile, 440 projects had their capital added with a total of over 2.08 billion USD, dropping 9.3% and 8.7% as compared to the same time last year.
- Foreigners also injected more than 1.05 billion USD into 1,158 capital contribution and share purchase deals during the period, down 68.2% and 9.4%.
- Among the 78 countries and territories having investment in Viet Nam in the first five months, Singapore was the largest since it landed nearly 3.25 billion USD in the country, making up of 29.3% of the total and growing 28.2% year-on-year.
- Foreign firms invested in 17 out of the 21 economic sectors, with the processing and manufacturing industry taking lead as it saw over 7.42 billion USD, or 67.1% of the total investment and up 11.9% against the same time last year. The realty sector came second with 1.98 billion USD in investment, rising 70.8% year-on-year, followed by wholesale and retail sales (514.2 million USD), and transport and warehousing (342.2 million USD).
- The MoIT said most of the FDI ran to localities with sound infrastructure, stable human resources, concerted efforts in administrative procedure reform, and active investment promotion work like Ba Ria – Vung Tau, Ha Noi, Bac Ninh, Ho Chi Minh City, Dong Nai, Quang Ninh, Bac Giang, Hai Phong, Thai Nguyen, and Hung Yen.
- The disbursement of FDI capital grew 7.8% to some 8.25 billion USD during the five-month period.
- As of May 20, the country was home to 40,285 valid projects with a combined capital of 481.33 billion USD, around 305.43 billion USD of which has been disbursed so far.

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Viet Nam – rising star in Indo-Pacific



- The Export Development Canada (EDC) has publicised an article “Doing business in Viet Nam: Catch this rising star in the Indo-Pacific” in which, its author - international trade writer Carol Fragiskos emphasised that strategic location makes it an ideal logistics and distribution hub, making EDC choose Viet Nam for our next representation in the Indo-Pacific
- In his writing, Fragiskos said that Viet Nam is called the Land of the Ascending Dragon. While its unique geographical shape may have inspired the original nickname, these days, it could be referring to its rapid economic growth.
- Viet Nam lies at the centre of the Indo-Pacific region. Located near major markets in Asia – with access to key global shipping routes – its strategic location makes it an ideal logistics and distribution hub. But it’s more than geography that makes this country a strong bet. Viet Nam’s middle-class growth is outpacing all others in the region. Though smaller than some of its neighbours, Viet Nam’s population of close to 100 million is significant, especially considering that half are under the age of 30. Viet Nam’s labour costs are still lower than similar countries in the Indo-Pacific. As it shifts to higher-value industrial activities, it’s becoming an increasingly sought-after market for those with manufacturing interests.

- The writer also stressed that politically stable, Vietnamese government is committed to economic reform and liberalisation. Its progressive foreign investment environment offers tax incentives and preferential rates in certain priority sectors and geographic areas. Perhaps more importantly, a transparent legal framework and predictable regulatory regime provide additional confidence for companies looking to do business in this market.

- He added that Viet Nam is investing heavily into infrastructure development. Committed to net zero by 2050, the country's also looking to rapidly increase its renewable energy mix. Multiple nationwide projects are underway in green energy, waste management and sustainable urban development.

- In addition, Viet Nam has a healthy digital economy expected to reach 38 billion USD by 2025. Multiple sectors—including e-commerce, financial technology and artificial intelligence—have been boosted by initiatives that support innovation and entrepreneurship.

- As a member of several bilateral and multilateral free trade agreements—including with China, India, the European Union and the Association of Southeast Asian Nations (ASEAN)—Vietnam is a country that's wide open for business.

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Vietnamese steel affirms position in world market



- The steel industry has affirmed its position by reaching the Top 12 in the world in terms of crude steel production. Not only is the production output growing rapidly, but Vietnamese steel products are also gradually becoming more diverse, according to the Viet Nam Steel Association (VSA).

- VSA Chairman Nghiem Xuan Da said that since 2015, Viet Nam's steel industry has developed into one of the leading manufacturers in ASEAN in terms of production and sale of finished steel products. In 2023, it also ranked 12th globally in crude steel production, with an output of 20 million tonnes.

- Before 2000, total crude steel output was only about 100,000 tonnes per year, mainly serving domestic demand. Entering the 2000s, the emergence of private enterprises such as Hoa Phat, Hoa Sen and Viet Duc, and joint ventures with the Viet Nam Steel Corporation such as Vina Kyoei, SSSC and Vinausteel quickly created significant changes in the structure of the steel industry.

- Investment in large and modern steel projects has boosted the crude steel production capacity and attracted interest from key industries such as mechanical engineering, construction and defence. This not only helps Vietnam's steel industry improve its standing in the international market but also makes an important contribution to national industrialisation and modernisation.

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Viet Nam remains world's second largest smartphone exporter



- Viet Nam remains the world's second largest smartphone exporter by earning over US\$18.4 billion in the first four months of 2024, according to the General Statistics Office (GSO). In April, overseas shipment of phones and spare parts valued over US\$4.2 billion, representing a year-on-year increase of 9.1 percent.
- Since 2021, Viet Nam's smart phone mobile market share has increased dramatically. The Southeast Asian nation occupied 13 percent of the global market share to surpass India to emerge as the second largest mobile exporter in the world after China.
- In Q1, the U.S. was the biggest buyer of made-in-Viet Nam phones and spare parts by spending over US\$3.05 billion, representing a year-on-year increase of 30.4 percent. China came second with over US\$2.5 billion, down 28 percent against the same period last year.
- In 2023, overseas shipment of phones and accessories totaled US\$52.3 billion, down 9.7 percent compared to 2022.
- Viet Nam now is also an attractive destination for big firms in the global phone and component industry, including Apple. At present, about 25 suppliers of Apple locate their factories in Viet Nam.

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Prime Minister receives co-founder of Indian IT company Infosys



- On May 20, Prime Minister Pham Minh Chinh received Nagavara Ramaroa Narayana Murthy, co-founder of Infosys – one of the biggest IT companies in India. Prime Minister Pham Minh Chinh showed his impression at the scale, role and position of Infosys, as well as Narayana Murthy's role in the IT and software market of India in particular and the world in general; and hoped that Infosys will invest in and cooperate with Vietnam through specific projects and products on the principle of harmonised benefits and shared risks, especially in public-private partnership, to develop the information technology sector, software industry, artificial intelligence (AI), and semiconductors.
- Prime Minister Pham Minh Chinh stated that India is a top priority in Viet Nam's foreign policy, and that he is happy to see the traditional friendship and Comprehensive Strategic Partnership between Viet Nam and India being strengthened and developed in multiple fields. The two Prime Ministers of both countries have agreed to continue promoting economic-trade-investment and science-technology cooperation to make them commensurate with the potential and stature of the two countries' relationship.

- Viet Nam identifies the digital economy, knowledge economy, and circular economy as the main directions in the country's socio-economic development strategy. Viet Nam promotes the development of strategies for research, application and development of artificial intelligence human resources to meet the needs of businesses and the labour market.

- Narayana Murthy said that India has developed the information technology industry very early and Viet Nam also has world-class technology enterprises such as FPT. This is a favourable foundation and environment to promote technology cooperation between the two countries, believing that Viet Nam will reap greater success in the software field.

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Vietnam Airlines join sustainable aviation fuel club



- Vietnam Airlines operated its first Neste MY Sustainable Aviation Fuel (SAF)-powered flight from Singapore to Ha Noi on May 27, becoming the first Vietnamese airline to use alternative fuels.

- SAF is made from sustainably sourced renewable waste and residues such as used cooking oil and animal fat waste. It is a proven solution reducing greenhouse gas emissions by up to 80% over the fuel's life cycle, compared to using fossil jet fuel.

- Its ability to meet all of the strict safety standards for commercial aviation use and significantly curbing emissions makes it a compelling alternative to traditional fossil fuels.

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Viet Nam a top destination for Indian tourists: Indian publication



- Outbound travel from India has seen a significant spike, with Viet Nam emerging as a favoured international destination, according to Mint, a New Delhi-based business publication.

- A report from Mastercard's Economics Institute, entitled "Travel Trends 2024: Breaking Boundaries", said Indian outbound travel to Vietnam during January-March skyrocketed by 248% against the same time in 2019, followed by the US and Japan.

- Despite the strengthening of the USD, the outbound Indian travel segment has flourished due to an expanding affluent consumer base seeking luxury experiences. The report reveals that the evolving spending patterns mirror the nations' growing disposable incomes and aspirational lifestyles.

- While a strong dollar may have diverted tourists away from the US, Indian passenger arrivals surged by 59% compared to the 2019 level.
- In the same vein, Japan witnessed a record 50,000 Indian visitors during the period, up 53% against the 2019 figure.
- Vietnam, which recently added direct flights, saw a 2.5-fold increase in Indian travel.
- In the first quarter of 2024, Indian airports witnessed a record 97 million passthroughs for both domestic and international air traffic, marking a significant increase compared to a decade ago, when attaining such numbers would have demanded an entire year's time.

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Ha Long Bay, Sa Pa among world's top five trending destinations



- TripAdvisor recently announced the world's trending destinations, in which Ha Long Bay and Sa Pa of Viet Nam are among the top five.
- Among the 8 million destinations, surpassing an array of tourism paradises in the world like Bogota (Colombia), Pattaya (Thailand), Jeju (the Republic of Korea), and Viti Levu (Fiji), Ha Long in the northern province of Quang Ninh and Sa Pa in the northern mountainous province of Lao Cai have emerged as two of the best with their names present among the top five trending destinations of the "Travellers' Choice Awards – Best of the Best". The three others in the top five are Tokyo (Japan), Seoul (the Republic of Korea), and Palawan Island (the Philippines).
- A common feature of Ha Long Bay and Sa Pa is the unique natural beauty and cultural diversity. In summer, considered an ideal season for travelling to these two places, while Ha Long welcomes sea breeze from the heritage bay, Sa Pa is engulfed in a cool climate thanks to the majestic Hoang Lien Son Mountain Range and Fansipan – the highest mount in Indochina. The large number of cultural festivals and unique entertainment activities is also a plus to Ha Long and Sa Pa's attractiveness to millions of global tourists.

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