



Viet Nam Economic Bulletin

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Viet Nam - bright star in the ASEAN economy: Expert

- This is the opinion of the Head of Market Strategy, Global Market and Economic Research, UOB Bank (Singapore), Heng Koon How. Heng forecasts positive growth for Viet Nam at 6.0 percent for FY2024, recovering from 5.0 percent in FY2023. This will make Viet Nam one of the fastest-growing economies in ASEAN.



- Viet Nam's economic share in ASEAN's total GDP has grown enormously over the years, doubling from less than 6 percent in 2000 to around 12 percent currently. In the first half of 2024, Viet Nam has seen a substantial recovery with GDP growth in the second quarter of 2024 rising to 6.9 percent year-on-year from 5.8 percent in the first quarter of 2024.

- Regarding demographics, Viet Nam has a growing middle class and the third largest population in ASEAN at around 100 million. This creates favorable conditions for Viet Nam in the coming years to encourage more consumer spending as the population grows and becomes more affluent.

- Regarding macroeconomic trends, Viet Nam is gradually and successfully transitioning from a low-cost manufacturing economy to a technology-driven economy with higher value-added and a strong focus on services, retail and tourism.

- Besides, Viet Nam has benefited from strong growth in trade and Foreign Direct Investment (FDI) across ASEAN thanks to its position as a critical member of ASEAN. Specifically, ASEAN's huge trade advantage is supported by six long-standing FTAs between ASEAN and China, Hong Kong, Japan, Korea, India and Australia/New Zealand. More importantly, the 10 ASEAN countries are pivotal in the 15-country Regional Comprehensive Economic Partnership (RCEP). ASEAN can be seen as the "beating heart" of RCEP, supporting trade in North Asia from China, Japan and Korea, along with trade from Australia and New Zealand.

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Trade turnover estimated to reach over US\$511 in the first 8 months of 2024

- Viet Nam's total trade turnover with the rest of the world was estimated at over US\$511 billion in the first eight months of 2024, a year-on-year increase of 16.7 percent. Of the figure, export value grew by 15.8 percent to US\$265.09 billion and import volume increased by 17.7 percent to US\$246.02 billion from the same period last year.

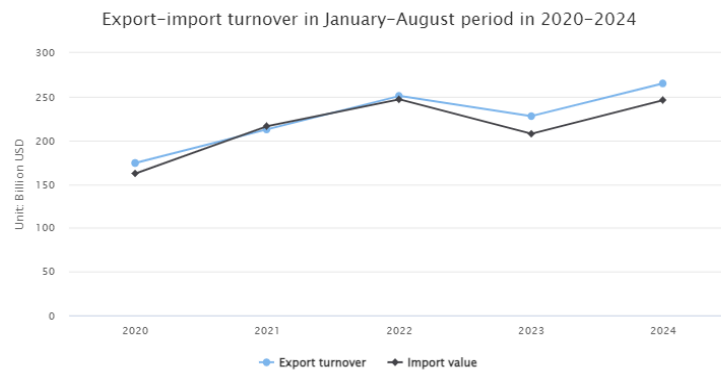
- The U.S. was the largest importer of Vietnamese goods with a revenue of US\$77.9 billion while China was the biggest exporter to Viet Nam with US\$92.3 billion.

- Up to 30 export items recorded the export turnover of more than US\$1 billion each, and six items earned the export turnover of more than US\$10 billion each.

12. Half a million Indian tourists forecast to travel to Viet Nam in 2024

13. Viet Nam among top destinations attracting Indian tourists to return

- The top export products include electronics, computers, and components; telephones and components; machinery, equipment, and other accessories; textiles and garments; footwear; wood and wooden products.



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Viet Nam's exports maintain growth momentum, new record set in August

- As Viet Nam's key export markets show signs of robust recovery, the nation's exports in August reached an all-time high of US\$37.59 billion compared to US\$36.24 billion of the previous month. Trade between the Southeast Asian nation and the rest of the world were estimated at US\$70.11 billion in July and US\$70.65 billion in August.

- If the current growth momentum is maintained, this year's import and export value will set a new record, surpassing the US\$732 billion mark recorded in 2022. It should be noted that 2022 is a record year for Viet Nam's foreign trade, but no month saw import-export turnover reaching US\$70 billion. Insiders said that with positive economic forecasts from developed markets and increasing imports from the U.S., Viet Nam's exports are expected to exceed US\$790 billion by the end of this year.



- According to the latest report released by the S&P Global, Viet Nam Manufacturing Purchasing Managers' Index (PMI) stood at 52.4 in August, signaling a solid monthly improvement in terms of business conditions midway through the third quarter.

- According to the World Bank, Viet Nam's goods and services export value is equivalent to 94 percent of its GDP, ranking 14th globally.

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Viet Nam's exports to India witness positive growth

- Viet Nam's exports to India saw a year-on-year increase of 15.2% over the first seven months of this year, reaching US\$5.37 billion, reported the Ministry of Industry and Trade.

- Among major export items, phones and accessories ranked first with US\$1.15 billion, up 102 percent. It was followed by computers, electronics and spare parts with US\$945 million; and machines, equipment, and tools with US\$507 million.

- During January-July, the bilateral trade value hit nearly US\$8.67 billion, up 4.5 percent from the same period last year. Viet Nam enjoyed a trade surplus of US\$2.06 billion.

- According to Indian data, the two-way trade reached US\$14.82 billion in 2023, an increase of 0.76% year on year.
- India's exports to Viet Nam reached US\$ 5.47 billion, down 7.43% while Indian imports from Viet Nam amounted to 9.34 billion, up 6.26%.
- During 2023-2024, for India, Viet Nam was the 21st largest trading partner and 22nd largest export destination globally. For Viet Nam, India was the 7th largest trading partner, 7th biggest importer of Viet Nam's products and 11th biggest import source of Viet Nam.



- Since Viet Nam and India elevated ties to a comprehensive strategic partnership in 2016, two-way trade has increased 2.5 times, while there remain great potential for investment and trade cooperation between the two countries. According to experts, trade cooperation is an important pillar in the Viet Nam-India relations with impressive achievements. India is currently Viet Nam's leading economic partner in the South Asian region. Notably, trade with India accounts for about 80% of Viet Nam's total trade turnover with South Asian countries, which has grown significantly.

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Viet Nam increases its share in global textile exports

- Viet Nam's share in global textile, leather, and footwear exports reached 5.9%, overcoming the shares of India (3.5%) and Bangladesh (5.1%) in these sectors, noted the World Bank (WB) in its recent report. According to the WB, Viet Nam has overtaken India as a low-cost manufacturing and export hub.



- Viet Nam's export turnover of leather and footwear products is expected to reach US\$26-27 billion in 2024 on the basis of the positive results recorded so far.
- Viet Nam is currently the third largest footwear producers in the world, after China and India, and the second largest footwear exporter.
- From January-July this year, Viet Nam's textile export turnover totaled approximately US\$20.3 billion, up 6.3 percent year-on-year, according to Viet Nam Customs data.
- The main export markets for Viet Nam's textiles, including the U.S., Japan, South Korea, and China, have shown positive growth. Notably, over the last seven months, the U.S. imported US\$8.93 billion worth of Vietnamese textiles, a 5.5 percent increase from the same period last year.

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Agro-forestry-fishery export turnover surpasses US\$40 billion



- In the first eight months, total export turnover of agro-forestry-fishery sector was estimated at US\$40.08 billion, representing a year-on-year increase of 18.6%, according to the Ministry of Agriculture and Rural Development (MARD). The sector gained a trade surplus of US\$11.8 billion.
- In August, total export turnover from the sector was forecast to hit US\$5.55 billion, up 12.3% against the same period last year. Specifically, agricultural sector earned US\$2.99 billion (up 22.6%); followed by forestry with US\$1.45 billion (up 4.7%), aquaculture with US\$900 million (up 5%).
- The Ministry reported that in the January-August period, agricultural sector pocketed US\$21.32 billion, up 24%; forestry sector with US\$10.97 billion (up 19.7%), aquaculture with US\$6.23 billion (up 7.6%), and breeding with US\$324 million (up 0.3%).
- Export items with high growth rates included furniture and furniture products with US\$10.24 billion, up 20.6%, coffee with US\$4.03 billion, up 36.1%.
- Rice export value increased by 21.7% year-on-year to US\$3.85 billion with 6.16 million tons.
- The U.S, China and Japan were the largest importers of Vietnamese agro-forestry-fishery products in which export turnover to the U.S. surged by 23.5%, China up 10.2%, Japan 4.6%.

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The index of industrial production picks up in 61 localities in first eight months



- According to the General Statistics Office (GSO), the index of industrial production (IIP) increased by 8.6% in the first eight months of 2024. In August, IIP saw a month-on-month increase of 2% and a year-on-year growth of 9.5%.
- The processing and manufacturing industry soared by 9.7%, electricity production and distribution up 11.6%, water supply, waste and wastewater management and treatment activities 7.8%. Meanwhile, the mining sector was down 6%.

- The IIP surged in 61 out of 63 cities and provinces nationwide. In the reviewed period, 168,100 enterprises were founded or resumed operations.

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Viet Nam to launch raw materials center for textile and footwear in 2025

- Viet Nam will launch a raw materials center for textile and footwear industry in 2025. According to Deputy Minister of Industry and Trade Phan Thi Thang, the center is expected to help the Southeast Asian country to consolidate its domestic supply chain and reduce sole dependence on imports from other countries. The center will assist businesses in tracing the origins of raw materials, ensuring that all trades operate with high standards and transparency.

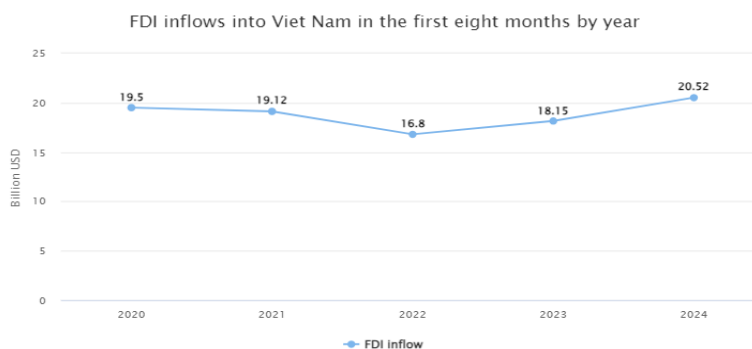


- Textile and footwear have long been Viet Nam's key sectors, with annual export turnover increasing by 10%. In the first six months this year, the export turnover of the two sectors reached US\$30 billion, accounting for 16% of the nation's total export value and creating nearly five million jobs.

- At present, manufacturers still rely on raw materials from foreign countries, especially China, South Korea and other ASEAN Member States.

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FDI inflows reach US\$20 billion in eight months



- As of August 31, Viet Nam attracted US\$20.52 billion in foreign direct investment, a year-on-year increase of 7%, according to the Foreign Investment Agency (FIA).

- Specifically, Viet Nam licensed 2,247 new projects with total registered capital of over US\$12 billion, up 8.5% in the number of projects and up 27% in terms of investment capital.

- The manufacturing and processing industry took the lead with US\$14.17 billion, accounting for 69% of the newly-registered capital, followed by real estate sector with US\$3.36 billion.

- Out of 66 foreign countries and territories investing in Viet Nam, Singapore was the largest investor with nearly US\$6.79 billion, up 79.1% against the same period last year. Hong Kong ranked second with nearly US\$2.4 billion, followed by Japan, China, and South Korea.

- Bac Ninh was the largest FDI recipient with US\$3.47 billion, making up nearly 17% of the total FDI inflows and almost tripling the figure the northern locality lured last year.

- The FIA also said the amount of FDI disbursement increased by 8 percent

year-on-year to US\$14.15 billion in the reviewed period.

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Significant shift in Viet Nam's overseas investment



- Vietnamese enterprises have expanded their investments beyond Laos and Cambodia to developed nations like the Netherlands, the U.S., and the United Kingdom. This marks a significant shift in recent years.
- Vietnamese investors poured US\$147.3 million into 14 sectors abroad over the last eight months of this year, which was channeled in 75 new projects.
- Among the 25 countries and territories receiving Vietnamese investments during the period, the Netherlands took the lead with US\$54.6 million, making up 37.1 per cent. It was followed by Laos (US\$37.8 million), the United Kingdom (US\$19.8 million), and the U.S. (US\$18.6 million).
- Out of 14 sectors Vietnamese investors poured money into, the mining sector topped the list with US\$58.6 million, accounting for 38.9 per cent of the total, followed by processing-manufacturing with US\$29.1 million (making up 19.7 per cent) and the wholesale and retail sector with US\$24.7 million (accounting for 16.8 per cent).
- In addition to investments in resource-intensive fields like minerals and agriculture, Vietnamese enterprises are also venturing into high-value sectors such as manufacturing, banking, financial services, and high technology. Companies like FPT have achieved notable success in Japan and South Korea.
- Viet Nam has agreements with nearly 80 countries on investment encouragement and protection and on double taxation avoidance, providing essential safeguards for overseas investments. As of August, Viet Nam had 1,757 active overseas investment projects with combined capital of nearly US\$22.26 billion.

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Gov't targets to raise turnover of semiconductor industry to US\$100 billion by 2050

- Prime Minister Pham Minh Chinh has signed Decision 1018/QD-TTg dated September 21, 2024 approving the Strategy for Viet Nam's semiconductor industry development through 2030, vision to 2050 with the targets to raise annual turnover of Viet Nam's semiconductor industry to US\$100 billion by 2050.
- The strategy outlines a roadmap for developing the industry according to the following formula:

$$C = SET + 1$$

(C stands for Chip, S for Specialized, E for Electronics, T for Talent, and + 1 for Viet Nam which means Viet Nam will strive to become a new and safe destination of the global semiconductor supply chain).

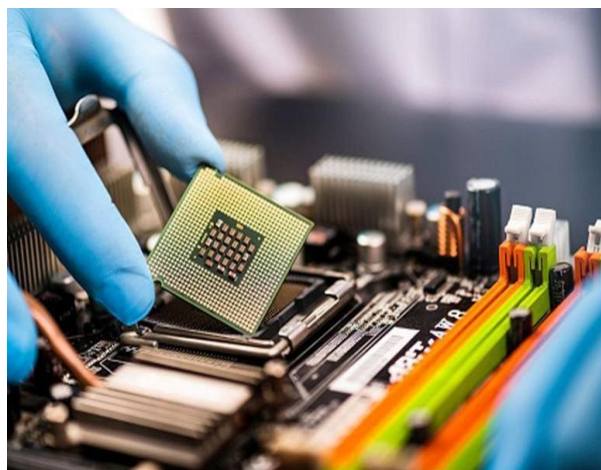
Three phases for semiconductor industry development

First phase: (from 2024 - 2030) Viet Nam will make use of geopolitical and semiconductor workforce advantages, selectively attract foreign direct investment (FDI), establish itself as one of the global semiconductor

manpower center, and grow fundamental capacity in all steps, from research, design, and manufacturing to packaging and testing.

Second phase: (from 2030 - 2040) Viet Nam will work to become a global semiconductor and electronics center while developing the semiconductor and electronics industries that combine both self-reliance and FDI.

Third phase: (from 2040 - 2050), Viet Nam looks to become one of the world's leaders in the semiconductor and electronics industries, and master research and development (R&D) in these fields.



To achieve the above goals, Viet Nam will focus on: (i) developing dedicated chips, (ii) developing electronics industry, (iii) developing manpower and attracting talented to the semiconductor sector, (iv) luring foreign direct investments into the sector, (v) establishing the National Steering Committee on semiconductor industry development.

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Half a million Indian tourists forecast to travel to Viet Nam in 2024



- Viet Nam is a very attractive destination for Indian tourists as evidenced by increasing number over the last 2-3 years. About half a million Indian tourists would travel to Viet Nam this year, said Indian Ambassador to Viet Nam Sandeep Arya. The Indian Ambassador made the forecast after Viet Nam welcomed a big tourist group with 4,500 employees of Indian billionaire Dilip Shanghvi from Sun Pharmaceuticals on a four-day holiday in late August.

- The event showed that traditional tourism for leisure is expanding to club with business what they call MICE or MICE meetings, incentives, conference and exhibition. So mixing business together with leisure and tourism is a new trend with the first group of 4,500 Indian tourists from Sun Pharmaceuticals. Ambassador Sandeep Arya assessed that this is a good direction for expansion of such tourism flow. This is the first time Viet Nam handled the first group of MICE from India with an average of four to five hours of flight. Wedding is also another promising area for the tourism sector in Viet Nam.

- Mr. Sandeep Arya also assessed that the new e-visa policy of Viet Nam is working very well in both directions for Indians coming to Viet Nam and Vietnamese travelling to India. Normally in three-daytime or 72-hour time, a visa applicant gets a visa issue. The Ambassador also proposed that this is an interesting trend of using cinema to promote the tourism in some ways.

- The Ambassador stressed that a greater tourism, greater visits, greater

understanding, greater appreciation, greater respect and greater support for friendship between the two countries are good diplomatic aspect of tourism flow between the two countries.

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Viet Nam among top destinations attracting Indian tourists to return



- Viet Nam is among the top favorite destinations for Indian travellers who wish to return, according to a survey by the online travel platform Agoda.

- The "Return Visitor Ranking" survey of Agoda found 67% of the Indian travelers surveyed said they want to come back to their favorite destinations for their cuisine, ease of travel, and affordability. The survey found up to 58 percent of repeat travellers have visited their favorite destinations between one to three times in the past decade.

- According to Krishna Rathi, Agoda's Director for South Asia and the Maldives, this ranking indicates that for Indian travellers, Thailand, Viet Nam, and Bali (Indonesia) are not only destinations but also experiences they are eager to repeat.

- The survey also highlights the importance of hospitality, with three out of every 10 Indian travellers noting that friendly locals are critical in their decision to return.

- For Asian travellers, Japan, Thailand, and Viet Nam have become the top destinations they wish to revisit. The ease of travel is the primary motivation for 44% of Asian travellers wanting to return to their favorite destinations.

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