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# Economic Report 2024

## VIETNAM

30 June 2024

### **Executive Summary**

1. Despite weaker exports, consumption and private investment, and amid global uncertainties, Vietnam's growth still reached 5.05% in 2023, below the targeted 6.5, thanks to robust FDI inflows which demonstrate investor confidence in Vietnam's potential. Industrial production and services grew moderately year-on-year. Challenges included keeping inflationary pressures below target, implementing fiscal adjustments amid revenue constraints, and addressing gaps in the labour market, particularly the shortage of skilled workers. The internal power struggle, which resulted in high-profile resignations for alleged corruption and in bureaucratic paralysis, and the resulting policy inconsistencies, added complexity to the economic landscape.

2. Foreign investors stress the need for streamlined administrative processes, and more regulatory transparency and administrative efficiency for establishing reliable frameworks for conducting business. Addressing bureaucratic inefficiencies is imperative to uphold recent business climate reforms and improve operational efficiency for enterprises. Additionally, challenges related to tax administration and contract enforcement need also to be resolved. Infrastructure upgrades in transportation and power supply will be crucial for maintaining momentum and averting stagnation. At the same time, reforming real estate and agriculture, sectors marked by speculation and outdated practices, is also essential.

3. Vietnam's gradual shift away from labour-intensive sectors toward high-tech investments and infrastructure upgrades involves strategic adjustments such as changes to investment laws and heightened anti-corruption measures. These reforms are pivotal in creating a conducive environment for sustainable economic growth. Concurrently, prioritizing skills development, especially in IT, AI, and semiconductor sectors, emerges as crucial. By investing in human capital, Vietnam can effectively support its ambitious goals and attract global investors interested in promising opportunities in technology, renewable energy, and education. This dual approach not only enhances Vietnam's economic prospects but also strengthens its competitive edge in the global marketplace.

4. Looking ahead to 2024, Vietnam anticipates economic growth between 5.5% and 6%, buoyed by key FDI inflows. Early signs point to a recovery, particularly in exports. Initiatives such as the Energy Development Plan underscore commitment to sustainability, despite procedural delays.

5. Economic relations between Switzerland and Vietnam remain stable. Vietnam has a trade surplus with Switzerland, which is mainly driven by exports of electronics (smartphones, etc.), as well as footwear and textiles. Vietnam is also a significant exporter of agricultural products.

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## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

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In 2023, Vietnam's growth fell short of expectations, as the economy recorded an annual rate of 5.05%, significantly below the targeted 6.5%. This deceleration, attributable to global economic uncertainties and reduced demand from key international markets, marked a notable slowdown from the 8% growth observed in 2022. **Key drivers** such as exports, consumption, and private domestic investment **lost momentum** during the year, reflecting a trend seen throughout the region, except Singapore and Malaysia, where the export sector is sustained by high-tech and high-value products.

Exports, for instance, contracted by 2.5%, a sharp reversal from the 4.4% growth seen in 2022, largely due to **diminished demand from major trading partners**. Despite this decline, net exports contributed positively to GDP growth due to a more significant reduction in imports.

The industrial sector expanded by only 3.7%, down from 7.8% in 2022, primarily impacted by weaker export demand and a downturn in real estate. Similarly, the services sector grew by 6.8%, a slowdown from the 10% growth recorded the previous year, despite a recovery in tourism. In contrast, the agricultural sector showed modest improvement, growing by 3.8%.

**Political challenges** further complicated Vietnam's economic landscape in 2023, fostering an uncertain environment. Inconsistent policies and lack of coordination among governmental bodies continued to create inefficiencies that hindered economic progress. The government's anti-corruption efforts, while aimed at enhancing transparency, also introduced instability with high-profile arrests and presidential resignations within a year, prompting some investors to re-evaluate their commitments.

In 2023, Vietnam made some notable progress in its external position, moving from a deficit to a **current account surplus of 6.7% of GDP**. This improvement was driven by several factors: a robust trade surplus, strong remittance inflows, and a narrowing deficit in services trade due to a gradual recovery in tourism. These developments bolstered international reserves, which reached USD 93.3 billion at the end of the year, equivalent to 3.3 months of imports. Despite the impact of the economic slowdown in its main trading partners, Vietnam achieved a trade surplus of USD 28 billion, mainly driven by exports of electronics, textiles and agricultural products. Foreign direct investment (FDI) played a key role, totalling USD 36.6 billion, mainly in the manufacturing sector. Contributions from Japan, South Korea, Singapore and China in particular have further strengthened Vietnam's economic landscape. However, setbacks in the property sector tempered this otherwise positive trend.

In the midst of the economic slowdown, there were notable effects on the labour market and income growth. While employment growth slowed from 2.2% in the first quarter of 2023 to 0.3% in the same period of 2024 - slightly below the pre-COVID average - there were still positive trends. Employment in manufacturing fell by 2.3%, but real average monthly earnings continued to grow modestly. Although consumer spending on durable goods fell in 2023, this decline suggests a shift in consumer priorities and the potential to seek growth in other areas. Challenges such as persistent **youth unemployment** and **shortages of skilled labour in new and emerging sectors**, which will be crucial for the sustainability of future growth, underline the importance of upgrading skills and the need to identify concrete ways to strengthen vocational training.

**Inflation** in 2023 averaged **3.25%**, below the government's target of 4% and international projections. Responding to the cooling economy and easing inflation, the State Bank of Vietnam implemented more accommodative monetary policies, including cuts to discount and refinancing rates. However, credit growth fell slightly short of targets, while non-performing loans increased. Fiscal policy leaned towards expansion, with heightened public investment aimed at stimulating the economy. Total government revenue fell due to the economic slowdown, while expenditure rose, leading to challenges in executing public investment due

to procedural bottlenecks.

Recent legislative amendments aim to enhance Vietnam's investment climate by streamlining procedures for foreign investors, particularly in the high-tech and green technology sectors. E-commerce regulations have been updated to simplify registration for foreign firms, strengthen consumer protections, and clarify tax obligations, especially for cross-border activities. Changes to the Insurance Law promote digital product innovations and provide greater autonomy for foreign insurers. Although new data localisation requirements may raise costs for foreign entities, they enhance data protection and compliance. The revised Land Law extends lease terms and clarifies land use rights, making investments more secure, though with some additional compliance requirements. Updates to the Intellectual Property Law and the Pharmaceuticals Act aim to strengthen protections and streamline procedures, despite concerns about increased complexity. The updated Law on Credit Institutions, supported by the World Bank and funded by SECO, focuses on preventing cross-shareholding and manipulative practices in banking, promoting digitalisation, and expanding trade finance, aligning with international standards. Despite aligning with international governance and disclosure standards, challenges remain regarding the State Bank of Vietnam's supervisory and resolution powers.

Looking ahead to 2024, Vietnam's economic prospects are promising, with growth forecasts ranging between 5.5% and 6%. Strong foreign direct investment (FDI) inflows, particularly from Asian countries, are expected to bolster economic expansion. Early indicators for 2024 suggest a positive recovery, driven by robust growth in merchandise exports. The government's ambitious goal of achieving zero carbon emissions by 2050, supported by initiatives like the Energy Development Plan (PDP 8), highlights Vietnam's proactive approach to sustainability. The implementation of the USD 15.5 billion commitment under the Just Energy Transition Partnership is currently facing delays due to bureaucratic challenges. Although efforts to address these obstacles are necessary, progress has been slower than anticipated, and no funds have been disbursed so far.

In conclusion, despite facing significant challenges in 2023, Vietnam demonstrated resilience with commendable economic performance, albeit below expectations. The nation's trajectory remains positive, presenting opportunities for sustained development. Addressing policy inconsistencies, bureaucratic inefficiencies, and skills mismatches through ongoing reforms will be pivotal in sustaining robust growth. Vietnam's strategic objectives and proactive international engagements position it as a dynamic and attractive investment destination within Southeast Asia.

## **2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES**

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Vietnam offers a dynamic mix of opportunities and challenges. On the one hand, it has a very open economy with strong trade links across different regions. The country actively encourages foreign investment, streamlines exports and offers numerous business opportunities in its market of over 100 million people. On the other hand, Vietnam's business environment can be difficult to navigate due to complex and sometimes inconsistent legislation and cumbersome bureaucratic processes. However, the Vietnamese government maintains an open dialogue with businesses to address their concerns. In addition, ongoing reviews and updates ensure that Vietnam's FTA commitments are being met.

Vietnam's ambitious National Programme for Improving Labour Productivity, launched in November 2023, aims to address the country's productivity shortcomings and boost competitiveness, targeting annual growth rates of 6.5% to 7.5% by 2030 in sectors such as manufacturing and services. The programme emphasises innovation, digital transformation, high-value investment and global supply chain integration. While challenges to the implementation of the Programme, such as income inequality, displacement in traditional sectors and funding uncertainties remain, this new framework could potentially open up new

opportunities for Swiss exporters and investors in areas such as high-tech machinery, precision equipment and green technologies.

**Opportunities** for Swiss companies in Vietnam are promising, particularly in sectors where the country is seeking to modernise and expand, as well as finding solutions to the challenges of energy transition and climate change. Key sectors with significant potential for Swiss companies include healthcare (pharmaceuticals and medical technology), engineering and construction, sustainable energy and environmental technologies, manufacturing, education, tourism and IT. Vietnam's emergence as a **manufacturing hub**, driven by low labour costs, strategic location and favourable trade agreements, further enhances its attractiveness to investors. By leveraging these strengths, Swiss companies can look for opportunities to thrive in this dynamic market while contributing to Vietnam's development goals.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Vietnam's policy and priorities

As a member of the World Trade Organisation (WTO) since 2007, the country has experienced a sevenfold increase in its combined imports and exports between 2007-2022. This expansion reflects Vietnam's successful integration into global markets. The country has capitalized on its competitive advantages, such as a young workforce, strategic location, and openness to foreign investment. Vietnam's network of 15 FTAs plays a pivotal role in its integration. The 58 partner countries covered by these FTAs include not only traditional trading partners but also emerging economies. Importantly, 14 of these partners are G20 member states, representing major global economic players. While this integration has brought significant benefits to Vietnam, it also increases the country's vulnerability to external economic fluctuations. Consequently, Vietnam's foreign trade, which drives its growth, is exposed to risks from downturns in the global economy.

Vietnam's key free trade agreements include:

- **The Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP)**, which came into force in Vietnam on 14 January 2019, currently involves 10 partner countries: The CPTPP currently involves 10 partner countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru and Singapore. The United Kingdom signed the Protocol of Accession in July 2023, which will enter into force once the legislative processes have been completed in all participating states, possibly as early as the second half of 2024. The CPTPP provides for a gradual elimination of customs duties on 95% of goods traded among signatory states.
- **The EU-Vietnam Free Trade Agreement (EVFTA)**, which came into force in August 2020, represented the EU's most comprehensive agreement with an emerging Asian economy at the time of its conclusion. The agreement stipulates the elimination of approximately 99 percent of all customs duties over a period of 10 years. It also includes provisions for public procurement and respect of intellectual property. The implementation of the EVFTA presents a number of challenges, particularly in relation to the respect of environmental standards and the implementation of civil and political rights, given Vietnam's stringent control of the media and free speech. The full texts can be found [here](#).  
One important companion agreement of the EVFTA, namely the **EU-Vietnam 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 **US-Vietnam Bilateral Trade Agreement (BTA)**, signed in 2000 and in force since 2001, covers trade in goods, intellectual property, services, investment protection, business facilitation and transparency. However, the US designation of Vietnam as a “non-market economy” (NME) can put Vietnam at a disadvantage in anti-dumping and anti-subsidy cases, resulting in higher tariffs. Vietnam has sought recognition as a market economy, citing significant economic reforms, but remains classified by the US as an NME, with implications for trade disputes, investment and services. Although NME status isn’t explicitly part of the BTA, it affects several trade-related issues. While 72 countries, including major economies, recognise Vietnam as a market economy, the US has not yet changed its position, despite ongoing high-level discussions.

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 Vietnam-Israeli FTA were completed on 2.4.2023 (signing expected this year). Vietnam agreed to begin negotiations on a comprehensive economic partnership agreement with the UAE (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. Negotiations for a free trade agreement between Vietnam and EFTA have been ongoing since 2012, but have run into obstacles and are currently inactive. One area of contention is market access terms, particularly in sectors where Vietnam’s interests are significant, such as agriculture and fisheries. In addition, the EFTA countries are seeking to strengthen protection of intellectual property rights, which poses challenges for Vietnam in terms of regulation and enforcement. The EFTA countries are also seeking greater liberalisation in Vietnam’s services sectors, including finance, telecommunications and logistics. Vietnam, on the other hand, is taking a cautious approach to these issues in order to protect its domestic industries.

## **4 FOREIGN TRADE**

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### **4.1 Developments and general outlook**

As indicated in Part 1, in 2023 Vietnam experienced a significant decline of 6.6% in both import and export values compared to 2022. This [downturn](#) was driven by weaker demand from key export markets such as the US and EU, particularly evident in the first half of the year. The main challenges facing Vietnam’s exports in 2023 were the result of sluggish economic growth and the imposition of new standards and regulations related to sustainable development in these key markets, which typically account for around 40% of Vietnam’s total export turnover.

Despite these formidable obstacles, the country managed to maintain a positive trade balance of USD 28 billion, the eighth consecutive year of a trade surplus. However, this surplus was largely due to a significant reduction in imports (driven by weak consumer demand and investment spending in certain areas, reduced export orders significantly impacting Vietnamese factories’ foreign purchases of raw materials, as well as other challenges in securing production inputs from abroad), reflecting the difficulties in securing export

production orders. Subdued demand and reduced orders have led to an increase in imports of raw materials, machinery and equipment needed for production processes.

As a member of the World Trade Organisation (WTO) and with an extensive network of free trade agreements (FTAs) with major economic regions around the world, Vietnam is actively engaged in legislative reforms to align with its international commitments. These efforts have gradually improved the regulatory framework, although it remains complex and sometimes overlapping. Some regulations are perceived as non-tariff barriers to the import of goods from foreign countries (for instance: quantitative restrictions, licensing requirements, and strict labelling rules, as well as sector-specific restrictions in areas such as healthcare, technology or transportation), such as regulations on the import and registration of pharmaceuticals, a key export category for Switzerland to Vietnam. The Vietnam Trade Information Portal [VTIP](#) is the official source of regulatory information on trade with and by Vietnam. This platform provides a comprehensive database and search facilities for goods (defined by HS code), legal documents, procedures, forms, measures, standards and other requirements.

#### 4.1.1 Trade in goods

Vietnam's total trade in 2023 amounted to USD 683 bn (-6.6% vs. 2022), with Vietnamese exports reaching USD 355.5 bn (-4.4% y-o-y) and imports USD 327.5 bn (-8.9% y-o-y). The country's trade surplus increased to USD 28 bn in 2023 (vs. USD 11.5 bn in 2022).

**Key trade partners for Vietnam:** The United States retained its position as Vietnam's foremost importer in 2023, purchasing Vietnamese goods valued at USD 97.02 billion, constituting 27% of the nation's total exports. This robust trade relationship yielded a significant trade surplus of USD 83.2 billion for Vietnam vis-à-vis the US, a notable contrast to the USD 49.44 billion deficit recorded with China. Beyond the pivotal US market, China remained a substantial destination, absorbing 17% of Vietnamese exports, while the European Union accounted for approximately 12%. In 2023, Vietnam achieved a trade surplus of approximately USD 29.1 billion with the EU. Despite China's prominent role as Vietnam's primary source of imports, constituting over 34% of total imports, the country experienced a 17.6% annual decrease in its historical trade deficit with China. This turnaround was propelled by vigorous export growth in key sectors such as electronics and smartphones, coupled with moderated import escalation. While it may be too early to draw any clear conclusions about an emerging trend, the moderation in Vietnam's imports from China may reflect efforts to mitigate risks associated with over-reliance on Chinese high-tech components. This is particularly relevant given the increased scrutiny on the country of origin of key components used in consumer electronics products exported to Vietnam's main markets. South Korea emerged as Vietnam's second-largest import partner, contributing over 16% of total imports, followed by Japan at 6.6% and Taiwan at approximately 5.6%.

These varied trade balances underscore Vietnam's diverse economic ties. Surpluses with the US and EU highlight promising avenues for export expansion in these markets, whereas deficits with China and South Korea underscore dependence on critical imports, including raw materials, components, and vital technologies essential for Vietnam's manufacturing and business sectors.

#### Composition of traded goods:

Vietnam's export economy continues to be dominated by manufactured goods, with exports reaching USD 313.73 billion and accounting for 88.3% of total exports. However, the value of some traditional export items has declined significantly year-on-year, with footwear down 14.7%, textiles and garments down 11.6%, wood and wood products down 16.2%, and mobile phones and accessories down 8.3%.

In contrast, the agricultural and forestry products sector performed better, with exports reaching USD 28.15 billion, or 7.9% of total exports, an increase of around 5% from 2022. This growth was driven by increased export volumes to China and emerging markets in the Middle East



and Africa, as well as higher export prices for rice. The latter was partly due to disruptions in global food and commodity supplies caused by geopolitical conflicts and the cessation of grain exports from countries such as India, the United Arab Emirates and Russia.

Seafood exports were valued at USD 9.01 billion, representing 2.5% of total exports, while fuels and minerals were valued at USD 4.61 billion, accounting for 1.3%.

On the import side, manufacturing materials and machinery continued to dominate with an estimated value of USD 307.32 billion, representing 93.8% of total imports. Machinery, equipment, tools and spare parts accounted for 45.8% of the total, while raw materials, fuel and other materials accounted for 48%. The consumer goods group was valued at USD 20.18 billion, representing only 6.2% of total imports.

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

In 2023, the export turnover of services experienced significant growth, estimated at USD 19.59 billion, a substantial increase of 44.9% compared to 2022. Tourism services proved to be a standout contributor, reaching USD 9.2 billion, a remarkable 2.9-fold increase from the previous year, and accounting for 46.7% of the total turnover. However, while the 2023 figures show an encouraging recovery, they remain below pre-pandemic levels (12.6 million international arrivals in 2023, in comparison to the record 18 million in 2019). In 2023, there was a slight decline in transportation services, which fell by 1.8% to USD 5.5 billion.

Meanwhile, services import turnover for the same period is estimated to have reached USD 29.06 billion, an increase of 5.9% over the previous year. Transportation services accounted for the largest share, reaching USD 12.6 billion, or 43.3% of the total. However, this figure reflects a slight decrease of 0.4% compared to the previous year. Meanwhile, tourism services reached USD 7.8 billion, accounting for 26.9% of the total, a significant increase of 17.3%.

## **4.2 Bilateral trade**

### **4.2.1 Trade in goods**

According to Swiss Customs data, total bilateral trade amounted to CHF 2.192 billion in 2023, a decrease of 6.7% compared to 2022. Swiss exports to Vietnam increased by 3.6% to CHF 497.8 million, while Swiss imports from Vietnam decreased by 9.4% to CHF 1.69 billion. Vietnam again recorded a substantial trade surplus of CHF 1.19 billion.

Machinery was the leading export category for Switzerland, accounting for about 40.3% of the total export value, despite a slight decrease of -1% compared to the previous year. Pharmaceuticals and chemicals, on the other hand, accounted for 37.4% of the total export value, showing a significant increase of 20.4%. Meanwhile, exports of precision instruments and watches fell by 13.8% (representing 10.9% of total exports).

On the import side, footwear, textiles and clothing remained the most important products imported from Vietnam, accounting for 48.7% of total Swiss imports, with a modest increase of 3.3%. However, imports of other items, including machinery, electronics (including mobile phones, which account for 24.6% of total imports), as well as forestry and agricultural products (which account for 8.7% of total imports) fell by 23.1% and 20% respectively.

According to Vietnamese customs data, Switzerland ranked as the 32<sup>nd</sup> largest import partner and the 54<sup>th</sup> largest export destination for Vietnam in 2023. Given the discrepancy between Swiss and Vietnamese customs data, it is plausible that this difference may somewhat understate the importance of Switzerland as a trading partner for Vietnam.



Main bilaterally traded goods in 2022**Switzerland's top three export categories to Vietnam:**

1. Machinery, both electrical and non-electrical (40.3%)
2. Pharmaceuticals & chemicals (37.4%)
3. Precision instruments & watches (10.9%)

**Switzerland's top three import categories from Vietnam:**

1. Footwear and textiles (48.7%)
2. Machinery, appliances, electronics (24.6)
3. Forestry, agriculture and aquaculture products (8.7%)

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

No data available.

## 5 DIRECT INVESTMENTS

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### 5.1 Developments and general outlook

As of 20 December 2023, Vietnam's registered FDI capital reached nearly USD 36.6 billion, an increase of 32.1% from 2022. In particular, 3,188 new projects were initiated with a total investment of USD 20.19 billion. This represents an increase of 62.2% from 2022 and accounts for 55.1% of the total. However, adjusted capital fell by 22.1%. In addition, foreign investors made 3,451 capital contributions and share purchases amounting to USD 8.54 billion (23.3%), an increase of 65.7% from 2022. The inflow of new capital confirms Vietnam's continued attractiveness as an investment destination. However, the decline in adjusted capital suggests that investors remain concerned about human resources, administrative efficiency, access to electricity and domestic supply chain issues.

The manufacturing and processing sector accounted for the largest share of new capital at USD 23.5 billion, or 64.2% of total registered FDI. Real estate sector ranked second with USD 2.66 billion (12.7%), followed by electricity generation and distribution with USD 2.37 bn (6.5%).

Meanwhile, disbursed FDI capital in 2023 is estimated at USD 23.18 billion, an increase of 3.5% from 2022 and the highest level of investment in the sector in five years. Manufacturing and processing accounted for the largest share of new capital at USD 19.08 bn (82.3%). Electricity and gas accounted for USD 1.37 bn (5.9%) and real estate for USD 1.15 bn (4.9%).

In terms of total investment stock, Korea (ROK) remained Vietnam's leading source of foreign investment, accounting for 18.31% of FDI, followed by Singapore, Japan, Taiwan, Hong Kong - China. The USA (11<sup>th</sup>) and Europe lag behind Vietnam's main East Asian investors.

### 5.2 Bilateral investment

According to available data, Switzerland is reported as the 22nd largest foreign investor in Vietnam, with an estimated investment value of USD 1.92 billion (0.4% of total FDI) as of 20 December 2023. However, due to potential complexities in investment channels and reporting, European/Swiss FDI may be underestimated, considering the likelihood of investments routed through intermediary jurisdictions (Singapore, British Virgin Islands, etc.). In 2023, 15 new Swiss investment projects were initiated, with a focus on manufacturing, IT, trade, logistics and services. All projects are located in or around major cities, including Ho Chi Minh City (12), its neighbouring Đồng Nai Province (1) and Hanoi (2).

There are more than 100 Swiss companies in Vietnam, including multinationals as well as small and medium-sized enterprises. These companies are active in a range of sectors, including construction, food processing, machinery, precision instruments (including medical equipment and tools), IT, and transport and logistics. Swiss companies are credited with creating more

than 20,000 jobs and are consistently recognised as the best employers in the country, offering quality employment opportunities.

A revised bilateral investment protection agreement is currently being negotiated to bring the existing agreement up to date with the latest standards.

## 6 ECONOMIC AND TOURISM PROMOTION

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### 6.1 Swiss foreign economic promotion instruments

The **Embassy of Switzerland in Vietnam**, including its **Consulate-General in Ho Chi Minh City**, maintains regular contact with the Swiss business community in Vietnam and welcomes contacts with new-coming companies. In addition to the involvement of Swiss diplomats in defending Swiss business interests, both the Embassy and the Consulate-General employ a local trade officer who works with **Switzerland Global Enterprise** and the **Swiss Business Hub SEAP** in the two Swiss representations in Vietnam. Vietnam is the most important market for Swiss companies in the region (Vietnamese mandates account for half of all mandates in the ASEAN region). The organisation of trade fairs or Swiss pavilions at exhibitions is also a focus of the SBH Vietnam team. The Swiss Education Fair, aimed at promoting private education in the hospitality and business sectors, is now an annual event in both Hanoi and Ho Chi Minh City. A Swiss pavilion at GEFE 2024 is now being prepared for 21-23 October 2024. The Zurich-based **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 around 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 serves as umbrella organisation and primary conduit 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. Germany and France) have their own chamber of commerce in Vietnam, and some Swiss companies are also members.

The **World Economic Forum (WEF)** is establishing a Centre for the Fourth Industrial Revolution (C4IR) in Vietnam, expected to launch in 2024. While the centre's purpose is to promote innovation, it will place emphasis on green growth as a core aspect of its activities.

### 6.2 Vietnamese interests in Switzerland

Switzerland enjoys an excellent reputation among Vietnam's affluent elite, both as a tourist destination and as a provider of high-quality education. There is a long-standing interest among Vietnamese parents in **Swiss private college education and hospitality studies**, which are highly competitive.

The Vietnamese authorities are keen to develop more cooperation in **research and innovation**. The Swiss State Secretariat for Education, Research and Innovation (SERI) has asked the Vietnamese government to help identify areas and projects where cooperation would be mutually beneficial. Every year, Vietnamese graduates compete for Swiss Government Excellence Scholarships to study for Master's degrees or PhD at Swiss universities. The next **SECO**-funded economic cooperation programme to be launched aims to put more emphasis on strengthening Vietnam's **innovation** capacity.

Since 2021, the **Swiss National Science Foundation (SNSF)** and its **Vietnamese counterpart (NAFOSTED)** have been funding joint research projects by Swiss-Vietnamese teams in various disciplines. A 2<sup>nd</sup> call was launched early 2024.

Vietnam also has a continued interest in the Swiss banking sector. As part of its development cooperation programme, SECO is co-financing a **training programme for banking executives** in collaboration with the State Bank of Vietnam. In addition, a **Swiss sustainable tourism project** draws on Swiss experience to promote sustainable tourism development in Vietnam.

## ANNEX 1 – Economic structure

<b>Distribution of GDP</b>	<b>2018</b>	<b>2023</b>
<b>Primary sector</b> (Agriculture, Forestry and Fisheries)	8.7%	11.96%
<b>Manufacturing sector</b> (Industry, construction, mining)	48.6%	37.12%
<b>Services (incl. taxes)</b>	42.7%	50.92%
<b>Distribution of Employment</b>	<b>2018</b>	<b>2023</b>
<b>Primary sector</b> Agriculture, Forestry and Fisheries	38.1%	26.9%
<b>Manufacturing sector</b> (Industry, construction, mining)	26.6%	33.5%
<b>Services</b>	35.3%	39.6%

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

## ANNEX 2 – Main economic data

	<b>2022</b>	<b>2023</b>	<b>2024f</b>
<b>GDP (USD bn)</b>	<b>406.5</b>	<b>433.7</b>	<b>465.8</b>
<b>GDP per capita (USD)</b>	<b>4,087</b>	<b>4,320</b>	<b>4,620</b>
<b>Growth rate (% of GDP)</b>	<b>8.0</b>	<b>5.05</b>	<b>5.8</b>
<b>Inflation rate (period average, %)</b>	<b>3.2</b>	<b>3.25</b>	<b>3.7</b>
<b>Unemployment rate (%)</b>	<b>2.3</b>	<b>2.0</b>	<b>2.1</b>
<b>Fiscal balance (% of GDP)</b>	<b>-2.5</b>	<b>-1.3</b>	<b>-1.6</b>
<b>Current account balance (% of GDP)</b>	<b>-0.9</b>	<b>5.1</b>	<b>2.3</b>
<b>Total external debt (% of GDP)</b>	<b>36.6</b>	<b>34</b>	<b>33.5</b>
<b>Debt-service ratio (% of exports)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Reserves (months of imports)</b>	<b>2.7</b>	<b>N/A</b>	<b>N/A</b>

Source: IMF [WEO database](#) (April 2024)

## ANNEX 3 – Trade partners of Vietnam in 2023

Rank	Country	Exports from the host country (USD billion)	Share (%)	Change <sup>1</sup> (%)	Rank	Country	Imports to the host country (USD million)	Share (%)	Change <sup>10</sup>
1	USA	97.02	27.4	-11.3	1	China	111.35	34.1	-6.0
2	China	61.30	17.3	5.8	2	Korea	52.74	16.2	-15.3
3	Korea	23.49	6.60	-3.4	3	Japan	21.67	6.60	-7.3
4	Japan	23.33	6.6	-3.7	4	Taiwan	18.42	5.6	-18.6
5	Netherlands	10.24	2.9	-1.9	5	USA	13.83	4.2	-4.4
6	Hong Kong	9.60	2.70	-12.2	6	Thailand	11.78	3.6	-16.4
7	India	8.49	2.4	6.7	7	Indonesia	8.73	2.7	-9.3
8	Germany	7.39	2.1	-17.5	8	Australia	8.52	2.60	-15.7
9	Thailand	7.18	2.0	-4.4	9	Malaysia	7.80	2.4	-14.4
10	The UK	6.34	1.8	4.6	10	India	5.86	1.8	-17.5
11	Canada	5.61	1.6	-11.3	11	Kuwait	5.85	1.8	-10.7
12	Australia	5.23	1.5	-5.2	12	Singapore	4.71	1.4	-2.6
13	Philippines	5.15	1.0	1.5	13	Brazil	4.67	1.4	2.88
14	Indonesia	5.07	1.4	11.9	14	Germany	3.692	1.1	2.2
15	Cambodia	4.92	1.4	-15.3	15	Cambodia	3.66	1.1	-23.9
16	Malaysia	4.86	1.4	-12.6	16	Ireland	3.105	1.0	-7.2
17	Taiwan	4.73	1.3	-7.7	17	Philippines	2.65	0.80	-2.2
18	Italy	4.47	1.3	1.0	18	Argentina	2.47	0.8	-38.9
19	Mexico	4.43	1.2	-2.2	19	Israel	2.05	0.6	42.4
20	Singapore	4.29	1.2	-0.5	20	Russia	1,89	0.6	-5.2
...	...	...			...	.....			
54	Switzerland	0.199	0.1	7.9	32	Switzerland	0.626	0.2	0.6
	<b>Total</b>	<b>355.5</b>	<b>100</b>	<b>-4.4</b>		<b>Total</b>	<b>327.5</b>	<b>100</b>	<b>-8.9</b>

Source: Vietnamese Customs and General Statistics Office of Vietnam

<sup>1</sup> Change from the previous year in %

## ANNEX 4 – Bilateral trade: Switzerland – Vietnam

**2023 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>
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
2022	480.5	-0.5	1'869.8	9.3	-1'389.3	2'350,408	7.2
<b>2023 (Total 1)*</b>	<b>497.8</b>	<b>3.6</b>	<b>1'694.6</b>	<b>-9.4</b>	<b>-1'196.8</b>	<b>2'192,426</b>	<b>-6.7</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>2022 (% of total)</b>	<b>2023 (% of total)</b>
1. Chemical and pharmaceuticals	32.2	37.4
2. Machines, appliances, electronics	42.2	40.3
3. Precision instruments, clocks and watches	13.1	10.9
4. Forestry and Agriculture products, fisheries	2.4	3.1

<b>Main Swiss Imports</b>	<b>2022 (% of total)</b>	<b>2023 (% of total)</b>
1. Footwear, textiles, clothing	42.6	48.7
2. Machines, appliances, electronics	29	24.6
3. Forestry and agricultural products, fisheries	9.9	8.7
4. Leather, rubber, plastics	5.7	5.0

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:

### 2023 Bilateral Trade figures - according to Vietnamese Customs (figures in USD)

#### Swiss exports to Vietnam

	2023 (USD million)	Change (%)	Share in 2023
Machinery, equipment, tools	168.2	3.2	26.9
Pharmaceutical products	110.6	56.1	17.7
Computers, electronic devices and accessories	87.7	-9.2	14.0
Plastic products	25.4	-0.3	4.0
Chemical products	18.2	-44.1	2.9
Milk and dairy products	16.3	87.8	2.6
Precious stones, precious metals and products	11.9	-21.1	1.9
Chemical	10.4	-54.7	1.7
Iron and steel products	8.3	-7.0	1.3
Other food products	7.1	49.6	1.1
Fabric	6.4	28.6	1.0
Cosmetic and hygiene products	6.0	-7.9	1.0
Pharmaceutical raw materials	4.8	-25.5	0.8
Other goods	145.0	-6.4	23.1
<b>Total</b>	<b>626</b> <i>vs CHF 497.8 million according to Swiss data</i>	<b>0.6</b>	<b>100</b>

#### Swiss imports from Vietnam

	2023 (USD million)	Change (%)	Share in 2023
Gems, precious metals and products	38.5	...	19.4
Computers, electronic devices and accessories	37.8	-1.3	19.1
Footwear	31.7	-12.7	16.0
Aquaculture products	29.9	-3.5	15.1
Machineries, equipment, tools	12.4	-9.5	6.3
Textiles and garments	7.4	-37.6	3.7
Iron and steel products	7.2	-4.0	3.6
Wood and wooden products	7.7	4.0	4.1
Vegetables and fruits	4.3	18.5	2.2
Bags, wallets, suitcases, hats, umbrellas	3.8	-25.7	1.9
Plastic products	2.3	21.3	1.2
Other goods	23.2	-31.9	11.7
<b>Total</b>	<b>199</b> <i>vs. CHF 1.694 billion - according to Swiss figures</i>	<b>7.9</b>	<b>100</b>

## ANNEX 5 – Main investing countries

## MAIN INVESTING COUNTRIES IN VIETNAM in 2023

Rank	Country	Overall stock of FDI (USD million) up to 2023	Share (%)	Variation (stock %)	2023 inflows of FDI & FII* (USD million)
1	South Korea	85,865.80	18.31	6.04	4,400.94
3	Singapore	74,519.37	15.89	5.18	6,803.51
2	Japan	73,962.94	15.77	7.35	6,566.04
4	Taiwan	39,315.86	8.38	7.91	2,883.82
5	Hong Kong	34,124.02	7.27	15.7	4,684.04
6	China	27,479.06	5.86	17.6	4,470.89
7	British Virgin Islands	22,724.02	4.84	1.52	225.57
8	Netherlands	14,205.69	3.02	3.58	805.76
9	Thailand	14,054.61	2.99	7.3	879.50
10	Malaysia	13,106.89	2.79	0.35	442.19
11	The United States	11,826.73	2.52	3.60	626.32
12	Samoa	10,256.77	2.18	9.02	934.74
13	Cayman Islands	6,811.35	1.45	0.95	225.43
14	Canada	4,810.23	1.02	0.18	554.55
15	United Kingdom	4,250.91	0.90	1.33	72.01
16	France	3,835.87	0.81	1.89	89.83
17	Germany	2,683.75	0.57	13.16	366.25
18	Luxembourg	2,624.34	0.55	0.038	11.52
19	Seychelles	2,247.81	0.47	11.8	254.54
20	Australia	2,033.50	0.43	2.72	147.6
<b>22</b>	<b>Switzerland</b>	<b>1,92</b>	<b>0.40</b>	<b>0.58</b>	<b>44.54</b>
	<b>TOTAL</b>	<b>468'917.54</b>	<b>100%</b>		<b>36'607.63</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 2023). Foreign direct investments and more speculative financial investments are thus cumulated in this column.