



VIETNAM



POSITIVE NOTES ON VIETNAM'S ECONOMIC PERFORMANCE IN 2021



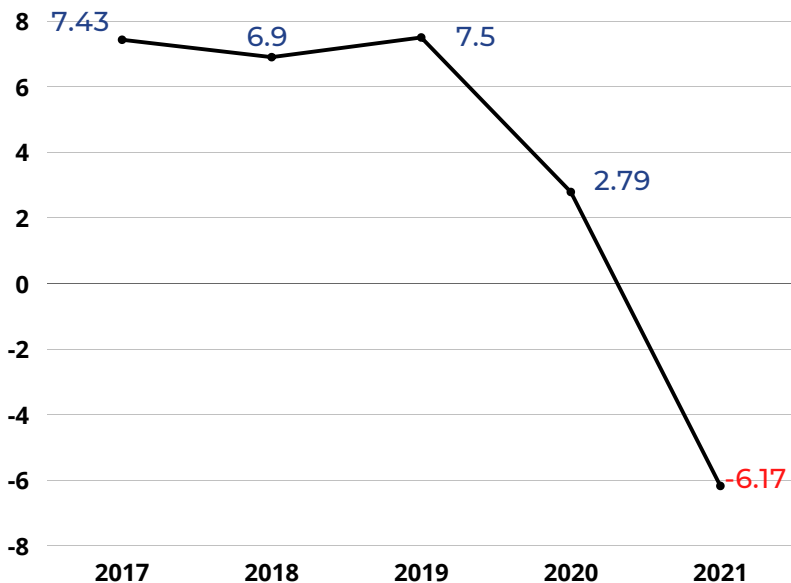


2021 has been a year with ups and downs for Vietnam's economy as the fourth outbreak of Covid-19 has swayed the economic developments of the country. Although the virus has followed a far more severe course than expected, the economy has sailed through the storm and outperformed expectations. In particular, GDP regained positive growth in the fourth quarter after a decline in the third quarter. Meanwhile, the country already reached its trade turnover target of 600 billion USD by Nov and attracted a significant amount of FDI capital. These indicators have proved the resilience of Vietnam's economy amid the coronavirus pandemic.

An unprecedented shock

Vietnam enters 2021 with a solid economic foundation. The last two years have witnessed the resilience of Vietnamese people in fighting against the virus, which was also proven in the first half of 2021. The country had a relatively strong GDP growth of 5.64%; increased exports, mostly in the tech sector; all of which was quite positive for Vietnam.

However, the ravages of the Covid-19 delta variant sent GDP plunging 6.17% in the third quarter, the worst performance since the government started tracking the figure. As manufacturing has been disrupted due to social distancing requirements, the supply chains have been broken, which leads to an extreme decrease in other industries. More than 60% of people have been impacted, or saw pay cuts or even lost their jobs in the third quarter. The economy is seen by policymakers only growing 2.5%-3%, far below the 6.5% expectations last year. The fourth wave of the epidemic, into a "strong blow", even according to experts, is a historic shock of the Vietnamese economy - the economy is promised to be Asia's rising star.



VIETNAM'S ECONOMIC DAMAGE DUE TO COVID 19

\$37 B

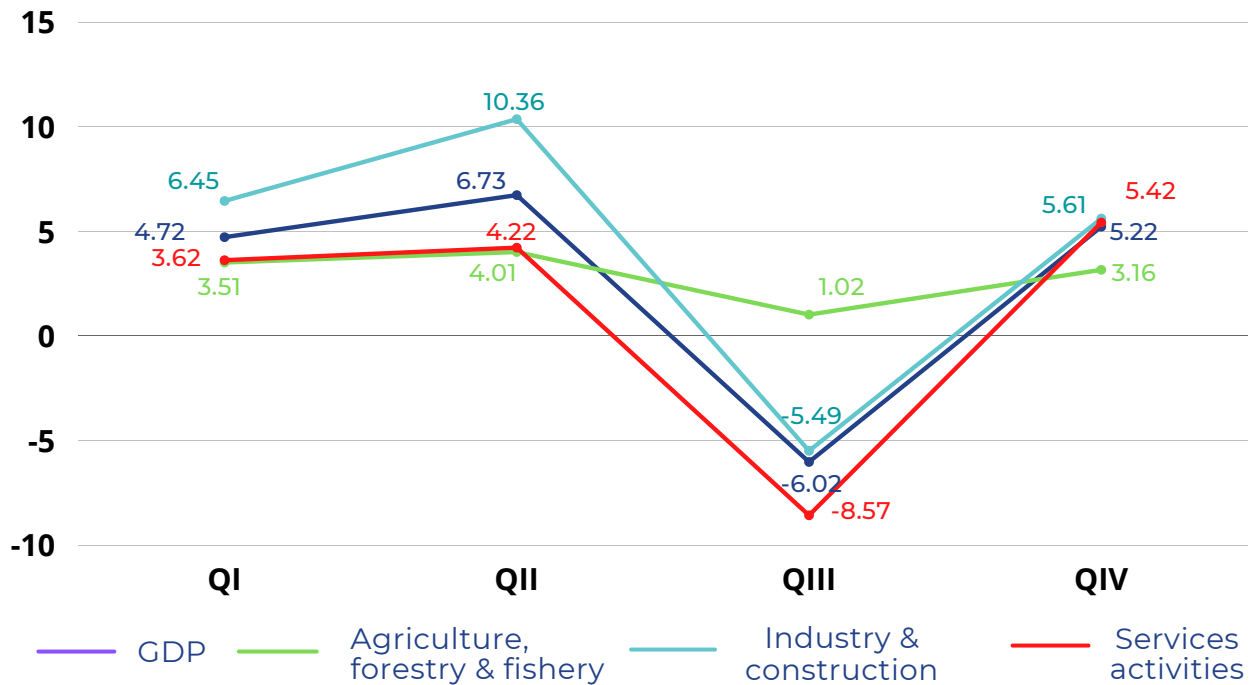
2020 AND 2021

GDP growth/decrease rate in the third quarter of the period 2017-2021



From rebound to recovery

It is estimated that GDP in 2021 will increase by 2.58% compared to the previous year because the Covid-19 epidemic has seriously affected all areas of the economy, especially in the third quarter of 2021, many key economic localities have to implement Prolonged social distancing to prevent disease. In the overall growth of the whole economy, the agriculture, forestry and fishery sector contributed 13.97% (up 2.9%); industry and construction, contributing 63.80% (up 4.05%); the service sector contributed 22.23% (up 1.22%).



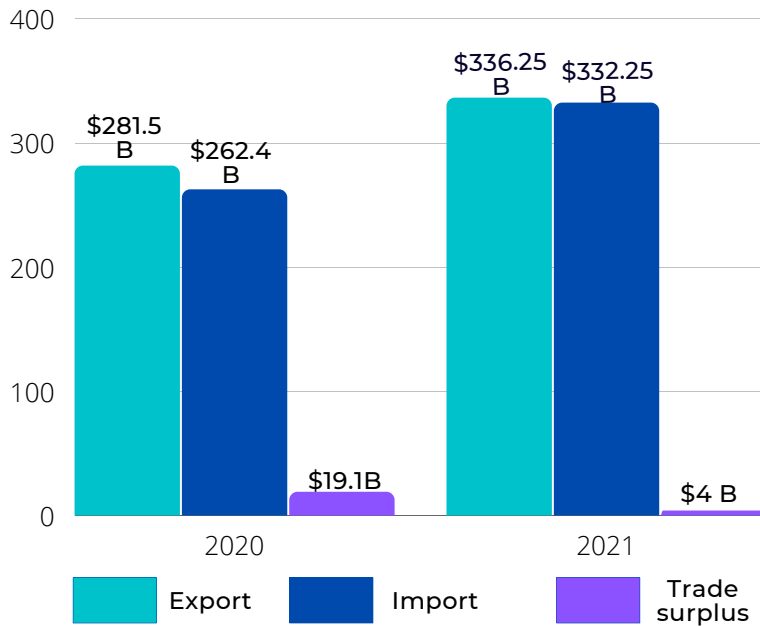
GDP growth/decrease rate in the quarters of 2021 (%)











Import-export activities - impressive reversal

Despite COVID-19 impacts, import and export activities have seen an impressive reversal, reaching a record of nearly 670 billion USD, an increase of nearly 23% compared to the previous year, securing a trade surplus for the sixth consecutive year, becoming a bright spot and putting Vietnam in the group of 20 leading international trade-in 2021



Key export products in 2021

-  Phones and accessories
\$57.5 B (up 12.4%)
-  Computers, electronic products and components
\$51.01B (up 14.4%)
-  Other machinery, equipment & tools
\$38.34 B (up 41%)
-  Textiles
\$32.71 B (+9.8%)
-  Footwear
\$17.65 B (up 4.9%)
-  Wood and wood products
\$14.8 B (up 19.7%)

Import-export activities - Vietnam's bright spot in 2021

Along with the increased diversity in export products that meet the market demands, Vietnamese firms have optimised free trade agreements (FTA), especially new-generation FTAs, to promote exports.

Many experts have also shown optimism about Vietnam’s exports in 2022 thanks to the global trade recovery, the effectiveness of the Regional Comprehensive Economic Partnership (RCEP) and reduced logistics costs. They asserted that Vietnam will maintain high growth in exports, which will be the major motivation for the country’s economic development in 2022.





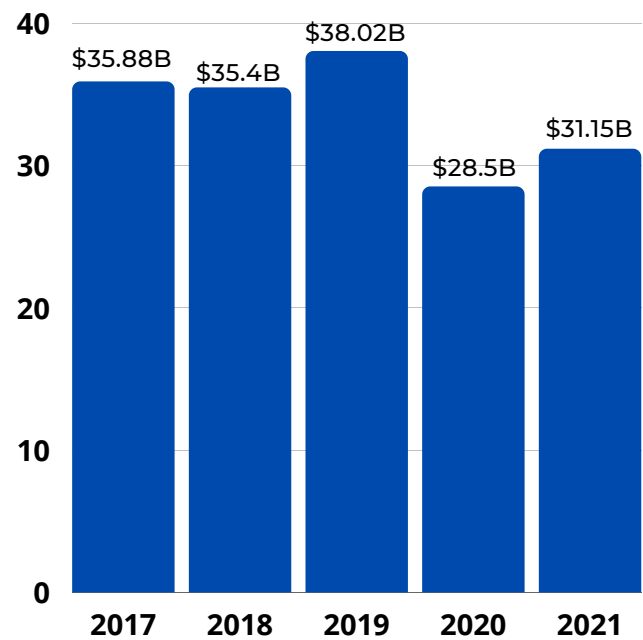
Vietnam remains an attractive investment destination

Despite mounting challenges during reopening, foreign companies are still looking to step up investment in Vietnam, encouraged by the long-term prospects of the country and its moves to create a friendlier business climate.

The totally new, adjusted capital and share purchases by foreign investors reached 31.15 billion USD as of December 20, up 9.2% annually. Specifically, as many as 1,738 projects received investment licenses with a total registered capital of over 15.2 billion USD, down 31.1% in volume but up 4.1% in value year-on-year. Other 985 projects registered additional capital of more than 9 billion USD, down 13.6% in volume but up 40.5% in value annually. Nearly 6.9 billion USD was recorded in share purchases.

Foreign investors have so far poured capital into 18 out of 21 Vietnamese economic sectors. The manufacturing and processing sector took the lead with over 18.1 billion USD in investment capital. It was followed by electricity production and distribution, real estate, wholesale and retail.

Among 106 countries and territories investing in Vietnam, Singapore ranked first with over 10.7 billion USD, equivalent to 34.4% of the total, ahead of the Republic of Korea (RoK) with around 5 billion USD and Japan nearly 3.9 billion USD.



Hai Phong surpassed the southern province of Long An in terms of FDI attraction with over 5.26 billion USD, making up 16.9% of the total registered capital and nearly tripling that in the same period last year. Long An came second with more than 3.84 billion USD and Ho Chi Minh City third with roughly 3.74 billion USD.

At the macro-level, the investment environment of Vietnam in the long term is prominent compared to other ASEAN major economies thanks to the political stability as well as comes from the country's special policies to facilitate production and technology development. The problems of 2021 do not mean that foreign investors will turn away. Viet Nam is still an attractive investment destination for foreign investors & 2022 is the right time for bold investment



Thank you for reading!

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