

FOCUS ON INTERNATIONAL TRADE

VIETNAM

THE SOCIALIST REPUBLIC OF VIET NAM

Location	The Socialist Republic of Viet Nam is situated in South East Asia, bordered to the north by the People's Republic of China, to the west by Laos and Cambodia, and to the east and south by the South China Sea.
Size	329,560 sq. km. (127,123 sq. miles). Land: 325,360 sq. km. and water: 4,200 sq. km.
Geographic coordinates	16 ^o north of the Equator and 106 ^o east of the Prime Meridian.
Geographic note	Extending 1,650 km north to south, the country is only 50 km across at its narrowest point.
Land boundaries	Total: 4,639 km; border countries: Cambodia 1,228 km, China 1,281 km, and Laos 2,130 km.
Land use	Arable land: 20.14%, permanent crops: 6.93% and other: 72.93% as on 2005.
Irrigated land	30,000 sq. km.
Coastline	3,444 km (excludes islands).
Maritime claims	Territorial sea: 12 nm, contiguous zone: 24 nm, exclusive economic zone: 200 nm and continental shelf: 200 nm or to the edge of the continental margin.
Elevation extreme	Lowest point: South China Sea 0 m and highest point: Fan Si Pan 3,144 m.
Population	104,799,174 in July 2023*.
Population Density	315 Per sq. km. 2022*.
Population Growth Rate	0.93% in 2023*.
Life expectancy	Total population: 75.79 years; male: 73.22 years and female: 78.62 years as estimated for 2023.
Birth rate	15.29births/1,000 population estimated for 2023.*
Death rate	5.77 deaths/1,000 population estimated for 2023.*
Net migration rate	-0.21 migrant(s)/1,000 population estimated for 2023.*
Literacy	Total population:95.8%; male 97% and female: 94.6%.(2019)*
Capital City	Hanoi
Other Large Cities	Ho Chi Minh City, Haiphong, Da Nang, Can Tho, Nha Trang, Hue, Nam Dinh, Long Xuyen, Qui Nhon, Thai Nguyen, Vung Tau, Hong Gai, Cam Pha, Viet Tri etc.
Religion	The principal religion is Buddhism. There are also Daoist, Confucian, Hoa Hao, Cao daist and Christian Minorities.
Language	The official language is Vietnamese. Chinese, French and Khmer are also spoken.
Climate	The climate is humid during both the hot summer and the relatively cold winter, and there are monsoon rains in both seasons. Temperatures in Hanoi are generally between 13 ^o C (55 ^o F) and 33 ^o C (91 ^o F).
International Relations	Vietnam is a Member of the UN, Asian Development Bank, APEC, the Mekong Group, ASEAN and the International Organization of the Francophonie.
Internet domain	.vn
International dialing code	+84
Currency	The unit of currency is the <i>dong</i> (VND).

***Estimated Figure**

NATIONAL ECONOMY

Vietnam entered the pandemic with robust economic growth and sound fundamentals. Prudent policies resulted in a prolonged period of high growth, price stability, and low public debt ratios. Strong FDI and trade flows boosted external buffers while banks entered the pandemic in a relatively strong position.

As elsewhere, COVID-19 led to disruptions to economic activity. In 2020, successful containment measures coupled with supportive policies made Vietnam the regional top-performing economy. A severe outbreak in April 2021 led to a historical contraction in economic activity in 2021Q3. However, a remarkable vaccination rollout facilitated the shift from a zero-tolerance strategy towards living with the virus. Policy support helped cushion the impact of COVID-19, while the government successfully maintained fiscal, external, and financial stability. Real GDP grew by 2.6 percent in 2021, slower than in 2020, owing to more protracted lockdowns and local supply disruptions. Vietnam's external position in 2021 was assessed to be stronger than warranted by fundamentals.

A recovery is underway and high frequency indicators point to stronger momentum going into 2022, with rising retail sales, industrial production, and firm entry. Growth is expected to reach 6 percent in 2022 as activity normalization continues and the PRD is implemented. However, the recovery of the labor market is lagging as underemployment remains high. While inflation has recently picked up, due to rising commodity prices and supply-chain disruptions, it remains well below the central bank's inflation ceiling, given economic slack and relatively stable food and administered prices. Fiscal policy is expected to remain supportive, especially via the deployment of the Program for Recovery and Development (PRD). Monetary policy is expected to remain vigilant to inflationary risks. Risks associated with problem loans, real estate, and corporate bond markets should be closely monitored, and macro prudential frameworks strengthened.

Executive Board Assessment

In the course of Article IV consultation between the IMF and Viet Nam, Directors of IMF commended the authorities for adopting policies to cushion the impact of the pandemic while successfully maintaining fiscal, external, and financial stability, as well as for the impressive vaccination rollout. Directors observed that while a strong economic recovery is underway, it remains uneven, with the labor market lagging, rising financial sector vulnerabilities, and longstanding structural challenges. Noting that risks are to the downside, they called for agile policymaking, proactively adjusted to the pace of the recovery and evolution of risks.

Directors underscored the need for fiscal policy to take the lead and be flexibly adjusted to evolving economic conditions. They welcomed the Program for Recovery and Development and emphasized the importance of targeting, spending efficiency, and steadfast implementation. They encouraged a gradual fiscal adjustment when the recovery becomes more entrenched, with the focus on revenue mobilization to create space for spending on social, climate, and other development objectives.

Directors stressed the need for monetary policy to be nimble and vigilant of inflationary risks. They also emphasized the importance of addressing problem loans, normalizing regulatory forbearance in a timely fashion, and closely monitoring real estate sector risks. Directors noted that over the medium term, bank capital positions need to be strengthened, and the macro prudential and private debt restructuring frameworks enhanced.

Directors remarked that Vietnam's external position is stronger than warranted by fundamentals and desirable policies. In this regard, they called for continued efforts to boost domestic private investment and enhance social safety nets. Directors welcomed recent steps towards greater exchange rate flexibility and monetary policy modernization and encouraged continued efforts in this direction.

Directors stressed the importance of structural reforms to improve the business environment, enhance productivity, and boost potential growth. They concurred that priority should be given to reducing labor skill-mismatches, promoting digital transformation, and ensuring a level playing field, particularly for SMEs. Directors also praised Vietnam's ambitious environmental agenda and urged the

translation of targets into concrete policy actions. They welcomed continued efforts to improve economic institutions and strengthen governance, including the AML-CFT framework, and underscored the importance of strengthening data frameworks.

Table 1. Vietnam: Selected Economic Indicators, 2018–23 1/

	2018	2019	2020	2021	Projections	
					2022	2023
Output						
Real GDP (percent change)	7.2	7.2	2.9	2.6	6.0	7.2
Output Gap (percent of GDP)	-0.3	1.2	-0.3	-2.4	-2.1	-1.2
Prices (percent change)						
CPI (period average)	3.5	2.8	3.2	1.9	3.8	3.7
CPI (end of period)	3.0	5.2	0.2	1.8	3.9	3.5
Core inflation (end of period)	1.7	2.8	1.0	0.8	2.3	2.6
Saving and investment (in percent of GDP)						
Gross national saving	33.8	35.5	36.5	32.3	36.1	37.0
Private	30.0	31.2	34.5	29.6	35.6	36.5
Public	3.8	4.3	2.0	2.7	0.5	0.6
Gross investment	31.9	31.8	32.1	33.4	35.4	35.7
Private	26.4	26.4	25.3	27.4	29.3	29.5
Public	5.5	5.4	6.7	6.0	6.1	6.2
State budget finances (in percent of GDP) 2/						
Revenue and grants	19.5	19.6	18.5	18.6	16.7	16.8
<i>Of which:</i> Oil revenue	0.9	0.7	0.6	0.5	0.7	0.5
Expenditure	20.6	20.0	22.4	22.1	21.3	21.4
Interest expense						
Expense	15.1	14.6	15.7	16.1	15.2	15.2
Net acquisition of nonfinancial assets	5.5	5.4	6.7	6.0	6.1	6.2
Net lending (+)/borrowing(-) (gross) 1/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending (+)/borrowing(-) 3/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending /borrowing including EBFs	0.4	0.3	-2.8	-2.5	-3.8	-3.9
Public and publicly guaranteed debt (end of period)	43.7	41.3	41.7	39.7	40.5	40.8
Money and credit (percent change, end of period)						
Broad money (M2)	12.4	14.8	14.5	10.7	11.3	13.0
Credit to the economy	12.7	12.8	11.6	13.5	14.6	14.3
Balance of payments (in percent of GDP, unless otherwise indicated)						
Current account balance (including official transfers)	1.9	3.7	4.4	-1.0	0.7	1.3
Exports f.o.b.	80.4	80.6	82.4	91.8	92.9	91.5
Imports f.o.b.	74.9	74.1	73.5	87.0	86.3	84.0
Capital and financial account 4/	2.8	5.8	2.5	8.4	3.2	3.2
Gross international reserves (in billions of U.S. dollars) 5/	55.3	78.5	95.2	109.4	125.5	146.6
In months of prospective GNFS imports	2.5	3.5	3.4	3.5	3.6	3.8
Total external debt (end of period)	36.5	37.3	36.4	36.1	35.3	34.8
Nominal exchange rate (dong/U.S. dollar, end of period)	23,175	23,173	23,098	22,792

Real effective exchange rate (end of period)	127.5	129.4	124.3
Memorandum items (current prices):						
GDP (in billions of U.S. dollars)	303.1	327.9	342.9	366.2	408.4	462.4
Per capita GDP (in U.S. dollars)	3,202	3,398	3,514	3,718	4,108	4,611
Sources: Vietnamese authorities; and IMF staff estimates and projections. 1/ GDP was revised upwards by 25.4 percent on average over 2010–17 owing to better measurement and coverage of formal businesses. 2/ Follows the format of the <i>Government Finance Statistics Manual 2001</i> . Large EBFs are outside the state budget but inside the general government (revenue amounting to 6-7 percent of GDP). 3/ Excludes net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security. 4/ Incorporates a projection for negative errors and omissions going forward (i.e. unrecorded imports and short-term capital outflows). 5/ Excludes government deposits.						

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Vietnam July 5, 2022.

FOREIGN TRADE

Vietnam’s total exports in 2016 were of the order of US\$ 176,581 million. It increased to US\$ 282,529 million in 2020. Exports during the period from 2016 to 2020, in terms of percentage, grew highest (21.82%) in 2017 and lowest (6.88%) in 2020 in comparison with 2016 and 2019 respectively. The annual average compound growth rate worked out at 12.47%.

Imports, on the other hand, were of the order of US\$ 262,673 million in 2020 while in 2016 it was US\$ 174,978 million. Imports during the period from 2016 to 2020, in terms of percentage, grew highest (21.85%) in 2017 and lowest (3.38%) in 2020 as compared to 2016 and 2019 respectively. The annual average compound growth rate worked out at 10.69%.

Volume of trade registered an annual average (compound) growth rate of 11.59% from US\$ 351,559 million in 2016 to US\$ 545,202 million in 2020.

Vietnam enjoyed a surplus balance of payment during the period 2016 to 2020.

Vietnam’s export and import, volume and balance of trade between 2016 and 2020 along with their growth rates are given in **Table-I**.

BILATERAL TRADE WITH INDIA

Indo-Vietnam bilateral trade in 2018-19 was of the order of Rs.95,696.07 crores. It increased to Rs.117,772.46 crores in 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 was 5.33%. India faced a deficit balance of trade during the said period (**see table II**). The average annual compound growth rates of exports and imports worked out at 1.16% and 8.71% respectively.

India’s exports to, and imports from Vietnam of Merchandise Goods between 2018-19 and 2022-23 with their growth rates are presented in **Table II**.

India’s top ten merchandise goods exported to and imported from Vietnam during 2018-19 to 2022-23, along with their growth rates are depicted in **Table III & IV** respectively.

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Source

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,
BBC News, the World Fact Book, World Development Indicator, MEA,
wikipedia.org, expresstextile.com, VisaHQ, Embassy of India in Vietnam,
Foreign Trade Performance Analysis and D.G.C.I & S etc.**

"NOTICE"

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TABLE - I**VIETNAM'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE****BETWEEN 2016 TO 2020.**

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2016	176581		174978		3,51,559		1603
2017	215119	21.82	213215	21.85	4,28,334	21.84	1904
2018	243699	13.29	236869	11.09	4,80,568	12.19	6830
2019	264341	8.47	254093	7.27	5,18,434	7.88	10248
2020	282529	6.88	262673	3.38	5,45,202	5.16	19856
Annual Compound Growth Rate	12.47		10.69		11.59		
NOTE	: Figures relate to calendar year, January to December.						
SOURCE	: UN COMTRADE PUBLICATION						

TABLE - II**INDIA'S EXPORT TO AND IMPORT FROM VIETNAM OF MERCHANDISE
GOODS DURING 2018-2019 TO 2022-2023**

(Value in Rs. CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	45410.27		50285.80		95696.07		-4875.53
2019-20	35851.36	-21.05	51490.60	2.40	87341.96	-8.73	-15639.24
2020-21	37035.42	3.30	45253.75	-12.11	82289.17	-5.79	-8218.33
2021-22	49938.23	34.84	55532.21	22.71	105470.44	28.17	-5593.98
2022-23	47544.91	-4.79	70227.55	26.46	117772.46	11.66	-22682.64
Annual Compound Growth Rate	1.16		8.71		5.33		
NOTE :	Figures relate to Financial Year April to March.						
SOURCE :	Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata 700 107.						

TABLE -III**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO VIETNAM****2018-2019 TO 2022-2023 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Iron & Steel	3410.70	7795.01	7684.78	10958.20	4775.98	128.55	-1.41	42.60	-56.42
	Share in total export	7.51	21.74	20.75	21.94	10.05				
2	Buffalo Meat	11850.80	7563.07	2996.77	3636.76	4086.27	-36.18	-60.38	21.36	12.36
	Share in total export	26.10	21.10	8.09	7.28	8.59				
3	Marine Products	7113.72	2203.49	2264.32	2328.16	3952.43	-69.02	2.76	2.82	69.77
	Share in total export	15.67	6.15	6.11	4.66	8.31				
4	Oil Meals	981.50	448.53	1154.38	878.62	3137.41	-54.30	157.37	-23.89	257.08
	Share in total export	2.16	1.25	3.12	1.76	6.60				
5	Auto Components	1191.90	1347.84	1821.29	1769.43	2333.29	13.08	35.13	-2.85	31.87
	Share in total export	2.62	3.76	4.92	3.54	4.91				
6	Aluminium, Products Of Aluminium	212.49	309.75	699.48	2131.90	2288.47	45.77	125.82	204.78	7.34
	Share in total export	0.47	0.86	1.89	4.27	4.81				
7	Other Cereals	126.94	8.23	880.13	2313.94	2259.26	-93.52	10594.17	162.91	-2.36
	Share in total export	0.28	0.02	2.38	4.63	4.75				
8	Gritit, Natrl. Stones And Products	918.43	1039.48	1144.24	1377.72	1737.58	13.18	10.08	20.40	26.12
	Share in total export	2.02	2.90	3.09	2.76	3.65				
9	Groundnut	269.19	1060.84	1129.36	508.20	1645.76	294.09	6.46	-55.00	223.84
	Share in total export	0.59	2.96	3.05	1.02	3.46				
10	Rice (Other Than Basmati)	14.67	5.56	658.43	1719.48	1618.22	-62.10	11742.27	161.15	-5.89
	Share in total export	0.03	0.02	1.78	3.44	3.40				
	Total export to VIETNAM	45410.27	35851.36	37035.42	49938.33	47544.91	-21.05	3.30	34.84	-4.79

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM VIETNAM****2018-2019 TO 2022-2023 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Telecom Instruments	11759.28	18327.84	15951.14	13519.99	10354.74	55.86	-12.97	-15.24	-23.41
	Share in total imports	0.00	35.59	35.25	24.35	14.74				
2	Consumer Electronic	4390.32	4433.25	3646.83	3969.86	8556.88	0.98	-17.74	8.86	115.55
	Share in total imports	8.73	8.61	8.06	7.15	12.18				
3	Copper & Products Made Of Copper	3414.68	3163.66	2058.71	3003.79	5176.63	-7.35	-34.93	45.91	72.34
	Share in total imports.	6.79	6.14	4.55	5.41	7.37				
4	Comp. Harware, Peripheral	1624.62	1948.60	2125.77	2745.24	3947.05	19.94	9.09	29.14	43.78
	Share in total import	3.23	3.78	4.70	4.94	5.62				
5	Electronic Components	924.86	1352.70	1011.72	1746.96	3842.70	46.26	-25.21	72.67	119.96
	Share in total import	1.84	2.63	2.24	3.15	5.47				
6	Electronic Instruments	1347.67	2117.38	1996.10	2162.02	3560.88	57.11	-5.73	8.31	64.70
	Share in total import	2.68	4.11	4.41	3.89	5.07				
7	Iron And Steel	1605.43	747.93	1176.16	1193.00	2916.45	-53.41	57.26	1.43	144.46
	Share in total import	3.19	1.45	2.60	2.15	4.15				
8	Inorganic Chemicals	1387.74	1173.15	1253.44	2300.16	2640.59	-15.46	6.84	83.51	14.80
	Share in total import	2.76	2.28	2.77	4.14	3.76				
9	Processed Minerals	2335.62	1311.62	929.52	2289.34	2396.04	-43.84	-29.13	146.29	4.66
	Share in total import	4.64	2.55	2.05	4.12	3.41				
10	Products Of Iron And Steel	1549.50	1611.69	1482.53	1801.40	1851.69	4.01	-8.01	21.51	2.79
	Share in total import	3.08	3.13	3.28	3.24	2.64				
	Total import from VIETNAM	50285.80	51490.60	45253.75	55532.21	70227.55	2.40	-12.11	22.71	26.46

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.