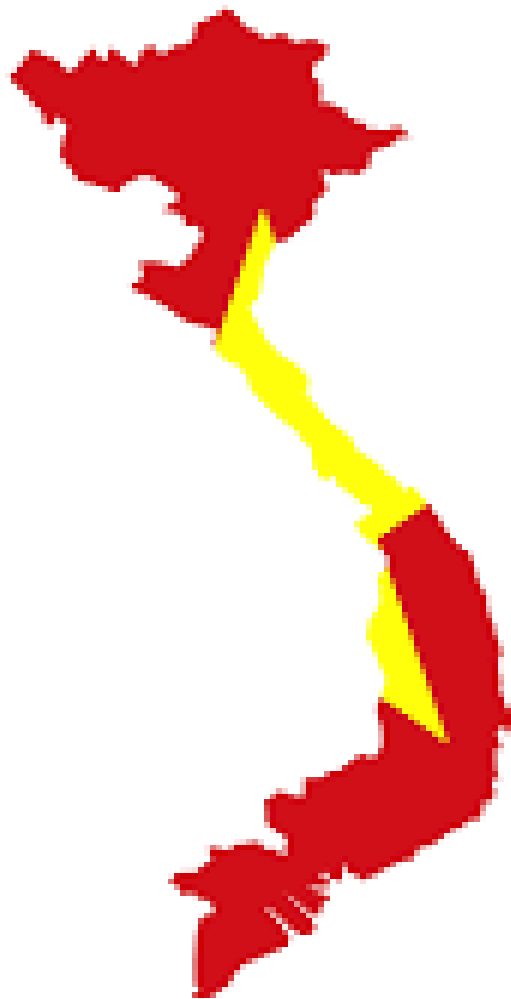




## **Vietnam- India Investment and Trade** **ReadyReckoner**



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## **About Vietnam**

Vietnam is at the crossroads of the Pacific Ocean and the Indian Ocean. With an approx. area of 330,967 sq.kms, Vietnam is roughly size of Italy or Mexico. The country population is to be estimated of 98 million as of 2019 making it 15th most populous country in the world Vietnam shares its land borders with China, Laos and Cambodia It shares its maritime borders with Thailand through the Gulf of Thailand, and the Philippines, Indonesia and Malaysia through the South China Sea. Its capital city is Hanoi, and its most populous city is Ho Chi Minh City, also known by its former name of Saigon. The average age in Vietnam is 32.5 years and 70% of Vietnamese have access to Internet. The total number of airports is 33 including 10 international airports. Vietnam has more than 300 ports but main ports are Ho Chi Minh City, Hai Phong, Danang and Qui Nhon. Vietnam has one of the most competitive corporate tax rates of 20%

## **Doi Moi Model**

Just 36 years ago, Vietnam was one of the poorest nations in the world and suffered a lot during the 20 yearlong war, which ended in 1975. By 1980s, the per capita GDP was \$ 200-300 and country's GDP was around USD 19 billion. The communist party of Vietnam had introduced an economic reform "**Đổi Mới**" (Renew/Renovation) in 1986 with the objective to create a Socialist oriented market economy and since then the country has never looked back. Vietnam's burgeoning economy has a plethora of opportunities and country's robust manufacturing sector is compelling for companies to exit China and set up base in Vietnam.

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## Vietnam is part of important international forums

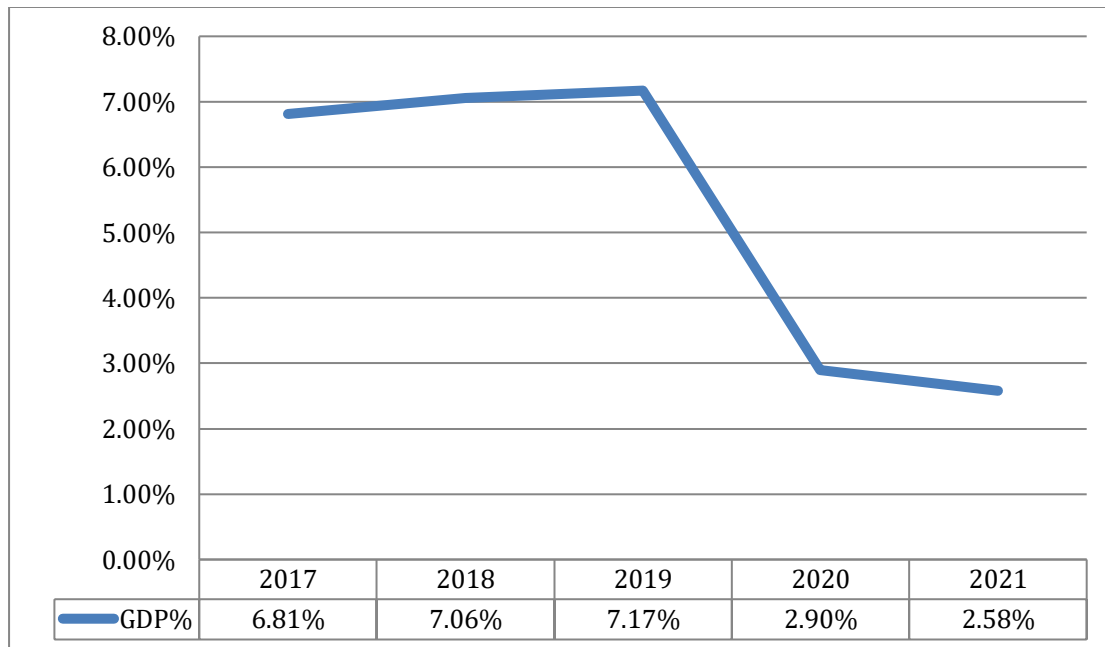
- World Trade Organisation (WTO)
- Association of Southeast Asian Nations (ASEAN)
- World Health Organization (WHO)
- United Nation (UN)
- International Monetary Fund (IMF)
- The World Bank
- Asian Development Bank (ADB)

### Basic Economic Data Vietnam

Particulars	USD
GDP (Nominal) (2020)	271 Billion
GDP (PPP) (2020)	840 Billion
GDP % (2021)	2.58%
GDP Per Capita (Nominal) 2020	2785
FDI 2021	31.15 Billion *
Top FDI Countries	Japan, S.Korea, Singapore, Taiwan, Hong Kong
Top FDI Sectors	Processing & Manufacturing, Real Estate and Retail
Trade Balance 2021	4 Billion Surplus
Imports 2021	336 Billion
Exports 2021	332 Billion

- FDI: Newly registered, Adjusted and paid in capital for share purchase by Foreign investors

## Vietnam GDP (Nominal) Growth Last five Years (2017-2021)



## Vietnam Free Trade Agreements

Vietnam has signed more than 14 free trade agreements (FTAs) with various countries and association making Vietnam one of the lucrative destinations for investors.

- ASEAN FTA (AFTA)
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP)
- Europe-Vietnam FTA (EVFTA)
- ASEAN-China FTA (ACFTA)
- ASEAN-Korea FTA (AKFTA)
- ASEAN-India FTA (AIFTA)
- ASEAN-Japan (AJCEP)
- Vietnam-Japan (VJEPA)

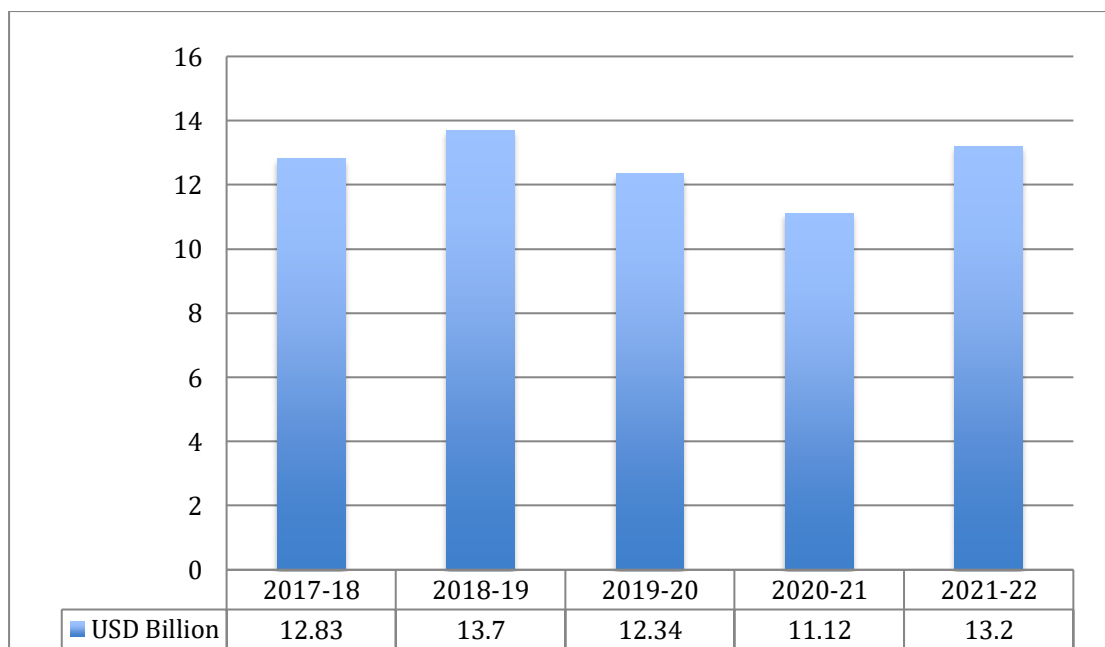
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- ASEAN-Australia-New Zealand FTA (AANZFTA)
- Vietnam-Chile FTA (VCFTA)
- Vietnam-Korea FTA (VKFTA)
- Vietnam –Eurasian Economic Union FTA (VEEUFTA)
- ASEAN- Hong Kong, China FTA (AHKFTA)
- Regional Comprehensive Economic Partnership (RCEP)
- Vietnam-Israel FTA (VIFTA) In negotiation

## **India- Vietnam Investment/Trade Relation**

The bilateral trade between both the countries has been growing every year and has reached USD 13.2 billion in 2021. Vietnam recorded import of USD 6.95 billion and export of USD 6.25 billion in 2021.

### **Last Five Years Bilateral Trade (2017-18 to 2021-22)**



- India is 26<sup>th</sup> largest country in terms of Investment into Vietnam with investment figure of USD 1.90 billion during FY 2020-21
- India is 10<sup>th</sup> largest trading partner of Vietnam during FY 2020-21
- Vietnam is 15<sup>th</sup> largest trading partner of India during FY 2020-21
- Vietnam is also 4<sup>th</sup> largest trading partner of India within ASEAN, following Singapore, Indonesia and Malaysia
- Vietnam also have meagre investment of USD 28.55 million in India

### **Indian Investments in Provinces as of May 2021\***

<b>Provinces</b>	<b>Projects</b>	<b>FDI</b>
Ninh Thuan	4	195,10
Phu Yen	8	189,64
Binh Duong	10	116,26
Ho Chi Minh City	166	81,57
Nghe An	5	42,08
Long An	8	30,36
Phu-Tho	1	30,01
Yen Bai	6	25,35
Dong Nai	2	20,60
Tay Ninh	4	14,64
Others	87	163,54
<b>Total</b>	<b>301</b>	<b>909,14</b>

\*Source: Foreign Investment Agency



## **Key Exports from India to Vietnam 2020-21**

- Iron and Steel
- Cotton
- Frozen Meat
- Auto Component
- Seafoods
- Electrical Machinery & Equipments
- Animal Feeds
- Pharmaceutical Products

## **Key Imports from Vietnam to India 2020-21**

- Electrical Machinery & Equipments
- Mobile phones and computers
- Chemicals
- Metals
- Rubber products
- Agro based commodities
- Coffee

## **Main Sectors in Vietnam with Indian Investments**

- Coffee
- Information Technology
- Manufacturing
- Agro Processing
- Mineral Exploration
- Sugar
- Auto components

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## **Major Indian Companies in Vietnam**

- HCL
- TATA
- Marico
- Wipro
- Bank Of India
- Godrej
- ONGC
- KCP
- R K Marble

## **Types of Legal Entities**

The most common types of legal entities in Vietnam are:

- Limited liability company.
- Joint stock company.
- Incorporated partnership.
- Representative office

## **Why To Invest Into Vietnam**

- Ideal Proximity To Other Markets like ASEAN which has population of approx. 600 million
- Stable Government provide conducive environment to do business
- Abundant human resources with high literacy rate. Approx. 95% of the population are literate

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- Offers massive middle class population which open a potential market for any consumer business
- Low labour cost is one of the main benefit of having business in Vietnam
- Vietnam has sounding physical infrastructure consisting of roads, railway, ports and airports. Country has 33 commercial airports and 10 of them are international airports.
- There are several organized Industrial parks across the country. One of the biggest advantages of Industrial parks is close proximity form the Sea Ports. On an average, it takes just half day to transport goods to the ports.
- To entice foreign companies, Vietnam set it's standard corporate income tax rate to 20% which is one of the competitive in the region
- Vietnam also has robust credit ratings (2021)
  - Moody's rated Ba3 (Stable Outlook)
  - Fitch rated BB (Stable From Positive)
  - Standard and Poor's rated BB (Stable Outlook)

**\*We have taken all the data/figures from the government/media sources. We will update all the data/figures every quarter.**

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