

News Recap

November 2023



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1. VIETNAM TARGETS ECONOMIC GROWTH OF 6.0 - 6.5% FOR 2024

At the 6th National Assembly session, the Government decided the growth rate target in 2024 to be from 6.0 - 6.5%, which raised concerns about feasibility among some lawmakers. However, according to the NA Economic Committee, the figure is set out based on the assessment of three growth drivers: investment, export and consumption. While public investment and FDI attraction will continue to be promoted, for exports and consumption, signs of recovery have gradually emerged.

Selected economic indicators target for 2024

GDP Growth	6.0 - 6.5%
GDP per capita	USD4,700 - 4,730
CPI increase on average	4.0 - 4.5%
Manufacturing sector contribution to GDP	24.1 - 24.2%

[Source: Vietnamnews]



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2. VIETNAM'S FDI INFLOWS CONTINUE POSITIVE MOMENTUM

According to the Ministry of Planning and Investment, as of November 2023, total FDI capital reached USD28.85 billion, an increase of 14.8% over the same period last year. Of the total investment capital, disbursed capital reached USD20.25 billion, a record number in the period 2018 - 2023. Data also show that there are 2,865 new projects granted with the Investment Registration Certificate, up 58.1% over the same period in 2022.

These positive figures are the result of the effort to improve and stabilize Vietnam's investment environment, particularly in terms of administrative procedures. Meanwhile, the recent upgrade of Vietnam's comprehensive strategic partnership with the United States and Japan is expected to open a new wave of investments in Vietnam.

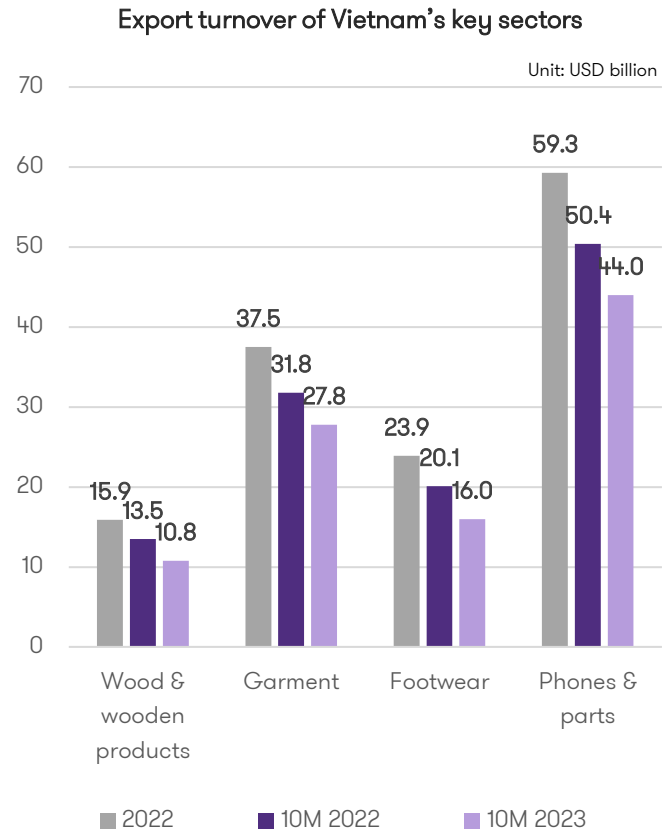
[Source: Vietnamnews]



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3. EXPORT TURNOVER OF KEY SECTORS EXPECT TO FALL SHORT OF 2022 FIGURES

According to the latest data from the Ministry of Industry and Trade, several key products of Vietnam in the first 10 months of 2023 recorded a significant decrease in export turnover compared to the same period last year. With only 2 months remaining for this year, industry experts are not too optimistic that the export turnover of Vietnam’s key sectors in 2023 can surpass 2022 results.

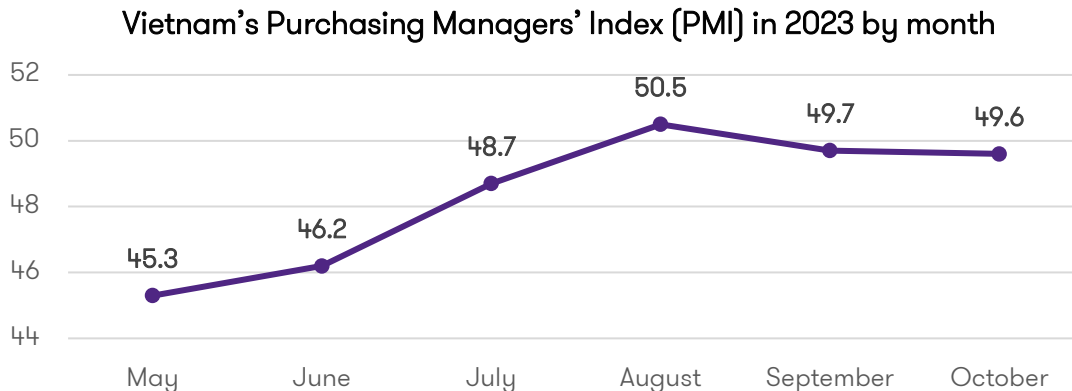


(Source: Ministry of Industry and Trade, VietNamNet)



4. VIETNAM'S PMI IN NOVEMBER SAW A MARGINAL DECLINE

As reported by S&P Global, the Purchasing Managers' Index (PMI) of Vietnam's manufacturing sector remained below the 50-point threshold in October, dropping from 49.7 points in September to 49.6 points. According to the report, despite the improvement in orders, the sector's health remains weak due to rising input costs and falling outputs as companies clear inventory in response to demand instead of increasing production.



(Source: S&P Global)



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5. THE GOVERNMENT RATIFIED RESOLUTION TO EXTEND VAT REDUCTION UNTIL MID-2024

The Vietnamese National Assembly has officially ratified the Resolution on reducing value-added tax (VAT) by 2% from January 1, 2024 to June 30, 2024. The Ministry of Finance estimates that the 2% VAT reduction policy will reduce the State's budget revenue by about VND25,000 billion.

It is estimated that the 2% VAT reduction policy provided support of VND11,700 billion after 3 months of implementation (from July 2023 to September 2023), contributing to reducing the prices of goods and services, stimulating consumer demand, and promoting production and business activities.

[Source: Voice of Vietnam]



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6. VIETNAM BECAME THE EU'S LARGEST TRADING PARTNER IN ASEAN

According to Eurostat, Vietnam has surpassed Singapore to become the EU's largest trading partner in ASEAN and ranks 11th among the largest goods suppliers to the EU in 2022. With the impact of the EVFTA, bilateral imports and exports between Vietnam and the EU in 2022 reached USD62.24 billion, an increase of 9.2% compared to 2021.

Currently, the EVFTA offers a great competitive advantage for Vietnam as Vietnam is one of the only two ASEAN countries and one of the four Asian countries having FTAs with the EU. Promoting trade with the EU not only helps businesses in Vietnam expand their markets but also creates motivation for businesses to transform themselves to meet the inevitable trend of green production and consumption.

[Source: VietnamPlus]



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7. NORTHERN INDUSTRIAL PROPERTY IS SOUGHT AFTER BY CHINESE INVESTORS

According to Savills Vietnam, Northern industrial parks (IPs) are attracting Chinese investors, especially renewable energy companies. Savills Vietnam representative explained that the region is geographically closer to China, facilitating more transportations of materials and production lines. Besides, industrial land prices in the North are more competitive than in the South, making IPs in the North more attractive to investors.

Savills Vietnam also reports some of the largest Chinese projects in Vietnam in 2023, mostly concentrating in the North, such as USD500 million project from Shandong HaoHua Tire in Binh Phuoc; USD140 million project from Hainan Longi Green Energy in Bac Giang, and USD55 million project from Xiamen Sunrise Group in Quang Ninh province.

(Source: Savills Vietnam)



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8. VIETNAM TO APPLY GLOBAL MINIMUM TAX FROM 2024

The Vietnamese National Assembly recently approved the Resolution on applying the OECD's global minimum tax rate. Accordingly, Vietnam will impose the tax rate of 15% from January 1, 2024. The state budget is estimated to have a revenue of more than VND14,600 billion from 122 foreign investment corporations in Vietnam that are subject to this tax.

The Government is still working on specific incentive plans in 2024. One of the currently developing policies is to establish an investment support fund from global minimum tax revenue and other legal sources. This policy aims to stabilize the investment environment and attract strategic investors, especially multinational corporations and domestic businesses in several prioritised sectors.

[Source: TheInvestor]



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