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# VIETNAM'S ECONOMY

## 2024 STATUS AND 2025 OUTLOOK

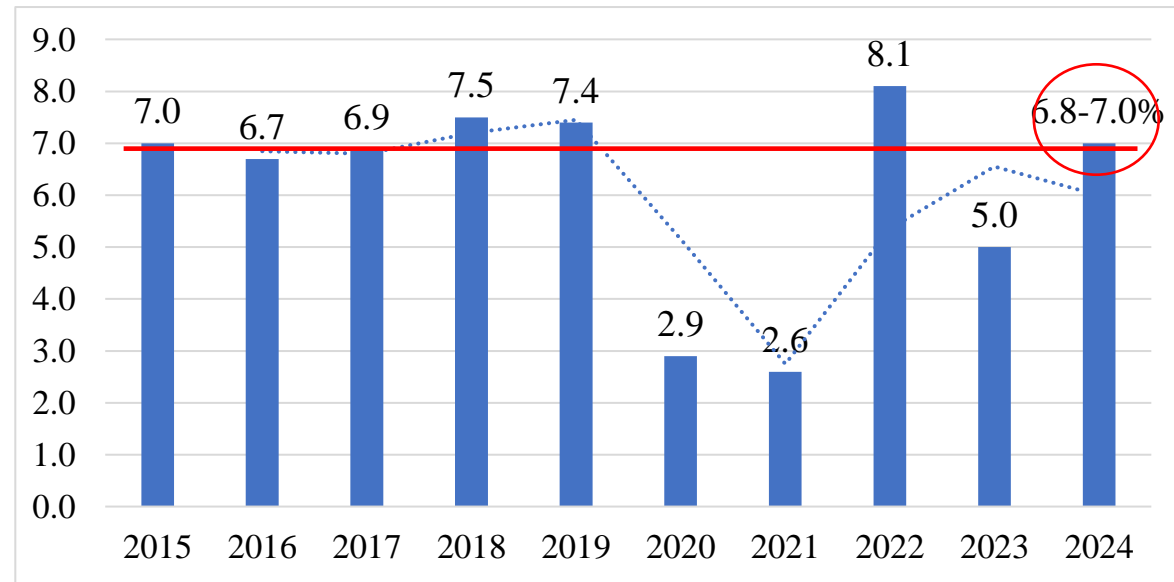
**Dr. Nguyen Huu Tho**

Director, Department of Economic Analysis and Forecast  
Central Institute for Economic Management (CIEM)

# KEY ACHIEVEMENTS - 2024

**Regaining growth momentum**  
*similar to the pre-Covid-19 period*

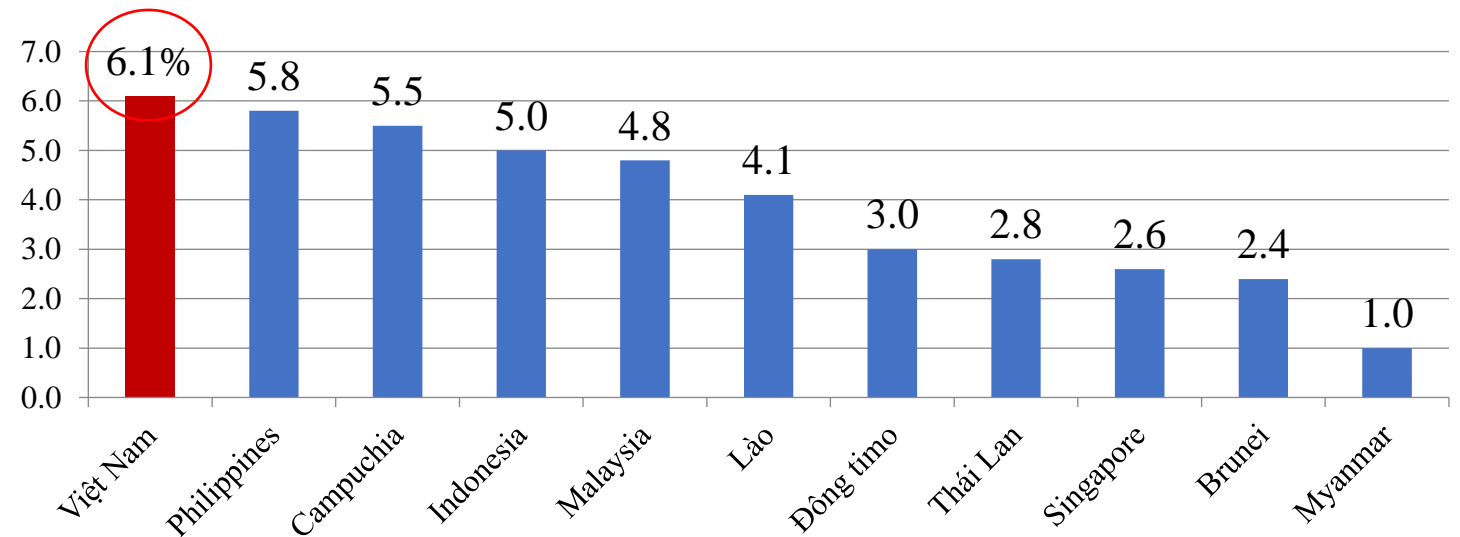
Source: GSO



GDP: reduced by **0,15%** due to Storm No.3 (Yagi)

**Highest growth rate**  
*in ASEAN*

Source: IMF



**Balanced growth** *across three key sectors of the economy*

	Period	Agriculture	Industry- Construct ion	Services
1	Avg. 2015 - 2022	2.8	8.5	7.9
2	2023	3.8	<b>3.7</b>	6.8
3	2024 (estimate)	<b>3.3</b>	<b>8.5</b>	<b>7.2</b>

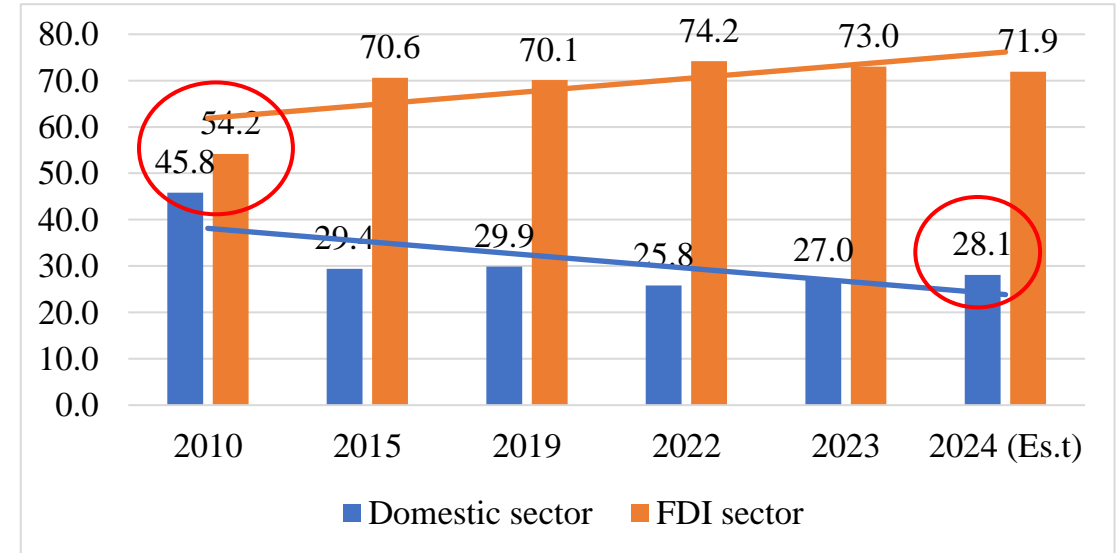
Source: GSO

# SHORTCOMINGS AND LIMITATIONS - 2024

**WEAKNESS:** The domestic economy sector is not robust enough to expand its presence in international markets

Source: GSO

Structure of Vietnam's export revenue (%)



**SLOW:** The structure is transitioning towards modernization *but at a pace slower than the government's expectations*

2030: TARGET is “Upper middle-income” countries (Agr. GDP share from 11.5% (nov) to 7.1% in 2030) - 6 years left

Source: WB, GSO

	Economies	Decline in the share of GDP from agriculture	Number of years needed
1	Group of “Upper middle-income” countries	11.5% (1992) down to 7.1% (2023)	31
2	Malaysia	11.6% (1996) down to 7.7% (2023)	27
3	Thailand	12.2% (1992) down to 8.5% (2023)	31

## “GROWTH ENGINES”: Continued slowdown

Contribution of Top 10 provinces to GDP of Vietnam (%)

No.	Locality	GRDP growth rate (%)					GRDP growth rate for the first 9 months of 2024 (%)
		2015	2021	2022	2023	2023 vs 2015	
1	Ho Chi Minh	17.81	15.61	15.58	15.30	- 2.51	6.85
2	Ha Noi	13.04	12.65	12.44	12.24	- 0.80	6.12
3	Binh Duong	4.63	4.87	4.78	4.58	- 0.05	7.05
4	Dong Nai	4.54	4.54	4.38	4.22	- 0.32	7.71
5	Ba Ria – Vung Tau	5.67	3.73	4.00	3.46	- 2.21	0.32
6	Hai Phong	2.54	3.73	3.81	3.80	1.26	9.77
7	Quang Ninh	2.21	2.71	2.79	2.98	0.77	8.02
8	Thanh Hoa	1.84	2.53	2.63	2.58	0.74	12.46
9	Bac Ninh	2.49	2.68	2.53	2.08	- 0.41	5.52
10	Nghe An	1.72	1.85	1.84	1.82	0.10	8.30



# **TREND PROJECTIONS**

## **FOR 2025 AND BEYOND**

# GLOBAL TREND - 2025

## Key global economic indicators

No.	Indicator	ĐVT	2023	2024	2025 DB	Trend
1	Economic growth rate					
	- IMF	%	3.3	3.2	<b>3.2</b>	Unchanged
	- WB	%	2.6	2.6	<b>2.7</b>	Increasing
	- WTO	%	2.7	2.7	<b>2.7</b>	Unchanged
2	Trade growth rate					
	- IMF	%	0.8	3.2	<b>3.4</b>	Increasing
	- WTO	%	-1.1	2.7	<b>3.0</b>	Increasing
3	Inflation (IMF)	%	6.7	5.8	<b>4.3</b>	Decreasing

1) **Geopolitical landscape:** Likely to stay volatile, unpredictable, and increasingly complex

2) **Global economy:** Improvement or similar to 2024



3) **Economic outlook for Vietnam's five major partners:** A mix of opportunities and challenges



## Economic growth rates of Vietnam's five major partners (%)

No.	Partner	2023	2024	2025	Trend
1	USA	2.9	2.8	2.2	Decreasing (-0.6)
2	EU	0.4	0.8	1.2	Increasing (0.4)
3	China	5.2	4.8	4.5	Decreasing (-0.3)
4	Japan	1.7	0.3	1.1	Increasing (0.8)
5	South Korea	1.4	2.5	2.2	Decreasing (-0.3)

Source: IMF

# DOMESTIC TRENDS - 2025

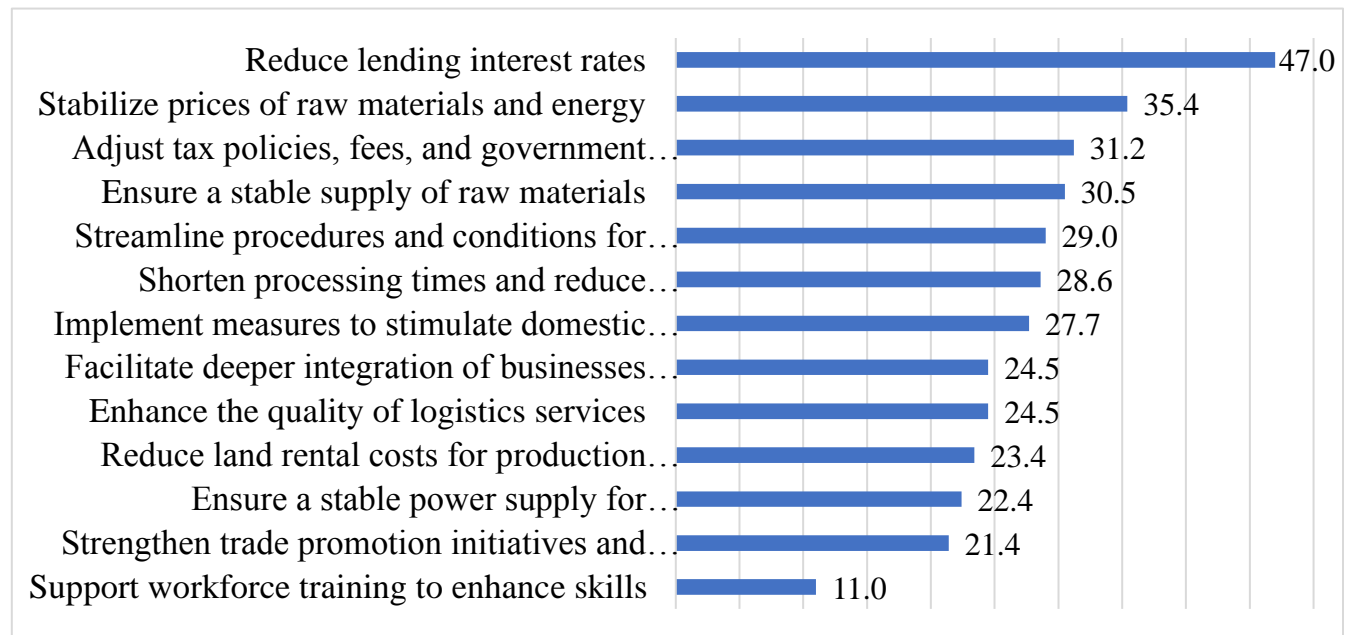
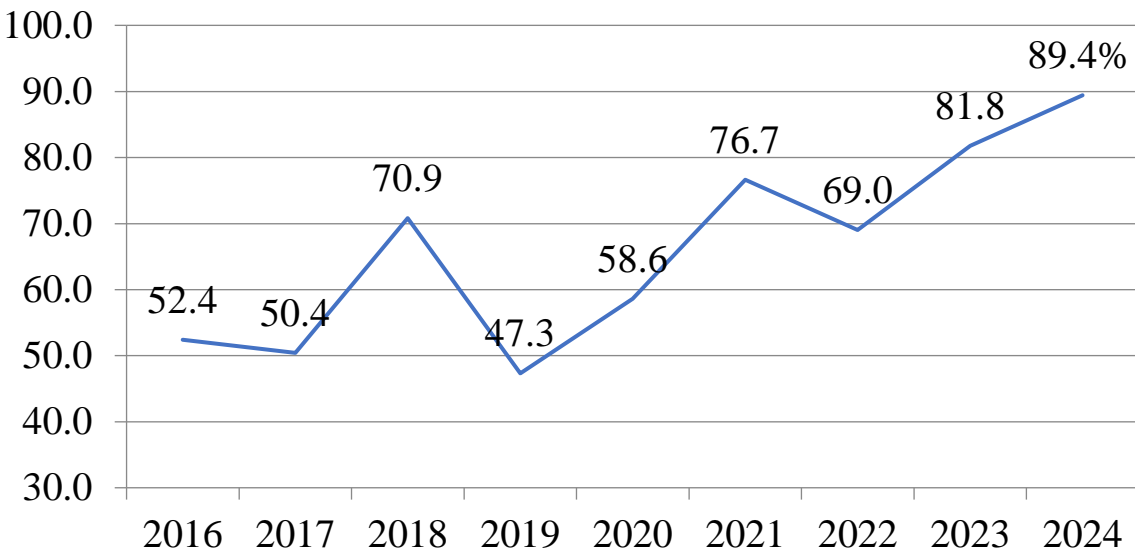
## 1. Business sector

Production and business performance has *improved notably*, (PMI of over 50 in 2024, higher than in 2023)

**Nevertheless ...**

**The number of additional businesses**  
from 2024 to 2025... not significant

**Numerous challenges still persist**  
(13 recommendations to the Government)



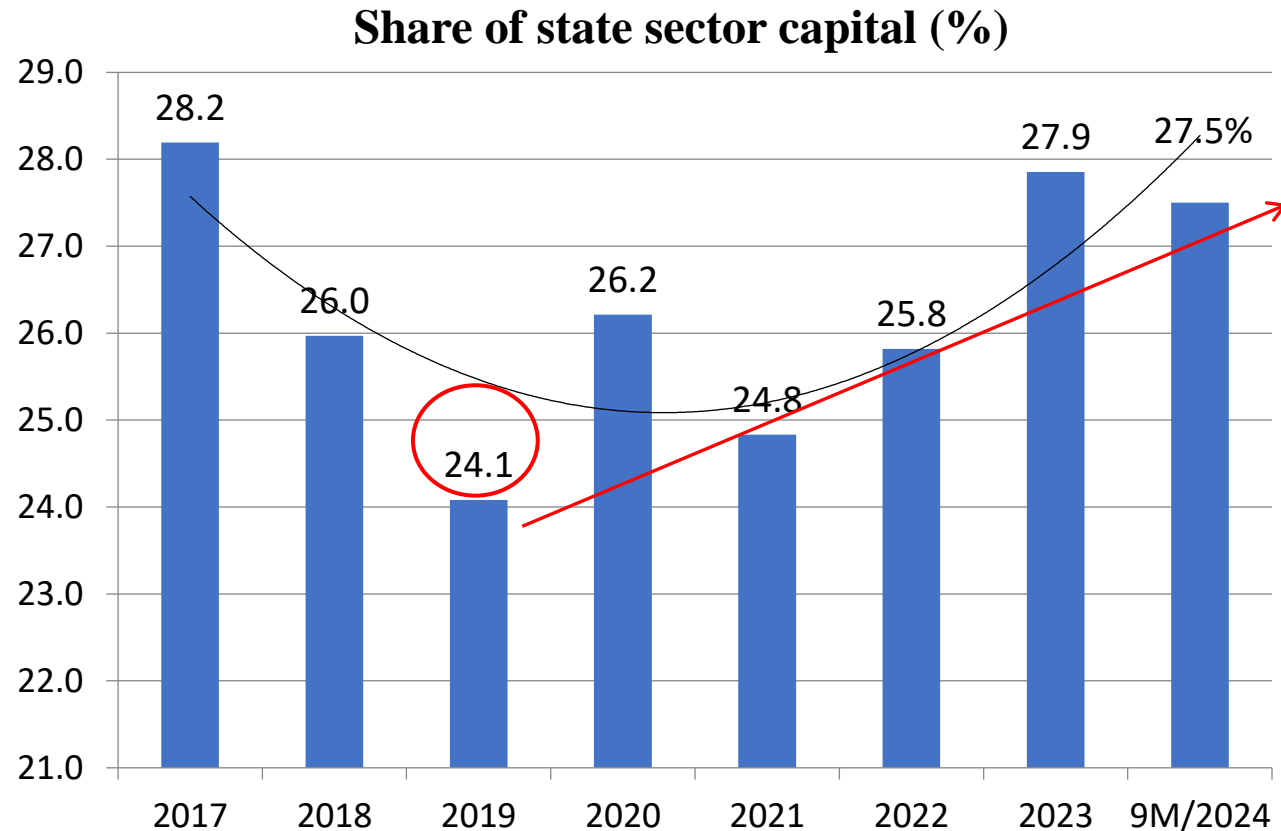
Source: GSO



## 2. State sector capital

State sector capital may still be required **as a leverage point**

*(to sustain economic stability following COVID-19 and natural disasters)*



Source: GSO

### 3. FDI flows

No.		2015 (billion USD)	2023 (billion USD)	Trend (%)
1	Global FDI	2049	1330	- 35.1
2	FDI inflows in EU + Australia, NZ	1267	407	- 67.9
3	FDI inflows in Asia	565	677	<b>+ 19.8</b>

Source: UNCTAD

2025: continues to be ..... **a bright spot**

(USD 24.7 billion in the first nine months of 2024 - 11.6%)

**However.....**

Source: CIEM

### The scope of influence remains limited

No.	Category	Number of provinces	FDI capital share (%)
1	FDI > 10 billion USD	14	74.8
2	FDI 1-10 billion USD	28	24.0
3	FDI < 1 billion USD	<b>21</b>	<b>1.3</b>
	Total	63	100

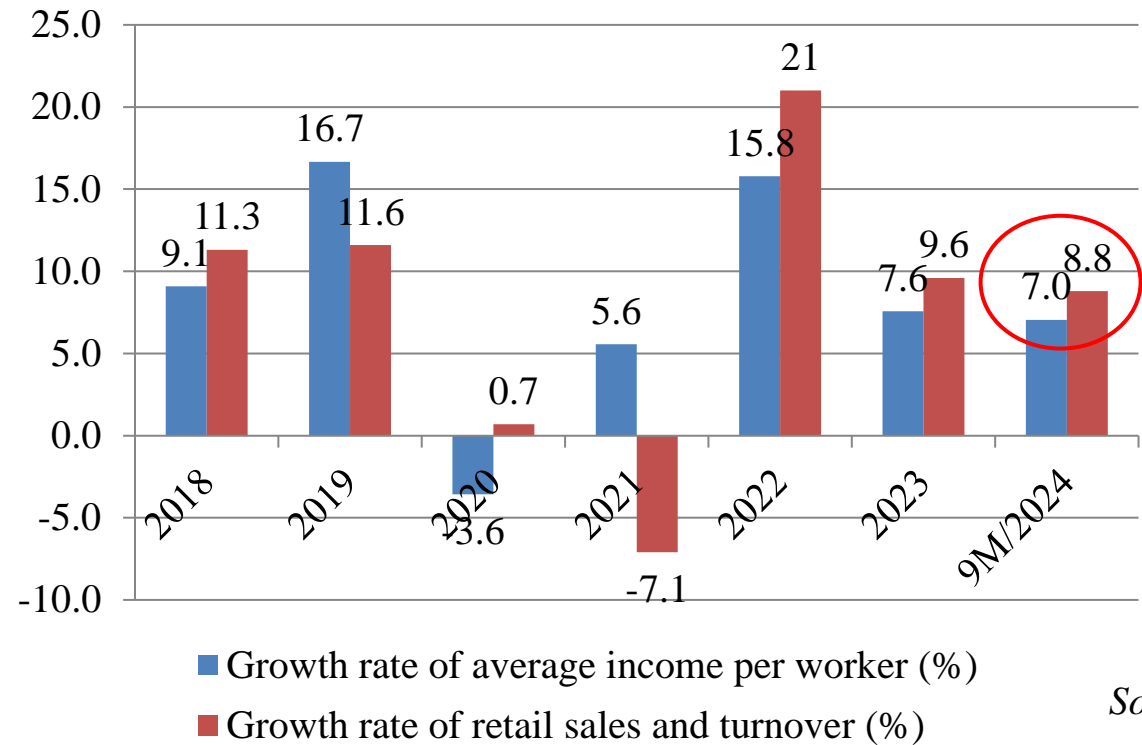
Source: GSO

### Impact on growth remains negligible

TT	Capital source	Direct impact	Spillover impact
1	State sector capital	0.0413	0.0033
2	Non-state sector capital	0.2929	0.0231
3	<b>FDI capital</b>	<b>0.0056</b>	<b>0.0004</b>

## 4. Domestic market

The purchasing power of Vietnamese consumers continues to rise. *Nonetheless*, “*growth has remained modest*” due to the absence of significant improvements in workers' incomes.



**International visitors** to Vietnam continue to increase significantly. **However**, their contribution to economic growth remains disproportionate.

No.	Indicator	2018	2019	2023	9M/2024
1	Growth rate of visitors (%)	20.2	16.2	244.2	45.8
2	Contribution to GDP (WTTC, %)	6.8	6.8	4.8	4.9
3	Contribution to GDP (GSO, %)	2.9	2.9	2.5	2.6

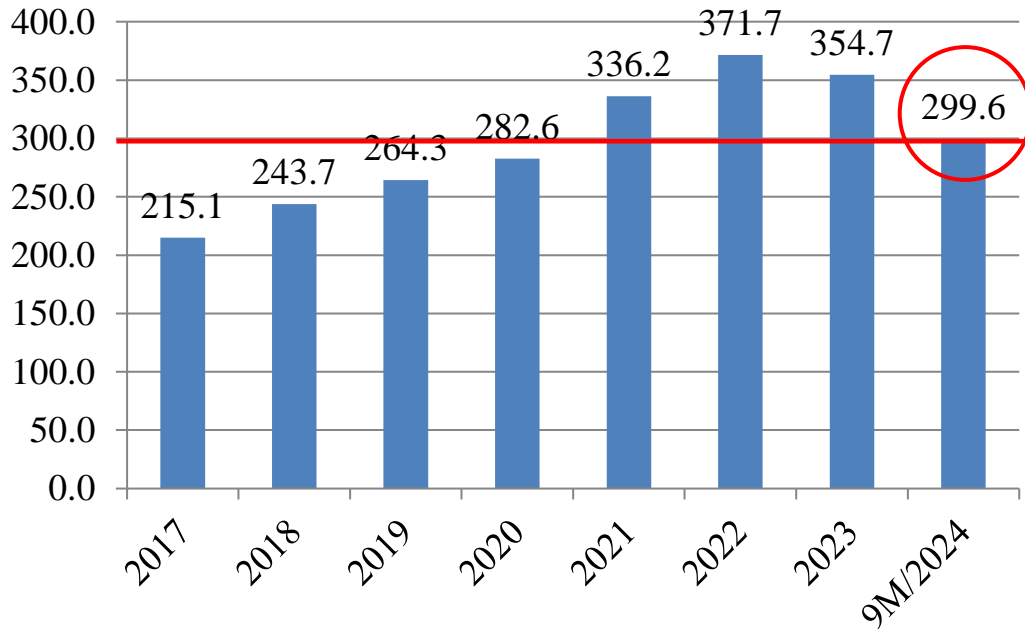
# 5. Export market

Continues to experience **strong growth**  
(due to the recovery of global trade and trade agreements)

Global political instability .....



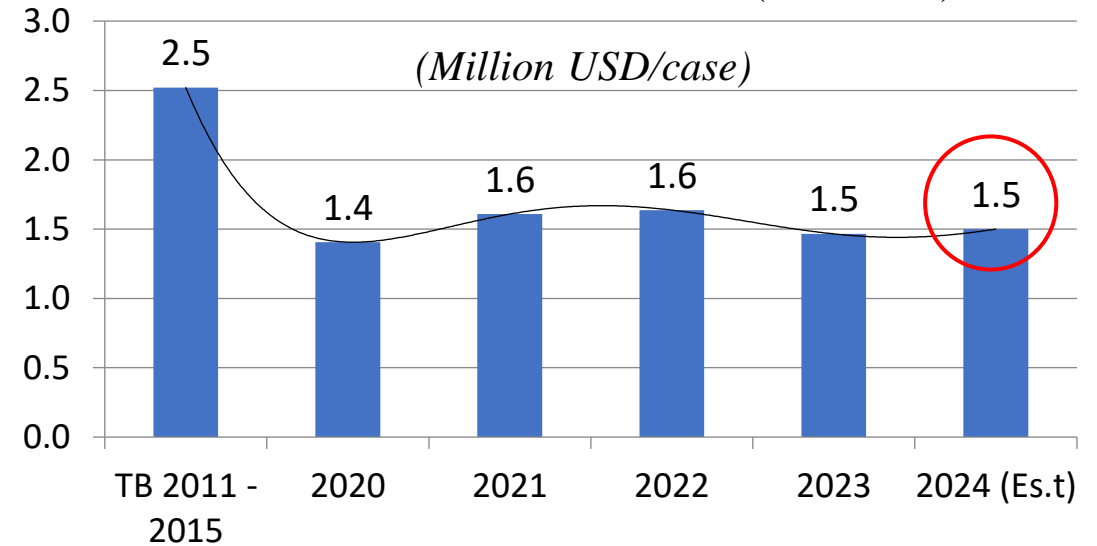
Total export turnover (billion USD)



Source: GSO

Nevertheless

Trade remedies...increased (257 cases)



Source: Trade Remedies Authority of Vietnam

# 6. Hard Infrastructure

Productive infrastructure in 2025 will be **more comprehensive and modern**

**Highways**  
2024: 2021 km  
2025: 3000 km



**Airports, railways**

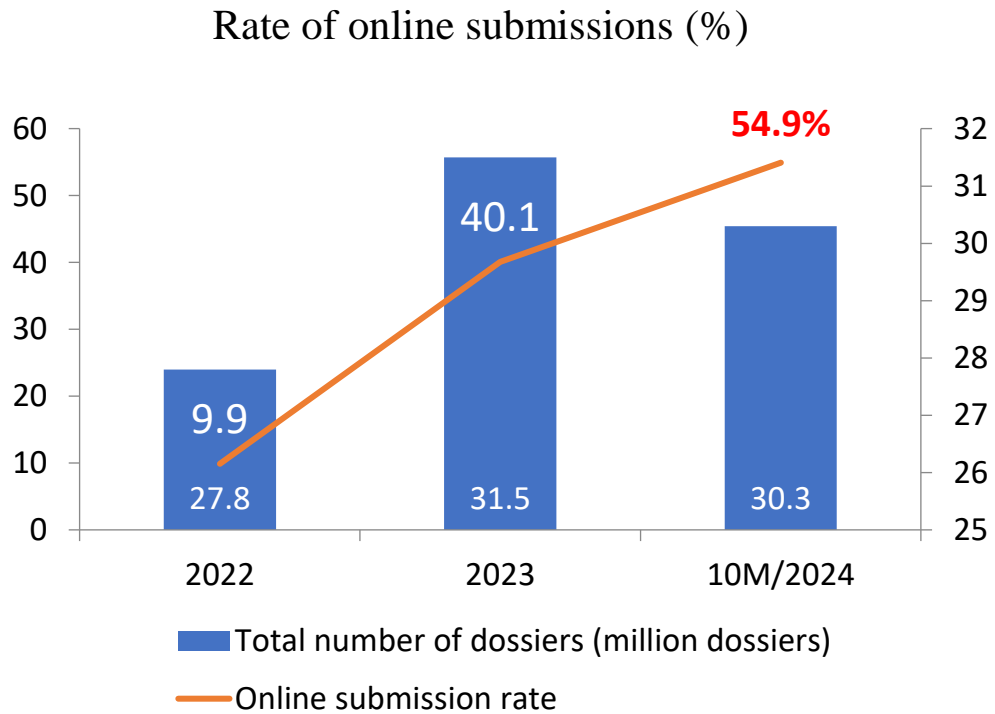


**High-voltage power lines**



# 7. Soft Infrastructure

**State sector** has made considerable efforts



Source: National Public Service Portal

**Private sector** face challenges in innovation

Contribution of the **digital economy** to GDP (%)

No.	Sector	2020	2021	2022	2023
1	Agriculture, Forestry and Fisheries (AFF)	0.05	0.05	0.05	0.05
2	Industry - Construction	6.08	6.22	5.97	5.63
3	Services	6.53	6.60	6.61	6.65
	<b>Total</b>	<b>12.66</b>	<b>12.87</b>	<b>12.63</b>	<b>12.33</b>

- Thailand (2022): 12.1%
- Singapore (2023): 17.3%
- Malaysia (2021): 23.1%
- China (2021): 40%

Source: GSO

## 8. Institutions for development

Institutions for development in 2025: **will be further improved and more streamlined**

1) Legal documents finalized: 29 new laws were enacted in 2024, and 9 laws in 2023

2) Legal framework development: increased simplification of regulations

- 2023: “Transport sector”.

- 2024: “Health sector”.

- 2025: ????

***BUT: “bottleneck of bottlenecks”***

# INFLATION AND ECONOMIC GROWTH FORECAST - 2025

## Inflation Forecast

No.	Forecasting organizations	2023	2024	<b>2025</b>	2025 vs 2024 (percentage points)	Trend
1	CPI 9 months 2024 (GSO)	3.1	3.8			
2	Inflation (IMF)	3.3	4.1	<b>3.5</b>	-0.6	<b>Good</b>
3	Inflation (WB)	3.2	4.5	<b>3.5</b>	-1.0	<b>Good</b>

## Economic growth Forecast

No.	Forecasting organizations	2024	<b>2025</b>	2025 vs 2024 (percentage points)	Trend
1	WB ( August 2024)	6.1	<b>6.5</b>	0.4	Increasing
2	ADB ( September 2024)	6.0	<b>6.2</b>	0.2	Increasing
3	IMF (October 2024)	6.1	<b>6.1</b>	0.0	Unchanged



# RECOMMENDATIONS

## 1. Institutions for development

### 1) **Short term:** Focus on completing the guidelines for laws

The government and ministries, when drafting guidelines for newly established laws, should continue removing barriers in the spirit of simplification, aligned with market signals and the role of the market.

### 2) **Medium term:** Focus on adjusting laws

Goals for 2030 and 2045:

- + Operation of the economy: Based on market economy principles (state-market dynamics)
- + Scale of the economy: Achieving developed-country status (with the industrial and service sectors becoming predominant)
- + Quality of the economy: Sustainable; clean energy; 'Net Zero'

### **Therefore:**

- Not only focus on simplification, but also strive to achieve other goals.
- Focus not only on the content ... *but also on speed (the lifespan of laws is approximately 9 years → only 1 - 2 revisions before reaching 2045)*

## 2. Resources for development

- 1) Enhance the mobilization of private capital: FDI (Resolution 50-NQ/TW); credit (15%); remittances
- 2) Reduce inefficiencies in the public sector: (i) expedite the completion of unfinished projects and constructions; and (ii) accelerate public investment projects from the beginning of the year.
- 3) Reduce inefficiencies in the private sector: review, relocate, and reclaim unused land projects

## 3. Infrastructure for development

- 1) **“Hard” infrastructure:** Continue infrastructure development to enhance regional and inter-regional connectivity.
  - Highways (to be completed on time, reaching 3000 km by 2025)
  - Irrigation and disaster prevention works
  - North-South High-speed rail
- 2) **“Soft” infrastructure:** i) Approximately 40% of documents need to be processed online (ii) digital enterprises

## 4. Support policies for development

1) *Business support*: Continue the support to businesses and households

*However, focus on the following priority areas:*

- New businesses or those resuming operations within the year
- Businesses operating in difficult regions and areas with investment incentives
- Production of import-substitution goods (278 billion USD of imports over the past 9 months)
- Businesses affected by natural disaster risks (Storm No. 3, as stipulated by Resolution No. 143/NQ-CP, dated September 17, 2024)

2) *Export support*: (i) Effectively capitalize on trade agreements; (ii) Mitigate risks in maritime transportation through military conflict zones; (iii) Implement trade remedies strategies;



**THANK YOU FOR YOUR ATTENTION!**