

Vietnam: Brief Profile

2025

Domestic Economy

- ❖ An export-oriented economy, Vietnam remains a major destination in terms of attracting foreign investment into manufacturing industries.
- ❖ Vietnam's GDP growth accelerated to an estimated 7.1% in 2024, from 5.1% in 2023 driven by export growth in sectors such as consumer electronics, furniture and footwear. Private consumption expenditure also grew on the back of stronger household incomes, owing to the government's wage reform measures and improving employment levels in the manufacturing sector.
- ❖ In absolute terms, GDP stood at an estimated US\$ 459.5 bn in 2024, with GDP per capita at US\$ 4,535.8.
- ❖ Consumer price inflation increased to an estimated of 3.6% in 2024, from 3.3% in 2023 owing to rising healthcare and education costs.
- ❖ Services was the largest sector in Vietnam's economy, accounting for 46.4% of Vietnam's GDP in 2023 (*est.*), while the shares of industry and agriculture in GDP stood at 40.5% and 13.1%, respectively.

BASIC FACTS

Land area: 331,051 sq km

Population: 101.3 mn (2024, est.)

Language: Vietnamese; English; minority languages such as Hmong, Thai, Khmer

Currency: Dong (D)

GDP: US\$ 459.5 bn (2024, est.)

Exports: US\$ 354.7 bn (2024, est.)

Imports: US\$ 326.4 bn (2024, est.)

Sovereign Rating: BB+ (S&P's)

Trade and Current Account Balance

- ❖ Exports of Vietnam increased in 2024 to an estimated US\$ 404.4 billion from US\$ 354.7 billion in 2023.
- ❖ Imports also increased in 2024 to an estimated US\$ 380.1 billion from US\$ 326.4 billion in the previous year.
- ❖ Accordingly, trade surplus of Vietnam, which stood at US\$ 28.4 billion in 2023 narrowed to an estimated US\$ 24.3 billion in 2024.

- ❖ The key export products of Vietnam in 2024¹ were electrical machinery and equipment (38.4% of total exports), machinery and mechanical appliances (14.8%), footwear, gaiters and the like (6.8%), furniture, bedding and mattresses (3.9%), articles of apparel and clothing, not knitted (3.9%), and articles of apparel and clothing, knitted (3.8%).
- ❖ The main items of import of Vietnam in 2024² were electrical machinery and equipment accounting for 36.5% of total imports, machinery and mechanical appliances (9%), plastics and articles (5.1%), mineral fuels and oils (4.2%), iron and steel (3.7%), vehicles other than railway or tramway (2.3%), and optical, photographic and medical apparatus (2.1%).
- ❖ The major destinations of Vietnam's exports in 2024³ were USA (28.5% of total exports), China (19.8%), South Korea (5.7%), Japan (5.4%), Hong Kong (4.2%), and Germany (3.3%).
- ❖ The main origins of Vietnam's imports in 2024⁴ were China (42.5% of total imports), South Korea (15.3%), Hong Kong (5.2%), Singapore (4.5%), Japan (4.5%), Taiwan (3.7%), and USA (3.4%).
- ❖ Vietnam's current account surplus increased to an estimated US\$ 28 billion (6.1% of GDP) in 2024 from US\$ 25.6 billion (5.9% of GDP) in 2023.

Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

- ❖ According to the *World Investment Report 2024* of the UNCTAD, in 2023, FDI inflows to Vietnam increased to US\$ 18.5 billion, as compared to US\$ 17.9 billion in 2022.

¹ Mirror Data

² Mirror Data

³ Mirror Data

⁴ Mirror Data

- ❖ According to the same source, FDI outflows from Vietnam declined to (-) US\$ 950 million⁵ in 2023 from US\$ 2674 million during the previous year.
- ❖ Vietnam's total international reserves decreased to an estimated US\$ 86.1 billion in 2024 from US\$ 92.9 billion in 2023. Reserves in 2024 represented over 2.7 months of import cover.
- ❖ The local currency of Vietnam is Dong. Dong depreciated in 2024 to D 25,002.7: US\$ 1 as compared to D 23,817.5:US\$ 1 in the previous year.

Country Risk Rating

- ❖ As of April 2025, *Moody's Investor Service*⁶ has rated Vietnam as Ba2 (have speculative elements and are subject to substantial credit risk) with a stable outlook.
- ❖ *Dun and Bradstreet's (DB) Country Risk Indicator*⁷, February 2025 rates Vietnam as DB4b (slight risk), with a stable outlook.
- ❖ According to *Organization for Economic Co-operation and Development (OECD)*⁸ country risk classifications of January 2025, Vietnam was placed at category '4'.
- ❖ *Standard & Poor's Sovereign Ratings* rated Vietnam BB+ (an obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation) with a 'stable' outlook.

⁵ FDI net outflows are the value of outward direct investment made by the residents of the reporting economy to external economies, including reinvested earnings and intracompany loans, net of receipts from the repatriation of capital and repayment of loans.

⁶ Moody's Investor services ranks countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

⁷ The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

⁸ The OECD Country Risk Classification measures country credit risk, i.e. the likelihood that a country will service its external debt, on a scale of 0 -7 (where 0 is the lowest risk category and 7 is the highest).

Macroeconomic Outlook

- ❖ Vietnam's real GDP growth is expected to soften to 5.2% in 2025, from 7.1% in 2024. Strong exports of consumer electronics, furniture and footwear is expected to support manufacturing activity. Protective trade measures from the US are expected to weigh on export growth from late 2025, contributing to a modest softening of manufacturing sector growth compared to 2024. The government plans to increase infrastructure investment substantially in 2025, which may provide some support to economic growth momentum. The services sector is expected to remain robust, supported by steady inflows of international tourists from South Korea, China and the US.
- ❖ Global commodity prices are expected to remain relatively stable in 2025, which is likely to help to contain local inflationary pressures on food and energy. Accordingly, consumer price inflation is expected to moderate to 2.9% in 2025 as compared to 3.6% in 2024.
- ❖ Vietnamese dong is expected to weaken against the US dollar in 2025, hovering around D25,727.2: US\$1, from D25,002.7: US\$1 in 2024. The exchange rate is expected to come under sustained depreciatory pressure, owing to persistent political risks and heightened global geopolitical instability. Higher tariffs imposed by the USA may dampen export performance and place additional strain on the dong, leading to moderate depreciation.
- ❖ Vietnam's emergence as a global manufacturing hub, spurred by the "China plus one" strategy, is solidifying the country's role as a top destination for business relocation. The current-account surplus is expected to narrow in 2025 to the equivalent of 3.2% of GDP, from 6.1% of GDP in 2024 due to lower merchandise trade surplus and as services account remains in deficit as transport, travel services and insurance and financial services may offset the gains from tourism services.

Vietnam: Macroeconomic Indicators

Economic Indicators	2020	2021	2022	2023	2024 ^e	2025 ^f	2026 ^f
Nominal GDP (US\$ bn)	346.3	370.1	411.1	433.0	459.5	491.0	519.0
Real GDP growth (%)	2.9	2.6	8.5	5.1	7.1	5.2	4.0
Consumer price inflation (avg., %)	3.2	1.8	3.2	3.3	3.6	2.9	2.5
Population (mn)	97.6	98.5	99.5	100.3	101.3	102.2	102.9
Exports of goods f.o.b. (US\$ bn)*	282.6	336.2	371.7	354.7	404.4	449.5	473.5
Imports of goods f.o.b. (US\$ bn)*	262.7	332.8	359.6	326.4	380.1	428.2	458.6
Current account balance (US\$ bn)	15.1	-8.2	1.4	25.6	28.0	15.7	9.8
Total international reserves (US\$ bn)*	95.5	110.0	87.1	92.9	86.1	93.0	101.2
Average exchange rate (D: US\$) (Local currency of Vietnam is Dong)*	23222.8	22921.8	23380.5	23817.5	25002.7	25727.2	26145.7

Note: * Sourced from EIU, ^a- Actual ^e- Estimate; ^f- Forecast

Source: WEO, IMF (April 2025) & EIU Country Report.