

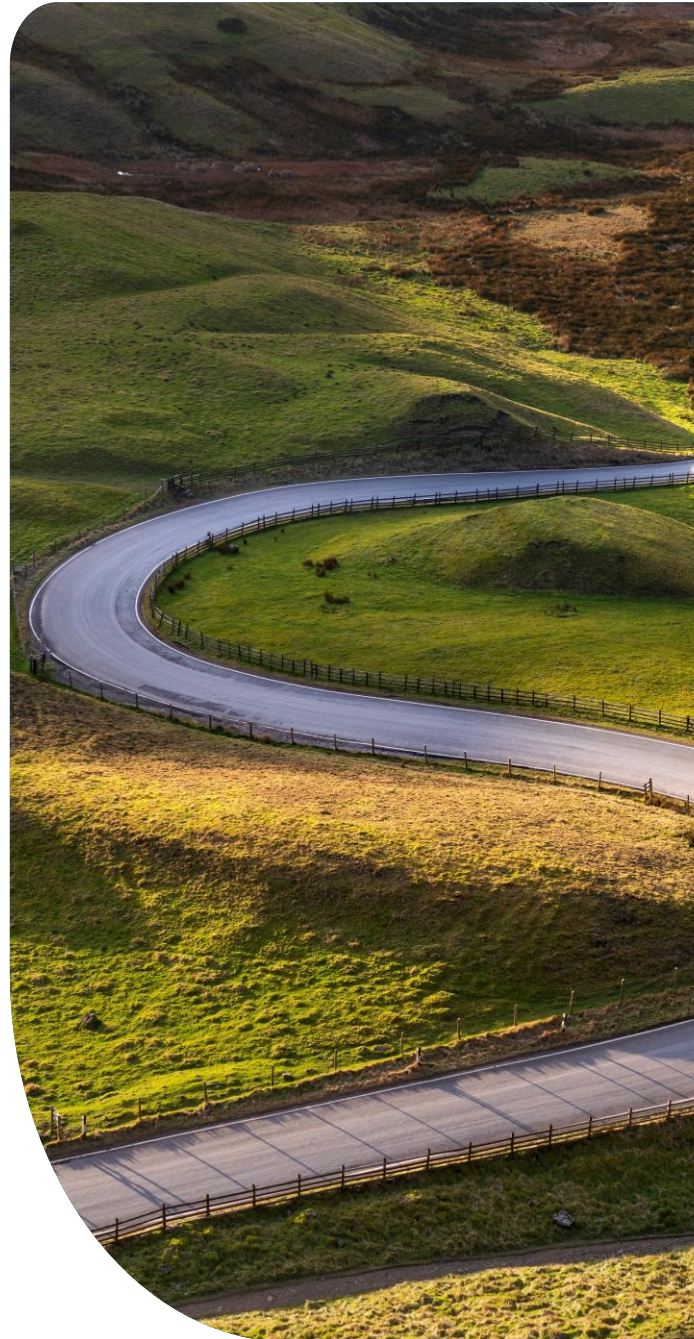
News Insight & Recap

February 2025



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GRANT THORNTON INSIGHTS

Vietnam's economy continues into 2025 with a mix of optimism and challenges. The government has raised the 2025 growth target to 8%, showing strong confidence, but independent forecasts remain more cautious, expecting growth in the 6-7% range. While public investment and supportive policies are driving growth, Vietnam still faces hurdles such as financial risks, infrastructure gaps, and skill shortages. Addressing these structural issues will be crucial for long-term expansion.

Foreign investment and trade continue to be key drivers, but global volatility is creating uncertainty. While total FDI inflow has been on a positive trend, new projects have declined, signaling potential investor caution. Meanwhile, trade remains stable, but businesses are increasingly concerned about risks from trade wars, potential U.S. tariff policies under the Trump administration, and broader supply chain disruptions. Moreover, manufacturing remains under pressure, as reflected in the PMI, which has remained below 50. Although Vietnam is making proactive efforts, sustaining the growth pillars in this environment will be challenging. Mixed FDI results and shifting trade dynamics highlight the need for improving investor confidence and market adaptability. Addressing these difficulties will require Vietnam to deepen market diversification efforts, strengthen ties with traditional partners, and enhance supply chain resilience.



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1. VIETNAM RAISES 2025 GROWTH TARGET TO 8% WITH AMBITIOUS ECONOMIC PLANS

Vietnam's National Assembly recently raised the 2025 GDP growth target to at least 8%, up from the previous 6.5-7%, aiming to sustain macroeconomic stability and support long-term expansion. This adjustment aligns with broader development goals to achieve double-digit growth in 2026-2030. Other key objectives include surpassing USD500 billion in GDP, increasing per capita income beyond USD5,000, and maintaining inflation at 4.5-5%. To support this plan, the government will focus on refining regulations, promoting economic zones, and accelerating major infrastructure projects, including Long Thanh International Airport, ports, and expressways. Additional efforts will address challenges in renewable energy and real estate. Despite the government's ambitious targets, organizations like Standard Chartered, the World Bank, and UOB forecast 2025 GDP growth at 6-7%.

[Source: TheInvestor]



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2. AMRO FORECASTS VIETNAM'S ECONOMY TO GROW 6.5% IN 2025

Vietnam's economy is projected to grow by 6.5% in 2025, driven by improving domestic demand and increased public investment, according to a recent report by the ASEAN+3 Macroeconomic Research Office (AMRO). Inflation is expected to ease to 3.5% as global energy prices moderate. To support recovery, the government has extended tax relief measures, while the State Bank of Vietnam keeps interest rates low and continues policies to ease financial pressure on businesses. However, risks remain, including weaker external demand, policy uncertainty in the U.S., and Vietnam's financial sector vulnerabilities, particularly in real estate. AMRO highlights other challenges such as infrastructure gaps, labor skill shortages, and an aging population. To sustain long-term growth, the organization recommends more robust reform, stronger tax enforcement, and faster public investment disbursement.

[Source: Vietnam Investment Review]

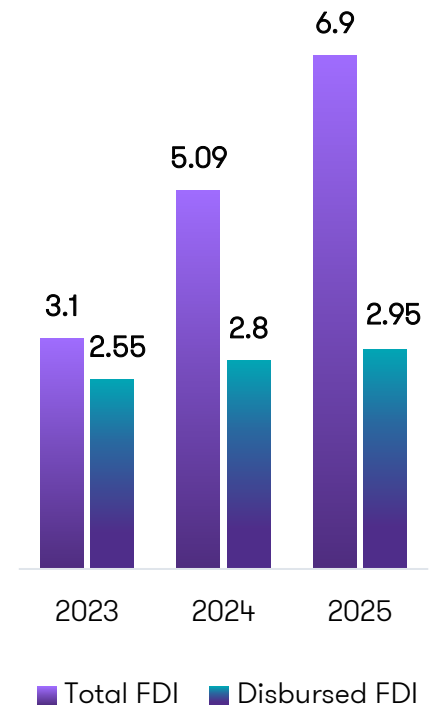


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3. TOTAL FDI CONTINUES POSITIVE TREND, BUT NEW INVESTMENT DROPS

Vietnam recorded USD6.9 billion in FDI in the first two months of 2025, a 35.5% year-on-year increase, according to the Foreign Investment Agency (FIA). Disbursed FDI reached around USD2.95 billion, reflecting a 5.4% increase. The country approved 516 new projects with USD2.19 billion in registered capital, a 48.4% decline, due to a drop in major projects in February 2025 compared to last year, as reported by the FIA. Meanwhile, adjusted capital for 256 projects rose 7.4 times to USD4.18 billion. Capital contributions and share purchases reached nearly USD530 billion with 553 cases, up 88.8%.

Foreign investment into Vietnam from Jan-Feb 2025 (USD billion)



[Source: VietnamPlus]

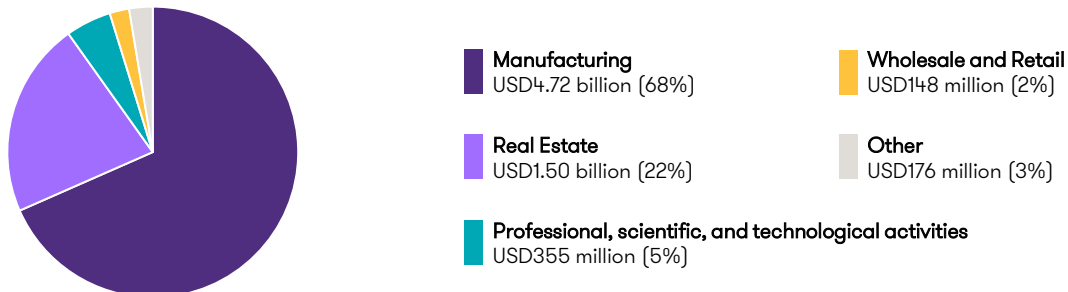


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3. TOTAL FDI CONTINUES POSITIVE TREND, BUT NEW INVESTMENT DROPS (CONT.)

Foreign investment flowed into 18 of Vietnam's 21 economic sectors in the first two months of the year, with manufacturing attracting the most capital at over USD4.72 billion. Meanwhile, real estate followed with more than USD1.5 billion. Among the 67 countries and territories investing in Vietnam, South Korea led with nearly USD1.5 billion, more than five times higher than the same period last year. Singapore followed with almost USD1.48 billion, marking a 32.9% decline from the previous year, while China, Japan, and Thailand were also among the top investors.

Foreign investment into Vietnam by sectors (Jan-Feb 2025)

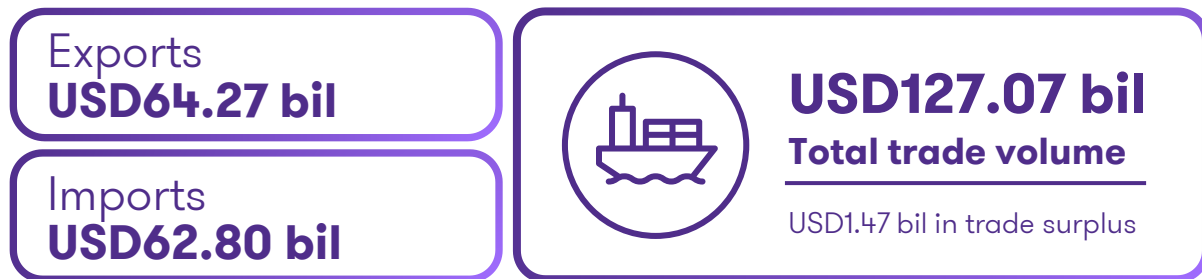


(Source: VietnamPlus)



4. TWO-MONTH TRADE RISES BY 12% WITH STRONGER IMPORT GROWTH

Vietnam's total trade turnover reached USD127.07 billion in the first two months of 2025, marking a 12% year-on-year increase. Specifically, exports grew 8.4% to USD64.27 billion, while imports rose 15.9% to USD62.8 billion. The U.S. remained Vietnam's largest export market at USD19.6 billion, while China was the top import source at USD23.3 billion. By sector, processed industrial goods continued to dominate exports, contributing USD57.01 billion. On the import side, production materials was the primary category, totaling USD58.83 billion.



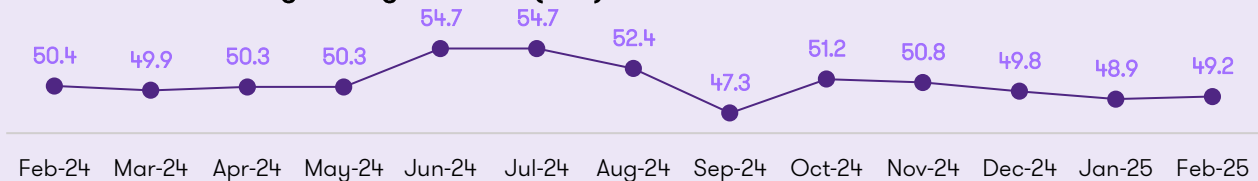
[Source: Vietnamnews]



5. VIETNAM MANUFACTURING REMAINS WEAK IN FEBRUARY 2025

Vietnam's manufacturing sector remained sluggish in February 2025 as weak demand continued to affect new orders, production, and employment, as reported by S&P Global. The Purchasing Managers' Index (PMI) rose slightly to 49.2 from 48.9 in January but stayed below 50.0 for the third month, signaling ongoing contraction. New orders declined at a faster pace than last month, caused by weak domestic and export demand. Output fell for a second month, while job cuts persisted but eased slightly compared to January. In response to weak demand, firms lowered selling prices more sharply than last month.

Vietnam's Purchasing Managers' Index (PMI)



[Source: S&P Global]



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6. VIETNAM-NEW ZEALAND RELATIONS REACH NEW MILESTONE

Vietnam and New Zealand have elevated their bilateral relationship to a Comprehensive Strategic Partnership, making New Zealand the 10th country to reach this highest-level partnership with Vietnam. The upgrade was announced during New Zealand Prime Minister Christopher Luxon's visit to Vietnam from February 25 to 28, marking 50 years of diplomatic ties. The partnership will focus on five key areas: political engagement, defense and security, trade and investment, climate change and technology, and education. Both sides reaffirmed economic cooperation as a priority, committing to achieving USD3 billion in mutual trade by 2026 and deeper regional economic integration. Additionally, they signed a Memorandum on Climate Change Cooperation to support Vietnam's transition to a sustainable and resilient economy.

[Source: Vietnam Economic Times]



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7. UK AND VIETNAM SEEK TO BOOST TRADE UNDER CPTPP FRAMEWORK

Recently, the British Embassy and Vietnam's Ministry of Industry and Trade (MoIT) hosted an event highlighting trade opportunities under the UK's CPTPP membership, focusing on tariff reductions and expanded market access. Bilateral trade reached USD8.4 billion in 2024, reflecting an 18% increase, but officials noted that Vietnam's exports still make up only 0.4% of the UK's total imports, highlighting room for further growth under the CPTPP. Representatives from both governments and businesses discussed how Vietnamese firms can leverage CPTPP benefits while also addressing challenges related to sustainability, labour, and trade compliance. The event also marked the signing of an MoU between MoIT and the British Embassy to enhance IP enforcement, with the UK committing to support Vietnam in developing a code of conduct for e-commerce platforms, aimed at preventing counterfeit goods.

[Source: Voice of Vietnam]



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8. EVFTA BOOSTS VIETNAM-NETHERLANDS TRADE TIES

Vietnamese exports to the Netherlands continue to gain from the EVFTA thanks to tariff reductions. Vo Thi Ngoc Diep, commercial counselor and head of the Vietnam Trade Office in the Netherlands, highlighted that the Netherlands remains Vietnam's largest investor and second-largest export partner in Europe, while Vietnam is among the Netherlands' top trading partners in Asia. Agriculture has seen notable growth, with seafood, rice, vegetables, and coffee enjoying preferential tax rates. In 2024, Vietnam's exports to the Netherlands reached nearly USD13 billion, a 26.89% increase, while imports rose 17.6% to USD784 million. Despite these opportunities, many Vietnamese exporters face challenges in meeting the Netherlands' market standards. With rising environmental and sustainability requirements, experts emphasize the need for exporters to ensure compliance to maintain market access.

[Source: Vietnam Economic News]



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9. VIETNAM SOLIDIFIES ITS POSITION IN THE GLOBAL TEXTILE INDUSTRY

Vietnam is emerging as a key hub for international textile manufacturing. The Vietnam International Trade Fair for Apparel, Textiles, and Textile Technologies (VIATT) 2025 highlights the industry's momentum, as Vietnam moves closer to surpassing Bangladesh as the world's second-largest garment exporter. The sector comprises around 7,000 companies and over 3 million workers, with 80% of production dedicated to exports. In 2024, textile and garment exports reached nearly USD44 billion, up 11.26%, and the industry aims for USD48 billion in 2025. Businesses are accelerating sustainability initiatives and adopting advanced technologies like automation and digital transformation to stay competitive. Meanwhile, the industry is making efforts to leverage Vietnam's FTAs, including the EVFTA, CPTPP, and RCEP, to strengthen global partnerships and meet evolving market demands.

[Source: VietnamPlus]



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