

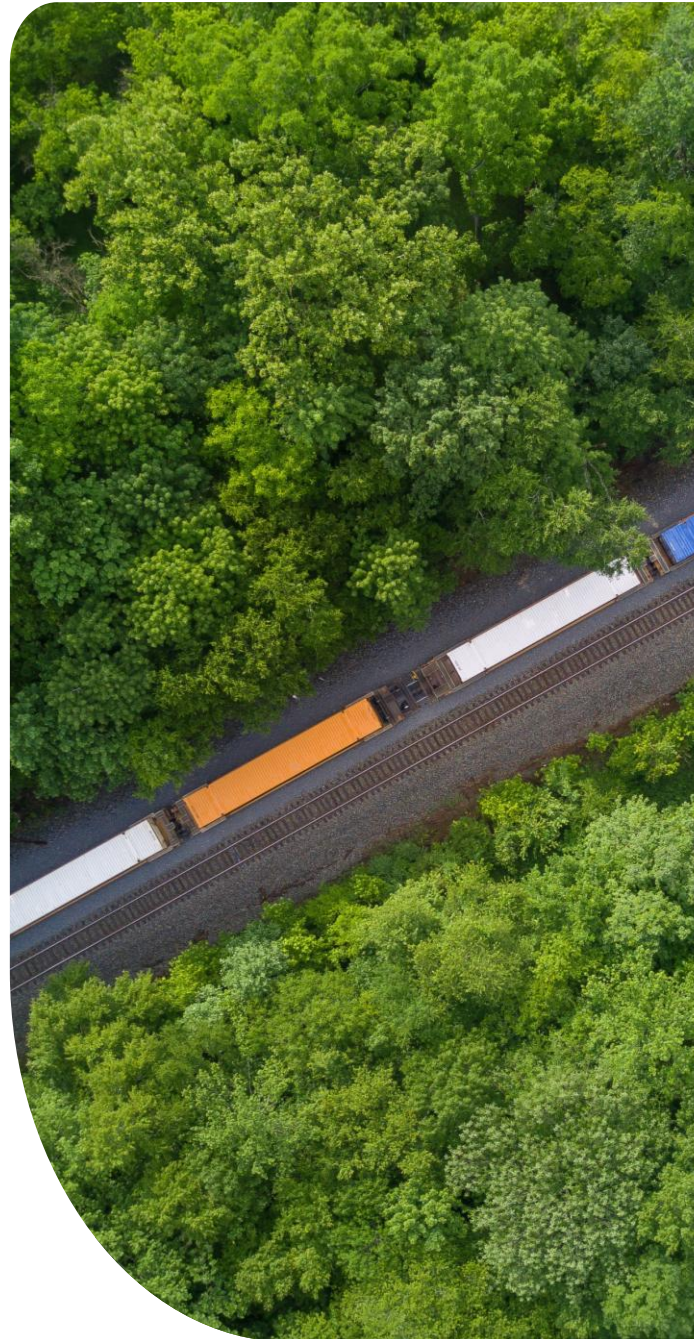
# News Insight & Recap

March 2025



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## GRANT THORNTON INSIGHTS

Vietnam's economy showed a mixed picture in the first quarter of 2025. GDP grew by 6.93% in the first quarter, the fastest Q1 pace since 2020, thanks to steady performance in services and a moderate improvement in industrial production. However, manufacturing has yet to regain stable footing, as suggested by PMI data over the past three months. Meanwhile, foreign investment flows remained solid, with disbursed FDI reaching a five-year high. Much of that came from existing investors scaling up their operations, which signals that investors remain confident in Vietnam's environment, even if the number of large new projects has slowed. In terms of trade, Vietnam maintained a trade surplus in the first quarter of the year, emphasizing the strength of the country's export base.

Nevertheless, serious risks are emerging, most notably the newly announced 46% U.S. tariff on Vietnamese exports. The U.S. is Vietnam's largest export market, and key sectors such as garment, footwear, and electronics are bracing for sharp declines in orders and profits. Although President Trump recently announced a 90-day delay in tariff implementation for most countries, a move that has been positively received by Vietnam, it does not eliminate the underlying uncertainty. This situation points to a deeper strategic vulnerability: Vietnam's exports rely heavily on a few major markets. Thus, its economy is increasingly threatened by shifts in global trade policy shaped by strategic and political considerations. The government's quick diplomatic response and efforts to initiate dialogue with the U.S. reflect the urgency of the challenge.

Looking ahead, Vietnam's resilience will depend on its ability to both diversify export markets and strengthen domestic economic foundations. Moving up the value chain, expanding trade partnerships, and deepening internal demand will be critical. The coming months will reveal whether the U.S. tariffs solidify into long-term trade barriers or soften through negotiation. Either way, Vietnamese policymakers and businesses will have to adapt quickly and think ahead to sustain growth, as global trade becomes more complex to navigate.

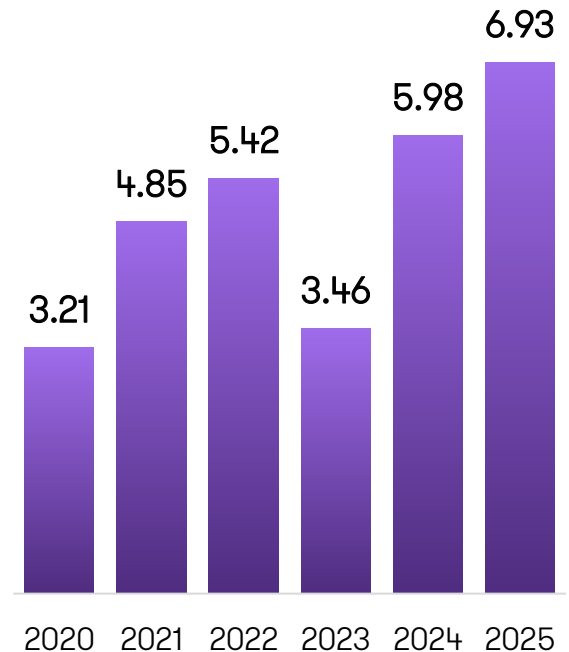


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# 1. VIETNAM ACHIEVED STRONGEST Q1 GROWTH SINCE 2020 AT 6.93%

According to data from the National Statistics Office (NSO), Vietnam's economy grew by 6.93% in the first quarter of 2025, marking the highest growth rate for the first quarter between 2020 and 2025. The NSO commented that while this figure falls short of expectations, it still reflects some positive developments amidst the current challenging economic landscape in the world. The overall economic performance was supported by balanced contributions from all three major sectors of the economy.

Vietnam's Q1 GDP Growth from 2020-2025 (%)



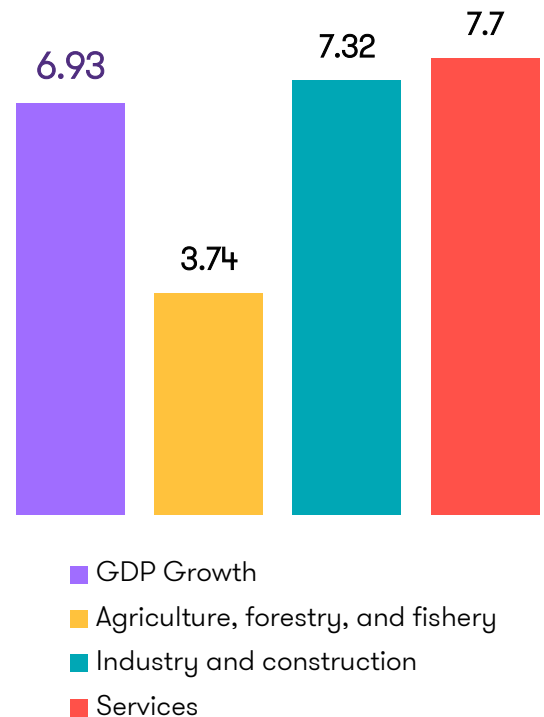
[Source: Vietnamnews]



# 1. VIETNAM ACHIEVED STRONGEST Q1 GROWTH SINCE 2020 AT 6.93% (CONT.)

The industry and construction sector as well as the service sector continue to play a significant role in driving Vietnam's economy. The service sector's growth was driven by high consumption during the Lunar New Year and strong tourism, resulting in a 7.7% year-on-year growth. Industry and construction also saw solid performance, expanding by 7.32%, with the manufacturing industry growing by 9.28%. Meanwhile, the agriculture, forestry, and fishery sector met its growth target, posting a 3.74% year-on-year increase.

Vietnam's Q1 2025 GDP Growth by economic sector (%)



[Source: Vietnamnews]



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## 2. THE WORLD BANK REVISES UP VIETNAM'S 2025 GROWTH FORECAST AMID CAUTION

In its latest economic report released in March, the World Bank (WB) raised Vietnam's GDP growth forecast for 2025 to 6.8%, up 0.2 percentage points from its January projection, though still below the government's 8% target. The 2026 forecast was also adjusted upward to 6.5%. The report mentioned Vietnam's robust 7.09% growth in 2024, largely driven by strong exports. However, the WB anticipates that this export momentum will slow down, placing greater importance on strengthening domestic demand. At a press conference, Mariam Sherman, the organization's director for Vietnam, Cambodia, and Laos, emphasized that rising global uncertainties could threaten the current outlook. She stressed the need for adaptable policies to navigate these challenges, including supporting the real estate sector, increasing public investment, encouraging consumption and fostering a business-friendly environment.

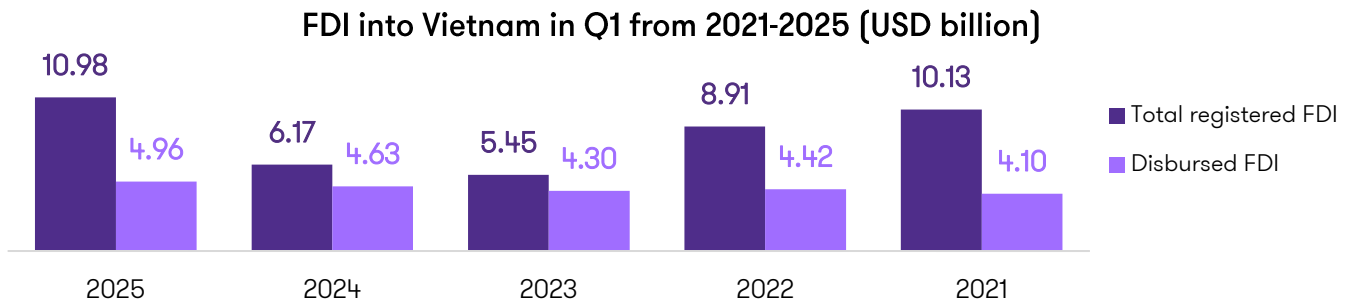
[Source: Vietnamnews]



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### 3. VIETNAM POSTS HIGHEST FIRST-QUARTER FDI DISBURSEMENT IN FIVE YEARS

According to the Foreign Investment Agency (FIA), total registered foreign direct investment (FDI) in Vietnam reached USD10.98 billion as of March 31, 2025, up 34.7% year-on-year. Disbursed capital in the first quarter grew by 7.2% year-on-year, hitting USD4.96 billion, the highest Q1 disbursement level in the past five years. Manufacturing remained the top invested sector, attracting over USD6.79 billion, up 26%. Furthermore, there were 73 countries and territories invested in Vietnam in the first three months of 2025, with Singapore leading at over USD3 billion, a 3.8% rise from the same period last year.



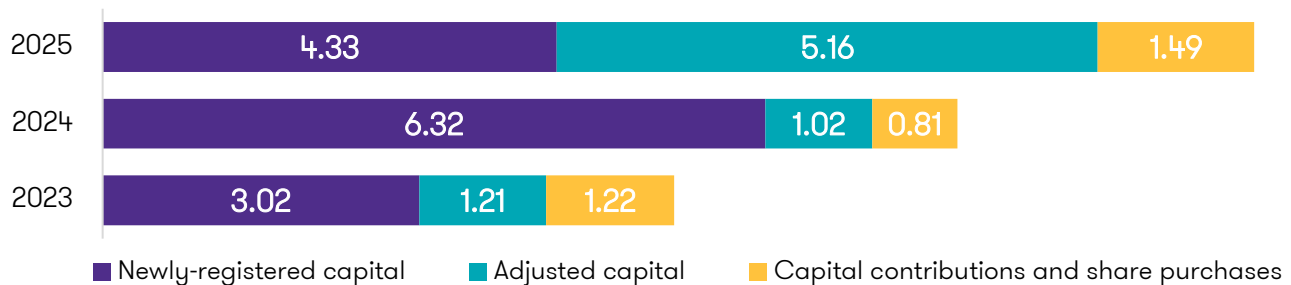
(Source: VietnamPlus)



### 3. VIETNAM POSTS HIGHEST FIRST-QUARTER FDI DISBURSEMENT IN FIVE YEARS (CONT.)

In terms of FDI breakdown, the first quarter of 2025 saw 850 newly licensed projects with total registered capital of USD4.33 billion, down 31.5% from the same period last year due to the lack of large-scale projects, according to the FIA. In contrast, capital adjustments showed strong growth, with 401 existing projects raising an additional USD5.16 billion, five times higher year-on-year. Capital contributions and share purchases by foreign investors also rose sharply, totaling 810 transactions valued at USD1.49 billion, up 83.7%.

Breakdown of FDI capital into Vietnam in Q1 from 2023-2025 (USD billion)



[Source: VietnamPlus]





## 4. VIETNAM'S TRADE SAW POSITIVE RESULTS IN Q1, BUT U.S. TARIFF THREATENS OUTLOOK

Vietnam's total trade turnover reached USD202.52 billion in the first quarter of 2025, up 13.7% year-on-year, according to the National Statistics Office (NSO). Exports rose 10.6%, recording USD102.84 billion, while imports grew 17% to USD99.68 billion, resulting in a trade surplus of USD3.16 billion. The U.S. remained Vietnam's top export market with USD31.4 billion in turnover, while China was the largest import source, with total imports valued at USD38.1 billion. Despite strong first-quarter results, Vietnam's export outlook is under pressure, as the prospect of new U.S. tariffs could significantly affect trade volumes.

Exports  
**USD102.84 bil**

Imports  
**USD99.68 bil**



**USD202.52 bil**  
**Total trade volume**

USD3.16 bil in trade surplus



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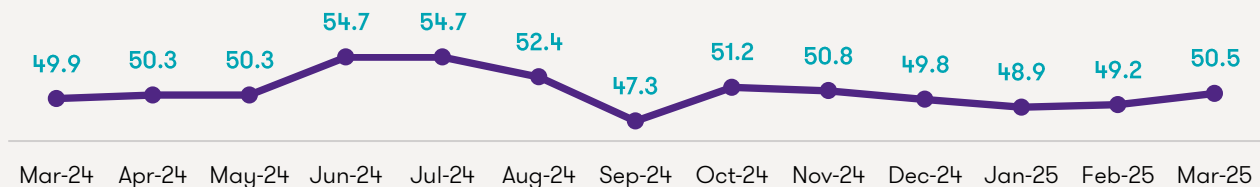
[Source: Vietnam Economic Times]



## 5. MANUFACTURING OUTPUT RISES SLIGHTLY, EXPORT DEMAND REMAINS WEAK

As reported by S&P Global, Vietnam's manufacturing sector saw modest growth in March as output and new orders increased after a period of decline. The March Purchasing Managers' Index (PMI) rose to 50.5 from 49.2 in February, reflecting slight improvement in business conditions. Domestic demand showed signs of recovery, but export orders continued to fall, especially from markets like China. Manufacturers remained cautious, with limited hiring and reduced purchasing activity. Input costs rose slightly, while selling prices were lowered for the third month in a row as firms looked to stay competitive amid subdued demand.

Vietnam's Purchasing Managers' Index (PMI)



[Source: S&P Global]



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## 6. THE U.S. ANNOUNCES 90-DAY PAUSE ON TARIFF IMPLEMENTATION

The U.S. decision to delay the imposition of reciprocal tariffs for 90 days, announced unexpectedly by President Trump on April 9 along with a 10% baseline rate for most countries, has been positively received by Vietnam. The move came after more than 75 countries, including Vietnam, engaged with U.S. agencies to address trade and economic concerns. Countries had refrained from retaliatory measures, which reportedly influenced the U.S. administration's decision to grant a 90-day pause. In response, Pham Thu Hang, spokesperson for Vietnam's Ministry of Foreign Affairs commented that Vietnam welcomed the announcement as a constructive step. She emphasized Vietnam's readiness to work with the U.S. to negotiate a reciprocal trade agreement grounded in mutual respect and aimed at fostering fair economic cooperation. She also noted that 2025 marks 30 years of diplomatic relations between the two countries.

[Source: Voice of Vietnam]



## 7. VIETNAMESE EXPORTERS WARN OF MAJOR IMPACT FROM NEW U.S. TARIFF

Vietnamese exporters are highly concerned about the U.S.'s new 46% tariff, which is one of the highest in the world, and the damage it could do to key sectors. Seafood companies say the rate would make it nearly impossible to export to the U.S., while manufacturers like Danang Rubber JSC expect major revenue losses, with orders already on hold. Businesses are asking the government to step in by negotiating with the U.S., offering support to cover rising costs, and working with shipping firms to ease logistics pressure. Many are also looking to expand into other markets to reduce reliance on the U.S. In response, Prime Minister Pham Minh Chinh has set up a rapid response team and urged the U.S. to consider Vietnam's status as a developing country. In 2024, Vietnam exported USD119.5 billion worth of goods to the U.S., including electronics, machinery, textiles, and key farm products, all of which now under great threats.

[Source: TheInvestor]



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## 8. VIETNAM TO SEEK DIALOGUE WITH THE U.S. OVER NEW TARIFFS

In response to the U.S.'s newly announced plan to impose tariffs on Vietnamese exports, Ta Hoang Linh, Director of the Ministry of Industry and Trade (MoIT)'s Department of Foreign Market Development, expressed that there is still room for dialogue. He emphasized that Vietnam's exports offer affordable alternatives for U.S. consumers without directly competing with domestic products. The MoIT considers the tariff level disproportionate given Vietnam's recent efforts to address trade imbalances and support U.S. businesses operating locally, it is focusing on constructive engagement. Following the announcement, Minister Nguyen Hong Dien formally requested a delay in implementation to allow time for meaningful discussions. Meanwhile, broader efforts from the MoIT are also underway to expand trade promotion, improve logistics infrastructure, and strengthen international trade networks to support exporters.

[Source: Vietnamnews]



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## 9. MINISTRY OF FINANCE PROPOSES EXTENDING VAT CUT THROUGH 2026

Vietnam's Ministry of Finance (MoF) has proposed extending the current two-percentage-point VAT reduction through the end of 2026. The reduction, which lowered VAT from 10% to 8% for most goods and services, was last approved in November 2024 and is set to expire in June 2025. The proposed extension would exclude sectors like telecommunication, real estate, banking, insurance, securities, and mining. The ministry said this move continues past efforts since 2022 to support economic growth and consumer spending, without affecting Vietnam's international commitments. The estimated revenue impact is VND39.54 trillion in the second half of 2025 and VND82.2 trillion in 2026. To offset reduced VAT revenue, the ministry is targeting a 10% increase in total budget collection this year, partly by expanding the use of digital tools to improve tax administration efficiency.

[Source: TheInvestor]



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