

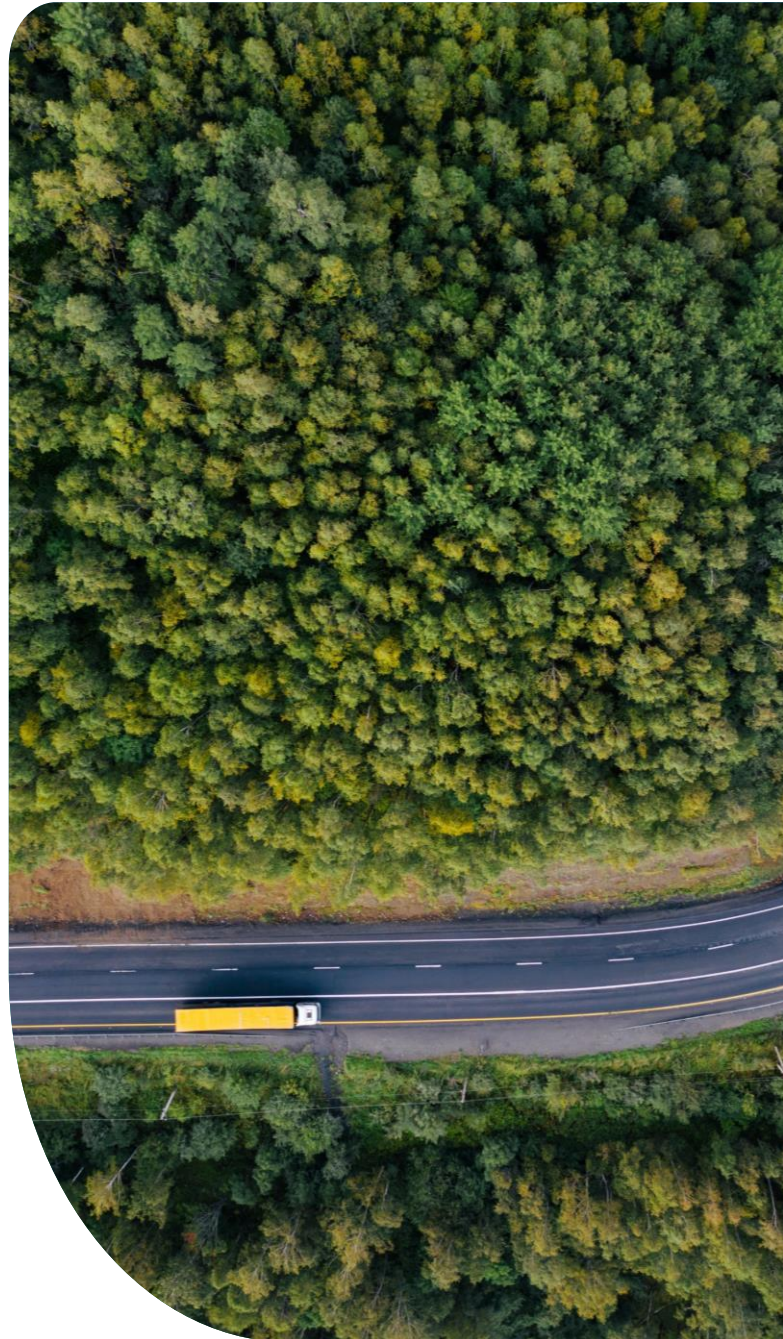
News Recap

January 2025



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GRANT THORNTON INSIGHTS

Vietnam's economy in early 2025 shows a cautious start. The World Bank's upward revision of Vietnam's GDP growth to 6.6% underscores positive expectations, but January's figures point to a slow buildup. FDI inflows showed mixed performance, with a decline in newly-registered capital, in contrast to a surge in capital adjustments and share acquisitions. Meanwhile, the country's manufacturing sector, as indicated by January's PMI, continues to face challenges from slow external demand and ongoing global trade uncertainties.

Global trade dynamics are shifting as Donald Trump resumes the U.S. presidency, reviving protectionist policies to reduce the trade deficit. Possible tariffs on Vietnamese goods are expected to impact export volumes and drive up production costs. The electronics sector, a key driver of Vietnam's exports, is particularly vulnerable, with new tariffs threatening to raise costs and reduce competitiveness. To remain resilient, the industry needs improvement in infrastructure, sourcing diversification, and technology application to meet global demand and mitigate external risks.

In response, Vietnam is preparing countermeasures, focusing on leveraging free trade agreements, diversifying trading markets, and enhancing compliance with international trade standards. Vietnam posted a USD35 billion trade surplus with the EU in 2024 under the EVFTA, reflecting the positive impact of the agreement after four years in effect. Moving forward, Vietnam's ability to remain competitive in this new environment will depend on strategic adaptation, maintaining resilience through domestic business environment improvement, policy innovation, strengthened supply chains, and deeper global integration.



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1. WORLD BANK PROJECTS VIETNAM'S 2025 GROWTH TO OUTPACE REGIONAL PEERS

The World Bank (WB) has raised Vietnam's 2025 GDP growth forecast to 6.6%, up 0.6 percentage points from its June 2024 projection of 6.0%. This places Vietnam among Asia's fastest-growing economies, behind only Bhutan and India at 7.2%. The WB also expects Vietnam's growth to outpace regional peers, such as the Philippines at 6.1%, Cambodia at 5.5%, Indonesia at 5.1%, and Thailand at 2.9%. For 2026, the WB anticipates Vietnam's growth at 6.3%, slightly lower than its earlier 6.5% projection. Globally, the organization projects the world economy to expand by 2.7% annually through 2026, constrained by slower long-term growth in developing economies, which account for 60% of global growth. On the other hand, other institutions have varied projections, with UOB at 7%, Oxford Economics at 6.5%, and the Asian Development Bank (ADB) matching the WB at 6.6%.

[Source: TheInvestor]

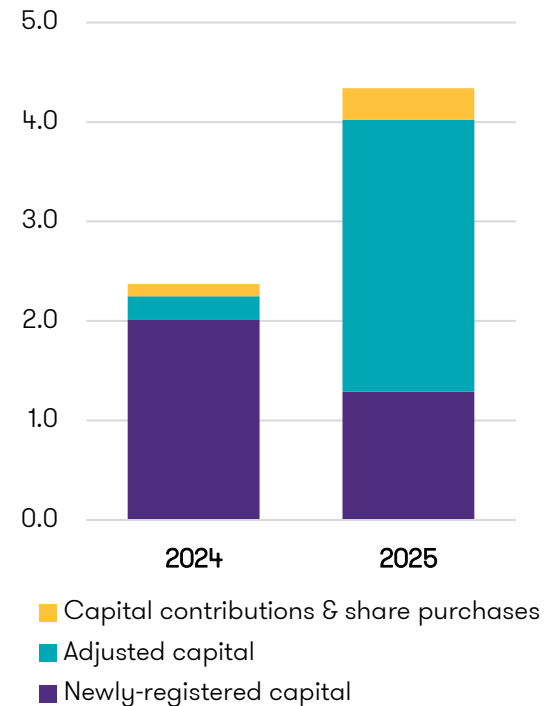


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2. MIXED RESULTS IN FDI ATTRACTION IN JANUARY 2025

Vietnam recorded over USD4.33 billion in FDI in January 2025, marking a 48.6% rise year-on-year, according to the Foreign Investment Agency (FIA). Disbursed capital reached USD1.5 billion, reflecting a 2% increase from last year. Of the total FDI, capital for new projects reached USD1.29 billion, a 43.6% decline year-on-year. Meanwhile, additional capital surged more than six-fold to USD2.73 billion. There were also 260 projects of capital contributions and share purchases, totaling nearly USD323 million, up 70.4% year-on-year.

FDI into Vietnam in January 2024 and 2025 (USD billion)



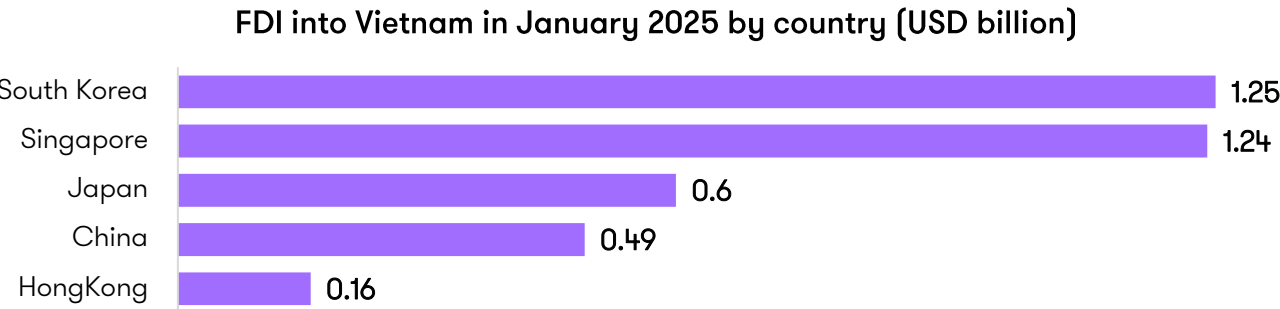
(Source: Vietnam Investment Review)



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2. MIXED RESULTS IN FDI ATTRACTION IN JANUARY 2025 (CONT.)

Foreign investors invested in 16 of 21 economic sectors in January, with the manufacturing industry continuing to take the lead, recording nearly USD3.09 billion, or 71.3% of the total capital, up 99.1% over the same period last year. Real estate followed with over USD1.09 billion, accounting for 23.5% but down 6.4% year-on-year. Among 55 investor countries, South Korea led with nearly USD1.25 billion (29%), up 13.4% on-year. Singapore came second with USD1.24 billion (28.7%), followed by Japan, China, and Hong Kong.



[Source: Vietnam Investment Review]



3. VIETNAM RECORDED USD3 BILLION TRADE SURPLUS IN JANUARY

In January 2025, Vietnam posted a trade surplus of over USD3 billion despite a 10.5% drop in total trade turnover to USD63.2 billion. Exports fell 4.3% to USD33.09 billion, while imports declined 2.6% to USD30.06 billion. According to the GSO, the lower figures were partly due to the earlier arrival of the Lunar New Year compared to last year. China and the U.S. remained Vietnam's largest trade partners, with Vietnam recording a trade surplus of USD8.5 billion with the U.S. but facing a deficit of USD5.8 billion with China.

Exports
USD33.09 bil

Imports
USD30.06 bil



USD3.03 bil
Total trade volume

USD24.77 bil in trade surplus

[Source: TheInvestor]

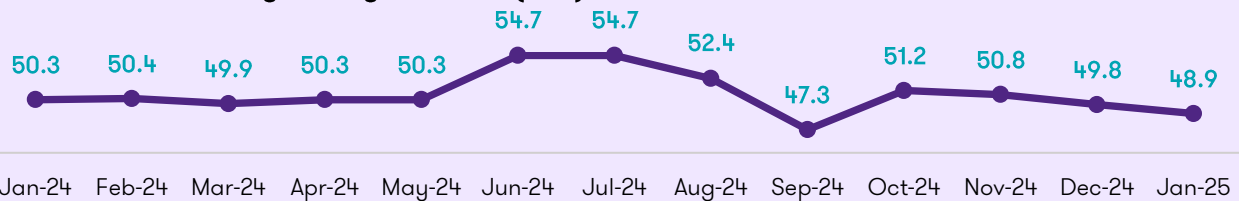


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4. SECOND CONSECUTIVE MONTH OF DECLINE IN VIETNAM'S MANUFACTURING

According to S&P Global, Vietnam's manufacturing sector's health weakened in January 2025, with the Purchasing Managers' Index (PMI) falling to 48.9 from 49.8 in December 2024. New orders, including exports, dropped for the first time in four months due to slow demand, leading to slight declines in production. Employment also fell for the fourth consecutive month at the sharpest rate since May 2024. On the other hand, input cost inflation eased, allowing firms to cut selling prices to stimulate demand. Despite the difficulties, many firms remained hopeful about the sector's recovery in the coming months.

Vietnam's Purchasing Managers' Index (PMI)



[Source: S&P Global]



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5. VIETNAM PREPARES TO IMPLEMENT MEASURES TO MITIGATE U.S. TARIFF IMPACT

Experts are warning that new U.S. tariff policies could severely impact Vietnam, disrupting supply chains, driving up costs, and reducing export volumes. In response, the Ministry of Industry and Trade (MoIT) is planning on several measures, including leveraging existing free trade agreements (FTAs), negotiating new deals, and diversifying markets to mitigate risks.

Businesses are urged to prioritize product transparency, diversify sourcing, and strengthen compliance with trade regulations to minimize vulnerabilities. Additionally, enhancing supply chain flexibility, investing in high-tech solutions, and adopting green production practices are seen as critical for maintaining competitiveness in the face of global uncertainties. Experts also highlight the importance of closer collaboration with major trade partners and improving the domestic business environment to ensure sustained export growth.

[Source: Vietnamnews]



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6. VIETNAM'S ELECTRONICS SECTOR FACES TARIFFS AND SUPPLY CHAIN CHALLENGES

Vietnam's electronics industry, a key pillar of the country's semiconductor strategy, is facing both promising opportunities and growing challenges in 2025. Proposed global tariffs from the U.S. are threatening to raise costs and disrupt exports for companies. Despite generating USD126.5 billion in export revenue in 2024, the sector remains heavily dependent on nearly USD50 billion in imported components. Last year, Vietnam has emerged as an ideal tech manufacturing destination, attracting major investments from Samsung, LG, Apple, Nvidia, and other leading firms. However, increased tariff pressures could strain the country's supply chain and reduce its competitiveness. To remain resilient, experts suggest that the industry needs improvement in infrastructure, sourcing diversification, and technology application to meet global demand and mitigate external risks.

[Source: VietNamNet]



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7. VIETNAM POSTS USD35 BILLION TRADE SURPLUS WITH THE EU IN 2024 UNDER EVFTA

Vietnam's exports to the EU witnessed a strong recovery in 2024, reaching nearly USD51.7 billion, an 18.5% compared to 2023. Key export categories included computers, electronics, and components, which surged 66.9% to USD10.8 billion, followed by machinery and equipment at USD8.7 billion (up 24.9%). Meanwhile, phone exports dropped 13.4% to USD7.4 billion. On the import side, Vietnam's imports from the EU grew 12% to USD16.7 billion. Total two-way trade reached USD68.4 billion, with Vietnam enjoying a USD35 billion trade surplus. The Vietnam-EU Free Trade Agreement (EVFTA), after four years in effect, has played a key role in boosting exports, especially in electronics, textiles, footwear, agriculture, and seafood. With estimated total exports of USD200 billion under the EVFTA, Vietnam has solidified its position as the EU's top trading partner in ASEAN.

(Source: Vietnamnews)



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8. OVERVIEW OF VIETNAM'S INDUSTRIAL REAL ESTATE IN 2024

Vietnam's industrial real estate sector showed strong performance in 2024. According to CBRE, northern industrial parks (IPs) reached an 80% occupancy rate, driven by the demand from the electronics industries. Meanwhile, the southern region sustained a higher occupancy rate of 89%. Rental prices rose across all regions, recording USD137 per square meter in the north, increasing by 4.2% year-on-year, and USD175 in the south, up 1.4%. Looking ahead, the market is expected to see further growth driven by stable FDI inflows, infrastructure development, and the growing secondary markets. Continued government support through regulatory improvements and accelerated infrastructure projects will provide an additional boost for the sector. Meanwhile, demand from global tech giants like NVIDIA is expected to strengthen Vietnam's position in the global supply chain, further enhancing its IP market.

[Source: VietNamNet, CBRE]



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8. OVERVIEW OF VIETNAM’S INDUSTRIAL REAL ESTATE IN 2024 (CONT.)

Industrial land overview in Vietnam by region (2024)

	North	Central	South
Total land area	11,430 ha	5,090 ha	26,381 ha
Occupancy rate	80%	56%	89%
Average rental price	USD137m2/rental period	USD71/m2/rental period	USD175/m2/rental period

{Source: VietNamNet, CBRE}



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