

Vietnam – Sweden 2012 in focus

*by Embassy of Vietnam in Sweden
(Commercial Section)
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Vietnam Economy in Global Downturn

Economic Restructuring: Advantages and Challenges

2012 is the second year we implement the five-year plan 2011-2015, socio-economic development strategy 2011-2020 according to the Eleventh Party Congress Resolution.

Apart of advantages, Vietnam economy also faces many difficulties and challenges, especially under the impact of both internal and external factors. The global economy remains weak; debt crisis in many countries and regions have a negative impact on the recovery of the world leading economies.

Operating macroeconomic measures and policies, and public investment in the advanced economies are affecting global trade and investment, and have been a major influence on the open economy like Vietnam. Action plan and measures have been and are being taken to remedy the recent situation.

One of the core economic thoughts in the documents of the Eleventh Party Congress of Vietnam is to restructure the economic situation.

The imperative priorities of economic restructuring have been identified by the 3rd Congress of the Eleventh Party Central Committee, Session XI, namely: In the next five years, Viet Nam will focus on three areas of restructuring, including restructuring investment with an emphasis on public investment; restructuring the financial markets with a focus on restructuring the system of commercial banks and other financial institutions; and restructuring State-run Corporations with a focus on Groups and Corporations controlled by the State.

The long-term priorities of economic restructuring have been identified in the Socio-Economic Development Strategy for 2011-2020, which include: the restructuring of industry and services in accordance with the specific regions; promotion of restructuring corporates and adjustment of market strategies; increase of domestic value, added value and competitiveness of products, entrepreneurs and the economy.

In the current situation, the process of economic restructuring has not only many

advantages, but also facing the tremendous challenges.

Advantages

Firstly, Viet Nam has the resources and great economic potential which has been accumulated over a period of 25 years of innovation and economic development in scale to hundreds of billions of US dollars. Considering the overall, economic restructuring is the redistribution of national resources to be used more efficiently. Resources that we rely on for restructuring the economic are the totality of existing social resources and potential which include :

- The value of saving assets under different forms of population and households.
- The value of assets under different forms of corporates from all economic sectors.
- The value of assets under different forms of business sector and other national assets.
- Foreign investment inflow commitments and development aids have not been disbursed with their value up to tens of billions of US dollars.
- And so on and so forth.

It is clear that evoking the said resources in association with the rational and efficient distribution and utilization of resources will create new power to promote rapid and sustainable economic growth.



Source : NIT

Secondly, in Viet Nam there are always social consensus on restructuring the economy. In reality, there is now consensus within the Party and State agencies, researchers, policy

makers and the strata of population on the need and requirements of economic restructuring and growth model transformation. The agencies of the State and the Party have a high political determination shown in a number of resolutions, policies and guidelines of related issues in recent times.



Source : NIT

Thirdly, Viet Nam has started and achieved initial results of economic restructuring. Specifically, the status of the State investments which is spread, scattered, unplanned, etc. has been initially resolved. The important thing is that the new management of State has so far focused on right and key investments and, concurrently, has received share, sympathy and strong support from all levels of Central government and all localities. Facing the pressure of the risk of losing an entirely systemic security, the work of restructuring the system of credit institutions that focus on the commercial banks have been rapidly developed. Initial results were remarkable.

Fourthly, overall inflation has been initially curbed, the macroeconomic indicators have improved significantly and macroeconomic trends are stabilizing.

Fifthly, the prompt and important amendments to the Constitution, the good results of the implementation of the 4th Central Resolution, Session XI will provide conditions and opportunities for developing and perfecting the market economy institutions, improving the State management efficiency with a view to meeting requirements of economic restructuring and growth model transformation.

Finally, economic integration is becoming more extended and strengthened. The reform efforts of economic restructuring, growth

model transformation have received the sympathy, support and encouragement of the Government's key partners, strategists, donors and international financial institutions. This is a favourable external factor which renders opportunities for Viet Nam to access capitals, technologies and markets with a view to promoting economic restructuring and growth model transformation.

Challenges

Economic restructuring associated with the growth model transformation is an urgent task at hand, aimed at a longer term goal. It must be expedited in many years with many difficulties and challenges ahead.

Firstly, it may have to sacrifice short-term benefits in exchange for the overall and longer term benefits. Implementing economic restructuring means that at least in some years ahead, the social resources should be distributed on a large scale and as the result, the above process can be effective only in the medium term. In other words, in the coming years, the economic growth may not be as high as planned and may be lower than before. This is a strong challenge in the context of thinking of pursuing the in-width growth speed which is still quite common, especially at local government levels; changes to shift to the new growth model are not really clear.

Secondly, economic restructuring can impact not favorably upon a group of stakeholders, giving rise to a number of social costs required to be covered.



Source : NIT

Economic restructuring features essentially large and fundamental changes to current regulations on distribution, management and use of social resources to form new institutions which are more rational, more effective and more efficient. The result is that

a number of State employees and civil servants, which are used to working with existing institutions, can be converted to another different work, as they cannot adapt timely to the new changes or have inadequate capacity to new thinking or are unable to enhance their knowledge and skills to meet the requirements of new mechanism for distribution and use of resources.

Economic restructuring associated with growth model transformation is not a bailout for the economy to weather the crisis; so as a whole, it does not drain the resources of society. However, for the structuring of certain sectors and stakeholders, it may arise certain costs. For example, the handling of bad debts is one of the contents of restructuring the system of commercial banks. An estimated number of bad debts accounts for 3.6% of total outstanding credits in the economy. Bad debts are handled and offsetted by the reserve funds, equity and resold to the organizations purchasing the debt and other interested parties. If the above measures are not enough to handle bad debts, thus the State budget may have to bear part of the cost of processing loans of commercial banks.



Source : NIT

Economic restructuring also means that the scale of investment and production of a number of branches and some regions may shrink; instead, other regions and sectors with more potential will be expanded and developed. Consequently, in a short term, thousands of investment projects, especially projects invested by the State budget, may be delayed; tens of thousands of corporates and investors will incur related losses and parts of their investment may not be recovered; many related corporates have to close down, dissolve or bankrupt; and a certain quantity of workers lost their jobs temporarily, making a

number of employment scaled down and many have to convert their labor skills; some localities may have to change orientations and plans for socio-economic development with considerable costs.



Source : NIT

Thirdly, institutions of modern market economy are still at a low level, the business environment also contains many risks and uncertainties, etc. all that will give rise to barriers to the mobilization, transformation and distribution of social resources that keep up with the requirements of economic restructuring and growth model transformation.

Policy stagnancy associated with the weaknesses of market economy institutions can delay various solutions for economic restructuring and for promoting it more positive impact than expected. Meanwhile, the adverse effects for some stakeholders would arise after the implementation of restructuring measures.

In addition, the world economy has not recovered steadily and noticeably; the world market remains risky, uncertain and unstable; the international economic integration can narrow the possibilities or reduce significantly the impact of a number of policy of economic restructuring, etc. all these factors may cause unfavorable impacts on the work of economic restructuring.

Therefore, to overcome the above challenges, it is of decisive importance that Viet Nam has now to uphold political determination, the unity of the whole political system from Central to local levels and the direction unified from the highest leadership body of the Party, the National Assembly and the Government to the government ministries and local authorities.

Vietnam Socio-Economic Performance Figures in 2012

The country's socio-economy in 2012 continued to be affected by the instability of the world economy due to the financial crisis and the unresolved debt crisis in Europe. Recession in the euro zone along with the credit crisis and rising unemployment in this regional countries are still ongoing. Production and commercial activities, commodities price worldwide therefore have been affected. Vietnam economy has also endured downturn effects as shrinking consumption rate, high inventory levels, reduced purchasing power, debt increasing. Many businesses, especially small and medium enterprises have narrowed, lay off and/or dissolved their production.

ACHIEVEMENTS

1. Key indicators

a. Gross Domestic Products (GDP)

Growth: Gross domestic product (GDP) in 2012 at 1994 constant prices was estimated increasing by 5.03% compared with 2011, of which it rose 4.64% in the first quarter; 4.80% in the 2nd quarter; 5.05% in the 3rd quarter; and 5.44% in the 4th quarter.

The growth in 2012 is though lower than the rate as of 5.89% in 2011, but in the context of global economic problems, the country focussing on priority targets to curb inflation, stabilize the macro economy, such increase can be seen as reasonable and positive with the improvement over each quarter.

In 5.03% of the overall growth of the economy, agriculture, forestry and fisheries rose 2.72%, contributed 0.44 percentage points to the overall growth rate; industrial and construction area increased 4.52%, contributing 1.89 percentage point; service sector rose 6.42%, contributing 2.7 percentage points.

b. **Consumer Price Index (CPI)** in December 2012 increased by 0.27% from the previous month and up 6.81% compared with the same period of previous year 2011.

The average consumer price index in 2012 increased by 9.21% compared with the average in 2011.



Source : Ministry of Industry and Trade portal

c. **Production price index** of agricultural production, forestry and fisheries in 2012 increased by 3.91% over the previous year, in which the selling price index of agricultural production increased by 1.05%; of forestry by 14.26%; seafood by 13.78%.

Product price index of industrial production rose by 9.32% over the previous year, including the selling price index of mining production increased by 19.10%; industrial products manufacturing by 7.1%; electrical and power distribution up 9.9%; 14.45%.



Source : NIT

Price index of fuels and raw materials used for production in 2012 increased by 9.04% compared with 2011, in which the price index of fuels and raw materials used for the production in some sectors rose significantly: machinery by 15.68%; rubber and plastic products, non-metallic minerals by 14.9%; textiles, apparel, leather and related products increased by 13.99%; product electronics, computer and optical products increased by 13.17%.

d. **Export-import price index:** The export price index of goods in 2012 decreased by 0.54% over the previous year, in which the export price index of some commodities fell sharply: Rubber 31.02%; cassava and cassava products decreased 16.83%; cashew nuts 14.94%; coal 11.93%.

The import price index of goods this year decreased by 0.33% over the previous year, of which the import price index of some items has fallen: paper by 7.89%; fiber, yarn by 7.7% ; steel 5.96%; tobacco materials by 5.82%.

e. **Population** : The national average population in 2012 was estimated at 88.78 million, up 1.06% compared to 2011, including: male population 43.92 million, accounting for 49.47% of the total population, up 1.09%; female population 44.86 million, accounting for 50.53%, up 1.04%.

Of the total population of the country this year, the urban population is 28.81 million, accounting for 32.45% of the total population, an increase of 3.3% over the previous year; rural population is 59.97 million people, accounting for 67.55%, up 0.02%.

f. **Labour force** aged from 15 years old in 2012 was 52.58 million, up 2.3% compared with 2011, in which male workers accounted for 51.3%; female workers for 48.7%.

Labor force of working age was 46.95 million, up 0.87%, with men accounting for 53.3%; women for 46.7%. Employees aged from 15 y-o are working in 2012 was 51.69 million, up 2.7% compared with 2011.

Structure of employees aged from 15 y-o working in areas of agriculture, forestry and fisheries declined from 48.4% in 2011 to 47.5% in 2012; industrial and construction sector decreased from 21.3% to 21.1%; service sector increased from 30.3% to 31.4%.

Employees aged from 15 y-o are working in 2012 the state sector accounted for 10.4% of the total labor force; non-state sector for 86.3%; foreign-invested sector for 3.3 percent.



Source : NIT

g. **Unemployment rate** in 2012 was 1.99%, of which accounts for 3.25% in urban

area, 1.42% in rural areas (in 2011 the corresponding ratio is: 2.22%; 3.60%; 1.60%).

Underemployment rate of people in working age 2012 was 2.8%, of which the urban area is 1.58%, 3.35% in rural areas (in 2011 the proportion is: 2.96%; 1.58%; 3.56%).

2. Production in main sectors

a. **Agriculture** : Rice production in 2012 was estimated at 43.7 million tons, up 1.3 million tons from the previous year due to increased area and yield, in which the cultivated area was estimated at 7753.2 thousand hectares, an increase of 97.8 thousand ha; yield of 56.3 quintals/ha, an increase of 0.9 kg/ha.

With 4.8 million tons of corn, the total grain output in 2012 is estimated at 48.5 million tons, up 2.6% compared with 2011.



Source : Y5cafe

b. **Forestry** production in 2012 got some difficulties due to the unfavorable weather conditions. The implementation of afforestation projects was behind schedule, especially for plant protection and special use forests.

However, the results of other forestry activities has increased significantly due to a number of positive factors. The stability of the consumption market for wood products and other forest products in recent years has stimulated people to invest in their own plantation, especially in production forests; other silvicultural activities such as plantation care, forest regeneration.

Concentrated plantation area in 2012 was 187 thousand hectares, accounted only of 88.2% in 2011.



Source : NIT

c. **Fisheries** production in 2012 was estimated at 5732.9 thousand tons, an increase of 5.2% compared with 2011, in which Fish was 4343.7 thousand tons, up 5.3%; Shrimp were 632.7 thousand tons, an increase of 0.3%.

Aquaculture area in 2012 was estimated at 1059 thousand hectares, an increase of 0.7% over the previous year, including fish farming area of 11.5 thousand hectares, an increase of 3.4%; area of black tiger shrimp 599.2 thousand hectares, down 1.4%; vannamei 34.3 thousand hectares, an increase of 17.2%.

Aquaculture production was estimated at 3110.7 thousand tons, an increase of 6.1% compared with 2011, in which the fish was 2402.2 thousand tons, up 6.5%; shrimp 473.9 thousand tons, decreased by 1%.

d. **Industry** : The index of industrial production in 2012 increased by 4.8% compared with 2011, in which the mining industry increased by 3.5%, contributing 0.7 percentage points to the growth of the entire industry; processing industry, making up 4.5%, contributing 3.2 percentage points; production and distribution of electricity, natural gas 12.3%, contributing 0.8 percentage points; water management, waste and waste water treatment increased by 8.4%, contributing 0.1 percentage points.

3. **Telecommunication** : Phone subscribers has grown significantly, reached a quantity of 12.5 million in 2012, up 5.5% from the previous year. Of which, there was 16.5 thousand fixed telephone, about 33.4% in 2011 and around 12.5 million mobile subscribers, up 5.8%.

The total number of phone subscribers in the whole country by the end of December 2012 is estimated at 136.6 million, up 2.7% compared to the same period last year, including: 14.9 million fixed-line subscribers, down 2.9% and 121.7 million mobile subscribers, up 3.5%.

New broadband internet subscribers in 2012 is 355.6 thousand subscribers. By the end of December 2012, the total number of broadband internet subscribers from all service providers was estimated at 4.3 million, up 5.4% compared to the same period last year. Total sales of net postal services in 2012 was estimated at 179.9 trillion, up 7.6% compared with 2011.

4. **Turnover in retail trade.** The retail trade sales volume and services was estimated at 2,324.4 thousand trillion VND, up 16% compared to previous year.

5. **International visitors** to Vietnam in 2012 was estimated at 6647.7 thousand, up 9.5% from the previous year, in which arrivals for the purposes of tourism reached 4170.9 thousand, an increase of 7, 3%; for business purposes 1166 thousand, up 16.2%; visiting relatives reached 1150.9 thousand people, an increase of 14.3%.

International visitors to Vietnam by plane is counted to 5575.9 thousand, up 10.8% compared with 2011; by sea 285.5 thousand, up 0.8%; and by road 986.2 thousand, up 5.4%.

6. **Investment Development** : Investment capital made in 2012 at current prices was estimated at 989.3 thousand trillion VND, up 7% over the previous year and by 33.5% of GDP, which is the lowest proportion of investment capital compared to GDP since 2000. Of which, the state sector reached 374.3 trillion, accounting for 37.8% of total capital and up 9.6% year to year; non-state sector 385 trillion, accounting for 38.9% and up 8.1%; foreign direct investment businesses reached 230 trillion, accounting for 23.3% and up 1.4%.



Source : NIT

7. Exports – Imports

a. **Exports of goods** : Export turnover in 2012 amounted to 114.6 billion USD, an increase of 18.3% compared to 2011. Of which, domestic economic sector contributed 42.3

billion USD, an increase of 1.3%; foreign-invested businesses sector (including crude oil) 72.3 billion USD, an increase of 31.2% compared to previous year.

Excluding crude oil export, export turnover of foreign-invested sector in this year valued \$63.9 billion, an increase of 33.5% over the previous year. Excluding price factors, the value of exported goods increased by 18.9% in 2012.

Main export items are : Electronics, computers and components; mobile phones and accessories, textiles, footwear ... , which are mostly in labour intensive groups and subcontracted by foreign-invested businesses.

In 2012, industrial products got booming export volume compared to the previous year: Phone and components 12.6 billion USD, up 97.7%; electronic computers reached 7.9 billion USD, an increase of 69.1%; machinery, equipment and spare parts 5.5 billion USD, up 26.9%.

Many agricultural products increased significantly in export volume compared to 2011: Cassava and cassava products increased by 55.2%; coffee 37.9%; rubber increased by 23.8%; cashew 25.6%; rice 13.1%; tea rose 10.4%. This is the first time rice export reached 8 million tons, equivalent to \$3.7 billion. However, export price of agricultural products have decreased due to lower price in the international market: cassava and cassava products decreased by 16.8%; coffee fell 6.2%; nuts down 15 percent; rice decreased by 7.1%; tea down 2.2% ... in price.

Traditional export commodities still got higher growth are: Wires and Cable 41.2%; ceramic products 20%; timber and wood products 17.3%; footwear increased by 10.6% ; textiles up 7.1%.



Source : Cafef



Source : Thitruongtaichinh.vn

Great change in 2012 export structure:

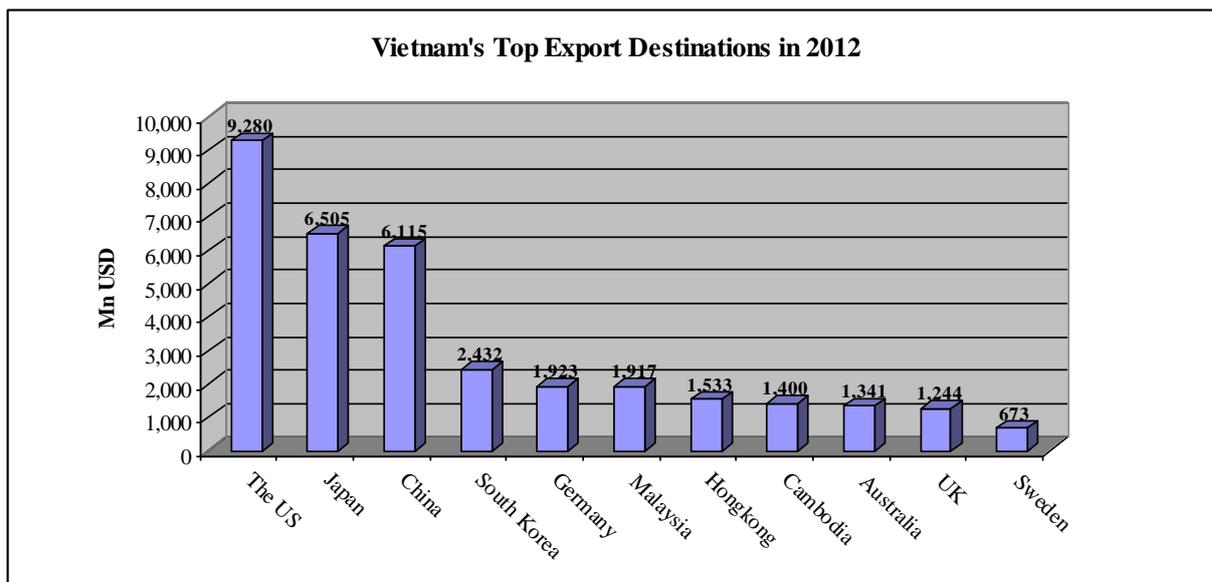
- **Industry sector** with 90.7 billion USD, accounting for 79.1% of total exports. In which, heavy industry group and minerals are estimated at 51.7 billion USD, up 49.9% and accounting for 45.1% (2011 is 35.6%), mainly due to increased turnover of the phone and accessories, increased 6.2 billion USD (up 97.7%); and creative industry (traditional export items) reached 39 billion USD, equivalent to 2011 but the proportion fell from 40.3% in 2011 to 34.1% in 2012.

- **Agricultural sector** (including forestry products) reached 17.7 billion USD, an increase of 18% over the previous year, and accounted for 15.4% of total exports.

- **Aquatic products** reached 6.2 billion USD, unchanged from 2011, and accounted for 5.4% of 2012 total exports, down from 6.3% in 2011.

Vietnam Export market in 2012. EU market turned to be the biggest commodity market with a turnover of 20.3 billion USD, up 22.5 percent from 2011 and accounting for 17.7% total export turnover; followed by U.S. with 19.6 billion USD, up 15.6% and accounting for 17.1%; ASEAN 17.3 billion USD, up 27.2% and accounting for 15.1%; Japan 13.1 billion USD, 21.4% and 11.4%; China 12.2 billion USD, up 10% and 10.7%.

Key export items to the EU with high proportion: Phone accounted for 43% of the total export turnover; footwear for 36%; computer 19%; textiles 16%.



b. **Imports of goods** : Import turnover in 2012 amounted to 114.3 billion USD, up 7.1% from the previous year. Of which, domestic economic sector contributed 54 billion USD, down 6.7%; foreign invested sector 60.3 billion USD, an increase of 23.5% compared to previous year. The increase in imports this year reached the lowest since 2002, (excluded 2009). Excluding price factors, the value of imports in 2012 increased 7.4% compared with 2011.

Increase in import items for assembly and subcontracting: Electronics, computer and components amounted to 13.1 billion USD, up 66.8%; fabrics reached 7 billion USD, up 4.7%; textile materials, footwear reached 3.2 billion USD, up 7.9% compared to 2011.

Chemicals imports valued 2.8 billion USD, up 2.3%; chemical products reached 2.5 billion USD, up 2.9%; petroleum 8.9 billion USD, down 10%; fertilizer 1.6 billion USD, down 7.9%; steel 6 billion USD, down 7%; metals 2.7 billion USD, down 1.1%; textile fiber 1.4 billion USD, down 9%; Cotton 875 million USD, down 16.9%; plastics products up 23.5%; vegetables up 14%; paper increased by 8.9%.

Import structure in 2012 : Imported goods used for production amounted to 106.5 billion USD, the highest proportion with 93.2%, up 90.6% from 2011, mainly due to the increase of imports of machines, equipment, tools and spare parts for export.

- **Capital goods** shared 36.9% of imports, up 7.9% from 2011.

- **Raw materials (incl. fuels)** accounted to 56.3%, down from 61.6% of previous year;

- **Consumer goods** reached 7.8 billion USD, accounting for 6.8%, down from 7.6% of 2011.

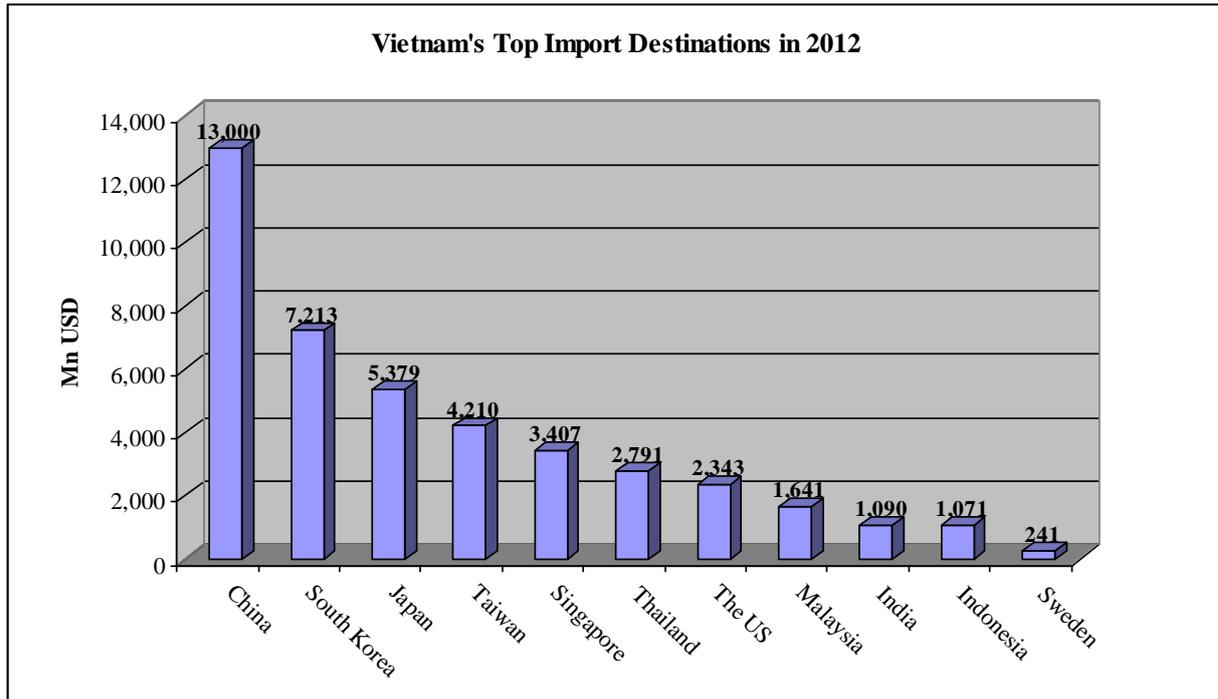


Source : Thitruongtaichinh.vn

Vietnam import market in 2012. China continues to be the country's largest market with a turnover of 28.9 billion U.S. dollars, up 17.6 percent from 2011 and accounting for 25.3% of total turnover imported goods; followed by ASEAN reached 21 billion USD, up 0.3% and 18.3%; Korea reached 15.6 billion USD, up 18.4% and accounting for 13.6%; Japan 11.7 billion USD, up 12.2% and accounting for 10.2%; EU reached 8.8 billion USD, up 13.3% and accounting for 7.7%; United States reached 4.7 billion USD, up 4, 7% and 4.1%.

Net trade for 2012 showed a surplus of 284 million USD, the first trade in goods surplus since 1993. The net trade balance of 284 million USD resulted from the exports of foreign-invested sector with a surplus of 12

billion USD and the deficit of 11.7 billion USD from the domestic economic sector.



c. **Trade in services** : Export turnover in 2012 was estimated at 9.4 billion USD, up 6.3% compared with 2011. Of which, travel services reached 6.6 billion USD, up 18%; transport services 1.2 billion USD, down 15.5%.

Import turnover in 2012 was estimated at 12.5 billion USD, up 5.7% compared with 2011. Of which, transport services reached 8.7 billion USD, up 6%; travel services 1.9 billion USD, an increase of 8.5%.

Trade in services deficit in 2012 was 3.1 billion USD, an increase of 3.8% compared to 2011 and by 32.8% of export turnover in 2012.

8. People life, social security: Total budget for social security, poverty reduction in 2012 is 8.8 trillion VND, of which about 1 trillion VND were spent to support poor people and 6.5 trillion VND for poverty relief, social relief programme.

9. Education and training : By the end of 2012, compulsory in primary and secondary education were implemented in 63/63 provinces and cities.

By 2012, there were 215 universities, of which 187 are public schools; 204 colleges, including 150 public schools; 295 professional secondary schools. Total number of students in universities and colleges is over 2.2 million students, of which female students was 1.1 million, accounting for about 50%; students in professional secondary schools is 623

thousand students, with female students accounting for about 60%.



Source : VGP News

10. Foreign Direct Investment: As of December 15, 2012 there were 1,100 estimated new licensed invested projects with a total registered capital of 7.85 billion, equivalent to 64.9% compared to the same period in 2011.

During the same period, there were 435 projects registered to increase their investment capital, up 7.4% compared to previous year. Total amount of capital increased by USD 5.15 billion, up 58.5% compared to the same period in 2011.

Total registered capital from foreign direct investment to Vietnam – both new and ongoing projects – reached USD 13.01 billion, or 84.7% compared to the same period in

2011. Capital disbursed in 2012 from foreign invested projects reached USD 10.46 billion, or 95.1% compared to the same period in 2011.

So far, there are in total 14,431 FDI projects to Vietnam.

Investment by sector :

Processing and manufacturing industry sector is the most attractive sector for foreign investors with 498 projects registered valued USD 9.1 billion, accounted for 69.9% of the total registered investment capital.

Real estate sector ranked second with 10 registered projects valued USD 1.85 billion, accounted for 14.2%. Followed by service sector as wholesale and retail, repair, with 175 registered projects valued USD 483.25 million, accounted for 3.7%; information and communication sector with totally new registered capital USD 411.25 million.

Investment partners:

In 2012, there were 58 countries and territories investing in Vietnam. Japan leads with total newly registered capital and increased by \$ 5.13 billion, accounting for 39.5% of total investment capital into Vietnam; Singapore ranked second with USD 1.72 billion, accounting for 13.3%; South Korea ranked

third with USD 1.17 billion, accounting for 9.1%; followed by Samoa came in fourth with USD 907.8 million, accounting for 7% of the total investment capital into Vietnam. British Virgin Islands ranked 5th with USD 788 million, representing 6.1% of total investment capital into Vietnam.

Investment areas:

Most attractive ranking locations/provinces of foreign invested projects are : Binh Duong, Hai Phong, Ho Chi Minh City, Dong Nai, Ha Noi, Bac Ninh.

Major projects:

- Residential project Tokyu Binh Duong developed by Japanese investors in Binh Duong, with the total registered capital of 1.2 billion USD.
- Expansion projects :
 - o in Bac Giang by Wintek Vietnam Co. Ltd. with an additional invested capital of USD 870 million;
 - o in Bac Ninh Industrial Zone by Samsung Electronics Vietnam with an additional of USD 830 million.
- Tires manufacturing project in Hai Phong by Bridgestone Vietnam by USD 574.8 million.
- Project from global manufacturing company LIXIL Vietnam in Dong Nai with USD 441 million.

VIETNAM at a glance



National Flag



Coats of Arms

A country in South East Asia.
Declared Independence in 1945 by President Ho Chi Minh.

Unified in 1975 after the liberation of South of Vietnam.

Innovation policy (Doi Moi) : since 1986.

Constant policies : Wishing to be friends with all countries and territories in the world for peace and development.

One of the fastest growing economies in Asia. A market economy recognized by 31 countries worldwide (as of early 2012).

Member of various international and regional organizations, including UN, ASEAN, ASEM, APEC, WTO, WB, ADB, IMF, etc.

World Heritages inscribed by UNESCO (seven sites) : Toyal Complex of Hue (1993), Ha Long Bay (1994), Hoi An Ancient City (1999), My Son Sanctuary (1999), Phong Nha Ke Bang National Park (2003), Imperial Citadel of Thang Long (present Ha Noi Capital) (2010), Citadel of Ho Dynasty (2011).

Major exports : Crude oil; garments; footwear; seafood; wood furniture; electronics (incl. mobile phones) and computers; coffee; rice; rubber; coal; fruit and vegetables; pepper; cashew; tea and handicrafts.

Major imports : Industrial equipments and machinery; petroleum products; iron and steel; inputs for textile, garment and footwear industries; computers, electronics and components; fertilizer; chemicals and pharmaceuticals; means of transportation and parts.

Useful information :

Area	: 331,991 sq. km.
Population	: 88.78 Million (2012 estimate), ranking 13 th in the world
Official language	: Vietnamese
National Day	: September 02 nd
Religion	: Traditional beliefs, Buddhism, Christianity, Taoism, Confucianism, Protestantism, Islam, Hoa Hao, Cao Dai
Ethnic Groups	: 54 groups. Major groups include the Kinh/Viet (86.2%), Tay (1.9%), the Thai (1.7%), the Muong (1.5%), etc (1999 census)
Literacy	: 93% (2009 estimate)
Population Growth Rate	: 1.06% (2012 est.)
Human Development Index	: 128 out of 187 countries (as of 2011)
Life expectancy	: 74 – 75 years old (2010 est.), ranking 83 rd in the world.
Monetary unit	: Dong (Exchange rate : approximately VND 21,000 per US\$1 – as of January 2013)
GDP	: US\$ 120.7 billion (2011 est.)
GDP per capita	: US\$ 1,300 (as of 2011), equivalent to VND 27 million.
GDP growth rate	: 6.78% (2010); 5.9% (2011); 5.03% (2012)
GDP by sector	: Agriculture (22.02%), Industry and Construction (40.79%) and Service (37.19%)
Labour force	: 51 million (2011 estimate)
Culture	: Stems from a wet rice civilization; has many features of cultural life: festivals, food, arts, architecture, music and customs.
Time zone	: GMT+7 (for the whole country of Viet Nam), which is 5 hours earlier than Sweden in summer and 6 hours earlier in winter.

Vietnam – Sweden Bilateral Trade

Trade relationship between Vietnam and Sweden has incessantly increased through years, the value of goods exchanged has doubled after 5 years, and more than tripled after 10 years since 2001.

However, the trade volume between the two countries remains modest compared to trade exchange with their other partners.

According to trade statistics of Vietnam General Customs, in 2012 exports to Sweden gained USD 673 million while imports from Sweden valued USD 241 million.

Compared to 2011, exports increased by 57 per cent in value while imports decreased by 6.5 per cent.

Vietnam exports to Sweden accounts only 0.6% of Vietnam total exports and 0.2% Swedish total imports, while Swedish exports to Vietnam shares just 0.2% of Vietnam total imports and around 0.1% of Swedish total exports.

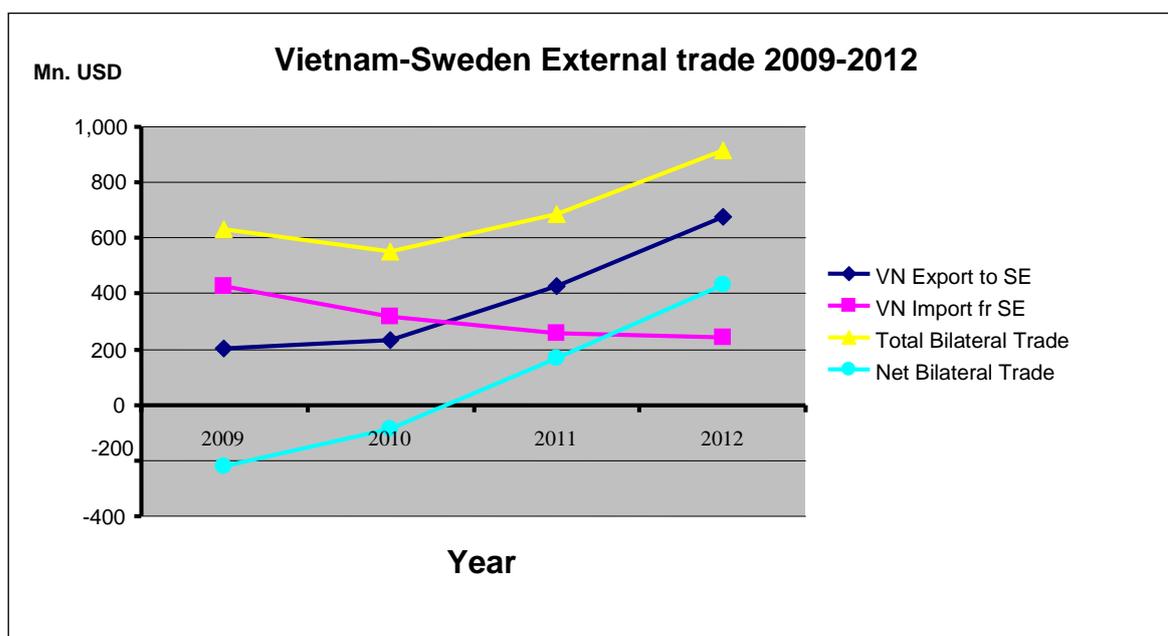
In 2012, Sweden ranked the 29th of Vietnam's biggest export market while ranked the 35th of Vietnam's biggest import market.

Potential bilateral trade between Vietnam and Sweden has been untapped properly, subject to the complementary nature of the two economies.

Bilateral Trade between Vietnam and Sweden, 2009-2012

Year	2009	2010	2011	2012		
	Value	Value	Value	Value	+/- in %	Share %
VN Export to SE	204.6	233.2	427.4	673.8	57.65%	0.60%
VN Import fr SE	427.5	317	258.2	241.2	-6.58%	0.20%
External Trade with SE	632.2	550.2	685.5	915	33.48%	0.40%
Net Trade	-222.9	-83.8	169.2	432.6	155.67%	55.40%

Source: Vietnam General Customs Office



Vietnam Exports to Sweden, 2009-2012

	2009	2010	2011	2012	+/- in %	Share % in 2012
VN Export to SE (Mn. USD)	204.6	233.2	427.3	673.7	58%	
Mobile phones & accessories		4.0	118.7	307.7	159%	45.70%
Computers, electronics & equipments	16.9	15.3	38.5	63.3	64%	9.40%
Footwear	45.3	35.9	41.7	53.7	29%	8.00%
Garments & textiles	35.1	49.8	68.5	52.3	-24%	7.80%
Machineries & equipments	0.0	11.0	19.6	36.6	87%	5.40%
Wood & wooden products	18.4	23	22.2	26.6	20%	4.00%
Seafood	16.6	15.8	13.5	16.2	20%	2.40%
Plastic products	8.5	10.3	14.0	15.0	7%	2.20%
Steel of all kinds	7.5	8.5	10.5	11.0	5%	1.60%
Hand bags, suitcases, umbrellas	8.7	8.3	12.6	10.9	-13%	1.60%
Rubber	1.0	3.6	3.6	4.5	25%	0.70%
Rattan, bamboo, sedge products & carpets	2.6	2.1	2.7	2.8	4%	0.40%
Ceramic products	2.2	2.0	1.9	2.2	16%	0.30%

Source: Vietnam General Customs Office

Vietnam Imports from Sweden, 2009-2012

	2009	2010	2011	2012	+/- in %	Share % in 2012
VN Import fr SE (Mn. USD)	427.5	317.0	258.1	241.1	-7%	
Machineries & equipments	337.5	212.5	147.3	125.2	-15%	51.90%
Pharmacy	16.5	23.3	27.3	32.9	21%	13.60%
Mobile phones & accessories	0.0	4.9	6.9	14.6	112%	6.00%
Petroleum products	3.6	5.6	7.3	8.0	10%	3.30%
Wood & wooden products	4.7	7.8	7.2	6.9	-4%	2.90%
Chemical products	5.3	6.6	7.1	6.9	-3%	2.90%
Iron and steel	4.4	4.5	4.7	6.1	30%	2.50%
Steel product of all kinds	2.9	3.5	7.4	6.0	-19%	2.50%
Paper	0.0	4.1	7.5	5.5	-27%	2.30%
Computers, electronics & equipments	2.3	1.4	0.9	3.1	244%	1.30%
Plastic materials	2.2	2.7	3.6	2.8	-22%	1.20%
Plastic products	2.3	2.2	2.5	2.4	-4%	1.00%
Automobile components, spare parts	3.4	7.5	2.7	1.8	-33%	0.80%
Cars	4.0	7.1	7.6	-	-	0.00%
Precious metals and stones	0.1	4.5	-	-	-	0.00%

Source: Vietnam General Customs Office

Direct Investment from Sweden

As of 1 January 2013, Sweden has 29 active investment projects in Viet Nam with the total registered capital of US\$ 61.8 million, ranking the 48th out of 98 countries and territories investing in Viet Nam. The average capital per project is US\$ 2.13 million, a low ratio as compared to the average countrywide ratio of US\$ 16.4 million per foreign investor project in Vietnam on the total foreign invested capital.

Swedish investors share the biggest interest in the service sector with 6 projects of US\$ 52.2 millions. The second interest is in the industrial and construction sector with 14 projects worth US\$ 14.1 millions. The rest goes to projects in other sectors, none in agricultural sector.

Most of Swedish investment are made in the form of 100% foreign owned projects. There are

7 projects with the capital of US\$ 54.8 millions, accounting for 24% of projects invested and 88% total registered invested capital. For joint venture projects, there are 12 projects with US\$ 10.8 millions, made up 46% of projects invested and 17.4% total registered invested capital. The remaining projects are under joint stock companies with registered capital as of 700 - 800 thousand USD.

As regards to geographical distribution, Swedish investors have their presence in 6 provinces, mostly in Ha Noi, Long An, Binh Duong, Vinh Phuc, Ho Chi Minh city and Hung Yen.

So far, there are only two representative offices of Vietnam businesses in Sweden.

Vietnam – Sweden Recent Cooperations on Local Level Municipal Partnership Programme

As of 1 January 2013, there are 5 ongoing partnership cooperations on local level between Vietnam and Sweden, financed by SIDA and ICLD.

1. **Piteå – An Giang Province** : started from 2011. Main cooperation area : Environment and Climate.
Project: Sustainable Municipalities. Objective : a secure, cost effective, sustainable energy system from rice waste to bio energy, which has a low impact on health, environment and climate change.
Website about An Giang and Sweden : <http://en.angiang-sweden.com/>



Source : An Giang Sweden webpage

2. **Växjö – An Giang Province** : started from 2011. Main cooperation area : Environment and Climate
Project 1 : Brick – kilns and Bio-gas combination system. Objective : Use locally produced bio gas as an energy source in the brick-kilns.

Project 2 : Capacity Building. Objective : Increased knowledge, practical know-how through capacity building for 20 people within 10 organizations/departments, with focus on environmental and climate issues. Expected results : Increase the capacity and knowledge, as well as the readiness to tackle climate and environmental challenges.



Source : An Giang Resources and Environment Dept.

3. **Borås City – Da Nang City** : started from 2012. Potential areas of cooperation : Waste recovery and waste management area.
Context of cooperation : transfer knowledge to

Da Nang city to help Da Nang solve their waste problem, with the aim to help Da Nang convert their waste into something valuable for the city.



Source : Danang portal

4. **Linköping – Thai Nguyen Province** : started from 2012. Potential areas of cooperation : Focus on sustainable development in general and environmental issues in particular. Short term objective of the partnership : to understand the conditions for knowledge and technology transfer between Linköping municipality and Thai Nguyen Province. Long term objective of the partnership : How to attract local industry in Vietnam to participate in the change towards sustainable development.



Source : Thai Nguyen portal

5. **Umeå – Cau Giay Hanoi**: started from 2012. Potential areas of cooperation : Education for Sustainable Development - ESD Project : Sustainable strategies for Sustainable Education, and Integrated Management Processes for ESD. Objective : Capacity building of the school management and affiliated departments in Umeå and Cau Giay, with the aims to transfer knowledge between the cities about democratic methods for ESD. Enhance integrative approaches for ESD, i.e collaboration between important political and management levels where every level is of importance for having results in the area of ESD.



Source : Umeå municipality

Sources : Governmental agencies portals, Sida and ICLD.