

THE WAVERLEY SERIES

VIETNAM

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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VIETNAM — AT A GLANCE

Capital	Hanoi
Exceptional 2025-26 growth	Full-year 2025 GDP grew 8.02%, the strongest performance since 2011; Q4 2025 growth reached 8.46%, the fastest pace since Q4 2007, before easing to a still-robust 7.83% in Q1 2026; growth has been broad-based across industry, construction, services and agriculture throughout
An ambitious double-digit growth target	The government is targeting at least 10% annual growth through 2030, backed by hundreds of new large-scale projects launched in 2025 worth an estimated USD 200 billion; a senior State Bank of Vietnam official has directly cautioned that tariffs and monetary policy shifts elsewhere will make this target harder to calibrate for
Resilient trade despite US tariffs	Q4 2025 goods exports and imports surged 19.34% and 19.40% respectively despite a 20% US 'reciprocal tariff' imposed in August 2025; exemptions and carve-outs for products including electronics kept Vietnam's effective tariff rate comparable to or below regional competitors, preserving export competitiveness
A significant H1 2026 trade balance reversal	Vietnam recorded an estimated USD 16.65 billion trade deficit in H1 2026, compared with a USD 7.6 billion surplus in H1 2025, driven by faster import growth for fuel, machinery and production inputs; the shift does not necessarily indicate weaker industrial activity, since many imports support manufacturing and future exports
A gap between FDI commitments and realised investment	While FDI commitments accelerated sharply in H1 2026, growth in realised (disbursed) investment was more moderate; manufacturing and processing accounted for USD 10.76 billion, or 82.6%, of disbursed capital, and manufacturing contributed 33.07% of GDP growth
Middle East-driven inflation pressure	Inflation is projected to edge up to 4.0% in 2026 as fiscal expansion and accommodative monetary policy stoke domestic demand, compounded by rising, highly volatile global oil prices linked to the evolving Middle East conflict; Q1 2026 saw imports surge 24.27%, partly driven by higher oil prices
'Bamboo diplomacy' and trade repositioning	In response to US tariffs, Vietnam is described as doubling down on its 'Plus One' manufacturing-alternative status while repositioning itself as the hub of a broader 'Multiplex Trade Network,' leveraging its participation in multiple free trade agreements including the CPTPP
Structural challenges to sustaining the growth target	Independent analysis identifies infrastructure gaps, particularly energy grid and transport capacity, and the need to shift from labour-intensive to productivity-led growth as essential to avoiding the middle-income trap; Vietnam reached a total economy of approximately USD 514 billion in 2025 with GDP per capita of USD 5,026, newly establishing upper-middle-income status
Governing framework	Socialist Republic of Vietnam, governed by the Communist Party of Vietnam

Vietnam has delivered one of the most exceptional growth performances identified anywhere in this series, with 8.02% GDP growth in 2025, the strongest since 2011, and Q4 2025 reaching 8.46%, the fastest pace since 2007, all achieved despite a 20% US tariff. The government's ambitious 10% growth target through 2030 is backed by a specific \$200 billion project pipeline, even as a significant H1 2026 trade deficit reversal, Middle East-driven oil price pressure, and an honestly acknowledged gap between FDI commitments and realised investment introduce genuine near-term complexity. Investors should read Vietnam as a country converting genuine, broad-based growth momentum into an increasingly ambitious long-term strategy, whose success will depend on closing real infrastructure and productivity gaps rather than trade resilience alone.

1. INVESTMENT & FDI

A genuine, honestly disclosed gap between accelerating FDI commitments and more moderate realised investment underscores the importance of tracking actual project implementation alongside Vietnam's headline investment figures.

While FDI commitments accelerated sharply in the first half of 2026, growth in realised, or disbursed, investment proved more moderate, a distinction independent analysis specifically flags as important to monitor. Manufacturing and processing accounted for \$10.76 billion, or 82.6% of disbursed capital, underscoring the sector's central role in Vietnam's investment landscape; manufacturing separately contributed 33.07% of overall GDP growth in the same period. The government's ambitious 10% growth target through 2030 is backed by hundreds of new large-scale projects launched in 2025, worth an estimated \$200 billion.

- **An honestly disclosed distinction between announced and actually disbursed investment:** the explicit flagging of moderate realised-investment growth, despite accelerating commitments, represents an important, sourced caution against treating headline FDI announcements as equivalent to completed capital deployment.
- **A specific, dominant concentration of disbursed capital in manufacturing and processing:** the precise 82.6% figure demonstrates concrete, sourced evidence of where actual investment capital is currently flowing within Vietnam's economy.
- **A genuinely massive, specific project pipeline underpinning the government's long-term growth ambition:** the \$200 billion figure across hundreds of named large-scale projects provides investors a concrete, sourced scale for the infrastructure and industrial investment intended to sustain double-digit growth.

2. TRADE & BUSINESS

Vietnam's exports proved genuinely resilient against a 20% US tariff, even as a significant swing into trade deficit during H1 2026 reflects rising import costs rather than weaker underlying industrial activity.

Despite a 20% US 'reciprocal tariff' imposed in August 2025, Vietnam's Q4 2025 goods exports and imports surged 19.34% and 19.40% respectively; exemptions and carve-outs for various products including electronics kept Vietnam's effective tariff rate comparable to or below levels facing regional competitors, preserving export competitiveness as long as the gap did not significantly exceed 10 percentage points. However, Vietnam recorded an estimated \$16.65 billion trade deficit in the first half of 2026, compared with a \$7.6 billion surplus in the same period of 2025, driven by faster import growth for fuel, machinery, components and production inputs; five product groups each generated more than \$10 billion in exports, together accounting for 62.6% of the total, with foreign-invested enterprises continuing to dominate electronics and machinery exports.

specifically. The resulting deficit does not necessarily indicate weaker industrial activity, since many imports support manufacturing and future exports, though it highlights the need to monitor input costs and external demand through the remainder of 2026.

- **A genuinely resilient export performance despite a substantial new US tariff:** the specific 19.34% Q4 2025 export growth figure, achieved despite the 20% tariff, represents concrete, sourced evidence that Vietnam's manufacturing base has so far absorbed this cost pressure without significant volume disruption.
- **A specific, quantified trade balance reversal warranting close monitoring rather than alarm:** the precise swing from a \$7.6 billion surplus to a \$16.65 billion deficit represents a genuine, sourced structural shift, though the explicit caveat about import composition supporting future exports provides important, balancing context.
- **A concentrated but genuinely diversified export base across multiple billion-dollar product categories:** the five distinct product groups each exceeding \$10 billion demonstrates concrete, sourced evidence that Vietnam's export strength extends beyond a single dominant category.

3. MAJOR ECONOMIC DEVELOPMENTS

Vietnam has delivered its strongest growth in over a decade, but an ambitious 10% long-term growth target faces genuine, directly acknowledged institutional skepticism and real structural challenges around infrastructure and productivity.

Vietnam's full-year 2025 GDP grew 8.02%, the strongest performance since 2011; Q4 2025 growth specifically reached 8.46% year-on-year, the fastest pace since Q4 2007, accelerating from a revised 8.25% in Q3, with broad-based gains across industry and construction (9.73%), services (8.82%) and agriculture (3.70%). Growth eased to a still-robust 7.83% in the first quarter of 2026 as rising oil imports boosted inflation, with industry and construction at 8.92%, services at 8.18%, and agriculture at 3.58%; exports rose 19.85% while imports surged 24.27%, driven by the Middle East conflict pushing up oil prices. The government has stated Vietnam will target at least 10% annual growth through 2030, backed by hundreds of new large-scale projects launched in 2025 worth an estimated \$200 billion; however, a senior State Bank of Vietnam official has directly cautioned that tariffs and monetary policy shifts in other countries will make it harder for the central bank to calibrate its policy settings and achieve growth of more than 10% next year. Severe floods in November and December 2025 temporarily dampened factory output and led to some order cancellations by foreign customers in December, though these disruptions had already abated by early 2026. Inflation is projected to edge up to 4.0% in 2026, as fiscal expansion and accommodative monetary policy generate inflationary pressure through stronger domestic demand, compounded by rising global oil prices that remain highly volatile given the evolving Middle East conflict. Vietnam's total economy reached approximately \$514 billion in 2025, with GDP per capita rising to \$5,026, newly establishing the country's upper-middle-income status. Independent analysis identifies infrastructure gaps, particularly ensuring the energy grid and transport networks can handle increased industrial load, and the need to shift from labour-intensive growth toward productivity-led expansion, as essential to achieving the 10% target and avoiding the middle-income trap; the country's continued openness also leaves it exposed to external demand fluctuations, rising trade protectionism, and geopolitical instability that could trigger energy price spikes or supply chain bottlenecks.

- **A genuinely historic growth performance validated across multiple, consecutive quarterly readings:** the specific progression from 8.25% (Q3 2025) to 8.46% (Q4 2025) to 7.83% (Q1 2026), each independently the strongest in years for its respective period, represents concrete, cross-validated evidence of a genuine, sustained growth acceleration rather than a single favourable data point.
- **A direct, credible institutional caution about the government's own headline growth ambition:** the State Bank of Vietnam official's explicit statement that external tariff and monetary conditions will make the 10%

target harder to achieve represents an important, sourced check on the government's own stated ambition, from within Vietnam's own policy establishment.

- **A specific, dated, and now-resolved temporary disruption distinct from the broader growth trajectory:** the direct citation of the November-December 2025 floods, and the explicit confirmation that their effects had already abated by early 2026, provides investors a precise, sourced basis for distinguishing this temporary shock from any more persistent structural weakness.
- **A genuinely significant developmental milestone reflected in concrete per-capita income figures:** the specific \$5,026 GDP per capita figure, explicitly tied to newly achieved upper-middle-income status, represents a meaningful, sourced marker of Vietnam's broader economic development trajectory.
- **A direct, credible structural diagnosis of what sustaining the 10% target actually requires:** the explicit citation of energy grid and transport capacity constraints, alongside the need for productivity-led rather than labour-intensive growth, represents a serious, sourced assessment of the real conditions for achieving the government's stated ambition.

4. MAJOR PROJECTS & INFRASTRUCTURE

Hundreds of new large-scale projects worth an estimated \$200 billion, launched in 2025, anchor Vietnam's most significant current infrastructure and industrial development pipeline.

- **The 2025 large-scale project pipeline:** described in Section 1, this \$200 billion programme across hundreds of named projects represents the physical investment foundation underpinning Vietnam's stated 10% long-term growth target.
- **Energy grid and transport capacity expansion:** identified in Section 3 as essential to sustaining increased industrial load, this represents a specific, currently required infrastructure investment priority.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Vietnam's investment developments are tracked primarily through National Statistics Office data releases, Asian Development Bank outlook reports, and independent economic briefings described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The National Statistics Office's Q4 2025 and Q1 2026 GDP releases represented the year's most significant formal economic data events, directly shaping international assessment of Vietnam's growth trajectory.

- **Q4 2025 GDP release, 5 January 2026:** described extensively in Section 3, this release confirmed Vietnam's fastest quarterly growth since 2007, representing a significant formal data milestone.
- **Q1 2026 GDP release:** described in Section 3, this subsequent release provided the first indication of growth moderation from the Q4 2025 peak, informing updated market and institutional forecasts.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A complex, evolving US tariff relationship, alongside deepening multilateral trade integration through the CPTPP and other agreements, define Vietnam's most consequential current international economic relationships.

- **United States:** the 20% reciprocal tariff and its subsequent exemptions and carve-outs, described in Section 2, represent Vietnam's most significant and closely monitored current bilateral trade relationship.
- **CPTPP and other free trade agreement partners:** Vietnam's participation in multiple free trade agreements, described in the At a Glance table, underpins its broader 'Multiplex Trade Network' repositioning strategy beyond reliance on any single market.
- **EU, South Korea, Japan and ASEAN:** named as other key export markets in Section 2, these partners represent significant, diversified trading relationships beyond the US and Chinese-manufacturing-alternative framing alone.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Vietnam's expanding digital economy and government-supported digital transformation initiatives define an emerging private-sector growth area beyond traditional manufacturing.

Vietnam's digital economy is expanding rapidly due to increasing internet penetration and rising digital adoption, with the government continuing to support digital transformation initiatives specifically to strengthen economic competitiveness; technology-related businesses are expected to experience continued growth as part of this broader trend, alongside the government's stated investment in high-tech talent and education to meet the demands of what has been described as Vietnam's 'new economy.'

- **A genuinely expanding digital economy representing diversification beyond traditional manufacturing strength:** the specific citation of rising internet penetration and digital adoption represents concrete, sourced evidence of a broadening private-sector growth base beyond Vietnam's established industrial and export sectors.
- **A direct government commitment to human capital development supporting this technology transition:** the explicit high-tech talent and education investment priority represents a concrete, sourced policy commitment aimed at sustaining Vietnam's digital economy growth over the longer term.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

The \$200 billion large-scale project pipeline, continued manufacturing and processing FDI, and Vietnam's expanding digital economy define the country's most concretely promoted new investment channels.

- **The 2025-launched \$200 billion project pipeline:** described in Section 4, this represents Vietnam's single largest currently identified new investment programme, directly underpinning its long-term growth ambition.
- **Manufacturing and processing FDI:** given the sector's dominant 82.6% share of disbursed capital described in Section 1, this remains Vietnam's most established and continuously promoted investment channel.
- **Digital economy and technology-related business investment:** described in Section 8, this represents an emerging, currently expanding investment channel supported by direct government digital transformation initiatives.

SUMMARY ASSESSMENT

Vietnam has delivered one of the most exceptional growth performances identified anywhere in this series, with 8.02% GDP growth in 2025, the strongest since 2011, and Q4 2025 reaching 8.46%, the fastest pace since 2007, all achieved despite a 20% US tariff. The government's ambitious 10% growth target through 2030 is backed by a specific \$200 billion project pipeline.

Even amid this strength, a significant H1 2026 trade deficit reversal, Middle East-driven oil price pressure, and an honestly acknowledged gap between FDI commitments and realised investment introduce genuine near-term complexity, while a senior central bank official has directly cautioned the 10% target itself will be difficult to achieve. Investors should read Vietnam as a country converting genuine, broad-based growth momentum into an increasingly ambitious long-term strategy, whose success will depend on closing real infrastructure and productivity gaps rather than trade resilience alone.