

## Market Update

Country: Vietnam

Date: 18.09.2022



### Country Profile

#### Latest Economic data 2021

Population: 98.26 Million  
GDP/Growth: 350 Bn USD /+2.6%  
GDP per Capita: 3680 USD (Rank:120)

#### Market Size in TEU 2021

- Total TEU: 17.5 Mio TEU p.a.

#### OceanX Local Members

- Worldwide Link Co. Ltd., Nic Dung Le Quoc, [nic@wlink.biz](mailto:nic@wlink.biz)  
[www.wlink.com](http://www.wlink.com)
- Logimark International Co., Ltd., Martijn Tenniglo, [m.tenniglo@hq.logimark-group.com](mailto:m.tenniglo@hq.logimark-group.com), Andrea, [andrea@sgn.logimark-group.com](mailto:andrea@sgn.logimark-group.com)  
[www.logimark-group.com](http://www.logimark-group.com)

### Market Update

Interesting days in Vietnam and great catching up with our members Worldwide Link and Logimark in Hanoi. The country is certainly one of the winners from the recent trend to diversify production away from China. With the South of the country already pretty full, many of those new production capacities are being established here in the North. Having mostly left the pandemic behind them and open for business, the country seems buzzing with activity and the usual, opportunity focused spirit of Asia, is a motivating antipode to the depressing situation in Europe at the moment.

Taking a crash course through the country's history over the weekend, through the lens of the arts, it becomes apparent that war does not leave much but longing, suffering and destruction of hearts, minds and souls, making one wonder if mankind will ever learn that lesson. Yet once it turns to the evening and the streets are swarmed by the country's youth, thoughts on this get drowned in smiles, laughter and honking of scooters... as the future is bright for this nation.

While maritime volumes in the Southern Region, home to the textile and shoe industry, still outpace the North by a lot, up here is the home of Samsung, which during "Samsung Season" takes over 80% of the airfreight market, shipping the latest handsets. Further as industrial space and labour availability are better up north, many of the new production facilities are established here and it is also home to some of the Japanese car industry's plants in the country.

Further while differentiation in the export trade in the South remains difficult, as the port and warehousing sectors are mainly under government operation and control, the north has a more liberal approach, boasting a range of different terminal and warehouse operators.

The forwarding sector remains very competitive, boasting more than 5,000 companies, most of which operating with branches in all parts of the country. An increasing amount of overseas forwarders has entered the country in recent years, as export cargo remains often under

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destination control and customer do demand own offices at origin. However those players have rarely been successful actually selling in the local market but merely serve as handling offices. Interesting to note especially the increasing amount of Chinese forwarders that have opened up branches in Vietnam and while operationally profitable, the lack of own sales success often means that those firms lose imports into China and nomination volumes of previous partners, that they themselves fail to replicate.

Most important source for raw materials and semi-finished products remains China, with close to 40%.

Corruption remains an issue in the socialist republic and the rich in Hanoi often boast government official's involvement and relationships. While international firms, have a hard time with those, either being scrutinized or lacking the "advantages" of local competitors.

While Vietnam benefits from China divestments, it is not the new China. At 100 million the population is massively smaller, GDP per Capita remains by less than half, the gap between the metropolitan regions and the rural areas remains high and the education sector does not provide the same amount of higher educated young people. Further and maybe a beautiful aspect, many Vietnamese prefer the happier things in life and that does reflect less willingness for hard labor and overtime than seen in China.

While the old world discusses female quota in companies and management, Vietnam remains another example in Asia, where the women carry more than half of the sky and certainly in our industry are the backbone of every operation.

### **Meeting Notes:**

#### **a.) Worldwide Link (MEMBER)**

Had to look up my notes from 2013, when I met Nic Dung and his team the first time in Ho Chi Minh, a young dynamic group of 20-30 people that left a special impression among the many larger and established market leaders that I had met during the trip then. I noted back in those days: "...despite being a very young company, their aggressive approach in the export market is making them one of the rising stars in the Vietnam LCL field." Looking at the group 10 years later, they have grown into a substantial 200+ people business, still very sales driven, engaged in various joint ventures (e.g. Tralinks, Cargolinks) and with multiple offices across the different regions of country. Their early engagement for good causes with the HappyLink foundation (<https://happylink.vn>) remains an inspiration.

#### **b.) Logimark (MEMBER)**

Good catch up with the Logimark Vietnam management team, Ms Andrea stationed in HoChiMinh, was so kind to come up to Hanoi to meet and together with the branch office manager James, we had an interesting discussion on the market. Logimark has a strong setup in the country, mainly handling international clients. The majority of the team and

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the entire management used to be with OnTime before, thus a well oiled machine that is already supporting several members and they will soon start to reach out to more.

### **Worldbank Macro Monitoring – September 2022**

Industrial production and retail sales posted another month of high growth rates (15.6 percent (y/y) and 50.2 percent (y/y)), mostly driven by the low-base effects related to the COVID-19 lockdowns in August 2021. Month-on-month growth in retail sales moderated in July and August 2022 after a strong Q2-2022 recovery. Exports and imports grew by 22.6 percent (y/y) and 13.3 percent (y/y) in August, respectively, higher than in July 2022. FDI commitments fell reflecting investor caution in the face of global uncertainty while FDI disbursement continued to improve, contributing to an eleven-month positive trend.

CPI inflation moderated from 3.1 percent (y/y) in July to 2.9 percent in August thanks to softening fuel prices while core inflation continued to accelerate from 2.6 percent in July to 3.1 percent in August as the second-round effects of earlier increases in commodity prices affected productions costs and final prices.

Credit growth remained strong at 16.2 percent (y/y) while overnight interbank interest rates (end of period) increased lower domestic deposits due to low deposit rates and high demand for domestic credits, with banks competing in the from 0.71 percent in June to 4.19 percent in July and 4.42 percent in August. This could be partly due to mismatch of interbank market for funds. It can also be partly due to SBV sale of some reserves over the past few months to stabilize the dong against a strengthening US dollar, thus tightening domestic liquidity.

The budget registered an eighth month of surplus. The government did not borrow much in the domestic market, with government and government-guaranteed bond issuance equal to only 27.4 percent of the plan in the first eight months of the year, less than a half of the borrowing seen a year ago.

Economic recovery has continued despite heightened economic uncertainties regarding higher global inflation and weakening economic growth in main trade partners. The authorities should remain vigilant about inflation risks associated with food and core prices. Also, while fuel prices have softened recently, global fuel price movements are uncertain. Thus, incentivizing alternative energy production and use would reduce the economy's dependence on imported fuels and promote greener growth. Also, strengthening the social support system, including its registration, targeting, and disbursement systems would facilitate reaching affected citizens during such shocks.

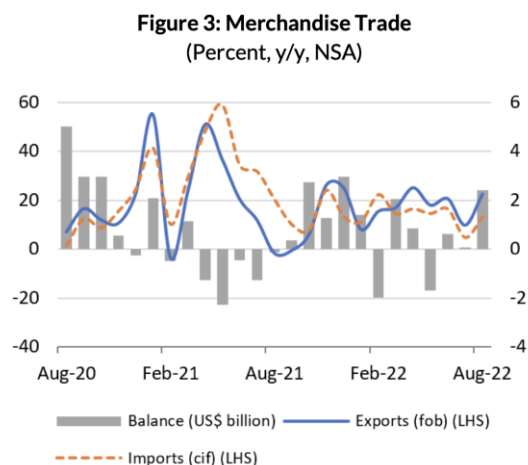
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### The merchandise trade balance registered a US\$2.4 billion surplus in August



Exports growth accelerated to 22.6 percent (y/y) in August compared to 9.8 percent (y/y) in July while imports grew 13.3 percent (y/y) compared to 4.9 percent (y/y) (Figure 6). Some of these accelerations could be attributed to the low-base effects as merchandise trade was affected by the lockdown in Q3 2021. For instance, exports of textiles, garment, and footwear, registered a 77.6 percent (y/y) growth rate in August, compared to 31.9 percent (y/y) in July 2022. High-tech products (electronics and machinery) export grew 11.9 percent (y/y) in August, slightly higher than July (9.7 percent (y/y)).

One major driver of imports was crude oil and petroleum products, which increased by 247 percent (y/y) and contributed 3.9 percentage points to overall import growth. This could be attributed to both higher prices (up 47.3 percent (y/y)) and larger volume (up 172 percent (y/y)). Inputs for textiles, garment and footwear manufacturing also rebounded from dips in June and July, growing by 27.1 percent (y/y) and contributed 1.9 percentage points to import growth. This rebound is partly due increased imports from China and South Korea.

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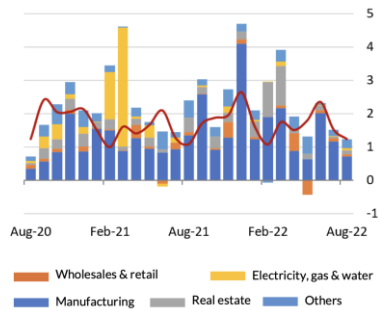
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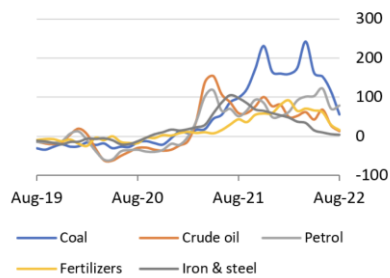
**FDI commitment slowed while disbursement remained strong**

**Figure 4: Foreign Direct Investment**  
(\$US billion, NSA)

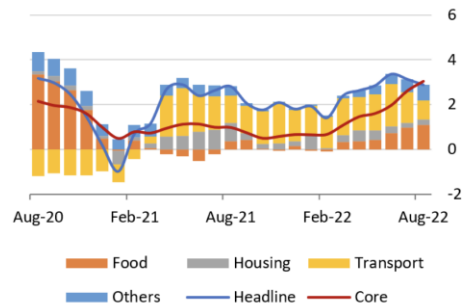


**Major imported input prices also softened although they remained well above levels seen a year ago**

**Figure 6: Imported Input Prices**  
(Percent, y/y)



**Figure 5: Contribution to CPI Inflation**  
(Percent & percentage point, y/y)



## IMF – Economic Indicators &amp; Projections

	2018	2019	2020	2021	Projections	
					2022	2023
Output						
Real GDP (percent change)	7.2	7.2	2.9	2.6	6.0	7.2
Output Gap (percent of GDP)	-0.3	1.2	-0.3	-2.4	-2.1	-1.2
Prices (percent change)						
CPI (period average)	3.5	2.8	3.2	1.9	3.8	3.7
CPI (end of period)	3.0	5.2	0.2	1.8	3.9	3.5
Core inflation (end of period)	1.7	2.8	1.0	0.8	2.3	2.6
Saving and investment (in percent of GDP)						
Gross national saving	33.8	35.5	36.5	32.3	36.1	37.0
Private	30.0	31.2	34.5	29.6	35.6	36.5
Public	3.8	4.3	2.0	2.7	0.5	0.6
Gross investment	31.9	31.8	32.1	33.4	35.4	35.7
Private	26.4	26.4	25.3	27.4	29.3	29.5
Public	5.5	5.4	6.7	6.0	6.1	6.2
State budget finances (in percent of GDP) 2/						
Revenue and grants	19.5	19.6	18.5	18.6	16.7	16.8
Of which: Oil revenue	0.9	0.7	0.6	0.5	0.7	0.5
Expenditure	20.6	20.0	22.4	22.1	21.3	21.4
Interest expense						
Expense	15.1	14.6	15.7	16.1	15.2	15.2
Net acquisition of nonfinancial assets	5.5	5.4	6.7	6.0	6.1	6.2
Net lending (+)/borrowing(-) (gross) 1/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending (+)/borrowing(-) 3/	-1.0	-0.4	-3.9	-3.5	-4.7	-4.7
Net lending /borrowing including EBFs	0.4	0.3	-2.8	-2.5	-3.8	-3.9
Public and publicly guaranteed debt (end of period)	43.7	41.3	41.7	39.7	40.5	40.8
Money and credit (percent change, end of period)						
Broad money (M2)	12.4	14.8	14.5	10.7	11.3	13.0
Credit to the economy	12.7	12.8	11.6	13.5	14.6	14.3
Balance of payments (in percent of GDP, unless otherwise indicated)						
Current account balance (including official transfers)	1.9	3.7	4.4	-1.0	0.7	1.3
Exports f.o.b.	80.4	80.6	82.4	91.8	92.9	91.5
Imports f.o.b.	74.9	74.1	73.5	87.0	86.3	84.0
Capital and financial account 4/	2.8	5.8	2.5	8.4	3.2	3.2
Gross international reserves (in billions of U.S. dollars) 5/	55.3	78.5	95.2	109.4	125.5	146.6
In months of prospective GNFS imports	2.5	3.5	3.4	3.5	3.6	3.8
Total external debt (end of period)	36.5	37.3	36.4	36.1	35.3	34.8
Nominal exchange rate (dong/U.S. dollar, end of period)	23,175	23,173	23,098	22,792	...	...
Real effective exchange rate (end of period)	127.5	129.4	124.3	...	...	...
Memorandum items (current prices):						
GDP (in billions of U.S. dollars)	303.1	327.9	342.9	366.2	408.4	462.4
Per capita GDP (in U.S. dollars)	3,202	3,398	3,514	3,718	4,108	4,611

**Growth resumed but remains below the pre-pandemic trajectory.** GDP tracked closely the seesaw pattern of mobility, rising strongly in 2021H1, before recording a historical contraction of 6.3 percent y/y in Q3, and then rebounding since Q4. Real GDP grew by 2.6 percent on the year, slower than in 2020 and regional peers, owing to more protracted lockdowns and local supply disruptions. On the expenditure side, government spending only partially offset the pandemic's adverse impact on private consumption, and net exports were weaker than in previous years. High frequency indicators point to stronger momentum going into 2022, with rising retail sales, industrial production, and firm entry (Figures 3).

**Labor market shows signs of recovery, but slack remains.** The delta outbreak exacerbated the still-soft labor market conditions prevailing in early 2021. Labor force participation and employment have been gradually recovering after declining to their lowest levels in a decade. Informal, young, and low-skilled workers were the hardest hit, potentially fueling inequality. The recovery in manufacturing was initially constrained in selected industries as migrant workers, with limited access to safety nets, left the hardest-hit industrial provinces. Labor

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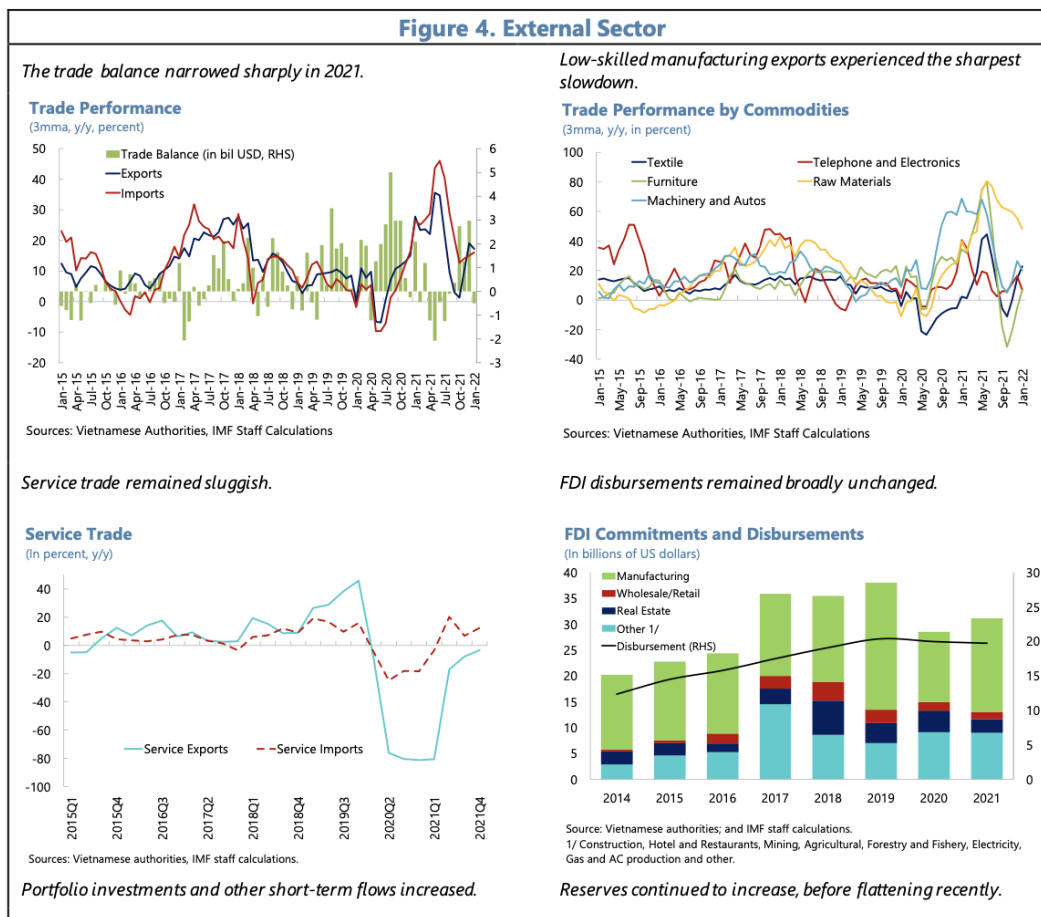
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shortages appear to have largely eased, but underemployment remains high, particularly in the services sector.

**Staff projects the economy to grow by 6.0 percent in 2022 and 7.2 percent in 2023.**

This forecast assumes continued vaccine effectiveness, abated supply disruptions, and normalization of activity proceeding apace during 2022. The fiscal stimulus under the PRD and strong export growth are expected to compensate for a gradual rebound in private consumption as households rebuild buffers. Inflation is projected to pick up as the war in Ukraine exerts upward pressure on commodity prices. Headline inflation is projected at 3.9 percent, and core inflation at 2.3 percent by end-2022. The current account surplus is expected to increase modestly to around 1 percent in 2022-23, and financial inflows strengthen as the economy reopens and a strong recovery takes hold.



**Economic Outlook (Source: European Commission Summer 2021 forecast)**

In 2020 Vietnam was the number 41 economy in the world in terms of GDP (current US\$), the number 16 in total exports, the number 18 in total imports, the number 139 economy in terms

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of GDP per capita (current US\$) and the number 61 most complex economy according to the Economic Complexity Index (ECI).

### EXPORTS

The top exports of Vietnam are Broadcasting Equipment (\$42B), Telephones (\$21.4B), Integrated Circuits (\$19.4B), Textile Footwear (\$8.9B), and Office Machine Parts (\$7.68B), exporting mostly to United States (\$77B), China (\$49.4B), Japan (\$20.4B), South Korea (\$19.6B), and Hong Kong (\$13.8B).

In 2020, Vietnam was the world's biggest exporter of Coconuts, Brazil Nuts, and Cashews (\$3.06B), Metal-Clad Products (\$3B), Fuel Wood (\$1.92B), Cement (\$1.48B), and Non-Retail Mixed Cotton Yarn (\$349M)

### IMPORTS

The top imports of Vietnam are Integrated Circuits (\$34.2B), Telephones (\$16.5B), Semiconductor Devices (\$6.04B), Light Rubberized Knitted Fabric (\$4.84B), and Broadcasting Accessories (\$4.1B), importing mostly from China (\$104B), South Korea (\$48B), Japan (\$16.1B), Chinese Taipei (\$11.5B), and Thailand (\$11.2B).

In 2020, Vietnam was the world's biggest importer of Light Rubberized Knitted Fabric (\$4.84B), Synthetic Filament Yarn Woven Fabric (\$2.12B), Soybean Meal (\$1.7B), Coconuts, Brazil Nuts, and Cashews (\$1.6B), and Plastic Coated Textile Fabric (\$1.16B)

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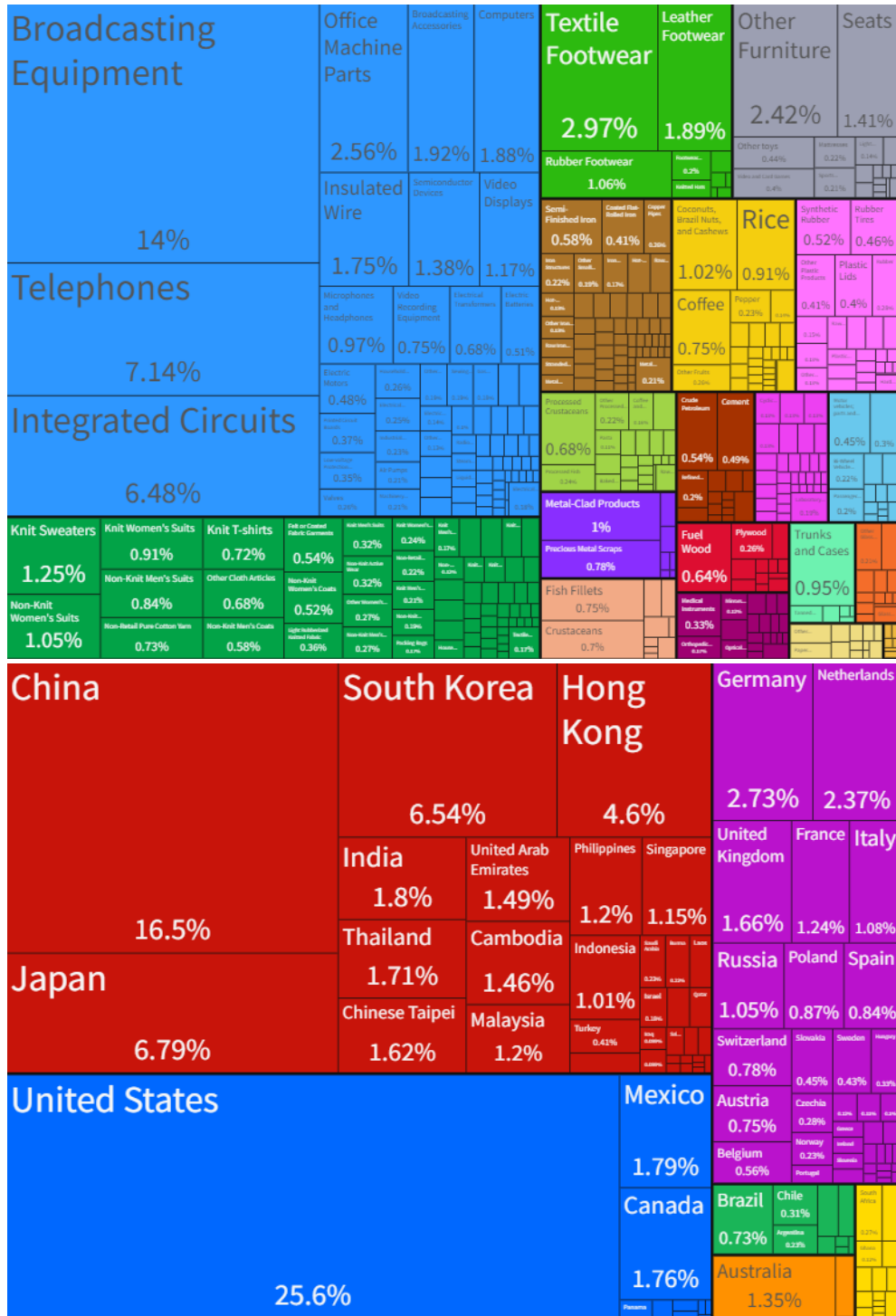
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Trade Pattern 2020 – Exports by commodity & country (Source: <https://atlas.cid.harvard.edu>)





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### Port Volumes by Terminal / Region – 2021

Terminal	Container TEUs 2021
<b>Northern Vietnam Terminals</b>	<b>3'759'704</b>
Hải Phòng	1'435'817
HICT	696'194
Đình Vũ	601'096
Nam Hải Đình Vũ	545'025
PTSC Đình Vũ	278'898
Nam Đình Vũ	97'312
Tân Cảng 128 - Hải Phòng	97'312
Transvina	7'340
Quảng Ninh	710
<b>Central Vietnam Terminals</b>	<b>915'081</b>
Nghệ Tĩnh	86'449
Đà Nẵng	668'446
Quy Nhơn	160'095
Cam Ranh	91
<b>South Vietnam Terminals</b>	<b>12'823'650</b>
<b>Tp HCM + Đồng Nai</b>	<b>7'952'120</b>
Đồng Nai	422'117
ITC- Phú Hữu	557'221
Bình Dương	336'110
Tân Cảng Cát Lái	5'383'411
Sài Gòn	134'008
Bến Nghé	335'232
VICT	531'088
Bông Sen (Lotus)	30'592
Phước Long ICD (phao)	24'283
Tân Cảng Hiệp Phước	198'058
<b>Bà Rịa - Vũng Tàu</b>	<b>4'793'995</b>
SP-PSA	1322
TCIT+TCCT	2'574'883
CMIT	872'928
TCTT	546'675
SSIT	798'187
<b>Đồng bằng Sông Cửu Long</b>	<b>77'535</b>
Đồng Tháp (TC Sa Đéc)	18'014
Vĩnh Long	1'940
Cần Thơ	13'604
Trà Nóc Cần Thơ	11'377
An Giang	25'116
Vinalines Hậu Giang	7'484
<b>Total Container Volume</b>	<b>17'498'435</b>

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