

Global Connections Report

Vietnam

- Vietnam trade growth from 2012 to 2026 is forecast to be 187%
- Vietnamese companies forecast to increase trade activity by 7.3% annually over this period
- Short term confidence remains high for Vietnamese traders, with Trade Confidence Index scores of 115
- Audio-Visual and Telecom Equipment the fastest growing trade sectors. Switzerland, India and Brazil lead exports

CAGR 2012-26, Vietnam and World Compared



Total value of country trade to rise 187% by 2026

Vietnam is expected to see rapid trade growth over the next fifteen years. Total trade is expected to rise by around 187% to 2026, close to double the increase in global trade. Growth is expected to be 8.2% over the next five years and then at a similar pace to 2021 before slowing like its Asian peers in 2022-26 to around 5.3%.

China the US and Japan are the dominant trading partners

Trade amongst the major trading partners for Vietnam is expected to remain strong, with the exception of Australia where falling exports of Crude Petroleum are expected to weigh. The US is by far the largest export destination for Vietnam, roughly twice as big as Japan, which the next largest, yet the report still sees strong growth of exports to the US of 6.6% over the next five years. China is also a key trade corridor for Vietnam, with strong export growth of 10.2% forecast out to 2016, and import growth of 10.4% over the same period.

Switzerland, India and Brazil lead export growth

The fastest growing export market is expected to be Switzerland with growth of some 17%, followed by India and Brazil at 14.5% and 14% respectively. Exports to Turkey, Hong Kong and Korea are all expected to grow more than 11% over the next five years. Norway is expected to lead import growth at over 15%. Brazil also shows up with import growth of 11.5%, as do Turkey and India both above 10%.

Audio-Visual and Telecom Equipment are fastest growing exports

Audio-Visual parts and equipment are also projected to be strong at 16.6% and 14.4%. Telecom equipment is expected to see buoyant export and import growth at 15.9% and 12.9% respectively. Iron and Steel tops import growth at 13.5%, with Cotton and Aircraft also expected to be strong at better than 12.5%.

Consistent levels of positive sentiment recorded by Vietnamese traders

According to the HSBC Trade Confidence Index (TCI), confidence amongst Vietnamese international businesses remains stable, and relatively high. Indexed scores of 116, 115 and 115 have been recorded since H1 2011. Despite an 8% contraction since H2 2011, 80% of respondents still expect to see trade volumes remain stable or grow in the next six months.

The survey shows that in the near term, intra-regional trade will remain critical for Vietnamese businesses now and over the next six months. Singapore's top three trade partners are within Asia (Greater China, Southeast Asia and Rest of Asia).

Forecast data provided by:

delta

HSBC 

Current trade corridors

Vietnam's major export partners are the main trading nations of the world, the US, Japan, China and Germany. Export growth to all of them is expected to remain strong. The US is the largest by some distance, with exports led by Furniture, Clothing and Footwear, and growth is expected to remain strong at 6.6% overall. Japan is also expected to see growth of around 6%, with exports of Wire and Cable the top sector by volume. Export growth to China is expected to be particularly strong at over 10%, reflecting the growth in intra-regional trade. Coal is the top export here. German exports are led by Footwear and Coffee and again growth is expected to be strong at over 7%. Only Australia of the top export partners is expected to be weak, care of declining Crude Oil exports. The main import partners come from the region, led by China with growth of 10.4%. The top sectors are Non-Crude Petroleum, Hot Rolled Iron and Steel and Telecom Equipment. Korea, Singapore and Japan come next with growth of 8.8%, 5.7% and 7.6% respectively. Non-Crude Petroleum and Hot Rolled Iron and Steel again dominate.

Emerging trade corridors

The fastest growth in exports is expected to come from Switzerland at some 17%. Thereafter emerging market countries dominate with exports to India and Brazil seeing more than 14% growth, while Turkey, Hong Kong and Korea are all expected to grow more than 11%. Exports to Russia and the UAE are also expected to grow strongly at around 10.9%. Import growth is led by Norway at 15.2%, followed by Brazil again at 11.5%, which stands out as the key new trade corridor. Imports from the US and the UAE are both expected to grow by around 10.9%. There are a group of countries all expected to see around 10% growth in imports over the next five years, notable among them Switzerland, China, Turkey and India, who also show up as fast growing export partners.

Current trade sectors

The biggest export sector for Vietnam is Crude Oil which is expected to be weak over the next five years, with a modest decline projected. Then comes Footwear, which is expected to see reasonable growth of around 3.2%, with the US and Germany the key markets. Furniture is the third largest export sector and is expected to see strong growth of around 6.3%, led by the US where growth is expected to top 7%. Coffee is another fast growing sector with exports expected to rise by more than 6%. Import wise Non-Crude Oil is the biggest sector and is expected to continue to grow robustly at close to 4.5%, with Singapore, Korea and China the three biggest suppliers. Second largest is Hot Rolled Iron and Steel, with growth of 8.7% expected, where China, Korea and Japan are the major partners. Telecom Equipment and Knit Fabric are the next two biggest import sectors with growth expected to be around 12.9% and 9% respectively.

Emerging trade sectors

Audio-Visual parts and equipment are also expected to see strong export growth of 16.6% and 14.4% respectively, again reflecting strong global growth. Telecom equipment sees buoyant growth in both exports and imports of 15.9% and 12.9% respectively. Printing also shows up as seeing strong trade growth, with exports to rise 13.3% and imports 11.6%. The other sector expected to see double digit export growth is Electric Motors and Generators. Import wise Cotton and Aircraft are expected to see growth of around 12.6%, with Cars around 11.6%. Electronic Circuits, Computers, Spirits and Plastics are all expected to see double digit growth.

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In spite of concerns over the troubled global economy around the world and a challenging business environment closer to home, we are anticipating rapid trade growth in Vietnam over the next fifteen years. HSBC's Global Connections Report estimates total trade will rise to the tune of around 187% between now and 2026. This extensive report—commissioned by HSBC and undertaken by Delta Economics—shows that intra-regional trade will remain critical for Vietnamese businesses in the short-term period. Meanwhile Vietnam's major export partners are the main trading nations of the world—namely, the US, Japan, China and Germany—so we trust export growth will remain strong. As ever, HSBC will assist Vietnamese businesses in sustaining relationships while exploring further opportunities as they arise. We have been supporting international trade in Vietnam for more than 140 years and today we are more committed than ever to maximising Vietnam's potential in line with global trading trends.

Notes on the data:

The forecast predictions in this document have been provided by Delta Economics, and should not to be construed as HSBC advice or guidance. The research was commissioned by HSBC as part of a marketing campaign for HSBC Commercial Banking. The findings are based on Delta Economics' interpretation of data which has been sourced from publicly available sources.

This forecast predicts how trade is going to develop over the next five, 10 and 15 years, based on data compiled by Delta Economics, an independent research house. It forecasts overall trade growth (exports, imports and total trade) globally, in global regions, and individual countries. With data from over 200 countries, the report covers the top 50 sectors for exports and imports for 19 selected countries. The Forecast has a unique approach to understanding the drivers of trade from a business perspective, informed by: trade trends, macroeconomic and market influences trade, and business

environment influences on trade (including regulation, demographics, access to capital and finance). This research has been commissioned by HSBC and undertaken by Delta Economics.

The economic and business narratives stem from a broader documentary search that includes material from National Statistical Offices, the World Bank and International Monetary Fund, economic blogs, the Economist Intelligence Unit, Bloomberg, the Financial Times and other professional and financial services news websites.

About Delta Economics:

Delta Economics is a leading research-led economics consultancy founded in 2006 by Dr Rebecca Harding, a trade economist. Delta specializes in economic growth and trade modelling/forecasting. It also has extensive expertise in quantitative and qualitative market research, market intelligence and thought leadership with a specialism in the entrepreneurial and small and medium sized business sector.

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