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Amidst global pandemic, Vietnamese companies remain among the world's most optimistic

*** HSBC's annual Navigator report reveals vast majority (86%) of companies in Vietnam expect sales to grow over next year, compared to 64% globally and 60% in APAC ***

*** Vietnamese companies have also remained more positive on international trade than global counterparts, even if COVID-19 has created more challenges ***

(Ho Chi Minh City) – In a year when the world has been battling a major global pandemic, the majority of Vietnamese companies have adjusted to the 'new normal' and are looking ahead with far more optimism than their counterparts elsewhere in the world.

That's according to HSBC's [Navigator](#) report – 'Now, next and how for business' – the most comprehensive annual survey of international trade around the world, which surveyed over 10,000 companies in 39 countries and territories across the globe, including 200 companies in Vietnam.

It's partly testament to Vietnam's success story in combatting and eliminating COVID-19 that more than half (55%) of Vietnamese companies remain optimistic about growth (compared to 56% last year), well above the global average (29%). Although not everyone remains so upbeat – year-on-year, more companies are pessimistic or 'expect to shrink' (26% over just 4% in 2019).

COVID-19 has also taken a toll on growth expectations, with significantly fewer Vietnamese companies expecting higher growth of more than 5% (66% in 2020 versus 92% in 2019).

But overall, Vietnamese companies have been less impacted by the pandemic than global counterparts, with close to three-fifths (59% compared to 45% globally) expecting to return to pre-COVID-19 levels of profitability by the end of 2021, and more than eight-in-ten (86%) by the end of 2022.

'Vietnam's remarkable resilience and effective response to the pandemic has been a major contributor to increased optimism. Unlike many other countries, from a purely domestic economy perspective, in the second half of the year, Vietnam is broadly back to a 'business as usual' environment,' said Tim Evans - Chief Executive Officer of HSBC Vietnam.

'Needless to say, different sectors face their own particular challenges, but what most Vietnamese companies share in this survey, is a recognition that they will need to invest in order to capture future opportunities. Companies feel that by up-skilling staff, embracing new technologies and increasing their efficiency, they will be in a position to achieve their future growth plans.'

With the country operating as normal internally, it is of little surprise that more domestic operators (68% vs. international operator: 50%), goods companies (60% vs. services companies: 48%) and companies with more online business (60% vs. companies with more offline business: 50%) are optimistic about growth.

Vietnamese companies turn to investment to drive future growth

To adapt to external factors, more than two-thirds (68%) of Vietnamese companies implemented changes over the last 12 months (compared to 74% globally). The need to reduce costs (46%), mitigate risk (46%) and increase collaboration (43%) are the top drivers of the changes which businesses have made.

But cutting costs does not equate to cutting future investment. 88% of Vietnamese companies intend to increase investment in their business in the next year (significantly more than the two-thirds globally). Some 69% intend to focus their investment on sales channels, 68% on upskilling their workforce, 67% on the customer experience and 67% on cash flow/capital management in 2021.

Investment in technology is intended to improve speed to market (61%), target new customers (59%) and enhance automation/ operational efficiency (55%).

Vietnamese businesses looking on bright side of international trade

Vietnamese companies also remain more positive on international trade than their global peers (Vietnam: 91%; global: 72%), in spite of the majority of businesses feeling that international trade has become more difficult. Encouragingly, Vietnamese companies are more positive about their prospects for future international trade and they will continue to look for expansion in other markets.

Protectionism continues to be strongly felt with 90% of Vietnamese companies thinking that it is increasing. Price competitiveness, local partnerships and selling through digital channels are the key strategies to combat it.

For global trade, APAC and Europe, as well as mainland China, remain viewed as the most important partners for Vietnam companies, although APAC's importance has risen to 63% in 2020, up from 46% in 2019.

Optimism in Vietnam will have been further buoyed with the signing of the Regional Comprehensive Economic Partnership (RCEP) on 15 November 2020. The agreement has been heralded as the beginning of a new era in which Asian countries (including all ASEAN nations plus Australia, China, Japan, South Korea, and New Zealand) will play a major role in setting the standards that will enable the next round of global growth.

'RCEP has brought 15 Asian nations together to help drive the agenda around increased cross border trade. As one of the region's fastest growing and most dynamic economies, Vietnam has much to gain from this far-reaching free trade agreement (FTA),' said Tim Evans. 'Offering faster, more efficient and tariff-free access to a market of some 2.3 billion people, the RCEP can

help local firms in Vietnam increase exports and attract high-quality goods for their consumers. This time next year, we all hope that levels of optimism have returned to the global economy.'

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Media enquiries to:

Ly Hoai Anh

anh.hoai.ly@hsbc.com.vn

(028) 35203483

Note to editors:

HSBC Navigator:

The Navigator survey is conducted on behalf of HSBC by Kantar. This survey of over 10,000 businesses spans 39 countries, markets and territories. It was conducted between 11 September and 7 October 2020.

Markets in scope: **Europe:** Belgium, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Russia, Spain, Sweden, Switzerland, UK. **Asia-Pacific:** Australia, Bangladesh, mainland China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam. **Middle East & North Africa:** Egypt, Saudi Arabia, Turkey, UAE. **North America:** Canada, Mexico, USA. **South America:** Argentina, Brazil. **Rest of Africa:** South Africa.

For more information visit: <https://www.business.hsbc.com/navigator>

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