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HSBC's Vietnam Day confirms Vietnam's opportunities in a post-Covid world

Vietnam's economy will experience the gradual rebound in the next six months before booming again in the second half of 2022

Business leaders have shifted back to growth mindset

****Despite the recent challenges due to Covid outbreak, Vietnam is still the good suggestion for global investors****

(Ho Chi Minh City) – HSBC Bank (Vietnam) Ltd. (HSBC Vietnam) on 3 November hosted the webinar “Vietnam Day – Open for Opportunities” for nearly 400 participants who are international and local investors, business leaders as well as HSBC’s existing and prospect clients. The three-hour event was among a series of HSBC Vietnam’s activities to promote Vietnam globally, in its role as the official partner of Vietnam’s Ministry of Planning and Investment to attract FDIs to the country.

The event was honoured to receive the participation of:

- Mr. Vu Van Chung, Deputy General Director of Foreign Investment Agency, Vietnam’s Ministry of Planning and Investment
- Mr. Surendra Rosha, Co-Chief Executive HSBC Asia Pacific
- Mr. Frederic Neumann, Co-Head of Asian Economics Research, HSBC
- Mr. Tim Evans, CEO HSBC Vietnam

And other industry leaders from a variety of sectors and geographies.

In his opening speech, Mr. Vu Van Chung, Deputy General Director of Foreign Investment Agency, Vietnam’s Ministry of Planning and Investment, shared “I appreciate HSBC's efforts in organizing this webinar. This is a good opportunity for us to share new investment trends, reformation for Vietnam's investment environment, also provide suggestions to improve the cooperation efficiency for success of investing and doing business in Vietnam. Vietnam advocates selected foreign investment with quality, efficiency, technology and environmental protection as the key criteria. Foreign Investment Agency - Ministry of Planning and Investment is committed to accompanying and facilitating the effective, successful and long-term business investment of foreign investors in Vietnam.”

“Vietnam is one of the great success stories of the modern era,” said Mr. Surendra Rosha, Co-Chief Executive HSBC Asia Pacific, “This is a country that has embraced the opportunities of global trade to carve out a large and growing role in global supply chains while building a thriving domestic economy. HSBC is proud to have been able to use our global reach to connect international investors to opportunities in Vietnam, and to help Vietnamese companies find and work with new customers and suppliers around the world.”

A recovery at pace

Panel discussion “Vietnam – A Recovery at Pace”, participated by Mr. Frederic Neumann, Co-Head of Asian Economics Research, HSBC, Mr. Alain Cany, Chairman of Jardine Matheson Vietnam and Chairman of EuroCham Vietnam, Dr. Truong Gia Binh, Deputy Chairperson of the Advisory Council of APR of Prime Minister, Dean of Private Sector Development Committee (Committee IV), Chairman of FPT Group and Mr. Warrick Cleine, Chairman and CEO of KPMG Vietnam and Cambodia, delineated the recovery of Vietnam’s economy when the economy started to gradually reopen and considered new opportunities from investors’ insights.

Commenting on the Fed rate, Mr. Frederic Neumann said Vietnam would be less likely exposed to high US interest rates due to strong fundamentals and its export-driven economy, although it could be a headwind for economic growth. Mr. Neumann also said the rising energy prices and energy crunch can push inflation up in oil dependent economies like Vietnam and slow the country’s growth recovery. He said energy prices could increase in the coming winter months, but is expected to improve next March. Overall, he saw stabilisation from the second half of 2022.

The pandemic’s influences seem to put some stones on Vietnam’s recovery way. Global investor community will surely track carefully how the government steers the economy through the storm, which will definitely impact their investment decisions in the upcoming time. Mr. Warrick Cleine indicated that Vietnam created both macroeconomic and social stability which would encourage more foreign investment as investors love the predictable environment. Vietnam’s other advantages are economic growth story and the government’s engagement with global community. He said that Vietnam is on right track of quality domestic reform with good quality law and policy, and still the pretty good environment for foreign businesses and investors.

Commenting on this economic return, Mr. Alain Cany thought that thanks to strong fundamentals, Vietnam’s economy would gradually rebound at least for the coming six months until its momentum becomes stronger in second half of 2022. Factories in Southern industrial zones could rebound with a slower rate than others due to longer and stricter lockdown during the recent months. Despite the current gradual reopening, sectors such as tourism, hospitality, events, etc., the first to close, are still under strict control, which deters consumers, as a result, dampens other sectors in the value chains. Some corporates in labour-intensive industries that have scaled down their production during Covid’s fourth wave could face new challenges in recruiting and training people. However, Mr. Cany pointed out that some sectors still have benefited during the pandemic, such as E-commerce with growth of 18% to reach the revenue of more than US\$11 billion in 2020. The market is set to continue growing as consumers become more accustomed to purchasing goods and services online. On the other hand, thanks to FTAs Vietnam joined, seafood, coffee, clothes, shoes, and mechanical equipment production and export will also recover soon.

Beside foreign investors, local private sector suffered lots of difficulties in the recent months, and eagerly expects the growth momentum to be back on track. Dr. Truong Gia Binh listed out three main findings from his team’s weekly meetings with corporate community and the survey result of the Committee IV and VnExpress: 16% of enterprises closed due to no revenues and working capital, 35.5% of enterprises had to temporarily close due to supply chain disruption, almost all surveyed enterprises suffered labour shortage since workers returned to hometown. On the other side, Dr. Binh and his team witnessed the positive spirit and confidence to overcome challenges among businessmen. Imports exports revenue remained resilience, reaching US\$483 billion, an increase of 24.4% y-o-y. Newly registered FDI has continuously increased and positive GDP growth in the first nine months contributed to setting a brighter outlook for Vietnam’s economy. Since the government has adjusted Covid policy from this October, the fast movement of economy reopening and going digital

has started. Currently, a new financial package to support the economic recovery is being planned while the government has also adopted and applied technology in their Covid control. More solutions to come, and application of AI and technology is also expected to support the situation management and a quick economic recovery at the soonest.

New focuses in the new normal

It seems the economy has found its way to go out of the dark days. The time that business leaders to execute their transformation and new focuses has started. Based on KPMG's CEO survey conducted during April 2020 to April 2021, Mr. Warrick Cleine said confidence between corporate leaders has come back and business leaders believed more in the return of normality. Another change recognised is the shifting mindset of business leaders, from focusing only on employees' health and safety and business survival back to growth, while some leaders have also turned their attention to organic growth opportunities.

In front of a great deal of new opportunities and trends in the upcoming time, Mr. Alain Cany suggested international businesses to keep Vietnam in the middle of their radar screen. The country offers great domestic market, good opportunities for manufacturing and export at the same time. With its growing middle-class consumers, which are expected to cover more than half of population by the end of this decade, it provides a promising growth market for international enterprises in sectors and industries ranging from automobile importers to private education providers. Corporates should take advantages of a number of FTAs that Vietnam has joined and consider M&A as a popular method to tap into the local market and build partnerships with potential suppliers and partners. In agreement with Mr. Cany, Dr. Binh said that the economy is well-positioned to recover at the soonest and strongly suggested this market for global investors.

After providing the broad picture of Vietnam economy and opportunities, the webinar continued to give all audiences a view and vision on the plan of Vietnam market upgrade as well as the outlook of this equity market till 2025, followed by a glimpse of the local retail fund market's recent developments and its outlook to 2025.

In the second part of the event, participants who are business leaders and investors could join four breakout sessions with government's representative, industries' representatives and experts around FDI, sustainability, E-commerce and logistics.

- **FDI - Investment Opportunities:** representatives from Vietnam's Ministry of Planning and Investment, Deep C Industrial Zones and HSBC shared their viewpoints on FDI long-term inflow, Vietnam's attractiveness as a key FDI destination in the region, the country's opportunities to become a regional manufacturing hub, infrastructure development to support current and future growth. Ministry of Planning and Investment also provided comprehensive details of government directions and plan for long term sustainable FDI contribution to Vietnam's economy growth.
- **The transition to Sustainability in Vietnam:** as sustainability has increasingly affirmed its big role in the economy and also acted as one of key criteria to attract foreign investment, the discussion, undertaken by representatives from Shire Oak International, Hirdaramani Group, An Phat Holdings and HSBC, focused on COP26's role in sustainable development, its goals and relevance to Vietnam, supply chain resilience and sustainability in textile and garments in Vietnam, energy transition and renewable power.
- **E-Commerce - Road to recovery and preparing for the new digital wave:** Payoo, Pharmacy and Carousell Group shared how they had coped with Covid-19 in nearly two years and ensured their business continuity, discussed supply chain disruption, a

shift in distribution models, provided an overview of broader e-commerce landscape in Vietnam, a rise in social commerce/influencer marketing and future of E-commerce in the country.

- **Logistics - Enabling Asia's New Manufacturing Hub:** discussing the logistics-readiness of Vietnam and what is available to investors when considering the venture, representatives from Indo Trans Logistics Corporation, Boustead and HSBC talked about the necessary developments to decrease logistics costs and increase the country's manufacturing competitiveness, industrial and logistics real estate, the fastest way for investors to tap into the promising market, and the trends in industrial and logistics property development.

“Despite the challenges that we have recently experienced, we are still of the view that the future for Vietnam is bright,” concluded Mr. Tim Evans, CEO of HSBC Vietnam, “As we pull out of the Covid restrictions there will be opportunities for those who are prepared for them. Our role as a leading international bank is to ensure that we support our customers locally and internationally to help capture the opportunities that present themselves. This event is held on annual basis as a way of both engaging with our existing and prospective customers while helping to promote the exciting Vietnam story.”

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Notes to Editors:

HSBC Bank (Vietnam) Ltd.

HSBC has been in Vietnam for over 150 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and two full-service branches in Binh Duong and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, product range, and customer base.

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