

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-VIETNAM BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Socialist Republic of Viet Nam is situated in South East Asia, bordered to the north by the People’s Republic of China, to the west by Laos and Cambodia, and to the east and south by the South China Sea. Vietnam is a Member of the UN, Asian Development Bank, APEC, the Mekong Group, ASEAN and the International Organization of the Francophonie. This report emphasises on India- Vietnam trade relations, inter-alia. As per available data from DGCI&S database India and Vietnam have observable bilateral (goods) trade relations primarily in the form of India import from Vietnam and Vietnam had ranked 21st as an Import partner of India in 2023-24.

2. Throughout the history of Vietnam, its economy has been based largely on agriculture—primarily wet rice cultivation. Bauxite, an important material in the production of aluminium, is mined in central Vietnam. Since reunification, the country's economy is shaped primarily by the CPV through Five Year Plans decided upon at the plenary sessions of the Central Committee and national congresses. As per available report **IMF Executive Board Concludes 2023 Article IV Consultation with Vietnam September 27, 2023**, Vietnam experienced a robust post-pandemic economic recovery in 2022 thanks to strong economic fundamentals and prudent public health management during the pandemic. GDP rose by a historically high 8 percent—the highest since the 1990s—driven by strong domestic and external demand. Average inflation was kept at 3.2 percent, well below the (4 percent) inflation target, although price pressures picked up during the year.

The recovery was cut short, however, as strong headwinds hit the economy in late 2022 and during the first half of 2023. Financial stress among real estate developers emerged due to tighter funding conditions, a slowdown in sales, and legal hurdles, while the corporate bond market froze amidst a loss of investor confidence. Exchange rate pressures mounted throughout 2022 as global interest rates rose sharply, and a major domestic bank suffered a deposit run in October 2022 and was placed under the State Bank of Vietnam’s control. The economy was further hit by a sharp deterioration in external demand since late 2022, with exports declining by 12 percent in the first half of 2023. Liquidity, foreign exchange, and inflationary pressures have eased, but growth decelerated significantly and is expected to slow to 4.7 percent in 2023—supported by a rebound in exports and expansionary (especially fiscal) policies. Inflation is expected to remain contained below the 4.5 percent ceiling. Vietnam can return to high growth rates over the medium term supported by structural reforms.

A snapshot of Vietnam’s select economic indicators is as under.

TABLE-I

Vietnam: Selected Economic Indicators, 2019–2024						
	2019	2020	2021	2022	Projections	
					2023	2024
Output						
Real GDP (percent change)	7.4	2.9	2.6	8.0	4.7	5.8
Output Gap (percent of GDP)	0.4	-0.4	-1.9	-0.1	-1.1	-1.1
Prices (percent change)						
CPI (period average)	2.8	3.2	1.8	3.2	3.7	3.5
Core inflation (period average)	2.0	2.3	0.9	2.7	4.2	3.4

Saving and investment (in percent of GDP)						
Gross national saving	35.6	36.3	31.3	33.1	32.4	32.4
Gross investment	32.0	31.9	33.5	33.4	32.1	31.8
Private	26.6	24.9	27.2	27.4	25.5	24.8
Public	5.3	7.0	6.2	6.0	6.6	7.0
State budget finances (in percent of GDP) 1/						
Revenue and grants	19.4	18.4	18.7	19.0	18.4	18.5
Expenditure	19.8	21.3	20.1	18.8	19.6	20.2
Expense	14.5	14.3	13.9	12.8	13.0	13.2
Net acquisition of nonfinancial assets	5.3	7.0	6.2	6.0	6.6	7.0
Net lending (+)/borrowing(-) 2/	-0.4	-2.9	-1.4	0.3	-1.3	-1.7
Public and publicly guaranteed debt (end of period)	40.8	41.1	39.1	35.3	33.6	32.3
Money and credit (percent change, end of period)						
Broad money (M2)	14.8	14.5	10.7	6.2	6.1	6.9
Credit to the economy	12.8	11.6	13.5	14.0	9.0	9.7
Balance of payments (in percent of GDP, unless otherwise indicated)						
Current account balance (including official transfers)	3.7	4.3	-2.2	-0.3	0.2	0.7
Exports f.o.b.	79.6	81.6	90.9	91.4	81.6	80.9
Imports f.o.b.	73.2	72.7	86.7	85.0	75.8	75.1
Capital and financial account 3/	5.7	2.4	8.3	2.3	2.5	1.8
Gross international reserves (in billions of U.S. dollars) 4/	78.5	95.2	109.4	86.7	98.7	110.5
In months of prospective GNFS imports	3.5	3.3	3.5	2.9	3.1	3.1
Total external debt (end of period)	37.0	37.6	37.9	36.2	36.6	36.5
Nominal exchange rate (dong/U.S. dollar, end of period)	23,173	23,098	22,826	23,633
Memorandum items (current prices):						
GDP (in billions of U.S. dollars)	331.8	346.3	369.7	406.5	438.2	476.9
Per capita GDP (in U.S. dollars)	3,439	3,549	3,753	4,087	4,365	4,707

Sources: Vietnamese authorities; and IMF staff estimates and projections.

1/ Follows the format of the Government Finance Statistics Manual 2001. Large EBFs are outside the state budget but inside the general government (revenue amounting to 6-7 percent of GDP).

2/ Excludes net lending of Vietnam Development Bank and revenue and expenditure of Vietnam Social Security.

3/ Incorporates a projection for negative errors and omissions going forward (i.e. unrecorded imports and short-term capital outflows).

4/ Excludes government deposits.

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Vietnam September 27, 2023

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Vietnam are **United States, China, Korea Rep., Japan and Hong Kong, China**. On the other hand five major import partners of Vietnam are **China, Korea, Rep., Japan, Other Asia, nes. and United States**. Major five exported goods of Vietnam are (i) Transmission apparatus, for radioteleph incorpo. (ii) Parts of electrical apparatus for line telephon (iii) Monolithic integrated circuits, digital (iv) Parts and accessories of automatic data process and (v) Television receivers including video monitors. On the other hand major five imported goods of Vietnam are (i) Monolithic integrated circuits, digital, (ii) Parts of electrical apparatus for line telephone, (iii) Parts suitable for use solely or princ with (iv) Printed circuits and (v) Petroleum oils and oils obtained from bituminous.

4. Vietnam's total exports in 2019 were of the order of US\$ 243,699 million. It has scaled up to US\$ 370,909 million in 2023. During the period 2019 to 2023, Exports from Vietnam had increased maximum by 19.31% in the year followed by another 10.46% increase in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 11.07%.

5. Vietnam's total imports in 2019 were of the order of US\$ 236,869 million and which has touched US\$ 358,788 million mark in 2023. Imports of Vietnam had jumped by 26.58% in 2022 in comparison with 2021. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 10.94%.

6. Vietnam runs an overall Balance of Trade surplus from 2019 to 2023 and that has scaled up to USD 12,121 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 11.01%.

A snapshot of Vietnam's overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. Vietnam is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Vietnam has long standing trade and economic relations which have steadily grown over a period of time. From a meagre US\$200 million in the year 2000, according to Vietnamese figure, bilateral trade grew to US\$ 14.36 billion in 2023. According to Indian data during 2023-2024, bilateral trade reached US\$ 14.82 billion, registering an increase of 0.76 percent year on year. India exports to Vietnam reached US\$ 5.47 billion (down 7.43%) while Indian imports from Vietnam amounted to 9.34 billion (up 6.26%). In FY 2023-2024, For India, Vietnam is the 21st largest trading partner and 22nd largest export destination globally. For Vietnam, India is the 7th largest trading partner, 7th biggest importer of Vietnam's products and 11th biggest import source of Vietnam. Vietnam ranked 22nd as an export destination of India in FY 2023-24. India's exports to Vietnam was only 1.25 % of it's total export value in FY2023-24. In the same financial year Vietnam was the 19th major import partner of India in FY 2023-24 which was 1.38 % of India's total import value in 2023-24. Almost 1.33% of India's total international trade value was between India and Vietnam as has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo- Vietnam total volume of bilateral trade in FY 2019-20 was of the order of US\$ 12,343.34 million. It has scaled upto US\$ 14,815.79 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 4.67%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Vietnam. Exports from India to Vietnam increased by 34.06% in FY2021-22. The annual average compound rate of growth of Exports was 1.97%. On the other hand, imports from Vietnam to India remarkably increased by 21.53% in FY 2021-22 followed by another 18.23% increase in FY2022-23. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 6.43%.

10. Additionally, **from Tables 4 & 5 presented** below the following are stated:

a. **Buffalo Meat, Marine Products and Iron And Steel**, had occupied the top three slots in India's exports to Vietnam in the year 2023-24. **Buffalo Meat** had occupied 13.74% share of India's total exports to Vietnam in FY2023-24.

b. **Electronic Components; Telecom Instruments and Consumer Electronics** were the three major commodities in India's imports list from Vietnam in the year 2022-23, India imports **Electronic Components** from Vietnam with a share of 13.18% of total imports from Vietnam recorded in 23-24.

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TABLE - 2							
VIETNAM'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE							
BETWEEN 2019 TO 2023							
(Figures in USD Million)							
Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	243699		236869		4,80,568		6830
2020	264610	8.58	253442	7.00	5,18,052	7.80	11168
2021	281441	6.36	261309	3.10	5,42,750	4.77	20132
2022	335793	19.31	330752	26.58	6,66,545	22.81	5041
2023	370909	10.46	358788	8.48	7,29,697	9.47	12121
Annual Growth Rate	Compound						
		11.07		10.94		11.01	
NOTE : Figures relate to calendar year (January to December)							
SOURCE : UN COMTRADE PUBLICATION							

Figure - 1

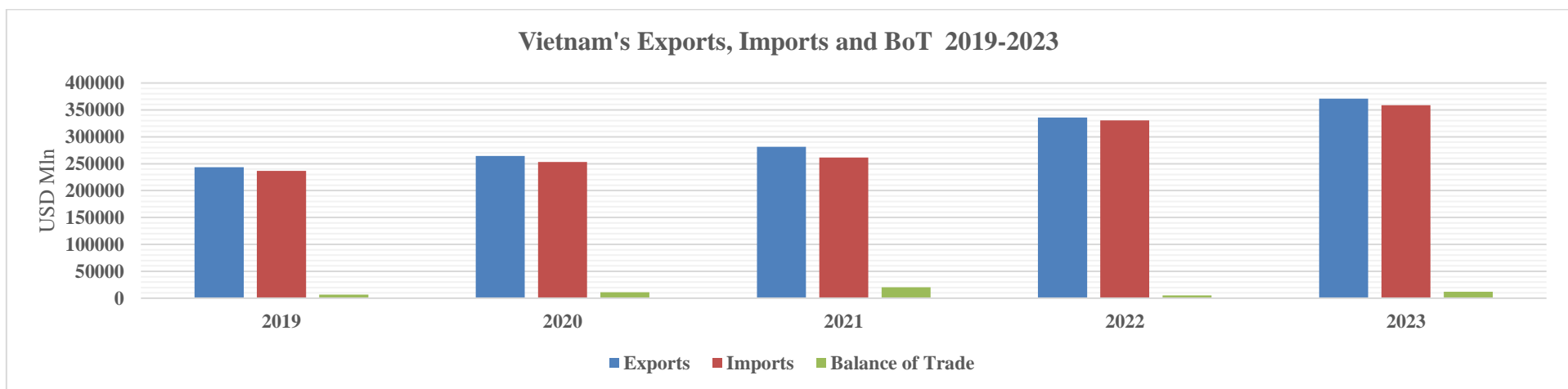


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. VIETNAM
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Vietnam	Percentage Growth in Exports	Imports from Vietnam to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	5059.92		7283.42		12343.34		-2223.50
2020-21	4999.72	-1.19	6120.66	-15.96	11120.38	-9.91	-1120.94
2021-22	6702.80	34.06	7438.52	21.53	14141.32	27.17	-735.72
2022-23	5909.35	-11.84	8794.73	18.23	14704.08	3.98	-2885.38
2023-24	5470.40	-7.43	9345.39	6.26	14815.79	0.76	-3874.99
Annual Growth Rate	Compound 1.97		6.43		4.67		

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

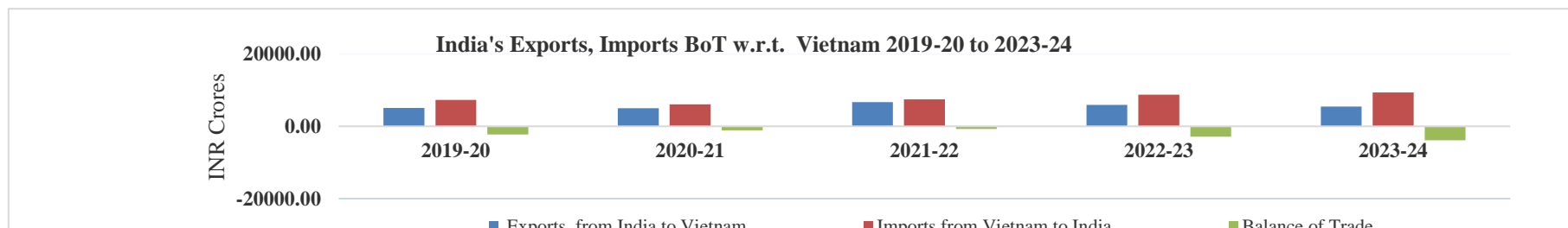


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO VIETNAM
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Buffalo Meat	1069.85	403.90	487.10	509.02	751.40	-62.25	20.60	4.50	47.62
	Share in total export	21.14	8.08	7.27	8.61	13.74				
2	Marine Products	311.99	305.74	312.34	491.25	392.55	-2.00	2.16	57.28	-20.09
	Share in total export	6.17	6.12	4.66	8.31	7.18				
3	Iron And Steel	1098.14	1030.43	1473.87	595.26	327.16	-6.17	43.03	-59.61	-45.04
	Share in total export	21.70	20.61	21.99	10.07	5.98				
4	Rice (Other Than Basmati)	0.78	90.15	231.10	201.84	264.96	11457.69	156.35	-12.66	31.27
	Share in total export	0.02	1.80	3.45	3.42	4.84				
5	Aluminium. Products Of Aluminium	43.41	95.12	285.42	285.67	236.23	119.12	200.06	0.09	-17.31
	Share in total export	0.86	1.90	4.26	4.83	4.32				
6	Auto Components/ Parts	190.22	246.70	237.45	289.63	203.04	29.69	-3.75	21.98	-29.90
	Share in total export	3.76	4.93	3.54	4.90	3.71				
7	Other Cereals	1.17	120.74	310.53	277.60	197.21	10219.66	157.19	-10.60	-28.96
	Share in total export	0.02	2.41	4.63	4.70	3.61				
8	Groundnut	149.26	152.66	68.12	202.36	172.23	2.28	-55.38	197.06	-14.89
	Share in total export	2.95	3.05	1.02	3.42	3.15				
9	Cotto Yarn	118.84	168.66	197.63	83.96	166.20	41.92	17.18	-57.52	97.95
	Share in total export	2.35	3.37	2.95	1.42	3.04				
10	Drugs Formulations Biologicals	124.81	136.39	160.00	150.28	163.96	9.28	17.31	-6.08	9.10
	Share in total export	2.47	2.73	2.39	2.54	3.00				
	Total export to VIETNAM	5059.92	4999.72	6702.80	5909.35	5470.40	-1.19	34.06	-11.84	-7.43

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM VIETNAM
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Electronic Components	191.86	137.08	234.32	476.23	1231.60	-28.55	70.94	103.24	158.61
	Share in total imports	2.63	2.24	3.15	5.41	13.18				
2	Telecom Instruments	2594.94	2156.29	1810.72	1294.79	1113.94	-16.90	-16.03	-28.49	-13.97
	Share in total imports	35.63	35.23	24.34	14.72	11.92				
3	Consumer Electronics	627.21	492.12	531.04	1064.58	841.37	-21.54	7.91	100.47	-20.97
	Share in total imports.	8.61	8.04	7.14	12.10	9.00				
4	Iron And Steel	106.05	159.48	159.98	359.24	722.56	50.38	0.31	124.55	101.14
	Share in total import	1.46	2.61	2.15	4.08	7.73				
5	Computer Hardware Peripherals	274.42	287.33	367.59	491.51	682.71	4.70	27.93	33.71	38.90
	Share in total import	3.77	4.69	4.94	5.59	7.31				
6	Copper Prod. Made Of Copper	447.34	279.91	401.42	643.66	552.23	-37.43	43.41	60.35	-14.20
	Share in total import	6.14	4.57	5.40	7.32	5.91				
7	Electronics Instruments	298.13	270.13	289.83	443.35	452.71	-9.39	7.29	52.97	2.11
	Share in total import	4.09	4.41	3.90	5.04	4.84				
8	Inorganic Chemicals	165.40	169.13	307.82	329.61	223.40	2.26	82.00	7.08	-32.22
	Share in total import	2.27	2.76	4.14	3.75	2.39				
9	Spices	151.79	161.74	218.22	214.28	203.81	6.56	34.92	-1.81	-4.89
	Share in total import	2.08	2.64	2.93	2.44	2.18				
10	Natural Rubber	186.50	119.75	259.11	206.93	183.85	-35.79	116.38	-20.14	-11.15
	Share in total import	2.56	1.96	3.48	2.35	1.97				
	Total import from VIETNAM	7283.42	6120.66	7438.52	8794.73	9345.39	-15.96	21.53	18.23	6.26

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I