
VIETNAM'S ECONOMY A SWOT ANALYSIS

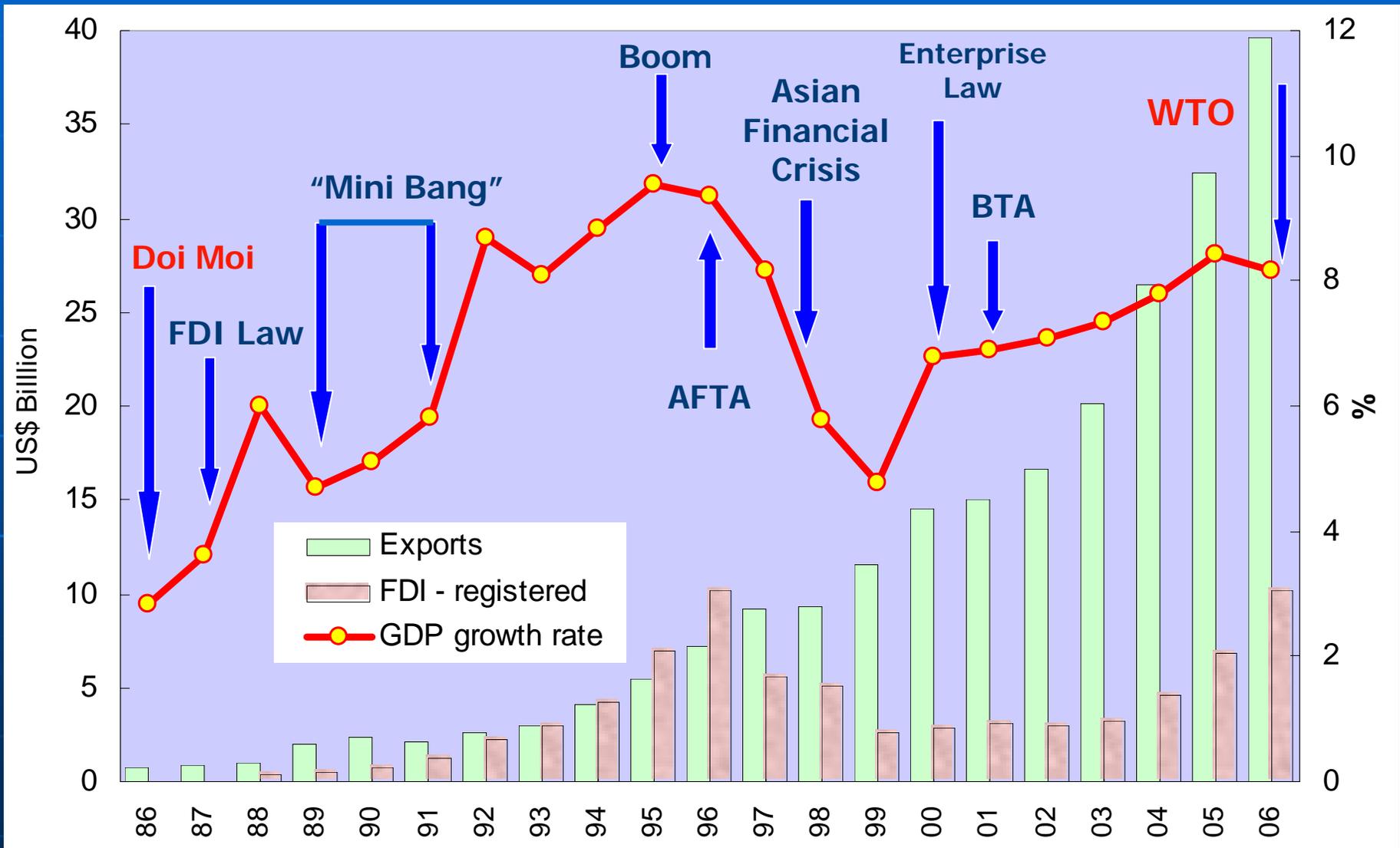
**The 15th Annual Conference on Pacific Basin Finance,
Economics, Accounting and Management**

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SUMMARY

- Vietnam is a small, developing, transition, and integrated economy in a fast changing world
- Vietnam's growth in the last 2 decade is impressive but relies mostly on quantitative expansion
- The competitiveness of the nation and the firm is relatively weak compared to major competitors
- Biggest opportunities emerge from integration
- Biggest challenges come from competition
- Biggest threat is backwardness

GDP, Exports, and FDI

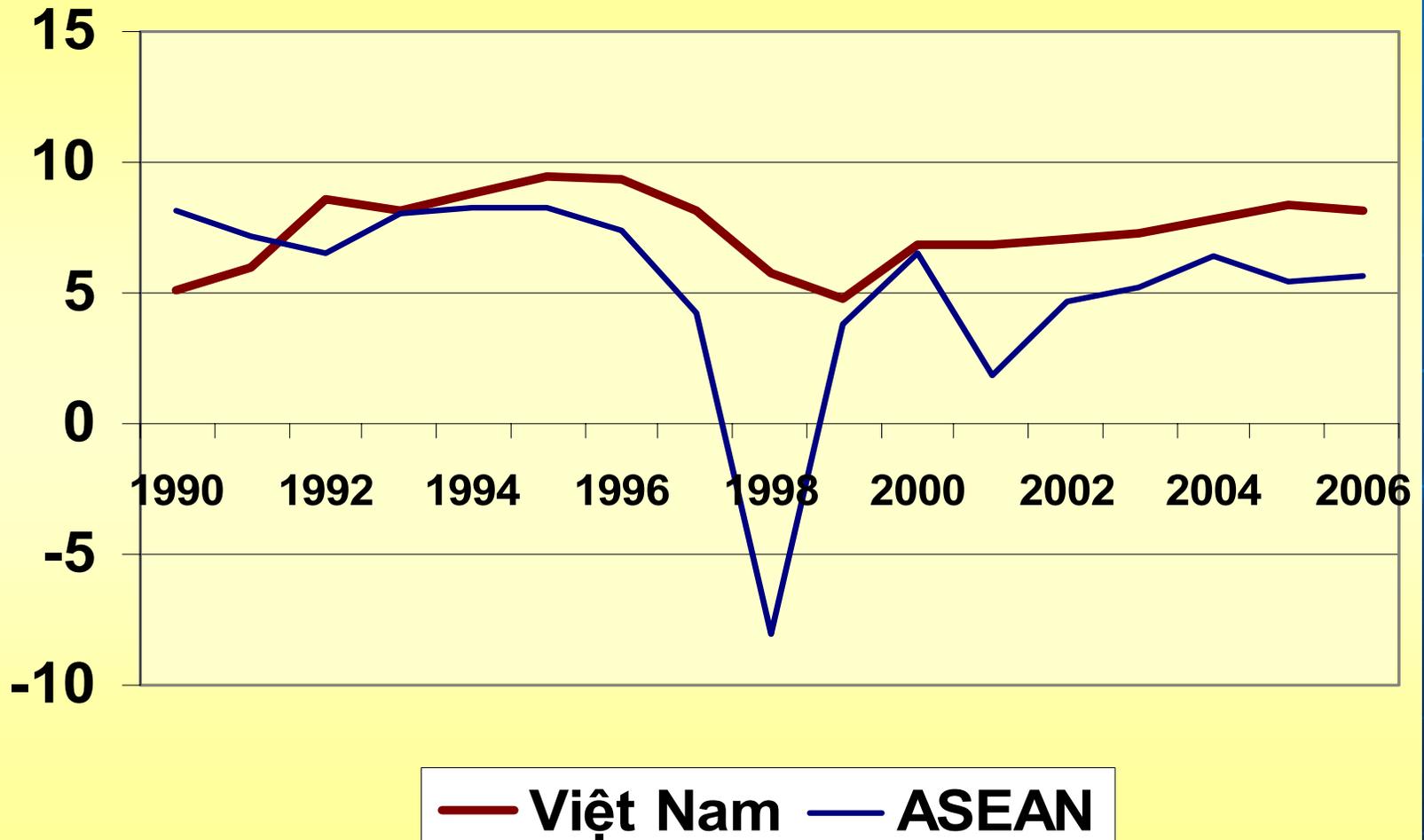


Source: General Statistical Office, Vietnam Statistical Yearbook, various years,

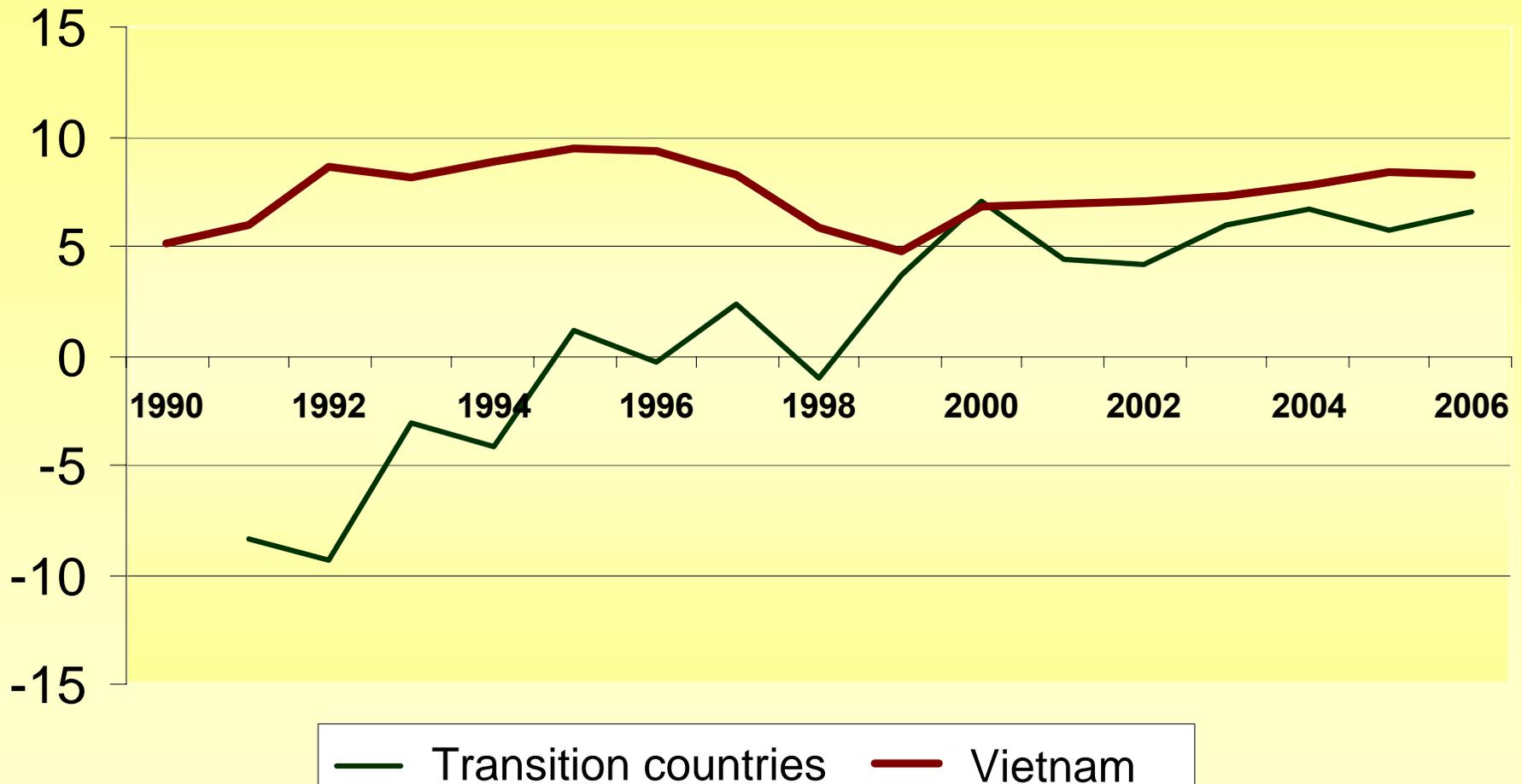
Strengths of the Economy

- Economic, political, and social stability
- **Stable and fast growing economy**
 - High export growth
 - Large inflows of foreign capital
 - Dynamic domestic private sector
 - Abundant and young labor force
 - Widening domestic market size

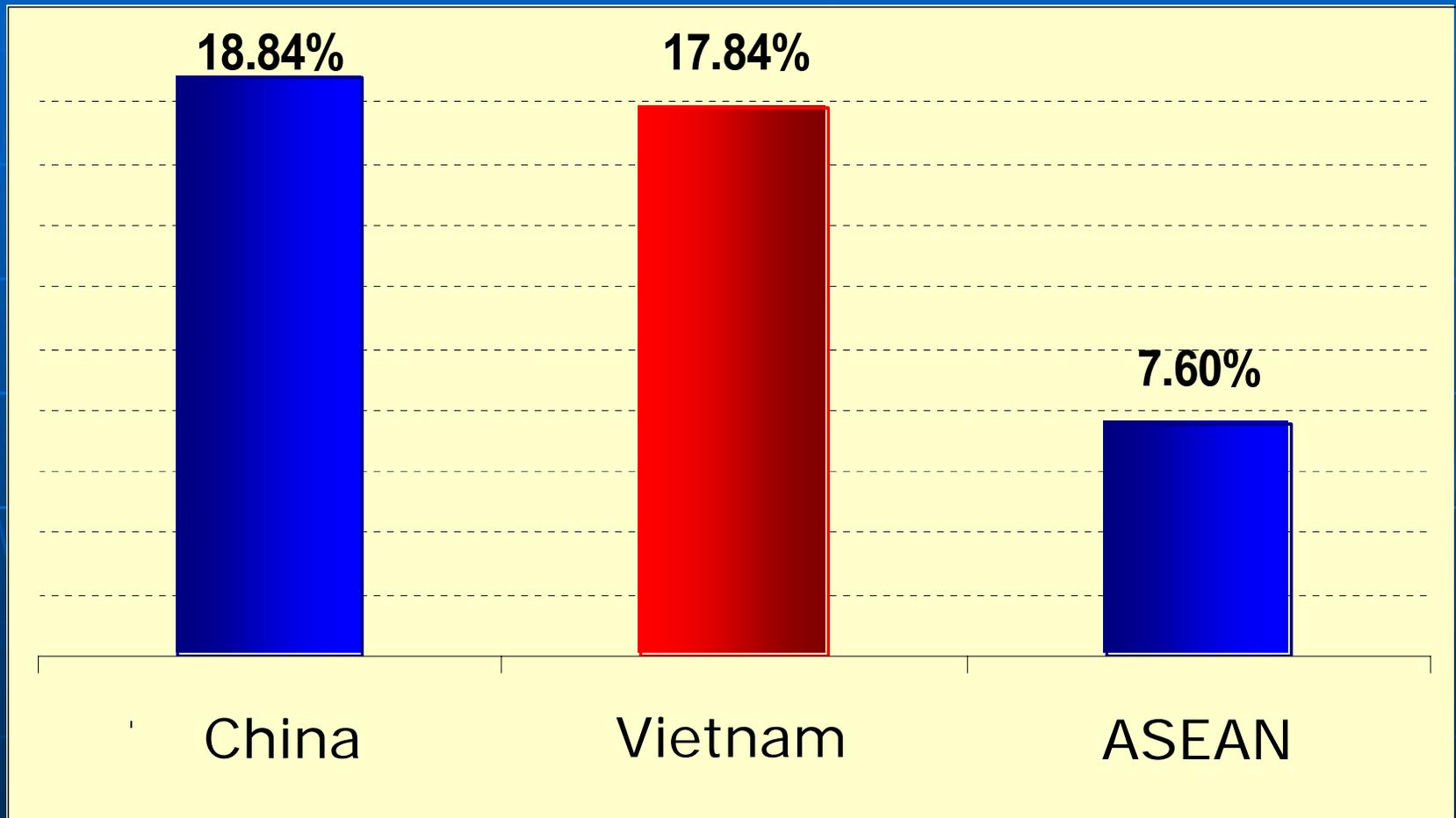
GDP growth (%)



GDP growth (cont)

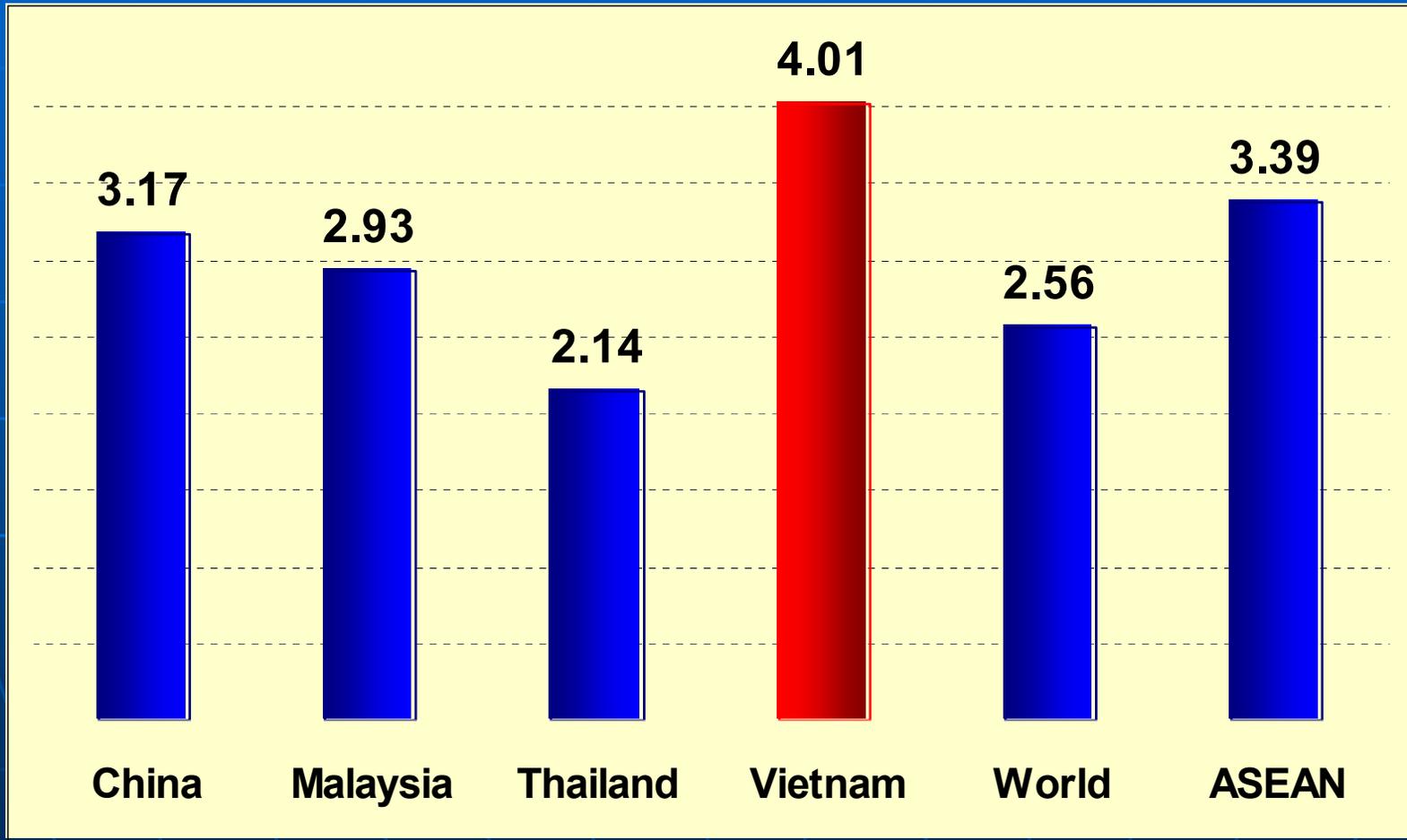


Export Growth (2000-06)



Source: Economist Intelligence Unit (EIU)

Attraction of FDI (% GDP, 2000-06)



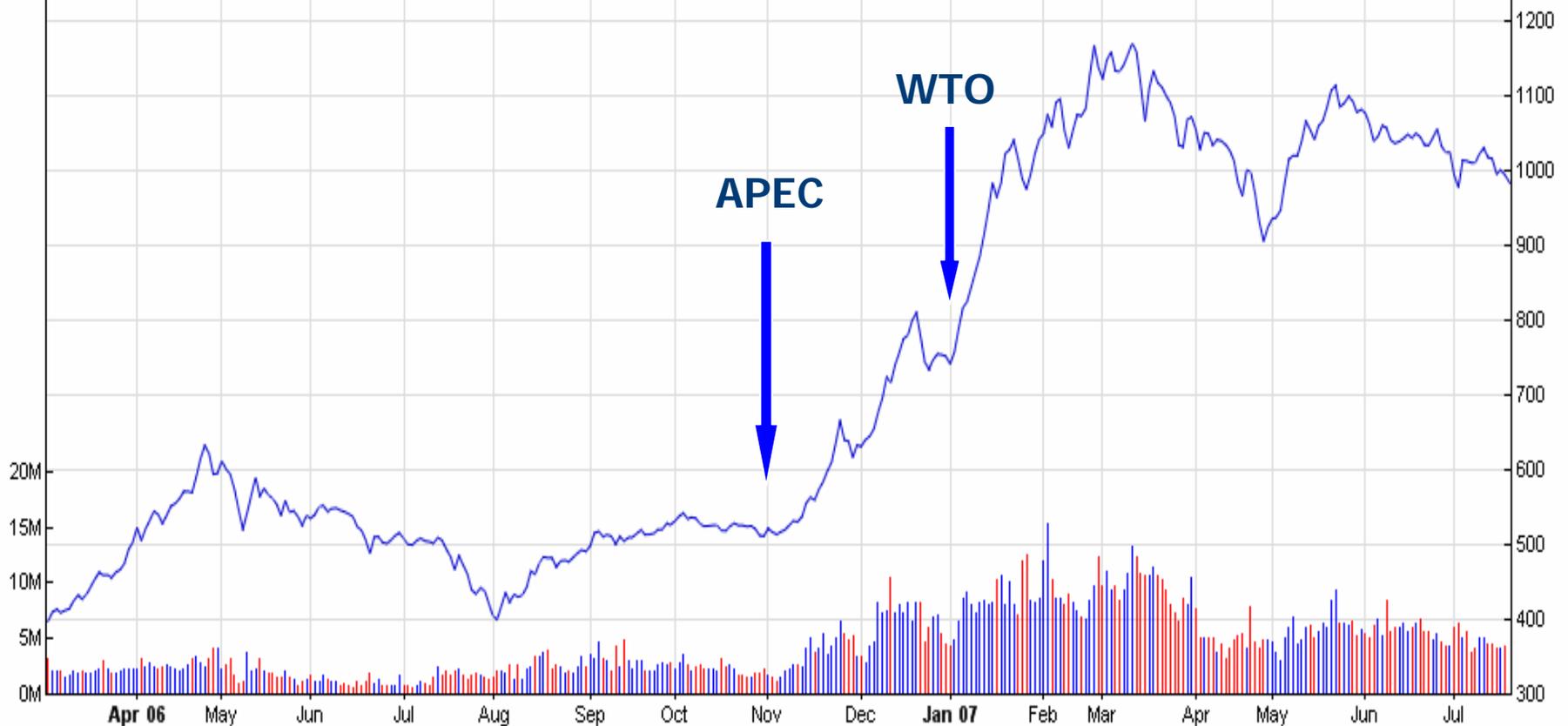
Source: Economist Intelligence Unit (EIU)

VN-Index (2006-2007)

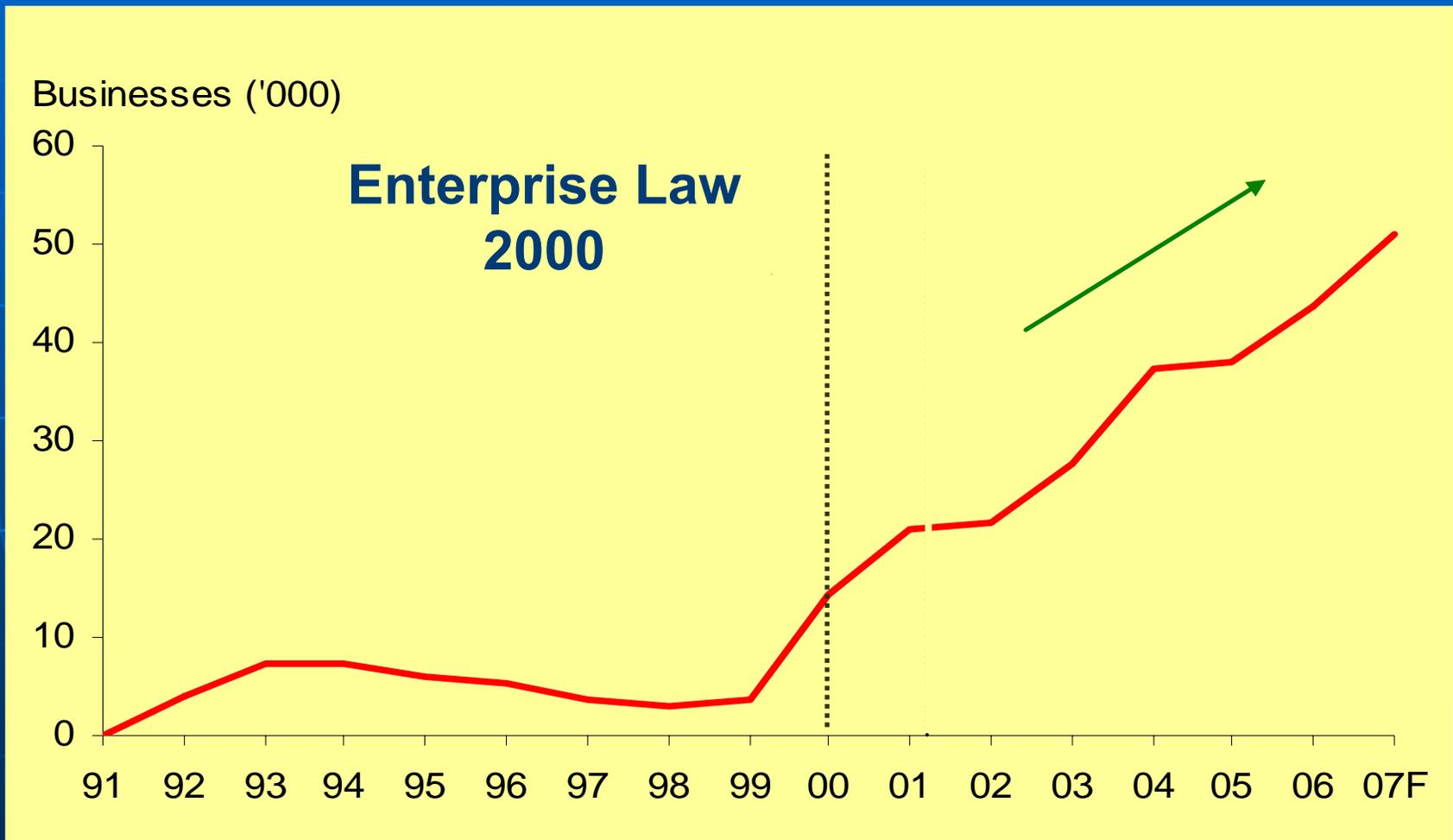
VN-Index
20/07/2007

www.vietstock.com.vn

■ Closing Price: 984.4 ■ Vol: 0M

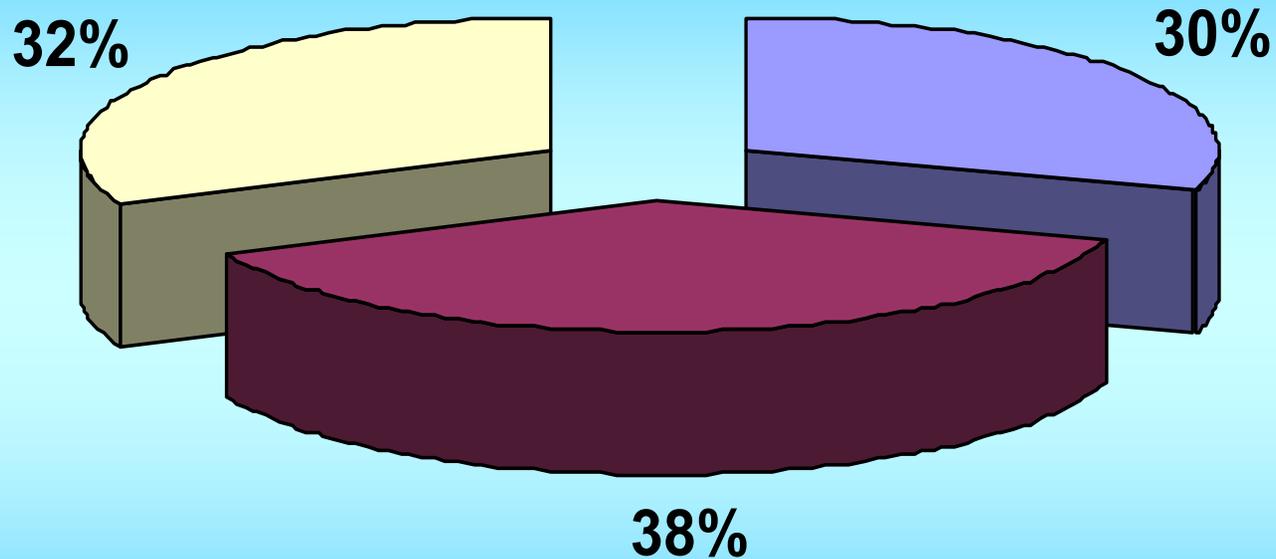


New business registration



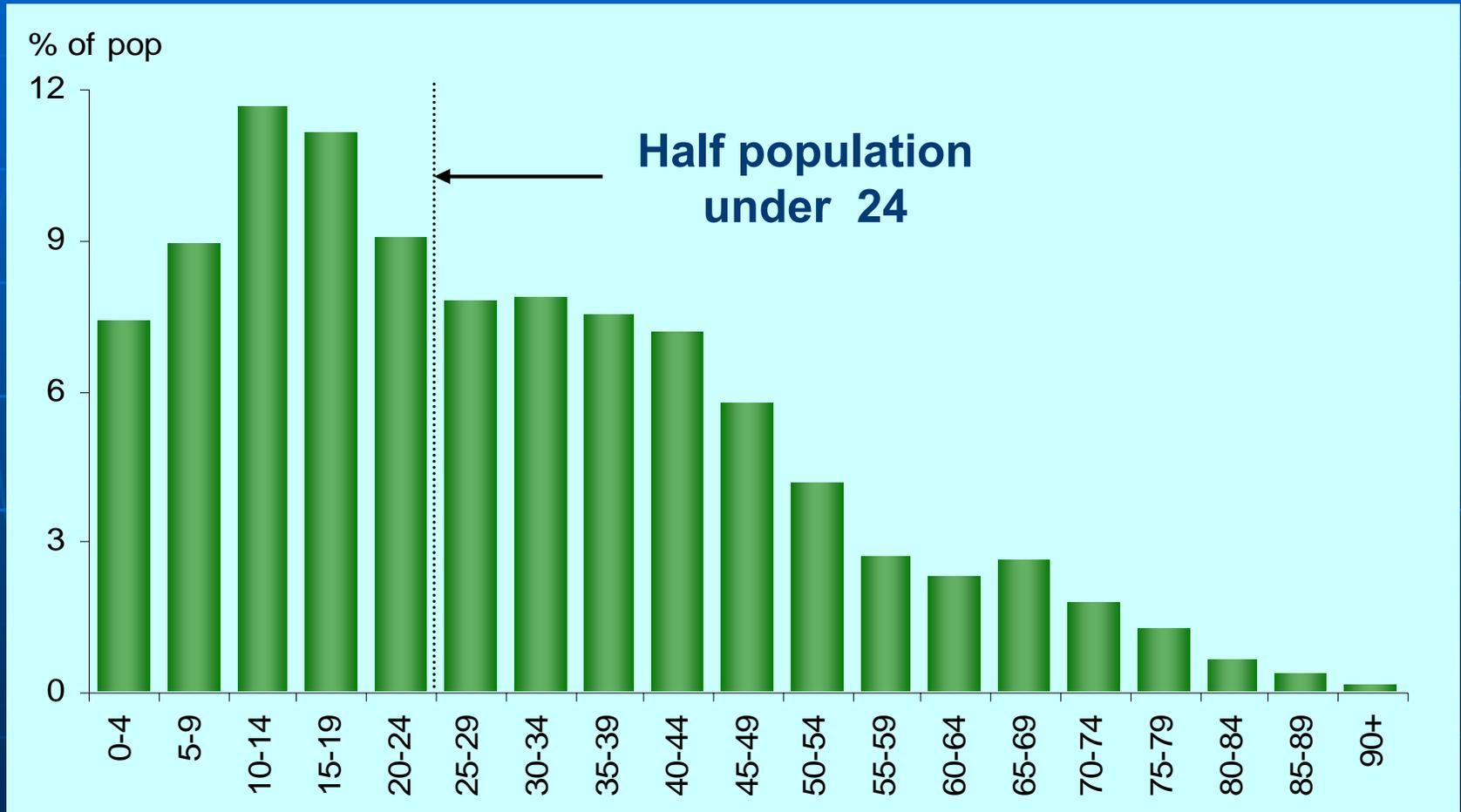
Source: Vietnam Chamber of Commerce and Industry, Ministry of Planning & Investment

Industrial output by sector (2006)



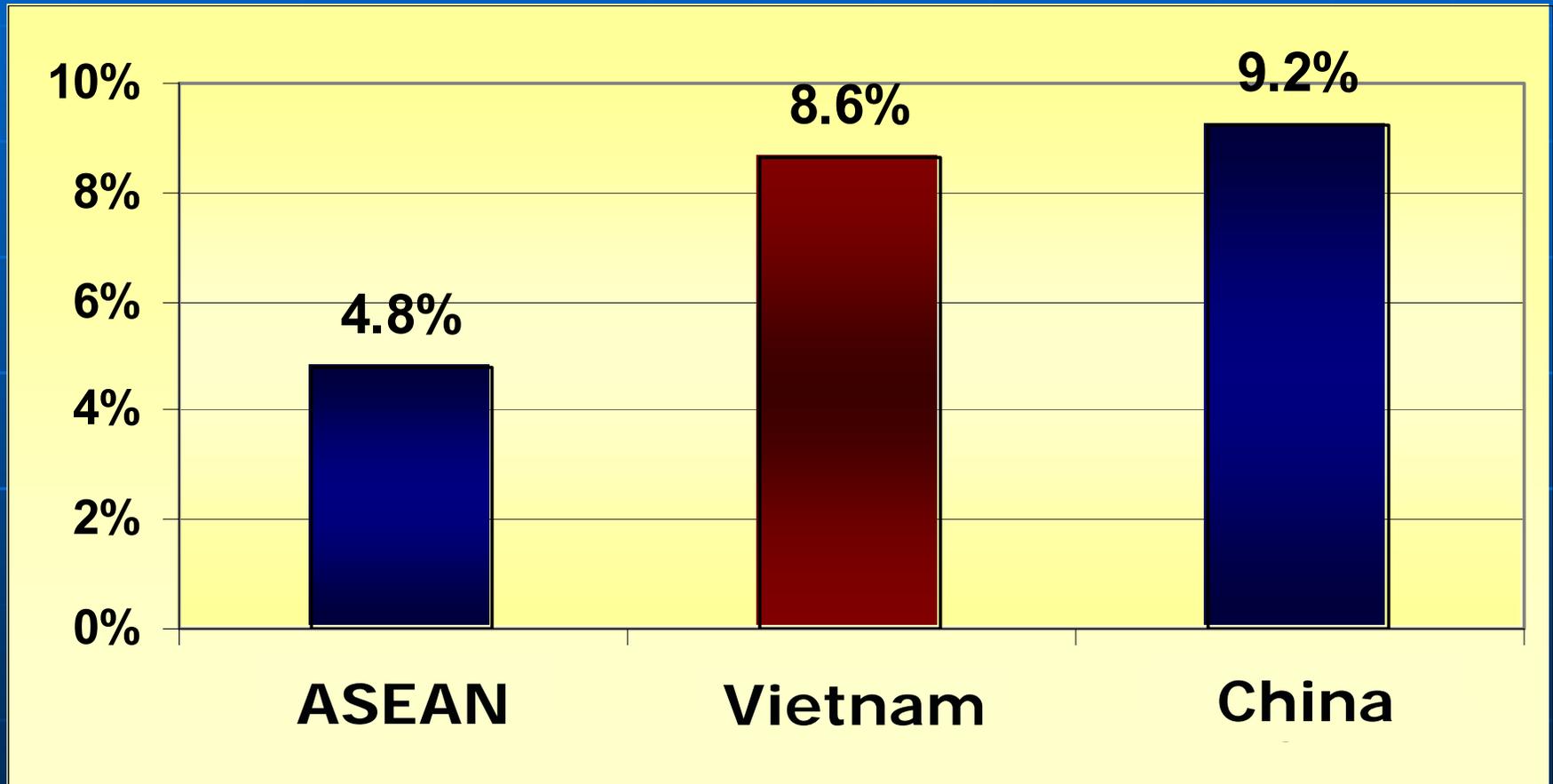
■ Private (23.9%) ■ Foreign (18.8%) ■ State (9.1%)

Abundant and young labor force



Source: General Statistical Office

Real demand growth (% , 2001-06)



Source: Economist Intelligence Unit (EIU)

Weaknesses of the economy

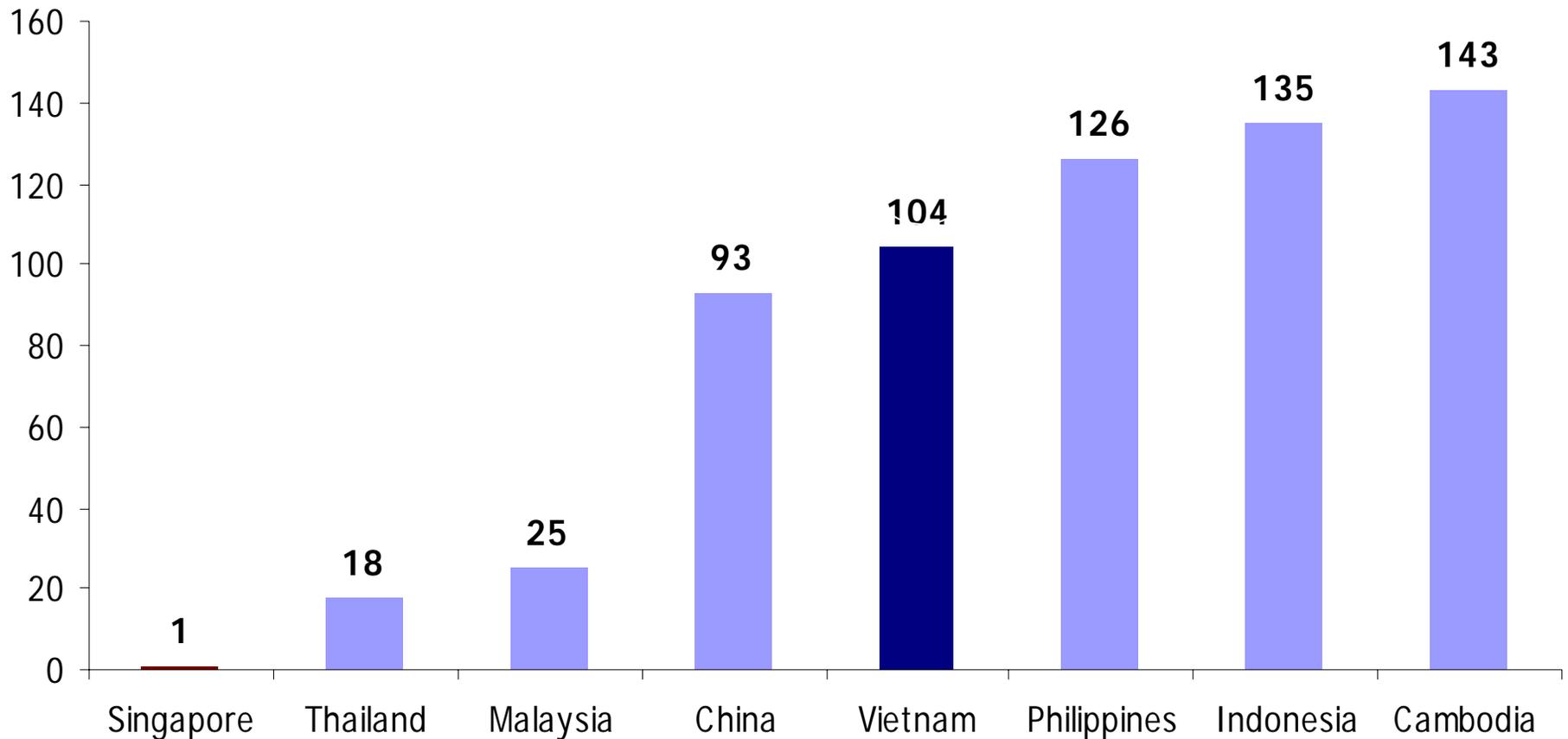
- Poor infrastructure
- Incomplete market institutions
- Inefficient administration
- Weak business environment
- Inadequate education and training
- Inefficient use of capital
- **Weak competitiveness**

Inefficient use of capital

Countries	Investment	GDP Growth	ICOR
	(%GDP)	(%)	
Vietnam ('00-'06)	38.3	7.5	5.1
China ('91-'03)	39.1	9.5	4.1
Taiwan ('81-'90)	21.9	8.0	2.7
South Korea ('81-'90)	29.6	9.2	3.2
Japan ('61-'70)	32.6	10.2	3.2

Ease of Doing Business (2007)

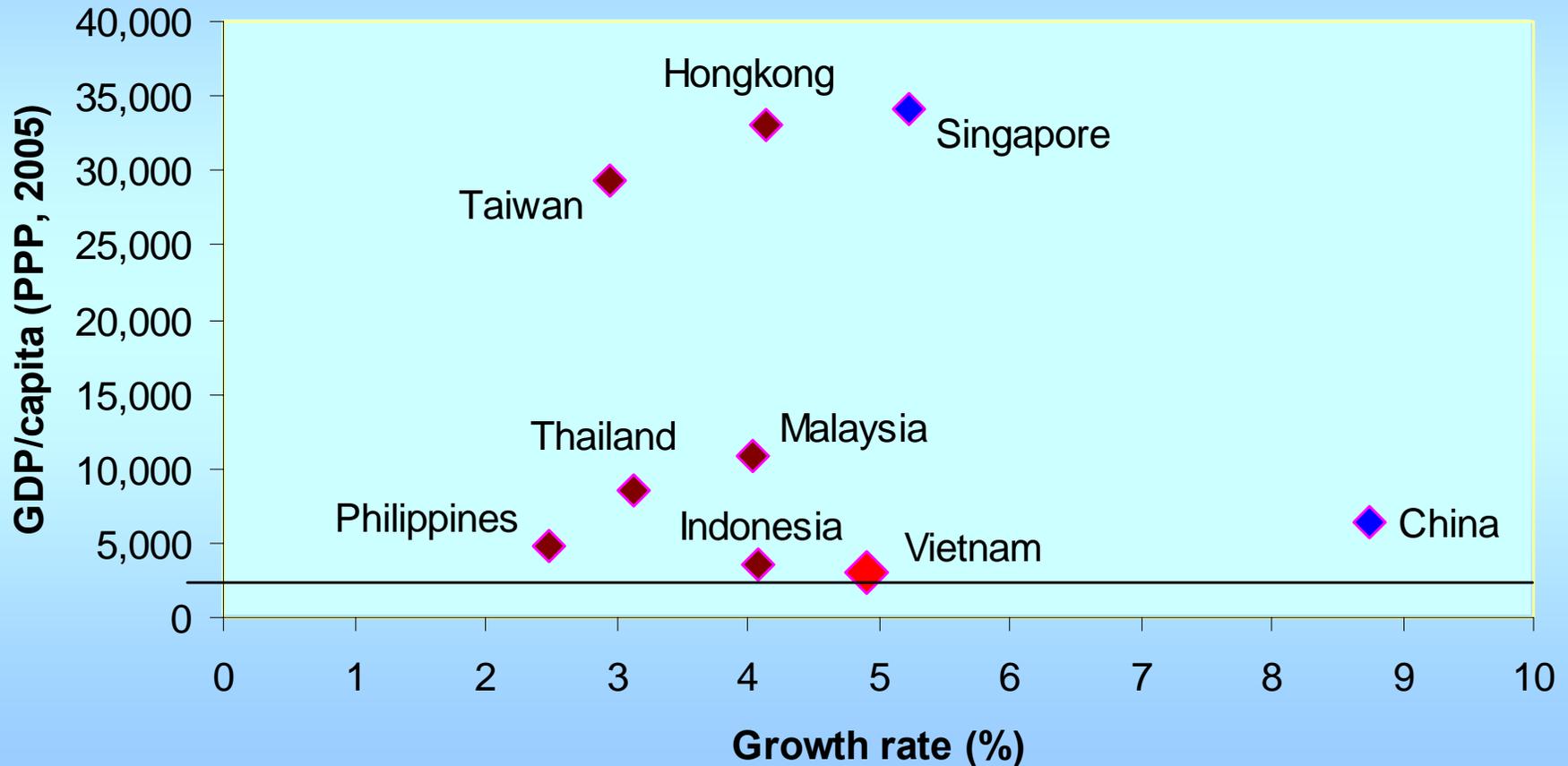
Ease of Doing Business - Rank



Low quality of education and training

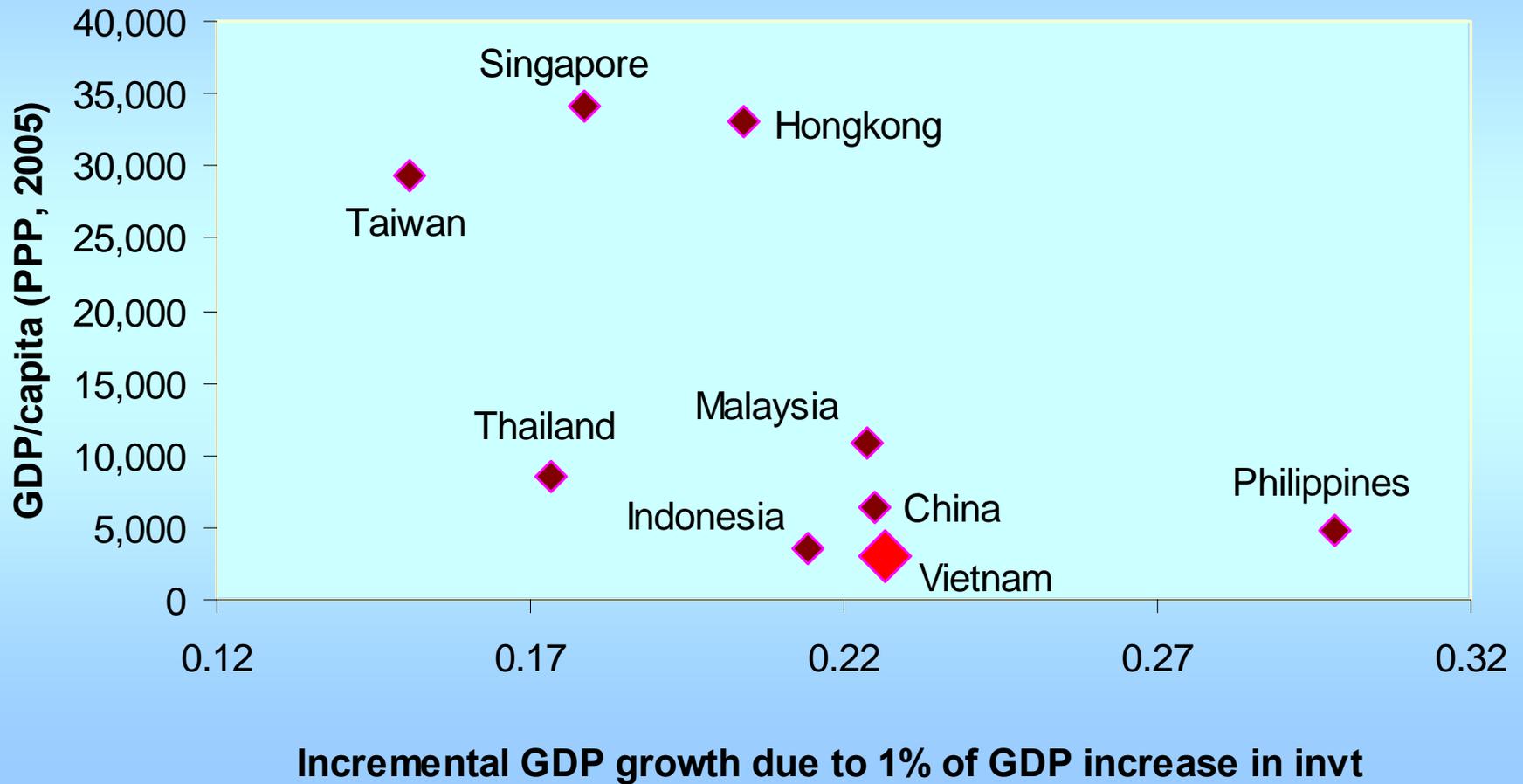
Countries	Education and Human Capital Index	English Proficiency Index	High-tech Proficiency Index
Singapore	6.81	8.33	7.83
China	5.73	3.62	4.37
Malaysia	5.59	4.00	5.50
Philiphine	4.53	5.40	5.00
Thailand	4.04	2.82	3.27
Vietnam	3.79	2.62	2.50
Indonesia	3.44	3.00	2.50

Labor Productivity Growth 2002 - 2005



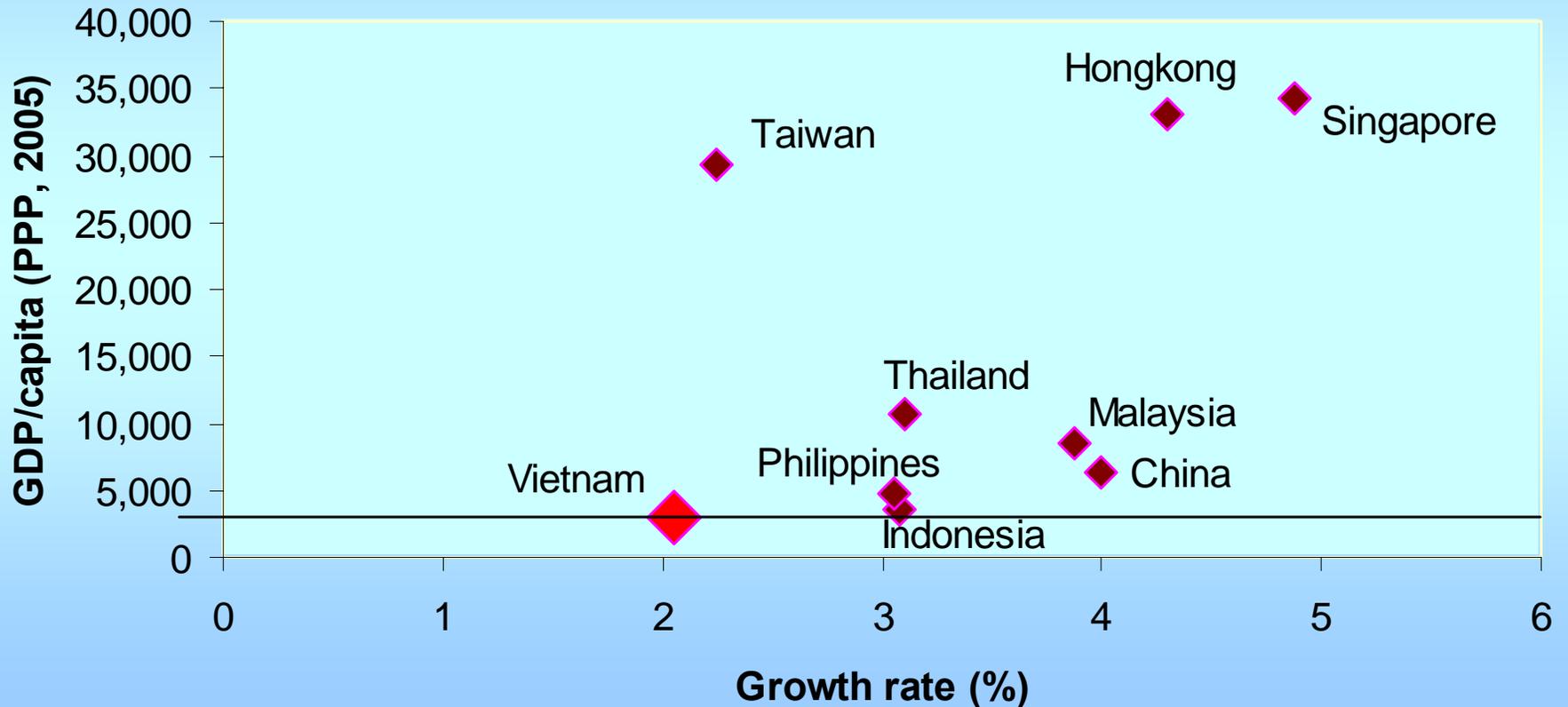
Source: Economist Intelligence Unit (EIU)

Capital Productivity, 2001 - 2005



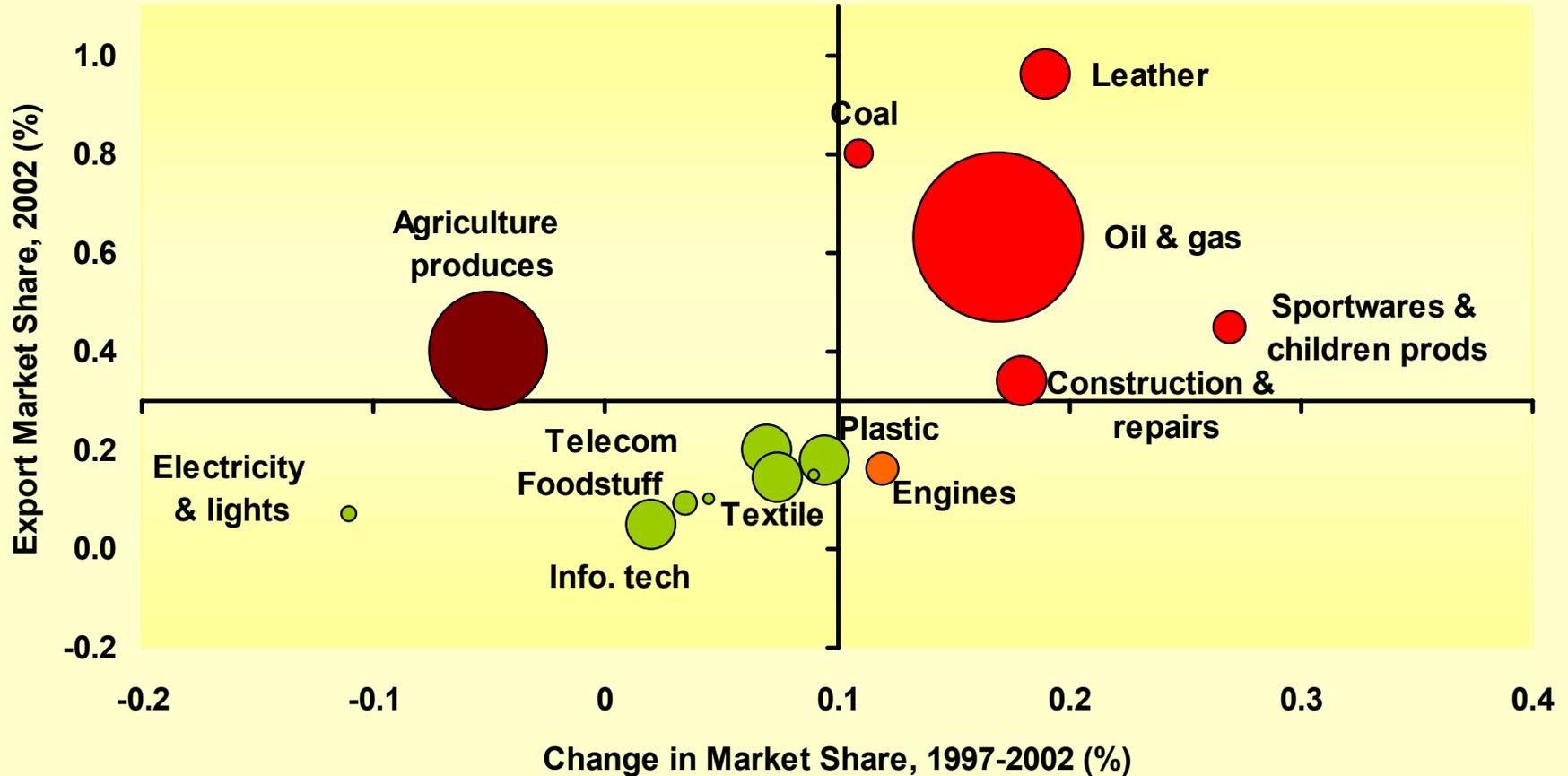
Source: Economist Intelligence Unit (EIU)

Total Factor Productivity Growth, 2002 - 2005



Source: Economist Intelligence Unit (EIU)

Vietnam's Exports by Product, 2002



Source: Michael Porter, 2005

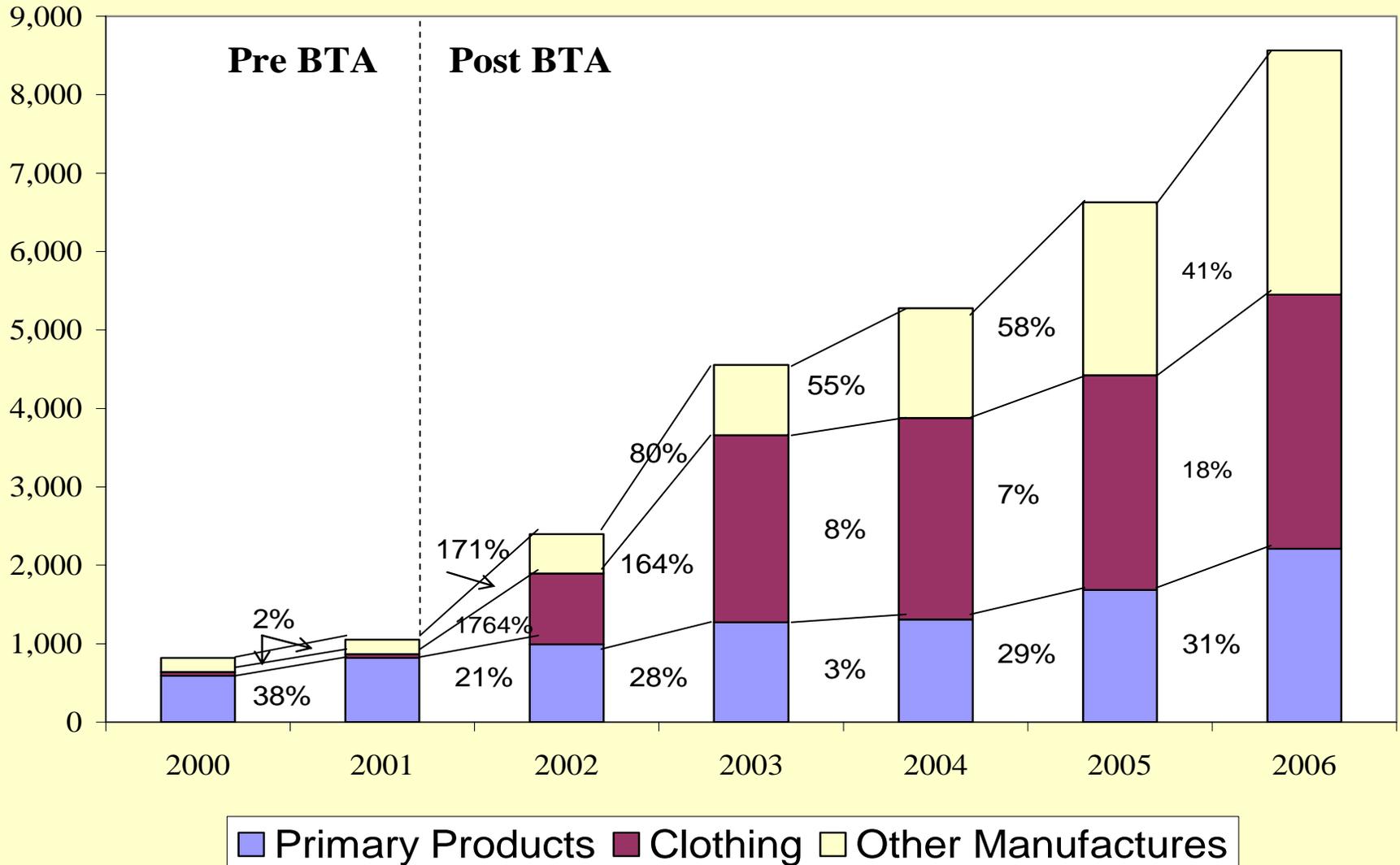
Business Competitiveness ('01-06)

	2002	2003	2004	2005	2006	GDP 2005 (PPP)
Singapore	10	6	12	6	11	28.100
Malaysia	25	24	23	23	20	11.201
Indonesia	66	50	53	59	35	4.458
Thailand	33	33	35	35	37	8.319
China	39	46	48	54	64	7.204
Philippines	64	72	71	66	72	4.923
Vietnam	61	56	78	77	82	3.025
Cambodia	—	—	—	107	107	2.399
No. of countries	79	97	100	113	121	

New opportunities

- New opportunities come mainly from the deeper integration
 - MFN, fairer treatment
 - Access to and better allocation of resources
 - Domestic private sector development
 - Economic reform promotion

Exports to the US



Some Challenges

- More competition
- More vulnerable to external shocks
- “Transaction costs” of policy and institutional changes
- Unequal distribution of costs and benefits of integration

Thank you for your attention!

BON APETIT !