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Global Business Barometer Survey October 2023

Synopsis of the annual business confidence survey
among Austrian subsidiaries in Vietnam

conducted by

ADVANTAGE AUSTRIA Ho Chi Minh City
(Austrian Embassy – Commercial Section)

in cooperation with



BILATERAL ECONOMIC RELATIONS

Austrian goods imports from Vietnam*

2021: EUR 1.206 Mio.

2022 : EUR 1.367 Mio. (+13,4 %)

2023 1-8: EUR 919 Mio (+3,0 %)

Austrian service imports ***

2023 1-6: EUR 23 Mio. (34,3 %)

Austrian investments in Vietnam

2022: FDI approx. EUR 120 Mio. ****

FDI + Indirect Investments: EUR 500+ Mio. *****

Number of Investments: around 50 *****

Austrian goods exports to Vietnam**

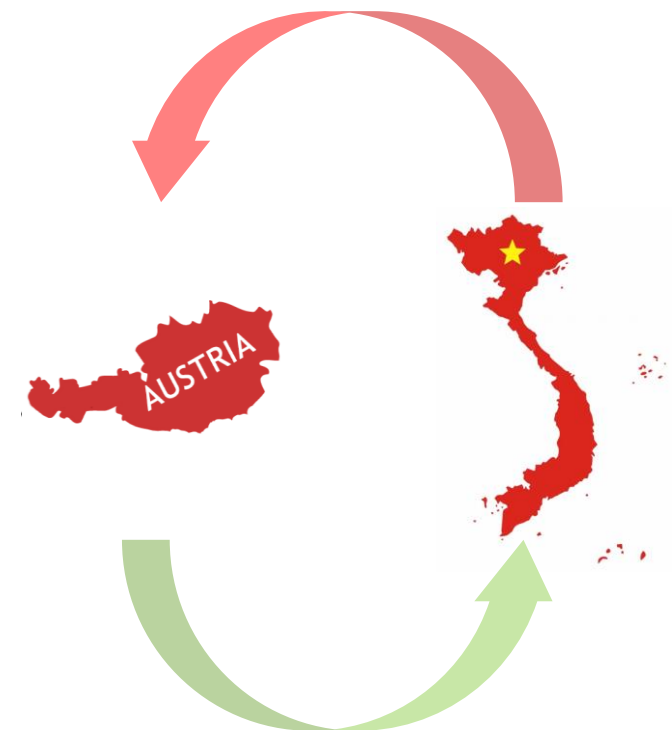
2021: USD 332 Mio.

2022: USD 334 Mio. (+0,6 %)

2023 1-9: USD 300 Mio (+27,4 %)

Austrian service exports ***

2023 1-6: EUR 15 Mio. (+41,8 %)



Sources:

* Statistik Austria ** Vietnam Statistics Office *** Österreichische Nationalbank **** Ministry of Planning and Investment ***** ADVANTAGE AUSTRIA Ho Chi Minh City

KEY FINDINGS

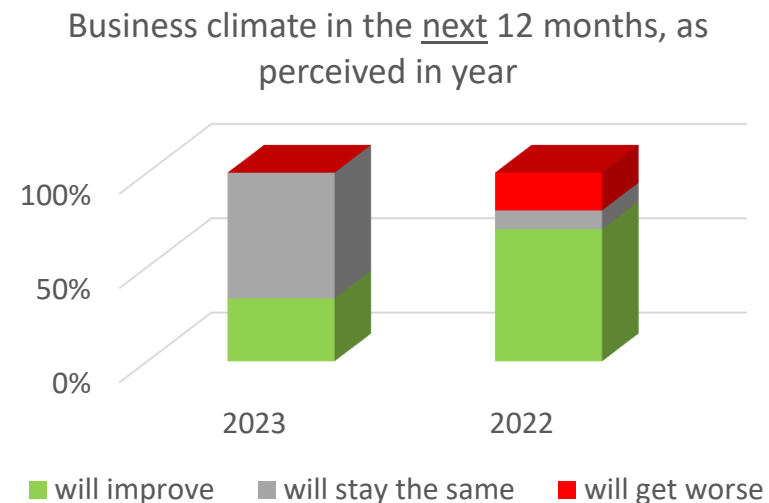
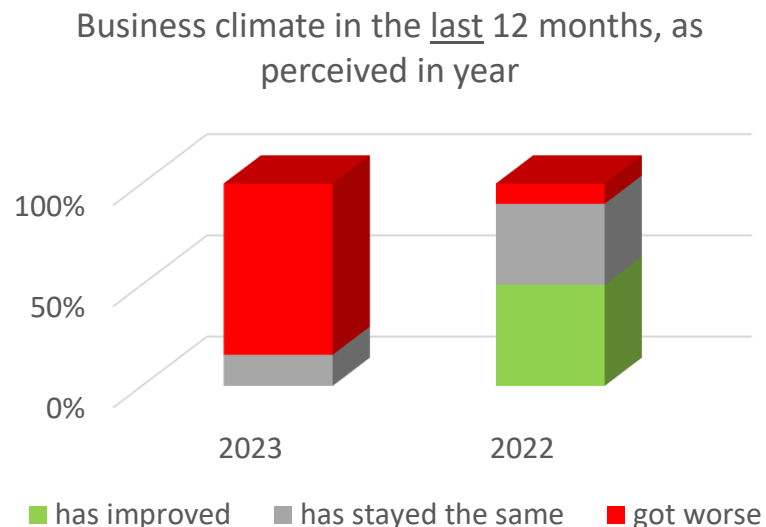
GLOBAL BUSINESS BAROMETER 2023

AUSTRIAN INVESTORS IN VIETNAM FACED TEMPORARY CHALLENGES IN 2023 BUT EXPECT IMPROVEMENT IN THE FUTURE

- 85 % of investors believe the business climate in Vietnam has worsened in 2023, but they remain optimistic.
- Temporary declining external and domestic demand and a downturn in multiple domestic sectors have hit business in Vietnam.
- Performance indicators decreased throughout H1 2023, with turnover declining temporarily for most of the Austrian companies.
- Political stability in Vietnam is still considered a pull factor, but geoeconomic developments may jeopardize Vietnam's position.
- Bureaucracy and red tape remain key issues on the regulatory level, whereas labour costs are considered still attractive.
- Comparatively low purchasing power and cautious spending in 2023 are perceived as a market barrier.
- Communication with regulatory decision-makers and involvement of ADVANTAGE AUSTRIA are key to enforce company interests.

BUSINESS CLIMATE - 2022 VS. 2023

Q1/Q4: How would you characterize the current economic climate and state of the economy in Vietnam?



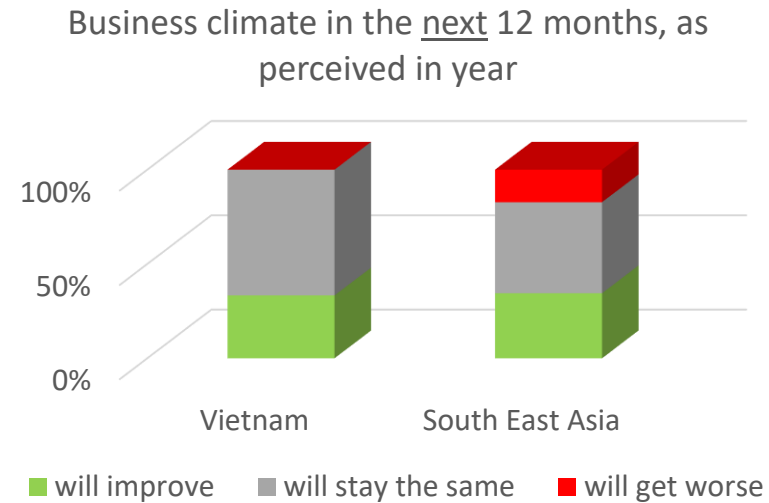
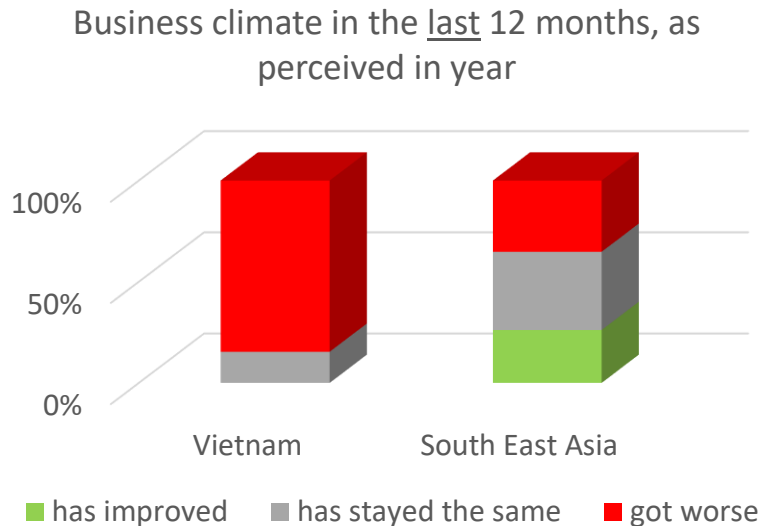
TEMPORARY WORSENING OF THE BUSINESS CLIMATE IN 2023

In contrast to high expectations for this year, the business climate has considerably worsened in 2023. Among the reasons are a sluggish industrial output due to weak export demand, as well as a downturn in the real estate and construction sector and limited growth in retail spending.

Businesses have therefore lowered their expectations for next year. Only around 30 % of the companies expect the business climate to improve, whereas the remaining 70% believe it will stay the same.

BUSINESS CLIMATE - VIETNAM VS. SOUTH-EAST ASIA

Q1/Q4: How would you characterize the current economic climate and state of the economy in Vietnam?



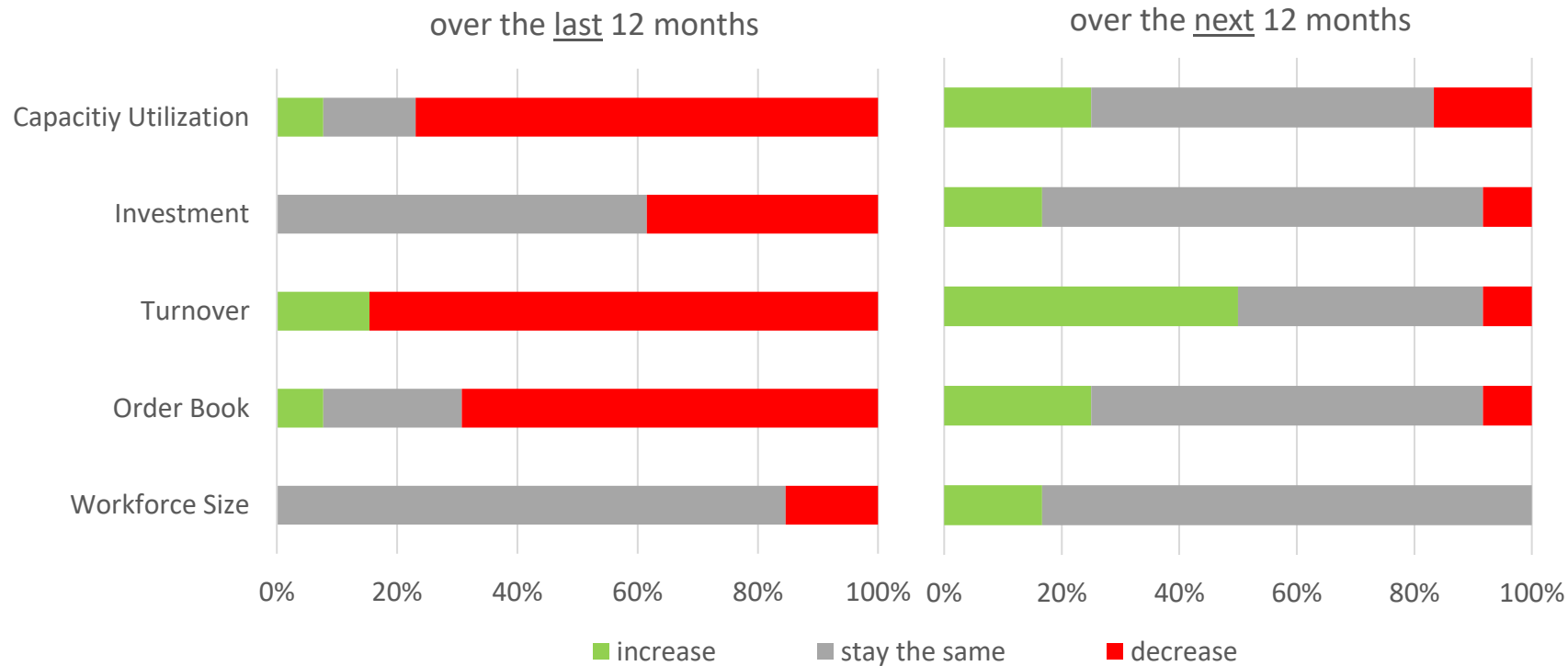
GREAT DIFFERENCE IN THE BUSINESS CLIMATE IN VIETNAM COMPARED TO SOUTH-EAST ASIA

The worsening business climate is a Vietnam phenomenon, not perceived in the same way in other South-East Asian countries. This implies that problems perceived in Vietnam are either home-grown and/or can be attributed to overdependency on (underperforming) foreign markets.

On the other hand, we expect a slightly worsening business climate in other South-East Asian countries, whereas in Vietnam we seem to have reached the bottom.

COMPANY PERFORMANCE INDICATORS 2023

Q2/Q5: Looking at your company's performance in Vietnam, how would you assess the indicators listed below?



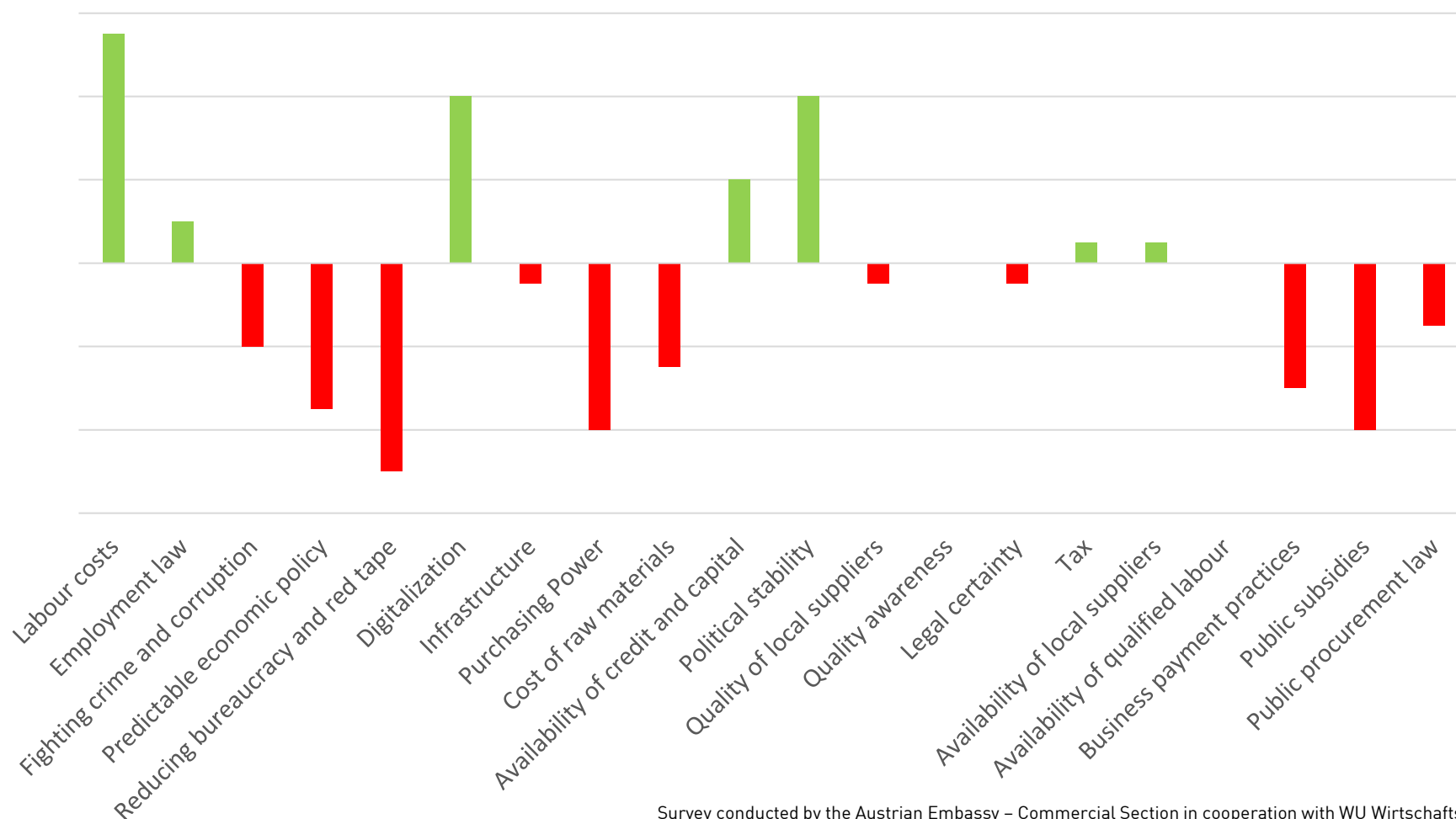
DEACREASING PERFORMANCE

85 % of Austrian companies report a decrease in turnover in 2023. 69 % report a decrease in orders. New investment by existing subsidiaries was limited this year.

Most of the companies expect the economy to recover and anticipate increasing performance indicators in 2024.

REGULATORY AND MARKET CHALLENGES 2023

Q3: How do you rate the following regulatory and market-related issues for the business location in Vietnam?



ADVANTAGES AND DISADVANTAGES PERCEIVED

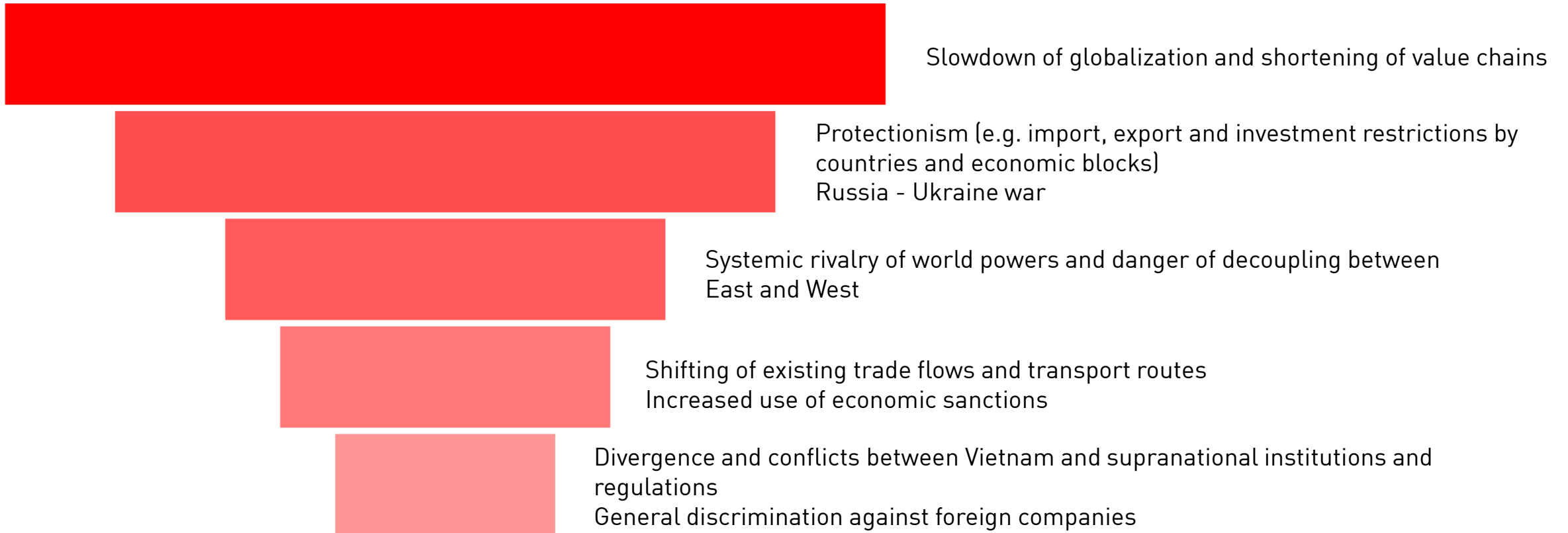
Labor costs, digitalization and political stability are among the main factors appreciated by Austrian investors in Vietnam, whereas bureaucracy and corruption remain a problem.

Rising raw material costs and low availability of qualified labour also affect many businesses.

Finally, a majority of companies deplore payment practices and a lack of purchasing power in Vietnam.

RISKS FOR BUSINESSES

Q7: What current geopolitical developments pose the greatest potential risk to your subsidiary's business activities?



ENFORCEMENT OF COMPANY INTERESTS

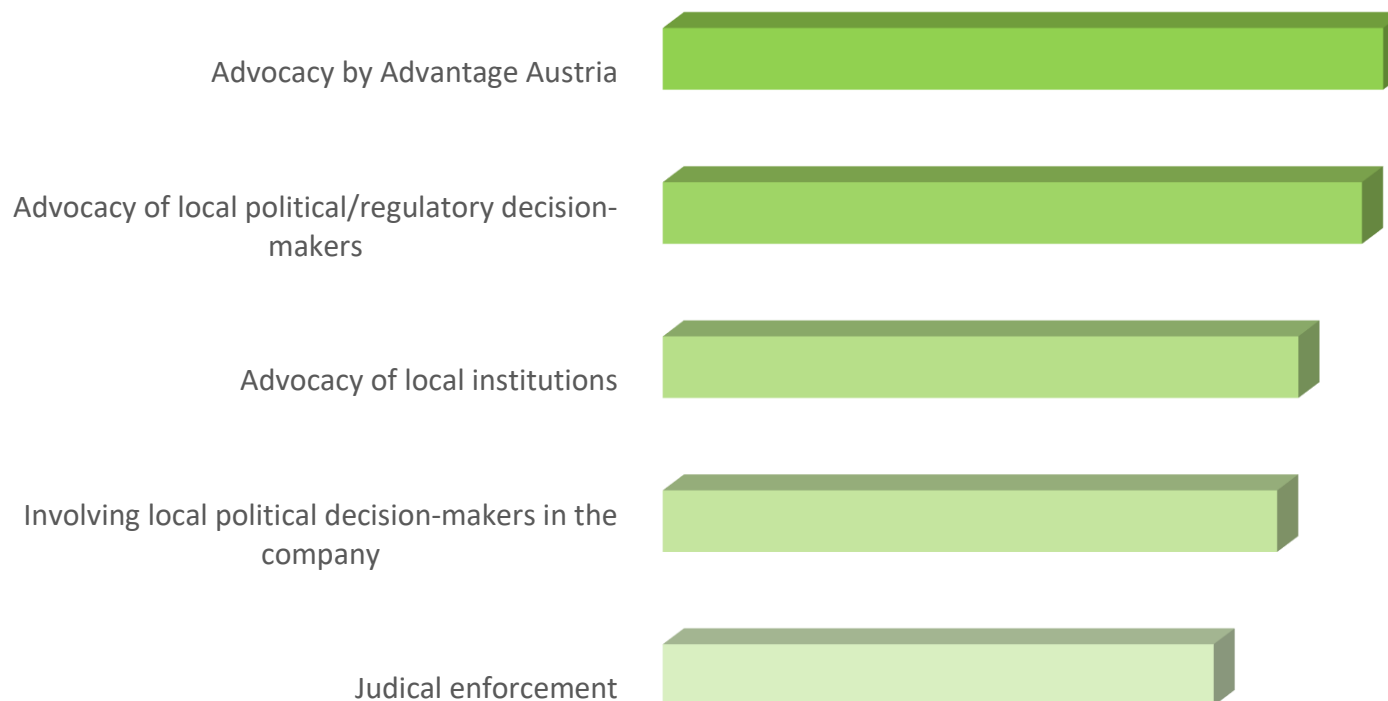
Q8: How do you assess the effectiveness of the following measures for enforcing your company's interests in Vietnam?

COMPANIES INTERESTS ARE BEST ENFORCED THROUGH ADVANTAGE AUSTRIA

The involvement of ADVANTAGE AUSTRIA is perceived as the most effective way to enforce the company's interest in Vietnam.

This is directly followed by the advocacy of local political and regulatory decision-makers.

Least effective is the judicial enforcement in Vietnam.



ACTIVITY AND COMPANY TURNOVER IN VIETNAM

Q9: What is the main activity of your company in Vietnam?

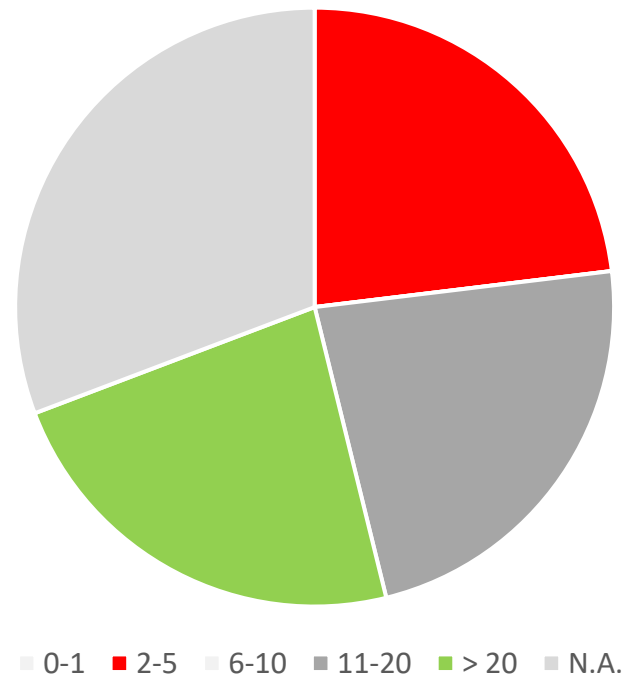
Q10: What is the approximate turnover of your company in your subsidiary's country? (in Mio EUR)

AUSTRIAN COMPANIES IN VIETNAM

Austrian companies currently operate around 50 subsidiaries in Vietnam. The latest additions are active in distribution and service.

Around 15 companies have manufacturing capacities in Vietnam, the rest is focused on distribution, supply or service provision.

Turnover in Mio EUR



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