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Austrian Business Confidence Survey October 2022

Summary of the annual survey among
Austrian subsidiaries in Vietnam

Conducted by

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



BILATERAL ECONOMIC RELATIONS

Austrian goods imports from Vietnam

2021: EUR 1.197 Mio.

2022 1-6: EUR 672 Mio. (+18%)

Austrian service imports

2021: EUR 34 Mio.

Austrian investments in Vietnam

2022: FDI approx. EUR 120 Mio.

Indirect Investments: EUR 500+ Mio.

Number of Investments: around 60

Austrian goods exports to Vietnam

2021: EUR 182 Mio.

2022 1-6: EUR 103 Mio. (+15%)

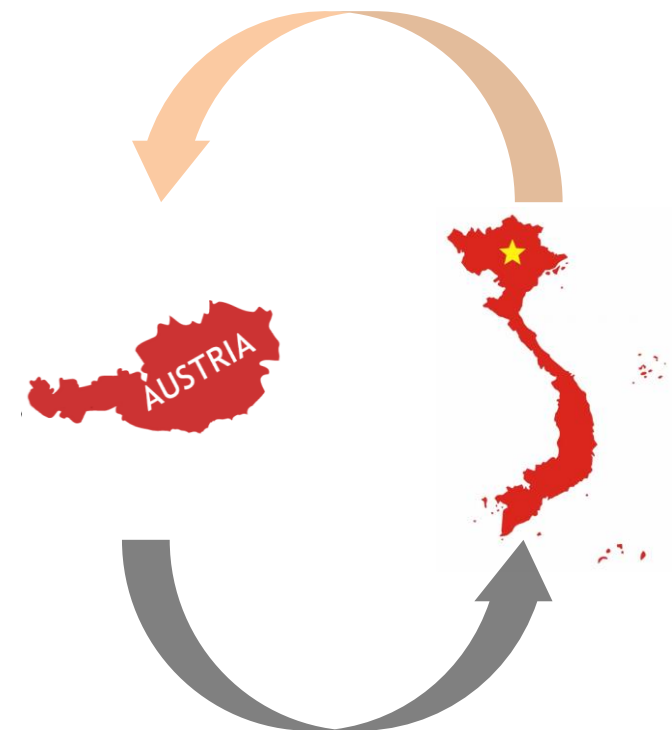
Austrian service exports

2021: EUR 250 Mio.

Vietnamese investments in Austria

Number of Investments:

no official numbers



KEY FINDINGS

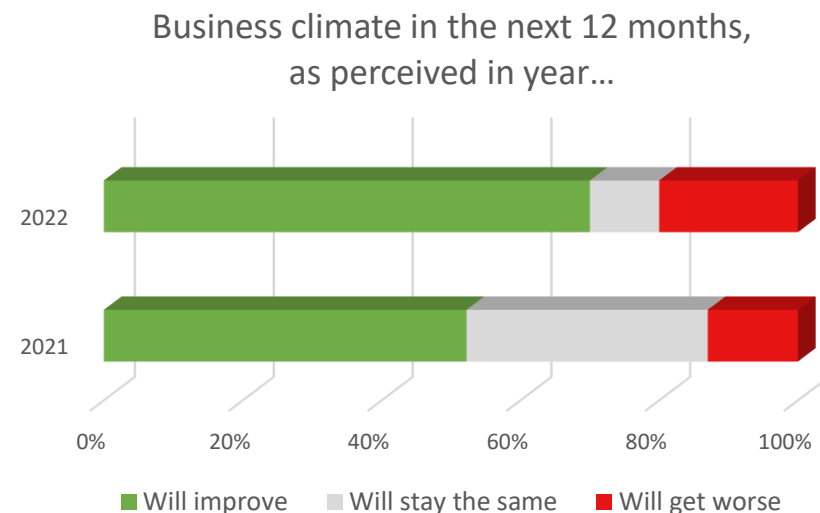
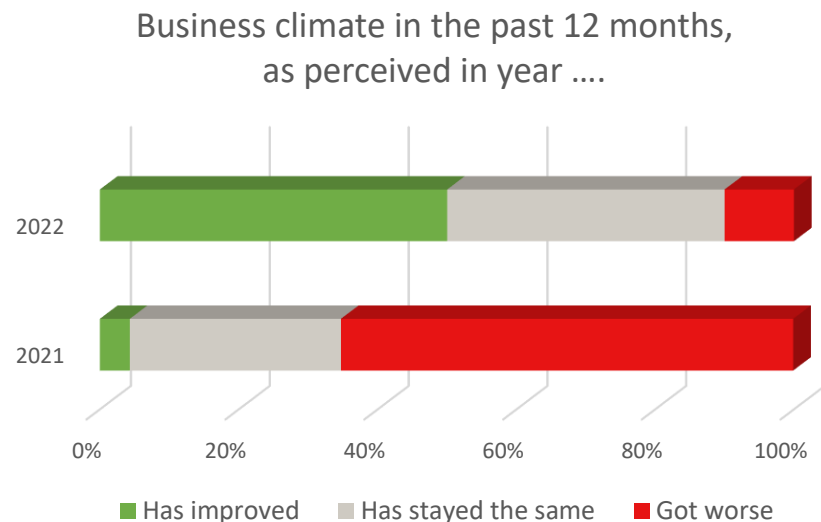
AUSTRIAN BUSINESS CONFIDENCE SURVEY 2022

Austrian companies in Vietnam expect a sunny business outlook, with scattered clouds and uncertainty on the horizon.

- 70 % of companies expect improving business climate in Vietnam.
- As expected, businesses stabilized or expanded their activities after pandemic lockdown last year.
- Key indicators improved strongly since 2021, but in some sectors orders decreased due to global economic slow-down.
- Political stability in Vietnam has become a key factor since last year.
- Bureaucracy and red tape remain key issues on the regulatory level.
- Challenges: Logistics and supply chain, and raw material prices, as well as lack of infrastructure in Vietnam.
- Communication with regulatory decision-makers and involvement of ADVANTAGE AUSTRIA are key to enforce company interests.
- Trust in Vietnam as a location remains high, with over 60 % of companies planning to expand their local business.

BUSINESS CLIMATE

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



Positive business outlook.

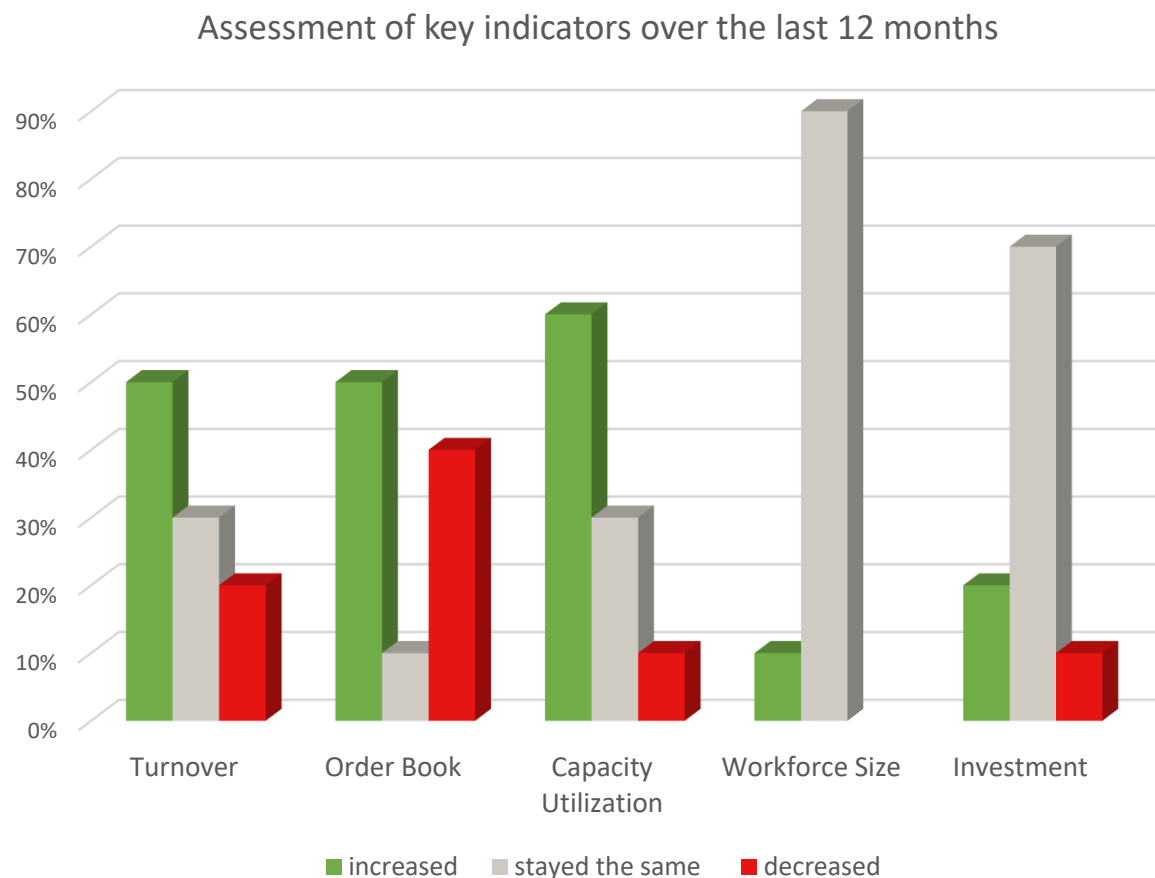
The Business Climate Index worsened tremendously in 2021, due to the pandemic lock-down, but outlook remained positive.

Companies expected a great improvement of business climate, which turned out to be true.

In the current survey, the outlook remains positive for around 70 % of companies, but also the number of companies expecting a deteriorating business environment has increased.

COMPANY PERFORMANCE INDICATORS

Q2: Looking at your company's performance in Vietnam, how would you assess the indicators listed below over the last 12 months?



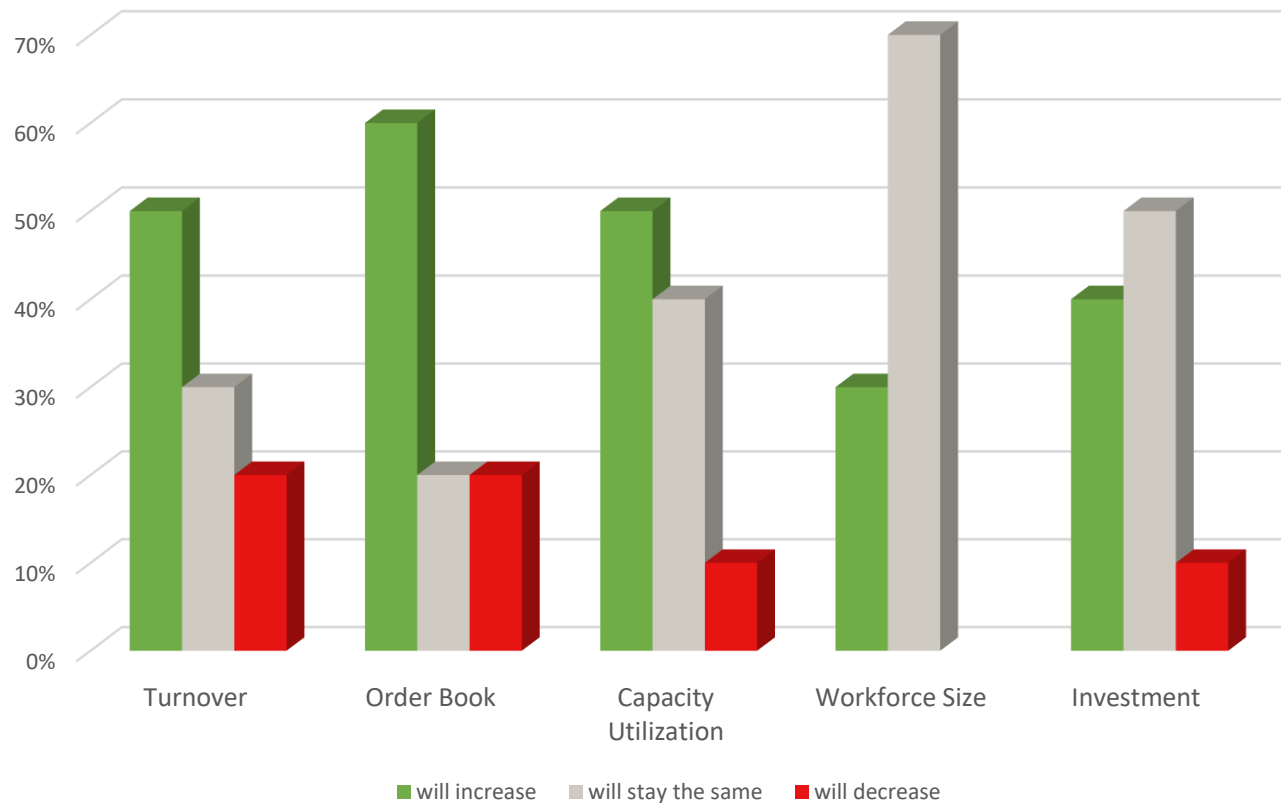
Improvement of most key indicators, but declining orders in some sectors

All key indicators showed a positive development over the last 12 months, in some cases a very strong one.

In some sectors, decreasing demand affected turnover and order books, although workforce and investment remained stable, or was even increased.

COMPANY PERFORMANCE INDICATOR EXPECTATIONS

Q5: Looking at your company's performance in Vietnam, how would you assess the indicators listed below over the next 12 months?



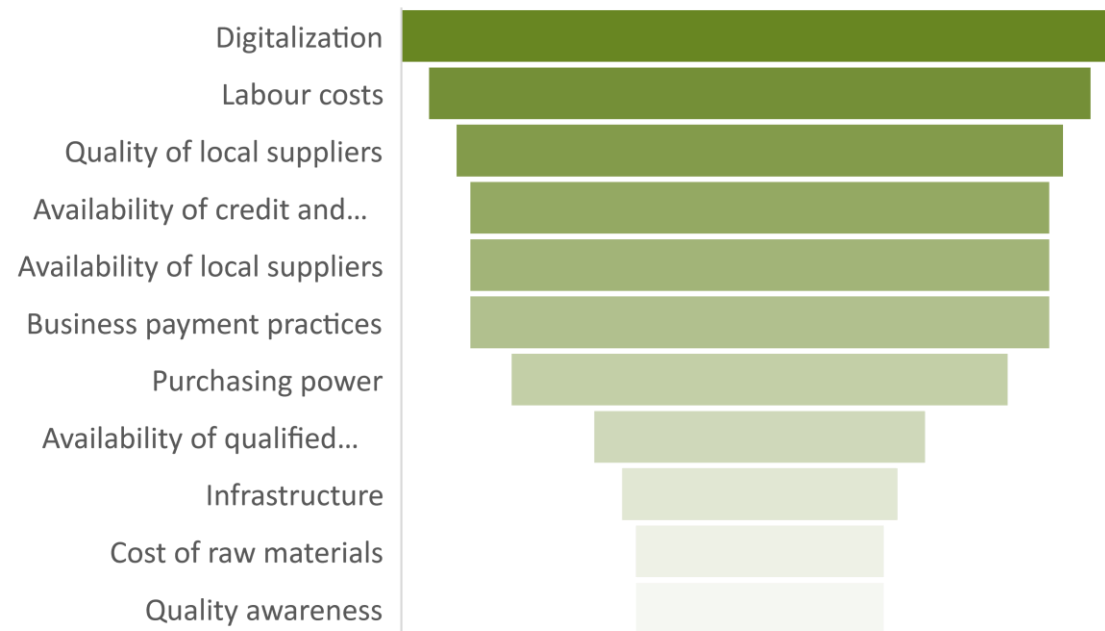
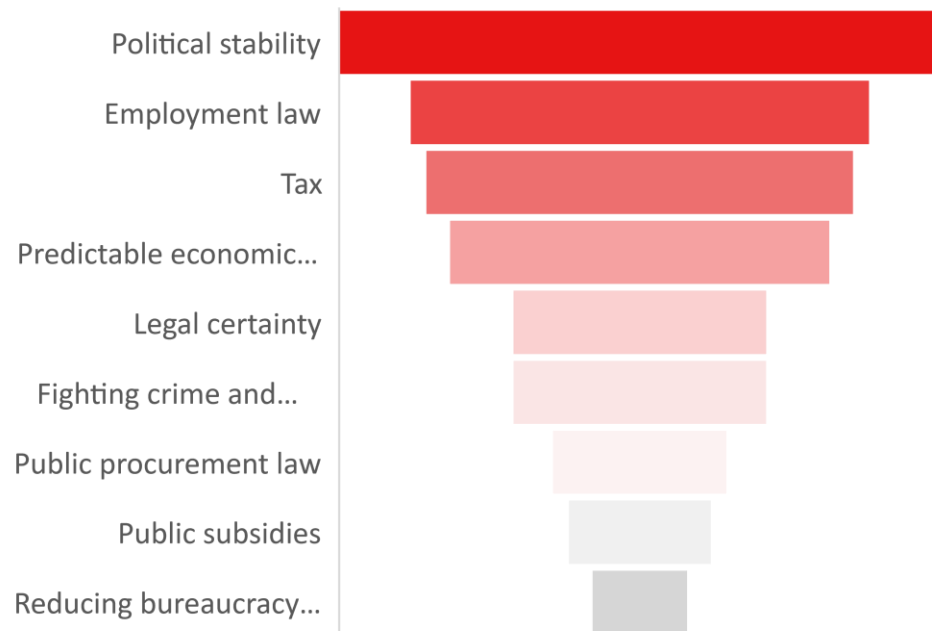
Stabilization and expansion expected.

Although the consequences of the pandemic are fading, the worsening of the global economy due to multiple crises takes its toll.

Expectations stay mostly positive, companies expect to maintain or further increase their workforce in Vietnam.

REGULATORY AND MARKET CHALLENGES

Q3: How do you rate the following regulatory and market-related issues for the business location in the country where you are located?

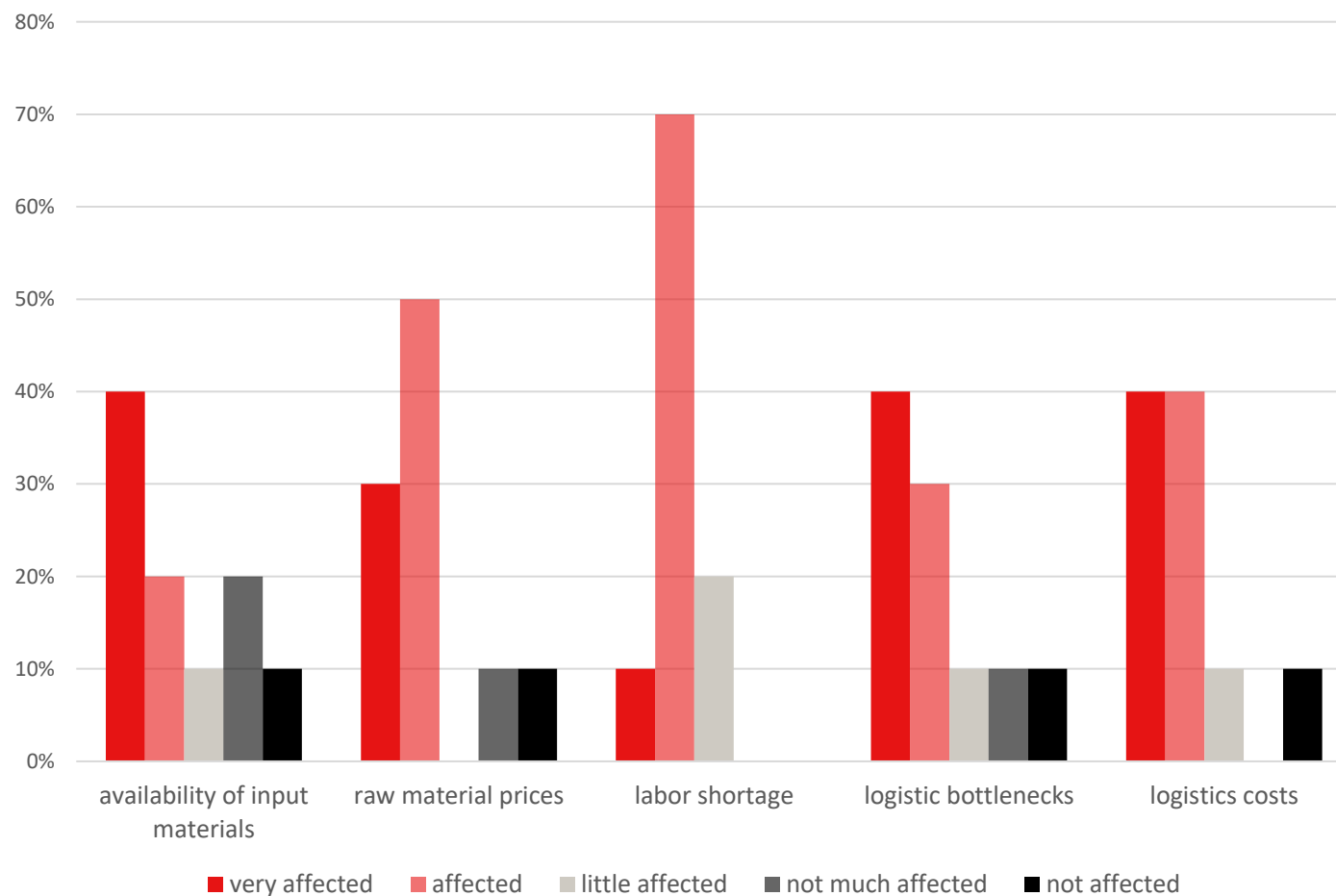


Advantages and disadvantages perceived.

Digitalization, labor costs and political stability are among the main factors appreciated by Austrian investors in Vietnam, while many regulatory challenges remain.

CHALLENGES FOR BUSINESS

Q10: How much is your business affected by the following factors?



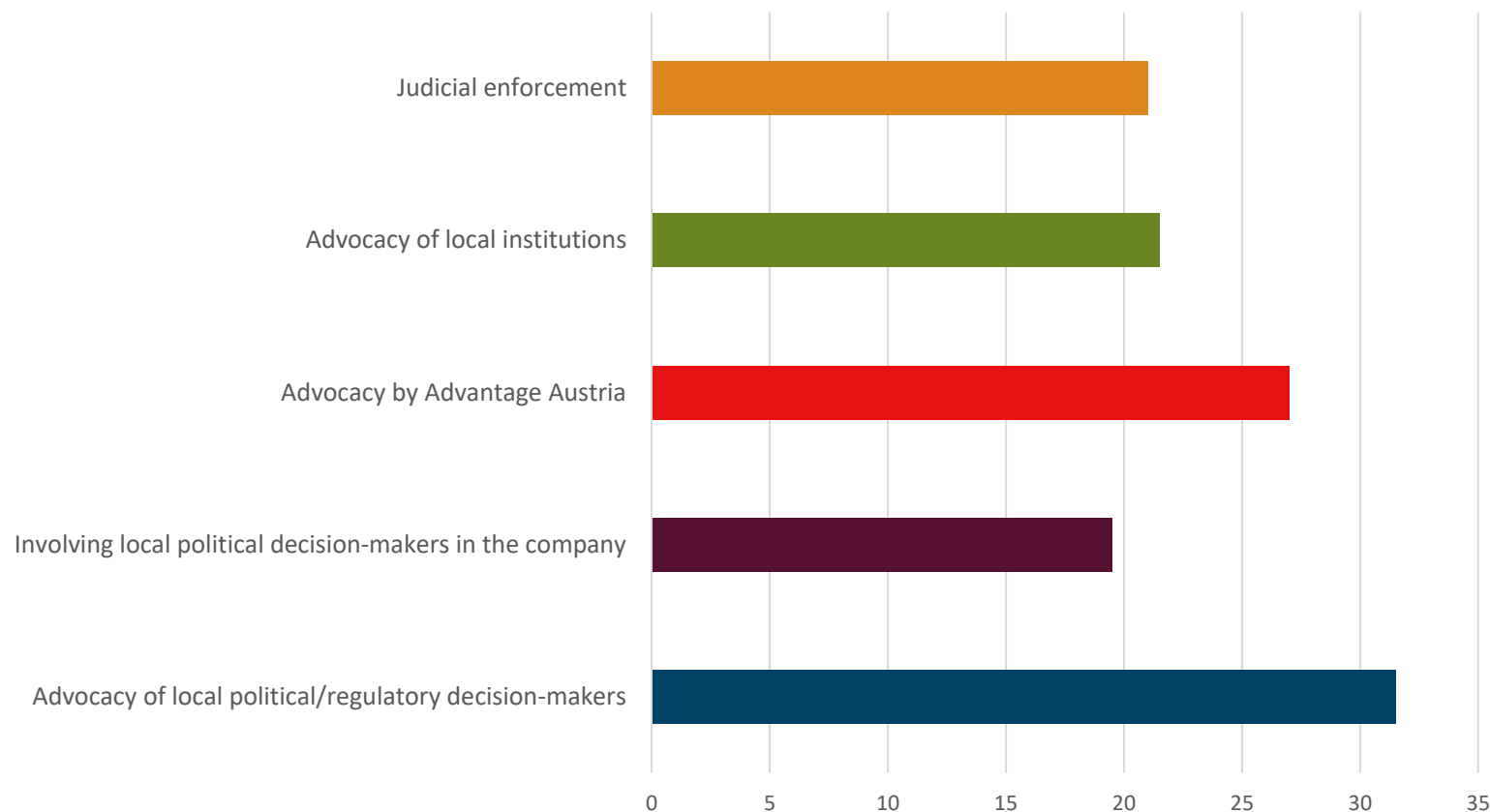
Challenges

Logistics, supply chain questions, and raw material prices remain key issues for business in the context of the current global situation. This affects Vietnam's position as a partner in global value chains.

The volatility of business also took its toll on the workforce.

ENFORCEMENT OF COMPANY INTERESTS

Q6: How do you assess the effectiveness of the following measures for enforcing your company's interests in your country of establishment?



Networks

Regular communication with political/regulatory decision makers and involvement of ADVANTAGE AUSTRIA are key to enforce company interests.

ACTIVITY AND FURTHER INVESTMENT IN VIETNAM

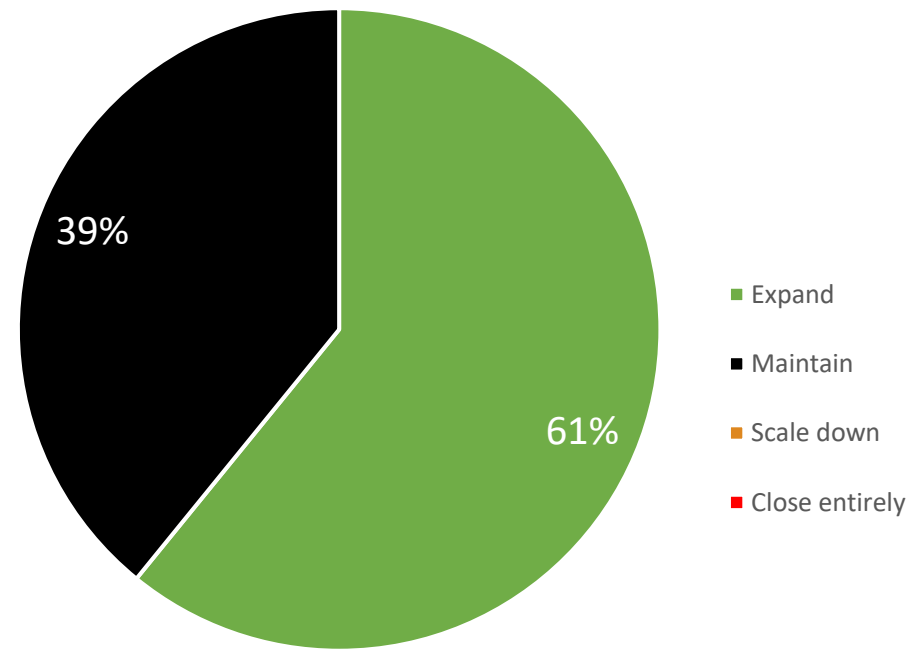
Q7: What is the main activity of your company in Vietnam?

Q9: How are you planning to develop the size of your local business over the next 1-2 years?

Austrian companies in Vietnam

Austrian companies currently operate around 60 subsidiaries in Vietnam. This year, we saw around 5 new companies set up in Vietnam.

Around 30 % of the invested companies have manufacturing capacities in Vietnam, the rest is focused on distribution or service provision.



Ambitions

60 % of the companies want to expand their businesses, the rest at least maintain it.

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