

Introduction from Ian Gibbons, UKTI Director of Trade Vietnam



Since joining the World Trade Organisation (WTO) in 2007 Vietnam's economy has grown annually by 7% and is predicted to remain above 6% through to 2017. It has a young and dynamic population of over 90 million with a median age of 29. OECD indicators predict the middle class will reach 44 million by 2020, with annual consumption reaching US\$ 310 billion. According to HM Revenue & Customs (HMRC), UK exports of goods to Vietnam grew by 12% in 2014, and current growth in 2015 stands at 15% after the third quarter (y-o-y).

Internet penetration is amongst the largest in South East Asia with over 32 million people having broadband; more than a third of whom are between 15 and 24 living in Vietnam's two major cities (Hanoi and Ho Chi Minh City – HCMC) with a combined

population of over 13 million. E-commerce is growing fast as Vietnam's new consumers increasingly default to on-line resources. Across all business sectors the country is taking steps to meet the needs of its young and increasingly affluent and sophisticated population.

In infrastructure, Hanoi and HCMC are constructing new metro rail networks comprising multiple lines with a combined cost estimated at over USD \$20 billion. In HCMC a new international hub airport has been approved at an estimated cost of USD \$16 billion. The first phase is due for completion in 2025. Under 10 year development plans education and healthcare improvements are amongst the government's priorities. To attract foreign investment a host of reforms have been introduced, including a new PPP legal framework, developed with funding from DFID and the liberalisation of the retail sector, which grew by over 6% in 2014 and is predicted to grow by over 11% per year. By 2018 around 300 new supermarkets are expected to open across Vietnam. Anticipating this surge, UKTI Vietnam hosted two GREAT campaigns this year promoting UK retail and food and drink brands.

UK companies are already exploiting the market's potential with the pace of those entering increasing. From major auto brands, such as Rolls Royce, Bentley, Jaguar Land Rover and Mini to retailers like Marks and Spencer and Zalora, selling several UK brands on-line, to financial services (HSBC, Standard Chartered and Prudential) and fast moving consumer goods, the time has never been better to explore this rapidly developing market.

We hosted in July 2015 the first visit to Vietnam by a serving British Prime Minister, David Cameron. The Prime Minister was accompanied by senior ministers of his administration, and a large business delegation. The visit resulted in the signing of over half a billion pounds worth of business deals.

UKTI Vietnam working in partnership with the British Business Group Vietnam (BBGV) are supporting UK companies in expanding the British business footprint across Vietnam. In Ho Chi Minh City both teams are co-located at the British Consulate whilst in Hanoi the UKTI team is based at the British Embassy with BBGV co-located with the British University of Vietnam, a BBGV member organisation.

I very much welcome this initiative by the Institute of Export and hope that this publication helps to enhance our pipeline of UK companies entering the Vietnam market.

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