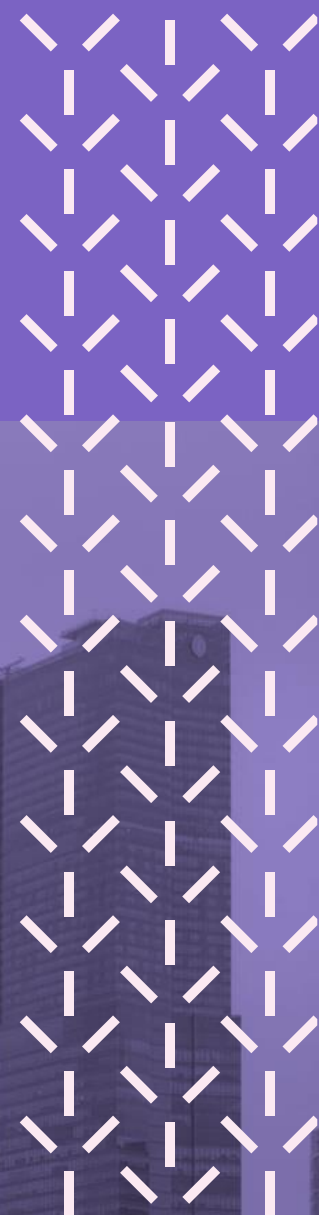


EuroCham Business Climate Index

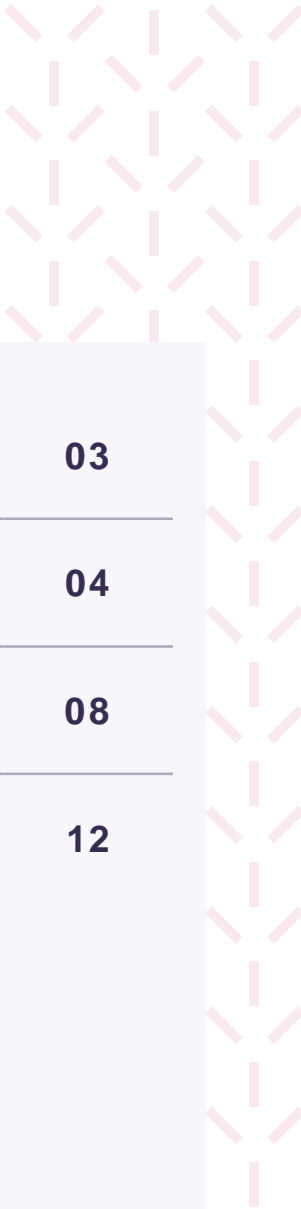
Quarter 1, 2021






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Introduction

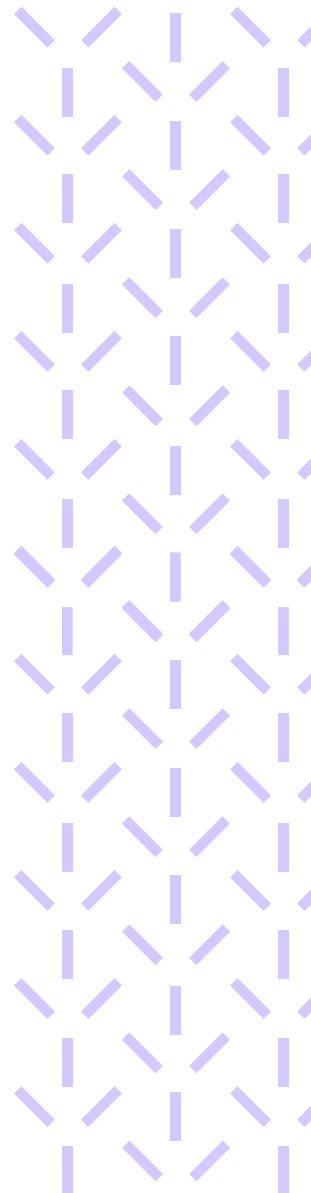
The Business Climate Index (BCI) is a regular barometer of the business sentiment among European companies operating in Vietnam. Because of the active participation of EuroCham members in this survey since 2013, the BCI is seen by decision-makers, media, and business professionals in Vietnam as a key indicator of economic activity in the country.

The BCI consolidates perceptions of European and Europe-related companies operating in Vietnam regarding the state and evolution of the business environment in the country.

Since Quarter 3 of 2020, the quarterly BCI survey has been conducted by YouGov Vietnam. YouGov is an international data and analytics group. Our value chain is a virtuous circle consisting of a highly engaged online panel, innovative data collection methods, powerful analytics technology, delivery of syndicated data products, expert insights and an authoritative media presence. YouGov Vietnam is an independent partner of YouGov Plc.

We don't just collect data, we connect data. Read more about YouGov at

www.yougov.vn

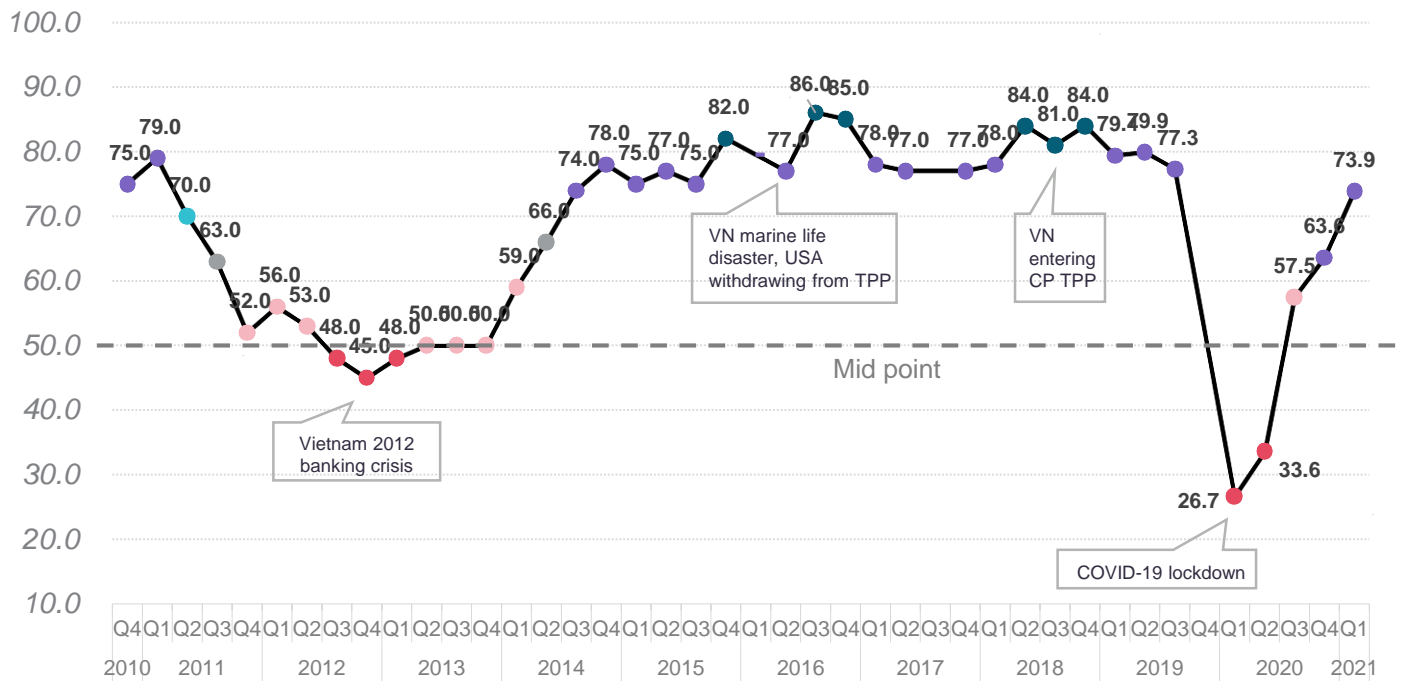


01 | BCI, the macroeconomy, and the business outlook



An optimistic outlook

The BCI continues to bounce back to pre-COVID-19 levels. European business leaders and experts alike in Vietnam are more hopeful than ever, given that the global market is stabilizing, following vaccines rollouts. In Vietnam, it is still business as usual, as the pandemic crisis has been kept in check.

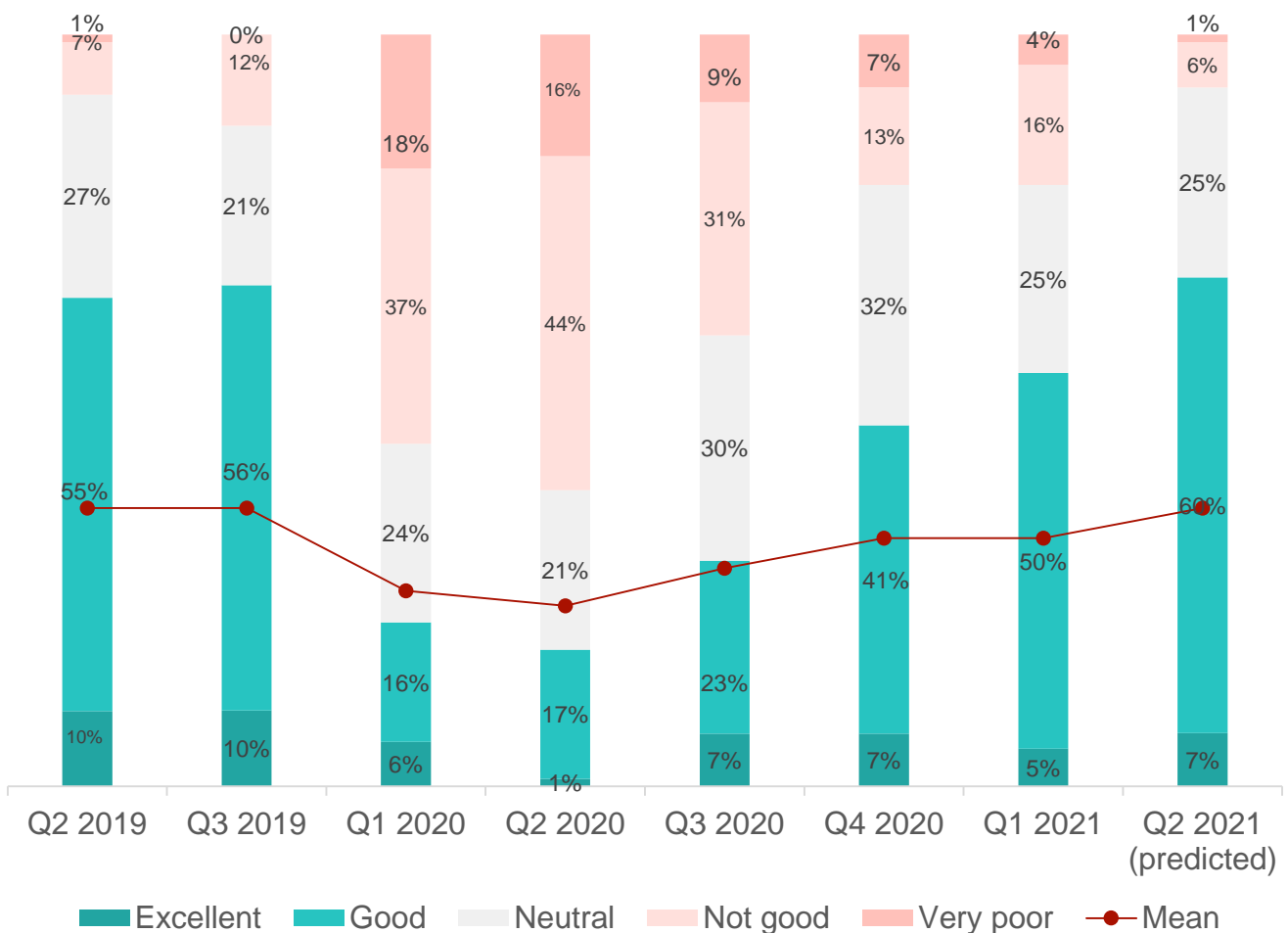


Overall, an optimistic sentiment is seen among business leaders, as they look forward to another strong quarter ahead and an overall improved economy. Only 4% believe that the economy is likely to deteriorate next quarter, compared to 10% in Q4 2020.

Business continues to thrive

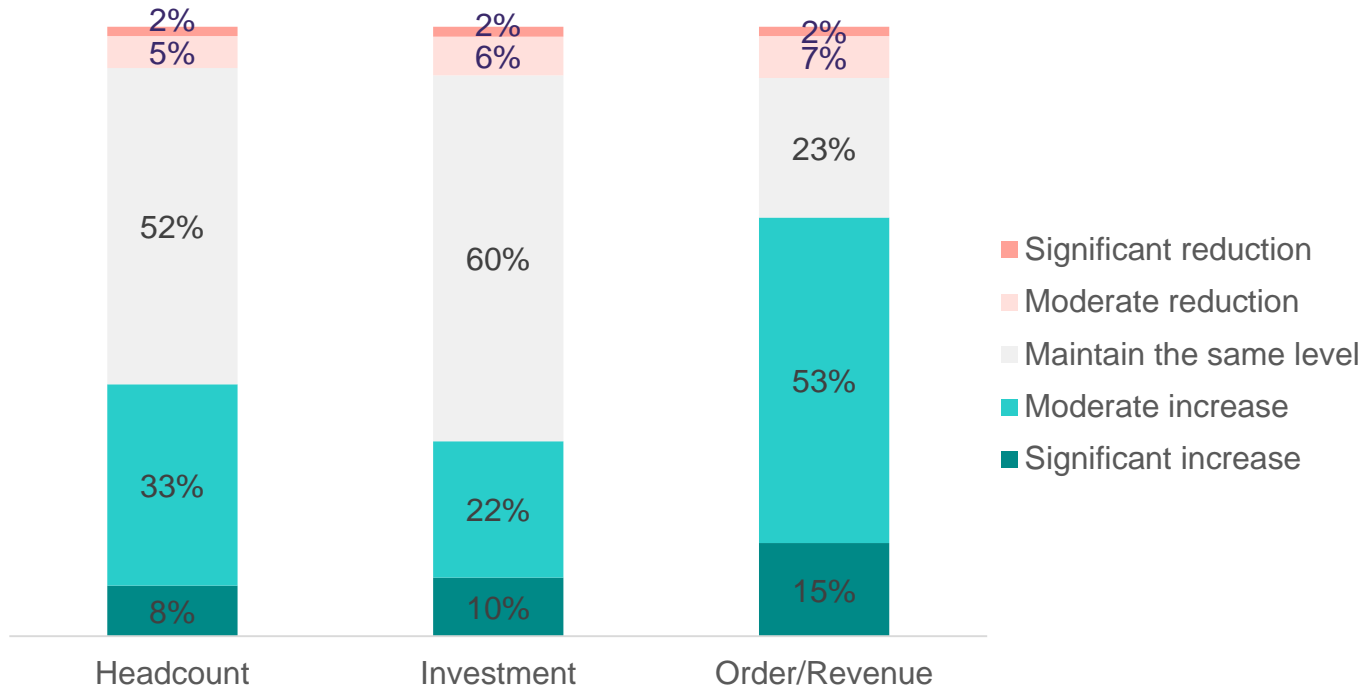
In Vietnam, apart from ongoing international travel restrictions, it is business as usual. European business leaders are more optimistic about their business performance, even anticipating that Quarter 2 performance will greatly improve.

Business outlook from Q2 2019 to predicted Q2 2021



High revenue anticipation

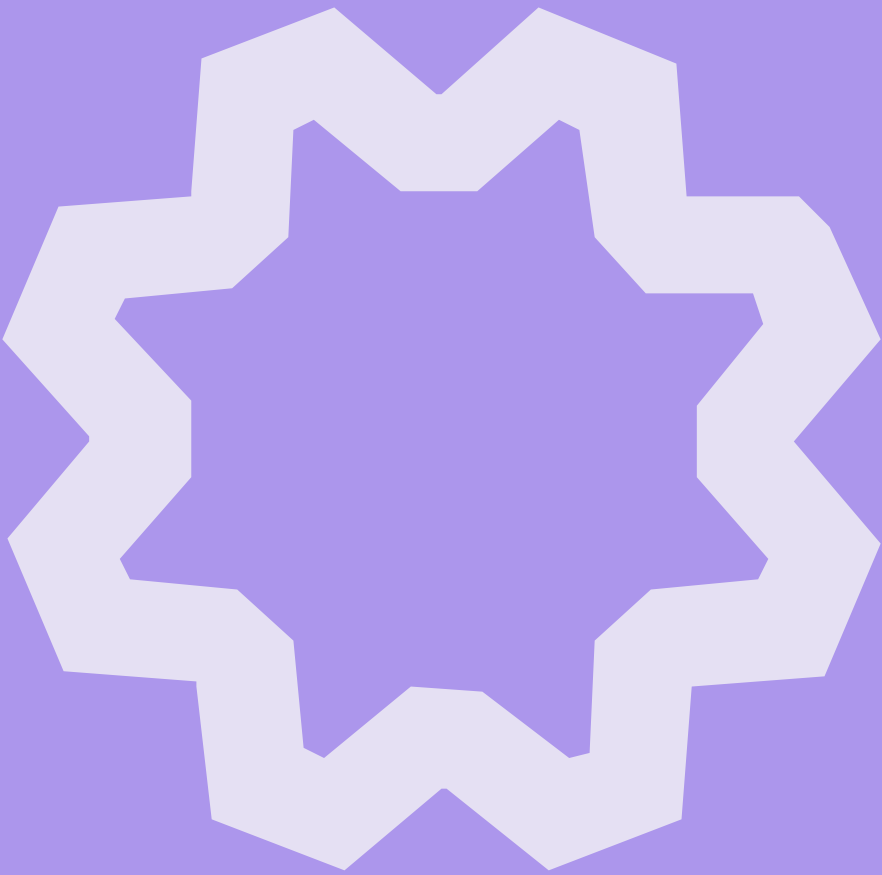
Company's headcount/investment planning and revenue expectation for Quarter 2, 2021



With COVID-19 vaccines becoming available around the world and in Europe in particular, European leaders are hopeful about their business' improvement. While more than half of businesses plan to maintain the same level of headcount and investment, 68% forecasted the volume and revenue of orders next quarter to increase moderately or significantly.

The optimistic sentiment has been observed since Q3 2020, and it continues to increase as the economy slowly stabilizes. This indicates a driver for growth in 2021 in general and Q2 in particular. ■

02 | EVFTA implementation and beyond



02 | EVFTA implementation and beyond

The EU-Vietnam Free Trade Agreement (EVFTA) represents an historic change in EU-Vietnam relations. It will boost trade and investment on both sides and help Vietnam to further integrate into the global economy and the international community.

1. Tariff Reductions: The EVFTA will eliminate almost all tariffs between the EU and Vietnam. It removed tariffs on 65 percent of the value of EU exports the moment the FTA entered into force, with the remaining tariffs being phased out over the following decade. Meanwhile, 71 percent of EU imports from Vietnam became tariff-free once the EVFTA entered into force. This will rise to more than 99 percent over the following 7 years.

2. Customs Duties: Customs duties will be almost eliminated over a transitional period of 7 years for Vietnamese goods and 10 years for EU goods. This will be a ‘win-win’ for business and consumers, in the form of lower prices and greater competitiveness.

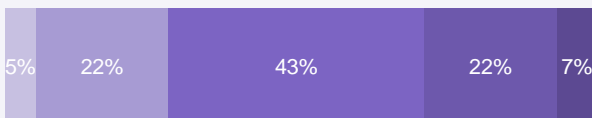
3. Market Access for EU Service Providers: In the EVFTA, Vietnam has gone further than the World Trade Organisation (WTO) in terms of market access granted to EU service providers. Additional (sub)sectors will be opened up, giving the EU the best possible access to Vietnam’s market. The FTA also contains a ‘Most-Favoured Nation’ clause.

Source: [EuroCham EVFTA 2019 Report](#)



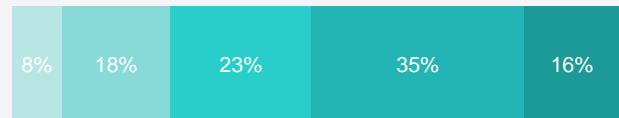
72% business leaders have a concrete understanding of EVFTA and its implications; half of them believe that it is relevant to their business

“How well do you understand EVFTA and its implications?”



■ Not well at all
■ Inadequately
■ Adequately
■ Reasonably well
■ Very well

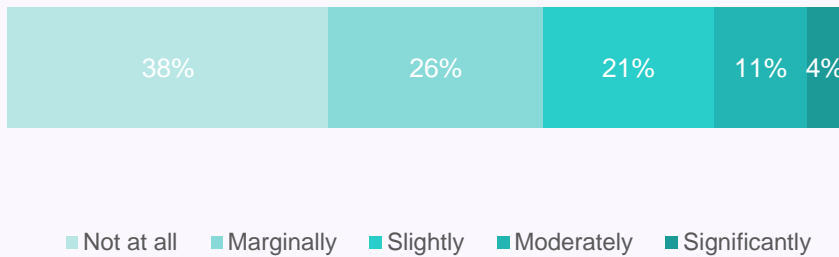
“How relevant is EVFTA for your business?”



■ Irrelevant
■ Slightly relevant
■ Neutral
■ Relevant
■ Very relevant

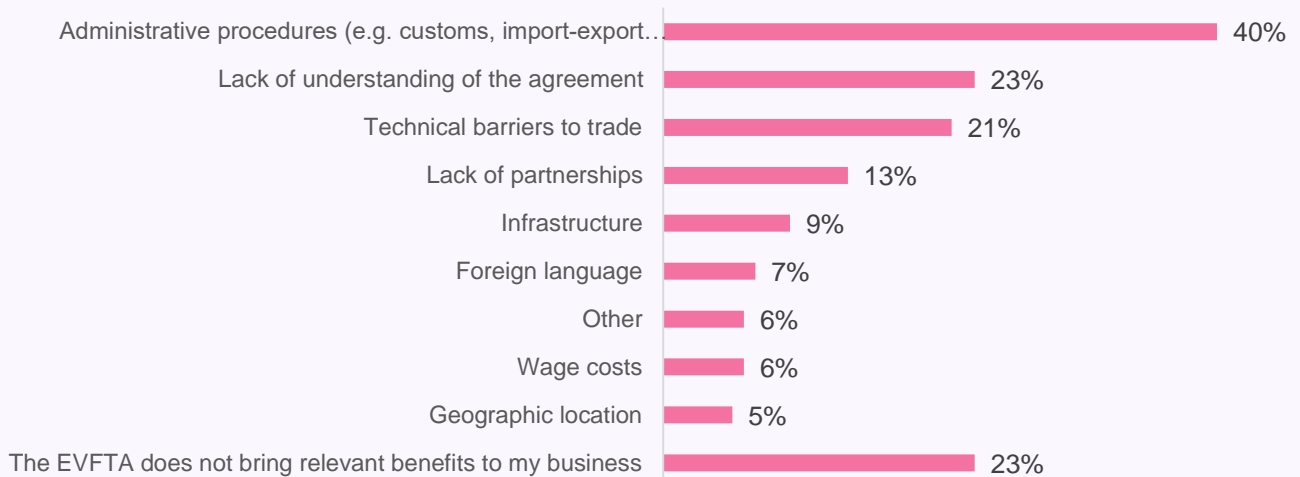


About 62% of European business leaders in Vietnam believe that EVFTA has already benefitted their businesses



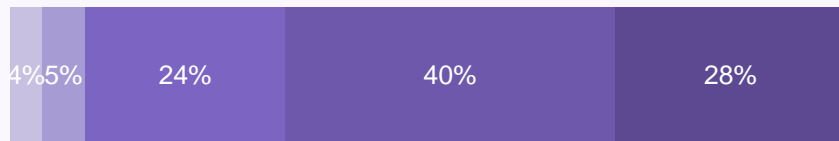
40% say administrative procedures are a big barrier for them when it comes to utilizing the EVFTA in their business

What are the main barriers for you to utilize the EVFTA in your business?





As Chapter 13 of the EVFTA serves to promote sustainable development, two out of three European business leaders think it is important to incorporate Corporate Social Responsibility in their business practices.



- Not at all important
- Not really important
- Neutral
- Important
- Very important

03 | Methodology



Methodology



Purpose

The purpose of this survey is to collect European business leaders' opinions about their business situations, which reflects the state Vietnam's business environment and helps identify any potential changes in the economic climate.



Research and Data Collection

The survey is conducted using an online questionnaire, scripted and managed by YouGov's surveying and data management platform. The survey is emailed quarterly to 1,879 business leaders among representatives from EuroCham's more than 1,000 members.

The respondents typically represent top management from European companies and Vietnamese companies with close business connections to Europe, such as suppliers or distributors. A minority are European individuals working in non-European companies in Vietnam.



Result

Among the invited, 134 completed the full questionnaire in this round. This represents a response rate of 7%, which is considered moderately high for a survey amongst the top business executives.

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