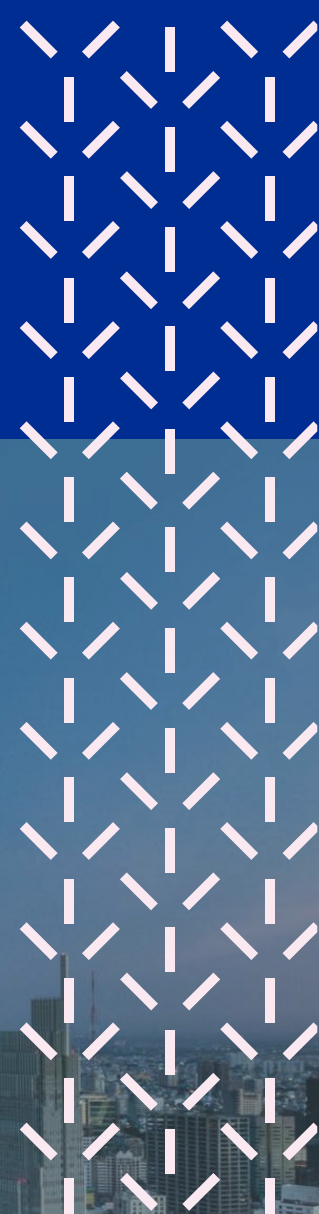


EuroCham Business Climate Index

Quarter 2, 2022



YouGov[®]



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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.

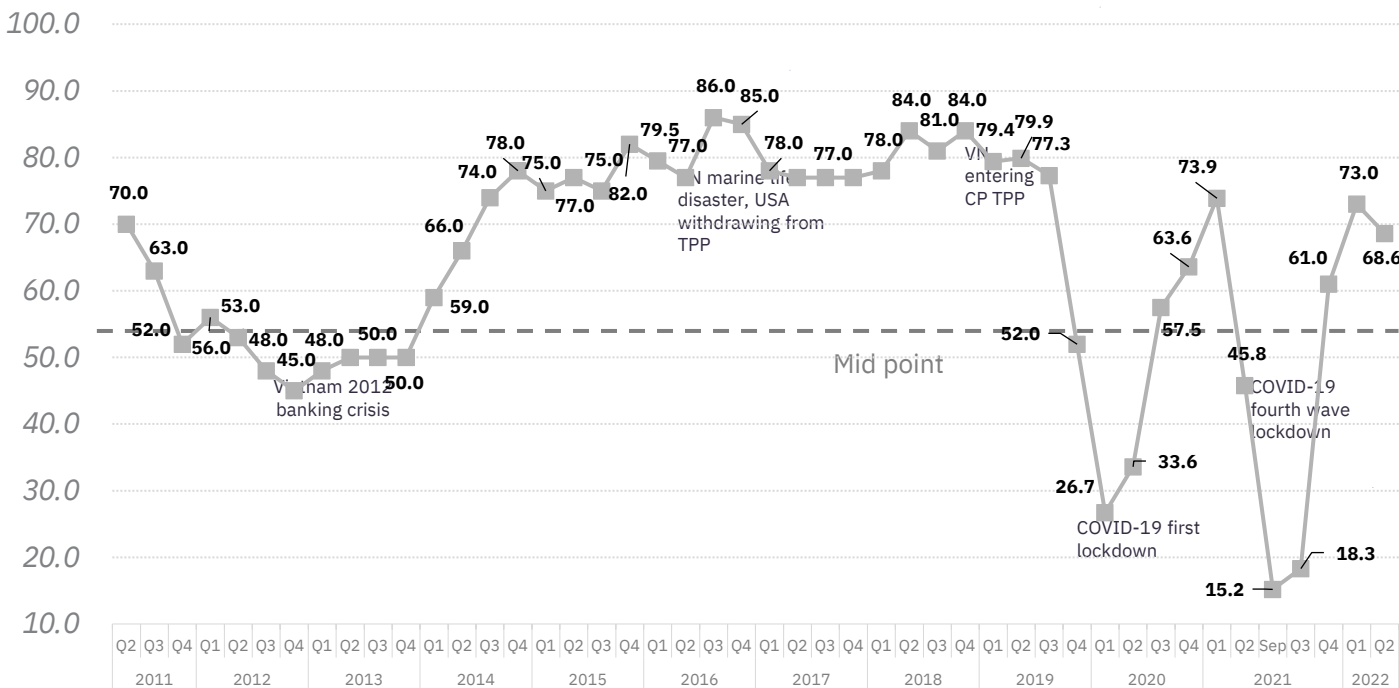
We don't just collect data, we connect data. Read more about YouGov at www.yougov.vn

01 | BCI, the macroeconomy, and the business outlook



A recovering outlook is on a challenging way.

Although the current “new-normal” of COVID-19 has allowed businesses to be resumed faster after the gloomy 2021, the Russia’s war in Ukraine and other consequences of commodities’ price increases brings up new challenges. This results in a slight decreasing BCI in Q2’22. The BCI is expected to fluctuate in the next quarter of 2022, with a more realistic business outlook from members.

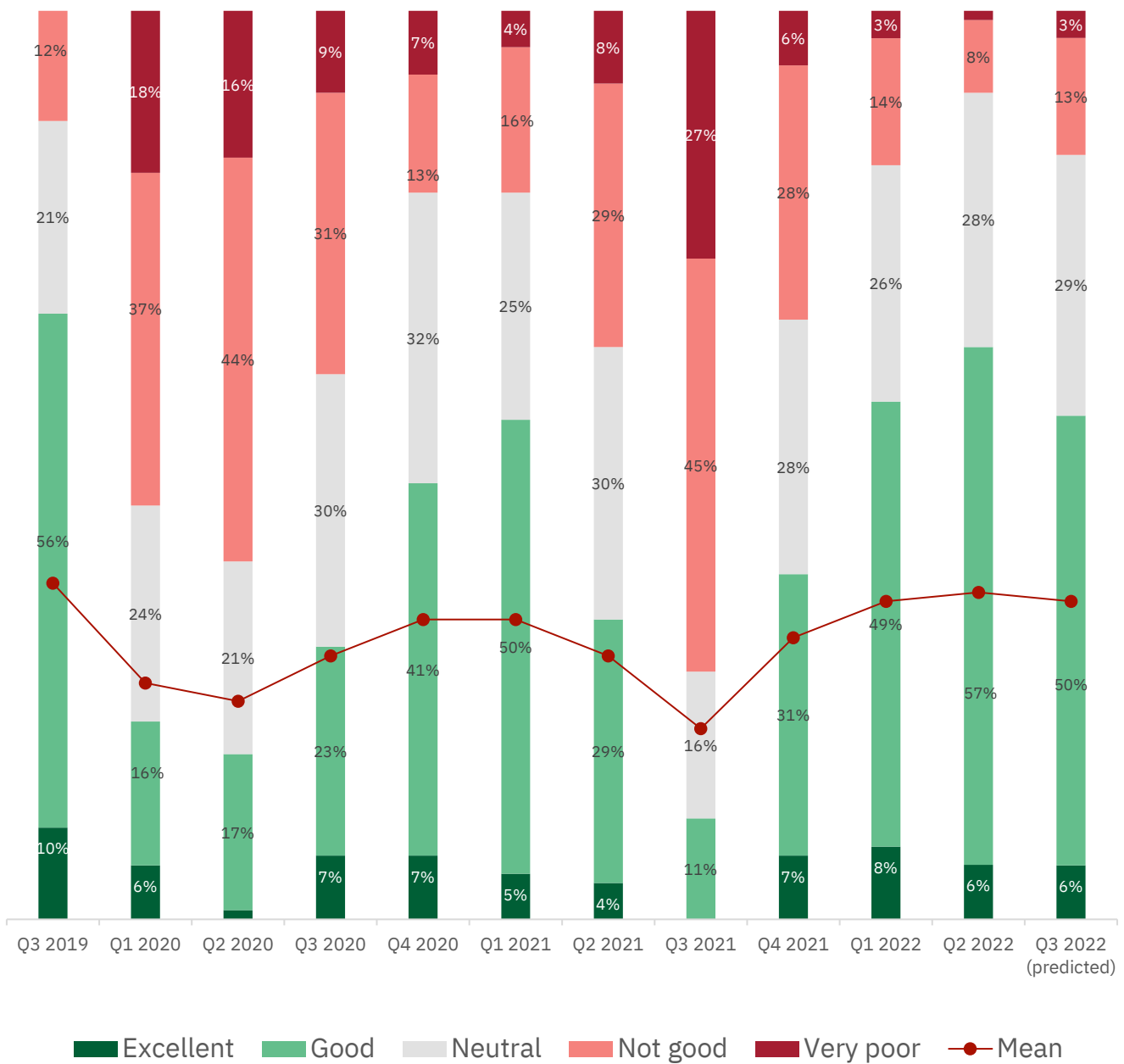


The future growth of Vietnamese economy is fluctuating due to the new challenges. The business leaders shared more modest attitudes towards the upcoming quarter. 60% of them believe in the likelihood of a thriving economy in the next 3 months, while the percentage of business leaders expect future economic declines has doubled of 5% from the last survey.

New challenges, optimistic future.

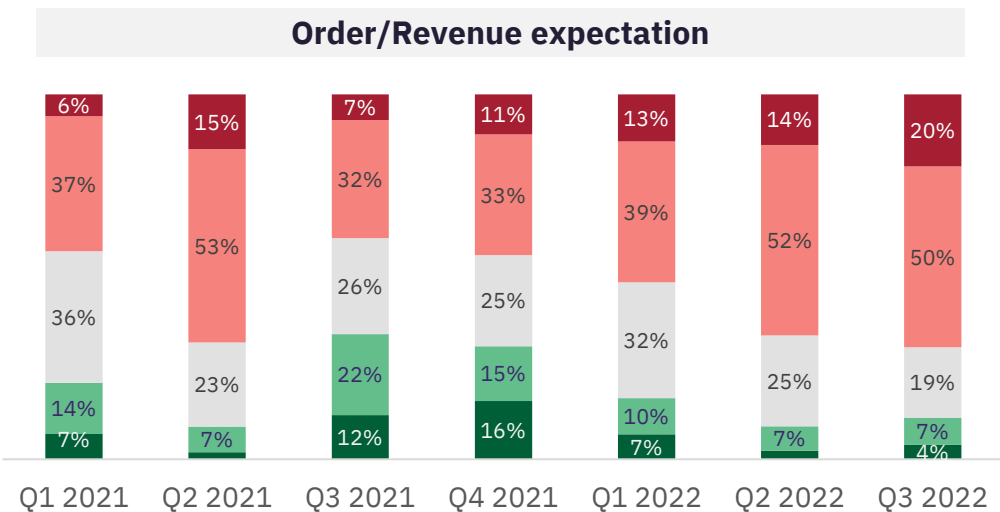
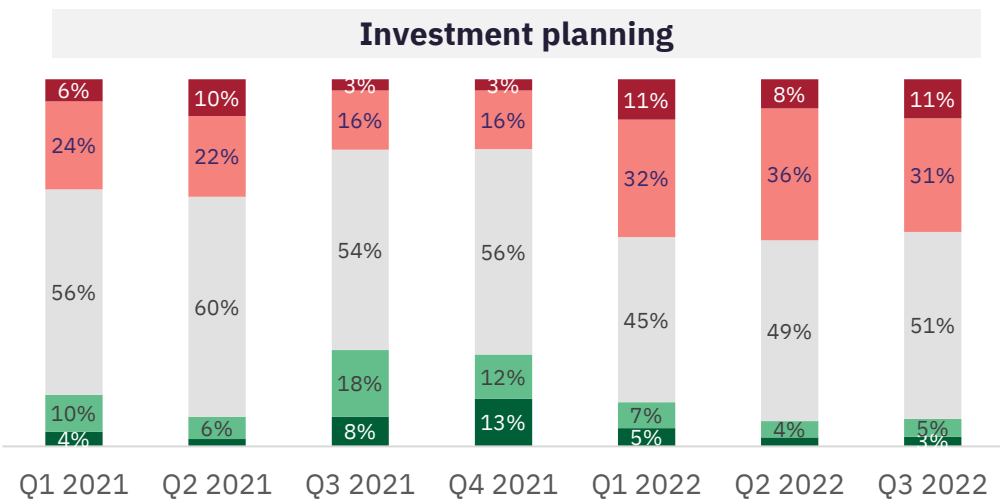
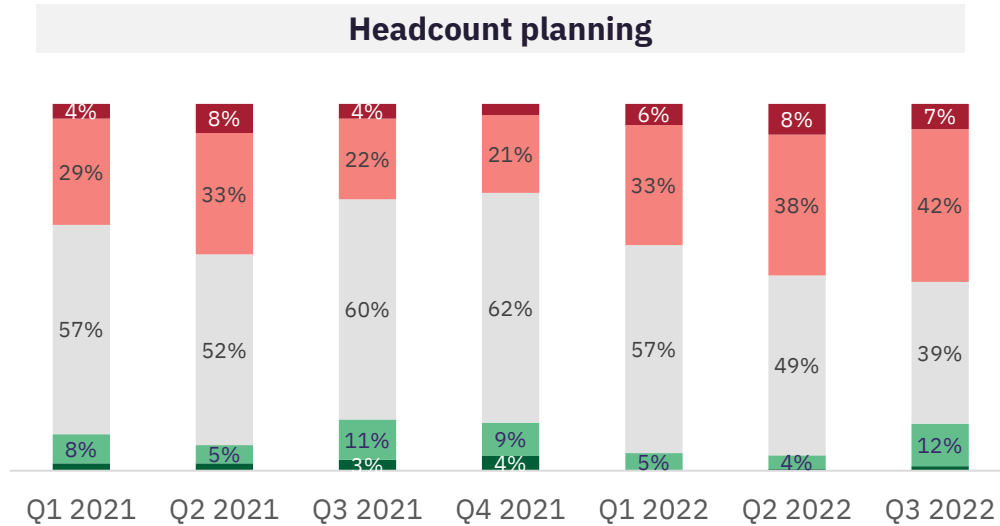
The outlook trend is flat and lower than the same period in 2019, before the pandemic time.

Business outlook from Q3 2019 to predicted Q3 2022



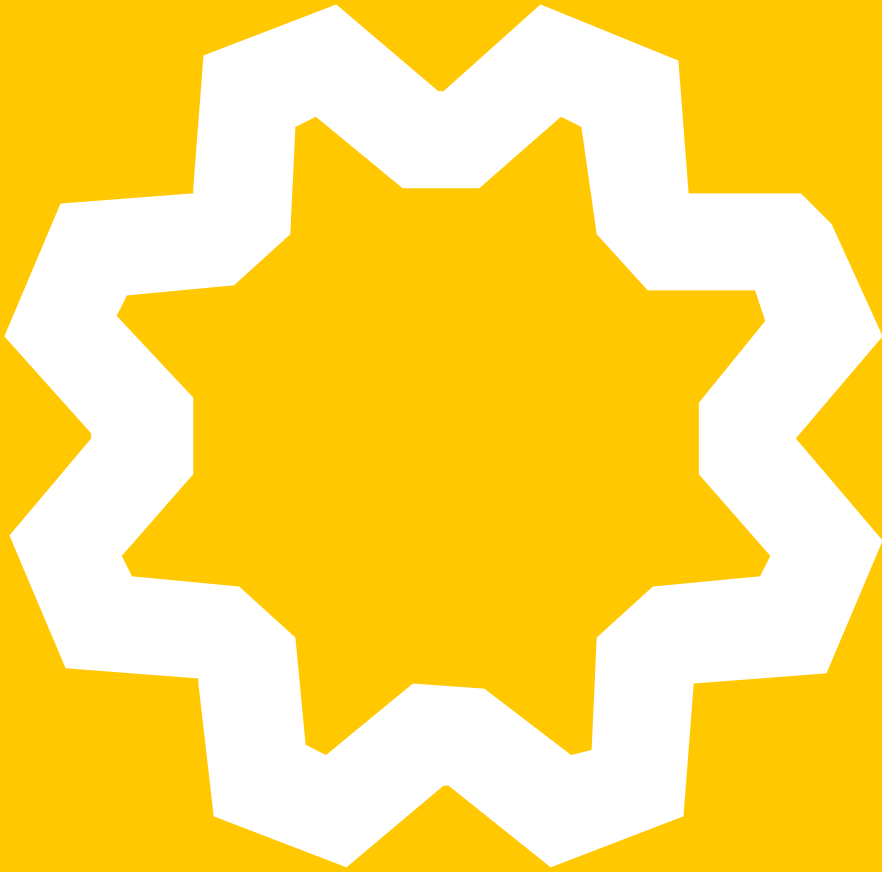
Plans are prepared for the new normal.

There is a moderate increase in Hiring while the Investment planning seems to be remained the same with the previous quarter. Simultaneously, there is an expected decline in Order/Revenue planning



■ Significant reduction
 ■ Moderate reduction
 ■ Maintain the same level
 ■ Moderate increase
 ■ Significant increase

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.

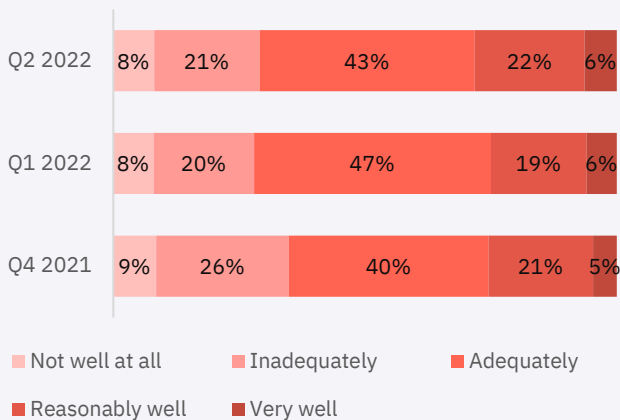
3. Market Access for EU Service Providers: In the EVFTA, Vietnam has gone further than the World Trade Organisation (WTO) in terms of market access granted to EU service providers. Additional (sub)sectors will be opened up, giving the EU the best possible access to Vietnam’s market. The FTA also contains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

Source: [EuroCham EVFTA 2019 Report](#)

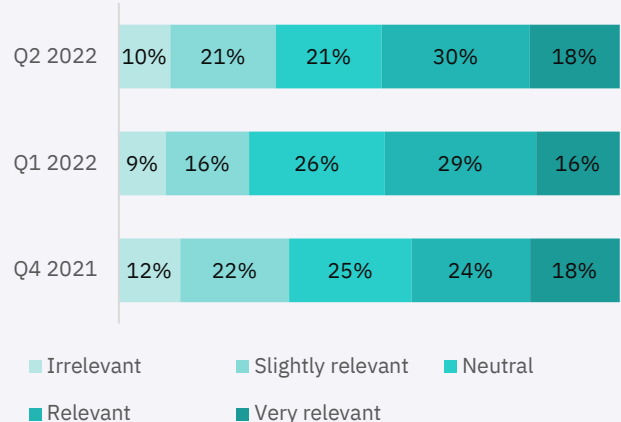


71% business leaders have a concrete understanding of EVFTA and its implications; almost half of them believe that it is relevant to their business. Considering since Q4 2021, the “new-normal” time, the percentage has been increased both in level of understanding and relevant to their businesses.

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

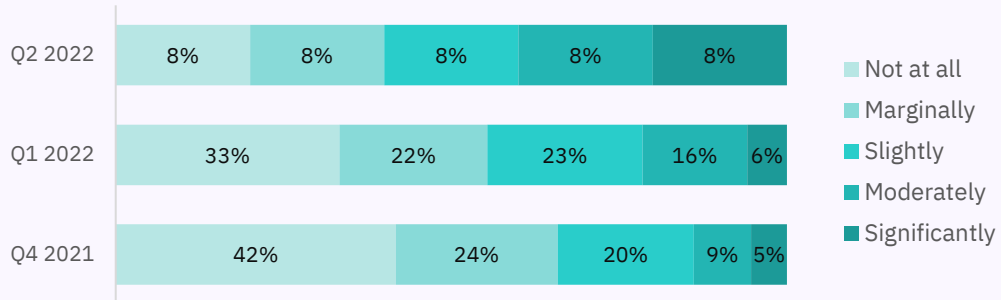


“How relevant is EVFTA to your business?”



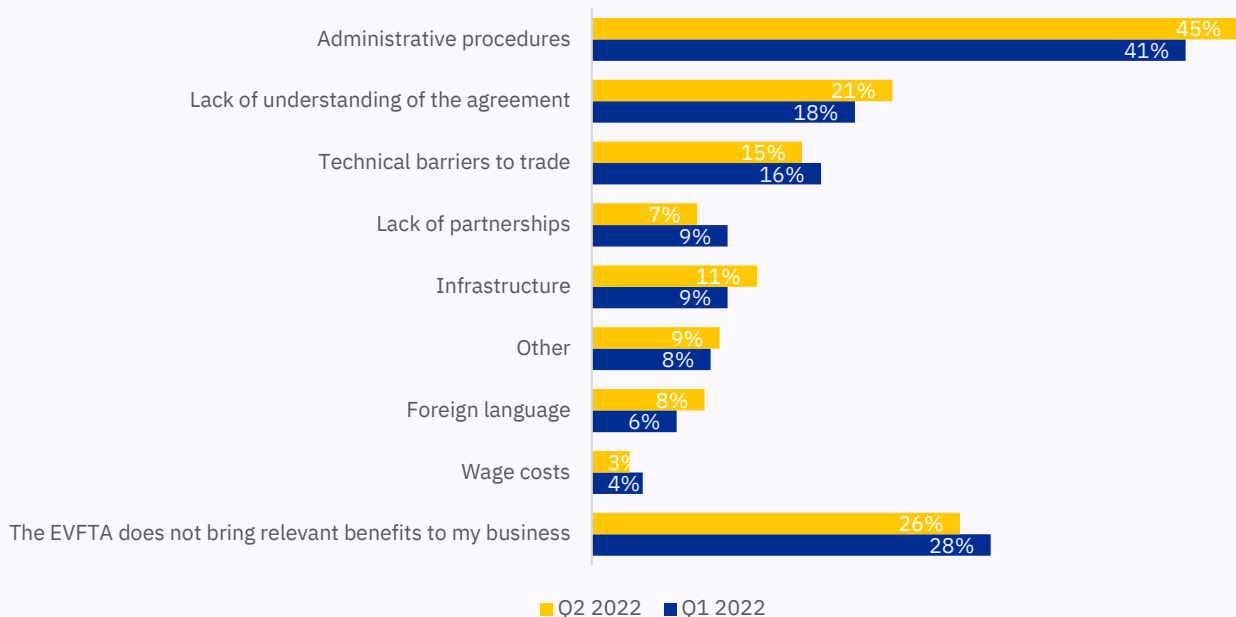
Numbers of European business leaders in Vietnam has significantly benefitted their businesses has increased from 5% in Q4 2021 to 8% in Q2 2022.

Has your company benefitted from the EVFTA?



Administrative procedures continues to be the biggest barrier when it comes to utilizing EVFTA in their business. Barriers about Lack of understanding of the agreement and Infrastructure have increased from the previous quarter.

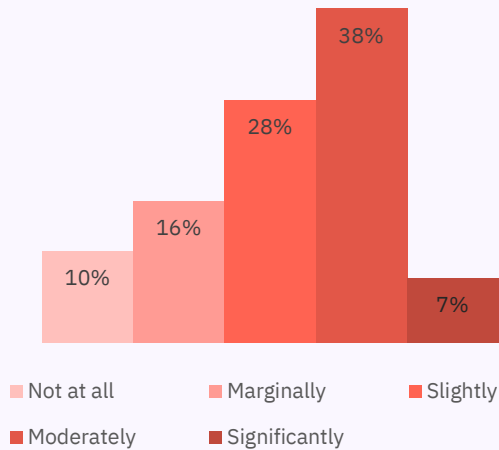
What are the main barriers for you to utilize EVFTA in your business?



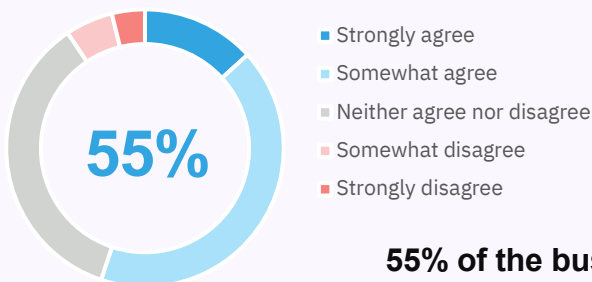
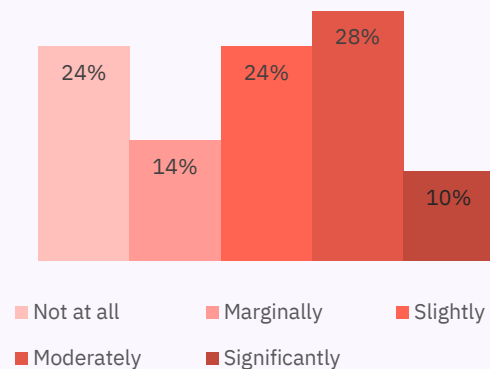
02 | EVFTA implementation and beyond

This quarter, the BCI asked business leaders for their opinions on the Foreign Direct Investment (FDI), including satisfaction about Vietnam’s efforts, expectation to increase their FDI and Vietnam’s ability to attract FDI; and the topic related to green sector.

In Q2 2022, were you satisfied with Vietnam's efforts to attract and retain FDI?



Do you expect your company's FDI in Vietnam to increase by the end of Q3 2022?



Do you agree or disagree with the following statement: 'Vietnam's ability to attract FDI has improved since quarter 1 of 2022.'

55% of the business leaders agree that Vietnam's ability to attract FDI has been improved.

And the most important approaches to improve the ability to attract FDI is to reduce administrative difficulties for foreign firms and to develop the infrastructure.

What is the most important for Vietnam to improve its ability to attract FDI?

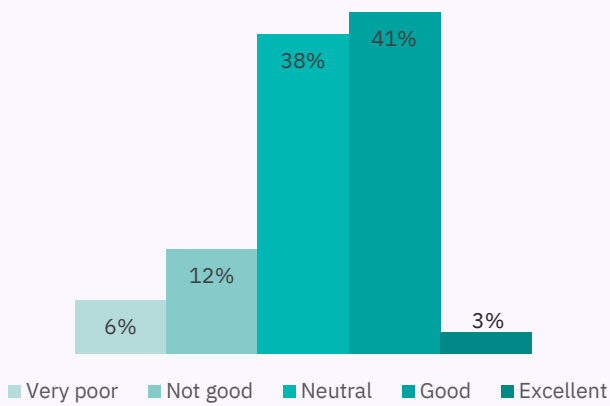


02 | EVFTA implementation and beyond

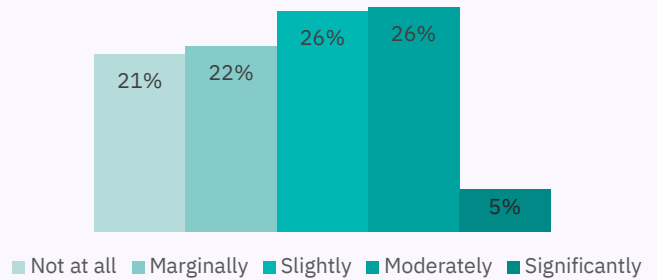
44% of the respondents have good and excellent outlook regarding the potential for Vietnam's green and sustainable development. 79% have an improved outlook of such potentiality since the last quarter.

Nearly 90% agree that continuing to develop its green sector is key for Vietnam to attract more FDI.

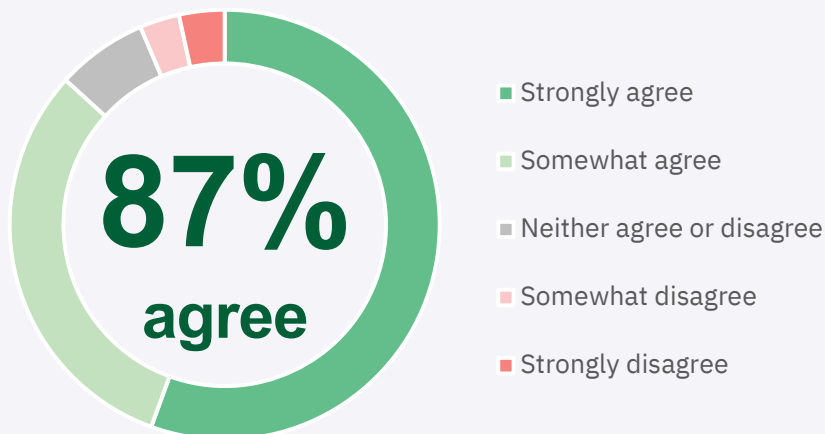
How is your outlook regarding the potential for Vietnam's green, sustainable development?



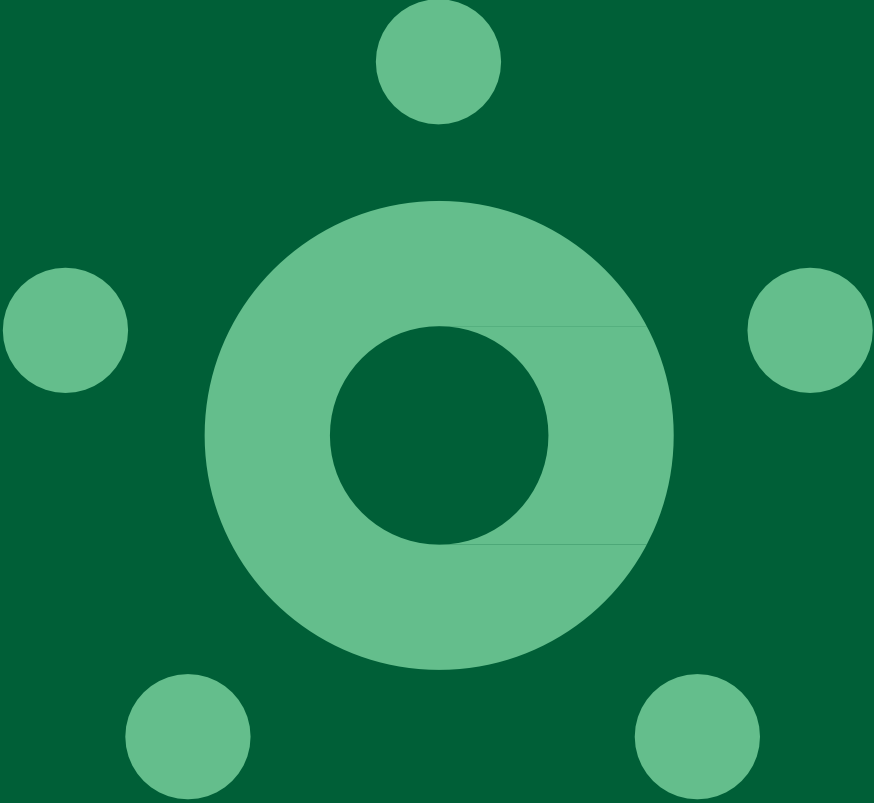
Has your outlook regarding the potential for Vietnam's green, sustainable development improved since quarter 1 of 2022?



*Do you agree or disagree with the following statement:
'Vietnam must continue to develop its green sector if it wants to continue attracting FDI.'*



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 2,197 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, 235 completed the full questionnaire in this round. This represents a response rate of 10.7%, which is considered moderately high for a survey amongst the top business executives.

Reach out to us

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