



## European Business Climate in Vietnam

3<sup>rd</sup> Quarter 2010

**Ho Chi Minh City, October 27<sup>th</sup> 2010** — Results of the first quarterly EuroCham Business Climate Index, released today, show that business confidence and outlook among European businesses in Vietnam remains positive.

Among the EuroCham members that participated in the survey, business confidence was overall positive. Giving a Business Climate Index of :

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*The index ranges from 0 to 100 where 100 represents the highest and 0 the lowest confidence level. Midpoint or “neutral” is 50.*

### ***Solid current business situation***

With 62 percent, the majority of respondents to the survey focus their activities on the local market in Vietnam. When asked about the current situation of their business, the response was largely positive, but not overwhelming. The majority of businesses assessed their current situation as ‘good’ or ‘neutral’.

### ***Rising investment in 2011***

When asked about their business outlook and investment plans 2011, the predictions were very positive. 70 percent of respondents listed their outlook as ‘good’ or ‘excellent’ with 18 percent having a neutral view and 12 percent giving a negative response. As far as investment plans were concerned. The vast majority of companies in the survey planned to increase their investment in Vietnam by ‘a little bit’ (45%) or ‘significantly’ (23%) or maintain their current level of investment (18%). Only a very small minority planned to reduce their investment in Vietnam in the coming year.

### ***Steady or slightly increased recruitment;***

When asked about their recruitment plans, most respondents indicated that they expect their workforce to remain the same (37%) or rise by up to 20% (31%). 18 percent of respondents indicated a significant increase in recruitment over 20% and only a small minority planned to reduce the size of their company in 2011. Most companies expect the salaries for both skilled and unskilled labour to rise by 5-10% in the coming year. And the vast majority is not expecting any kind of labour unrest or strikes in their particular business sector.

### ***Businesses forecast Vietnam GDP growth of 6-8% and are very optimistic about their own sector.***

60 percent of businesses in the survey responded that they expect Vietnam’s GDP to grow by 6-8% in 2011 showing an overall confidence in further economic development of Vietnam. When asked about the expected growth of their own business sector, respondents showed considerable optimism with the majority (42%) indicating that they expect their sector to grow by more than 8% next year.

### ***High inflation rate expected***

Most European businesses (50%) in the survey expect inflation in Vietnam to reach up to 10% with 39 percent of respondents answering they see inflation reaching 10-15% in 2011. Accordingly, most businesses responded that they expect about 5-10% depreciation of the VND against both Euro and USD.

Please see the detailed findings of the survey here: [www.eurochamvn.org](http://www.eurochamvn.org)

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**ABOUT EUROCHAM**

Since its establishment with only 60 members in 1998, the European Chamber of Commerce in Vietnam (EuroCham) has grown to represent more than 750 European businesses, counting among its supporters many of the world's leading enterprises. With offices in both Hanoi and Ho Chi Minh City, EuroCham's mission is to represent the business interests of our European members in Vietnam, and to improve the business environment in Vietnam for the benefit of all players. EuroCham also aims at helping Vietnamese enterprises to successfully meet the many challenges posed by the nation's ongoing global economic integration.

As the lead organization representing European business interests in Vietnam, EuroCham now works in partnership with the German Business Association in Vietnam (GBA), the French Chamber of Commerce and Industry in Vietnam (CCIFV), the Dutch Business Association Vietnam (DBAV), the Belgium Luxembourg Chamber of Commerce in Vietnam (BeluxCham), the Italian Chamber of Commerce in Vietnam (ICham), the Spanish Business Group in Vietnam (SBG) and the Hanoi chapter of the Nordic Chamber of Commerce Vietnam (NordCham). EuroCham is also a member of the European Business Organizations (EBO) Network, which works to represent the interests of European businesses in more than 30 countries across the globe.

