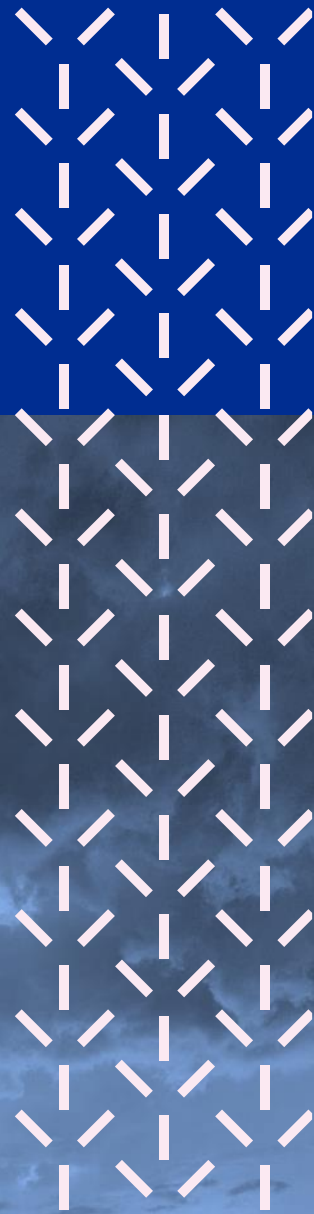


# EuroCham Business Climate Index

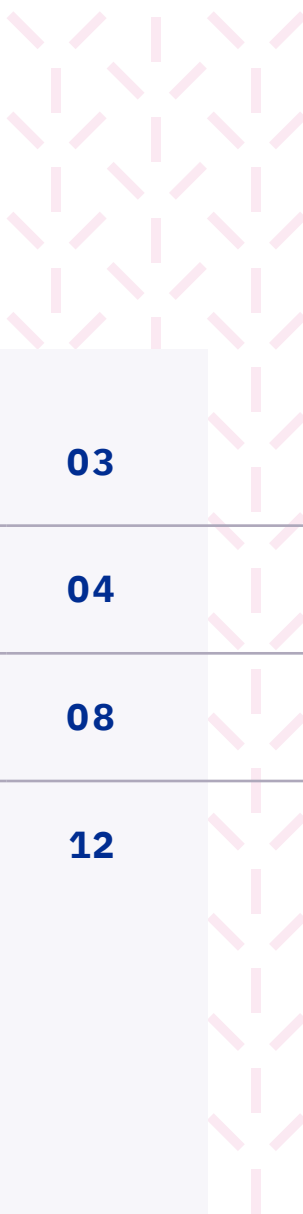
Quarter 2, 2021



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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

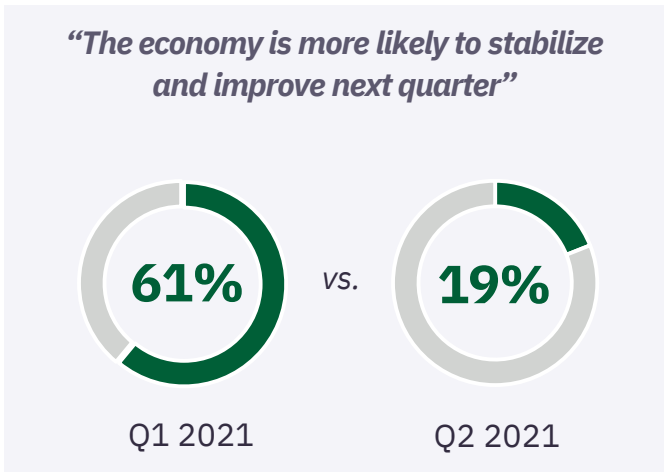
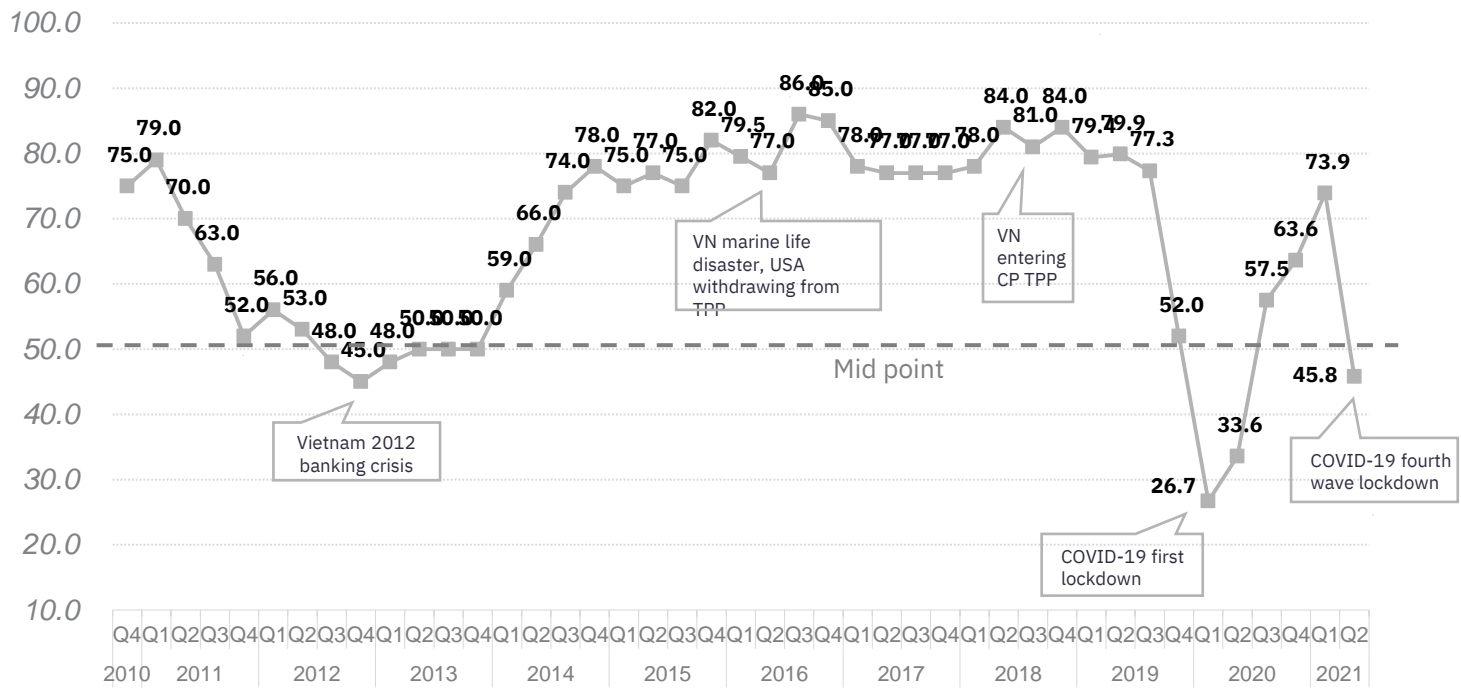
[www.yougov.vn](http://www.yougov.vn)

# 01 BCI, the macroeconomy, and the business outlook



# Amidst COVID-19 fourth wave, a cautious outlook

As Vietnam faces the fourth wave of the pandemic, European business leaders are wary of the state of the economy.

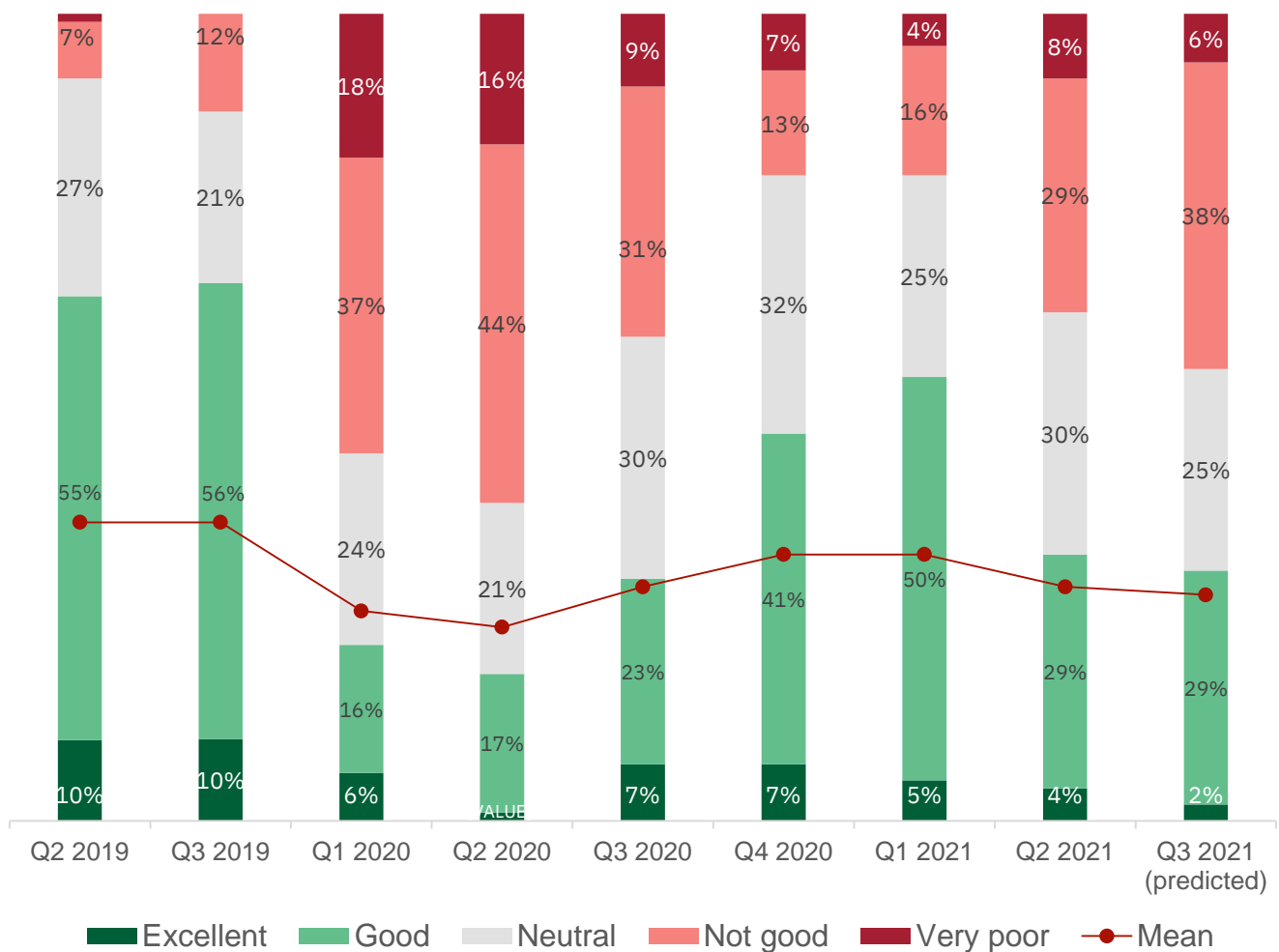


Overall, a cautious and concerning sentiment is seen among business leaders, as they expect a difficult period ahead. Almost half expect the economy to deteriorate in the next 3 months, compared to only 4% in the last quarter.

# Difficult times ahead, but businesses remain hopeful

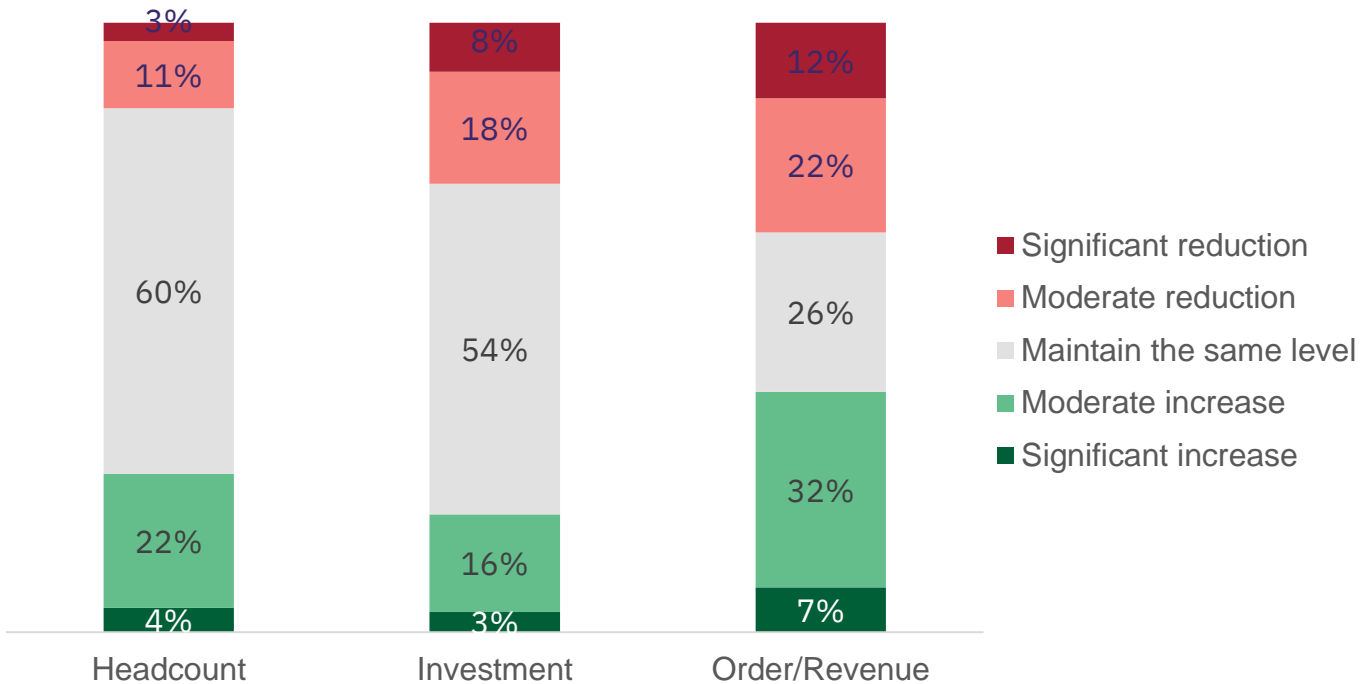
Compared to the beginning of the year, the optimistic sentiment has decreased, especially given the current ongoing pandemic and its outbreak in Vietnam’s major hubs.. However, as business leaders look ahead to the next quarter, more than half remain hopeful as they expect their business performance to maintain or improve.

**Business outlook from Q2 2019 to predicted Q3 2021**



## Despite a gloomy economy outlook, it will be business as usual

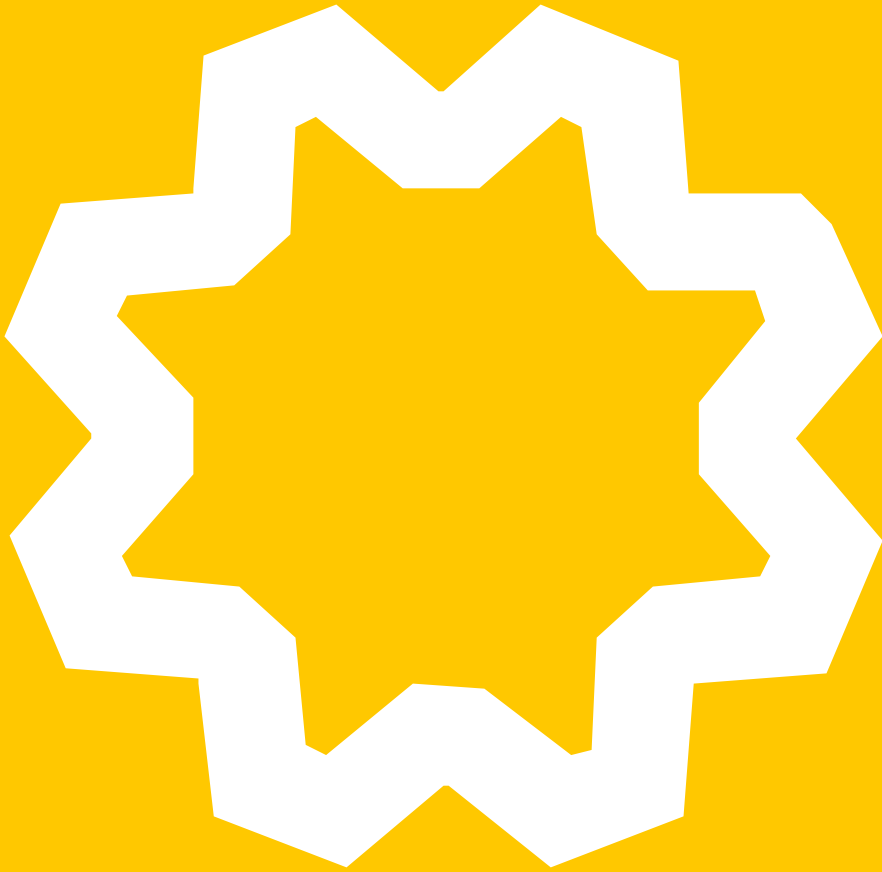
Company's headcount/investment planning and revenue expectation for Quarter 3, 2021



Almost 80% plan to maintain or increase the amount of staff and investment, and more than half expect to maintain or increase revenue.

Even though this quarter observes a wary sentiment for what lies ahead, the optimistic sentiment here, which has been observed since Q3 2020, shows that businesses remain hopeful about their business stabilizing and improving.

# 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.

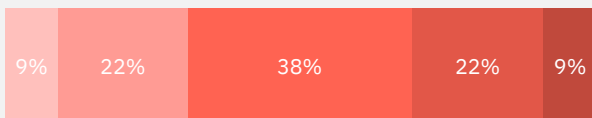
**3. Market Access for EU Service Providers:** In the EVFTA, Vietnam has gone further than the World Trade Organisation (WTO) in terms of market access granted to EU service providers. Additional (sub)sectors will be opened up, giving the EU the best possible access to Vietnam’s market. The FTA also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

Source: [EuroCham EVFTA 2019 Report](#)



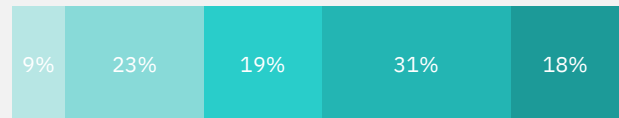
**69% business leaders have a concrete understanding of EVFTA and its implications; half of them believe that it is relevant to their business**

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



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

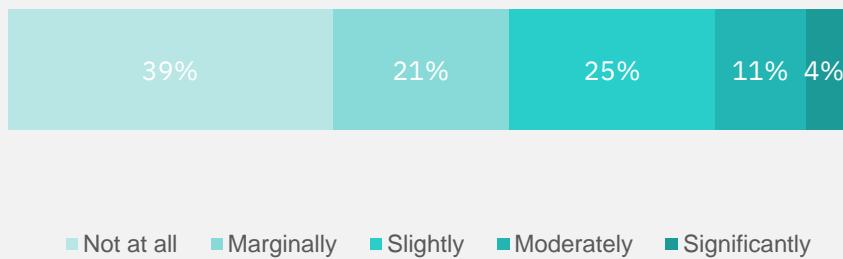
**“How relevant is EVFTA for your business?”**



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

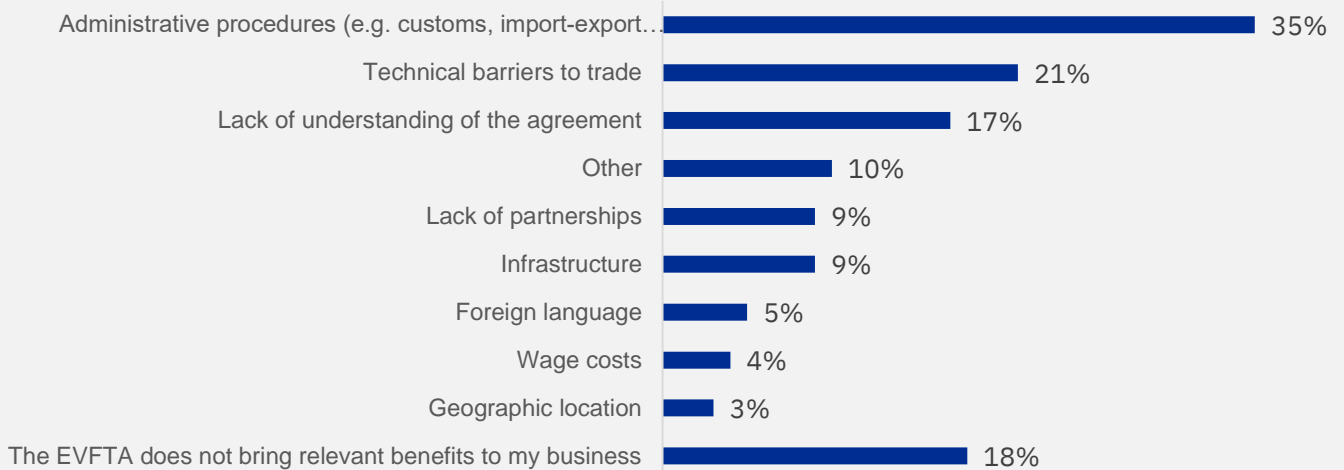
## 02 EVFTA implementation and beyond

**About 61% of European business leaders in Vietnam believe that EVFTA has already benefitted their businesses**



**Administrative procedures continues to be the biggest barrier when it comes to utilizing the EVFTA in their business**

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

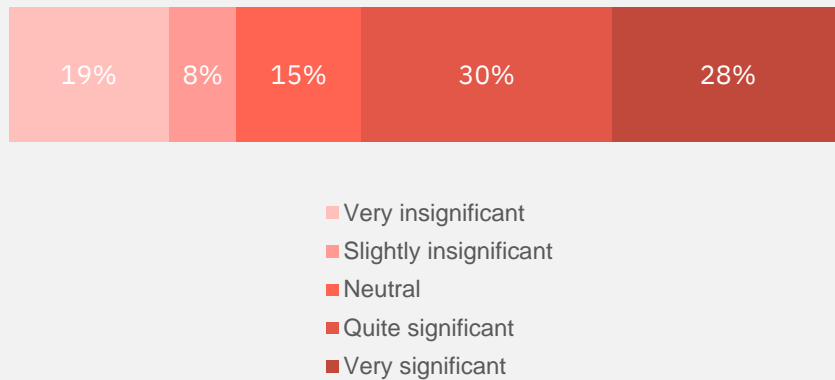


## 02 EVFTA implementation and beyond

This quarter, the BCI also asks business leaders for their opinions on the impact of COVID-19 vaccination availability.

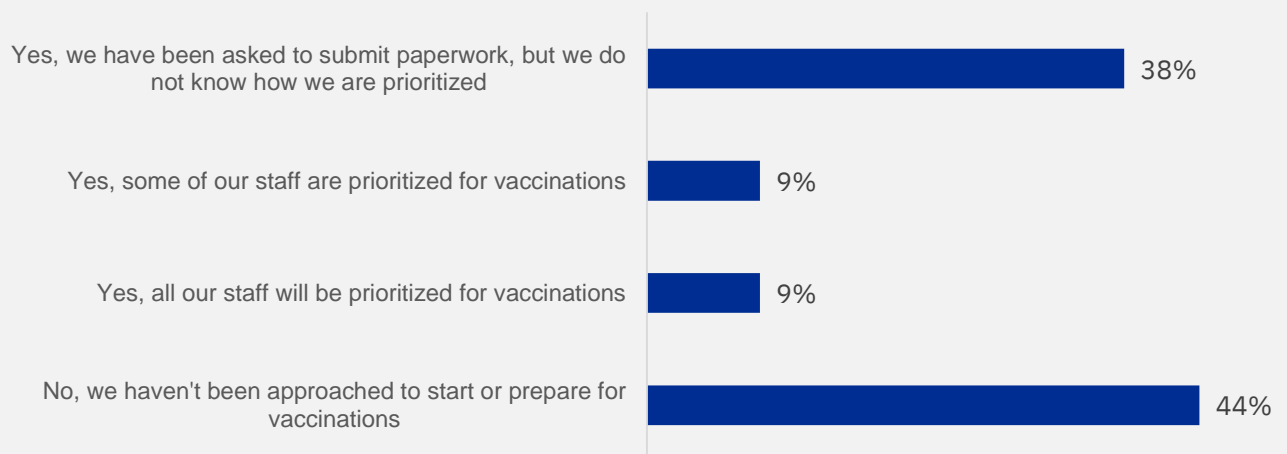
**More than half of business leaders agree that their employees not being vaccinated within 2021 will have a significantly negative impact on their business.**

If the workers at your company were unable to receive a vaccine in 2021, how significant would the negative impact be on your business?

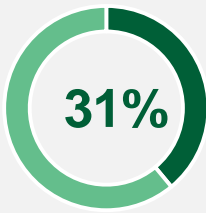


**Almost half (44%) have not been instructed or approached by authorities to start or prepare for vaccinations.**

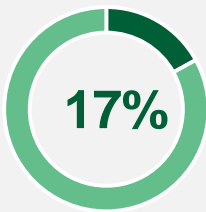
Has your business been approached by authorities to start or prepare for vaccinations?



02 EVFTA implementation and beyond



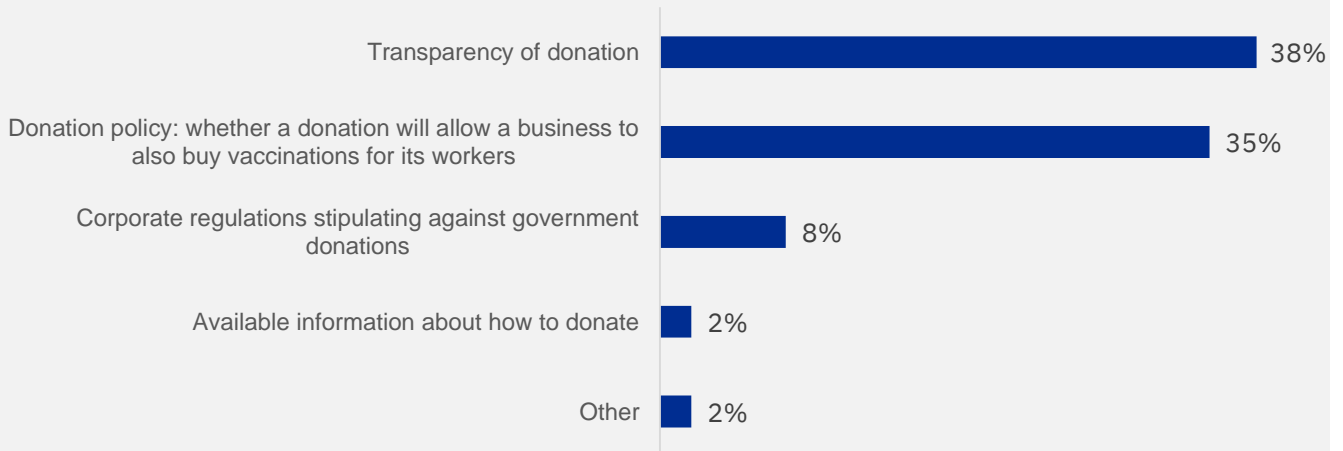
**31% have been approached to contribute to Vietnam's national vaccination fund**



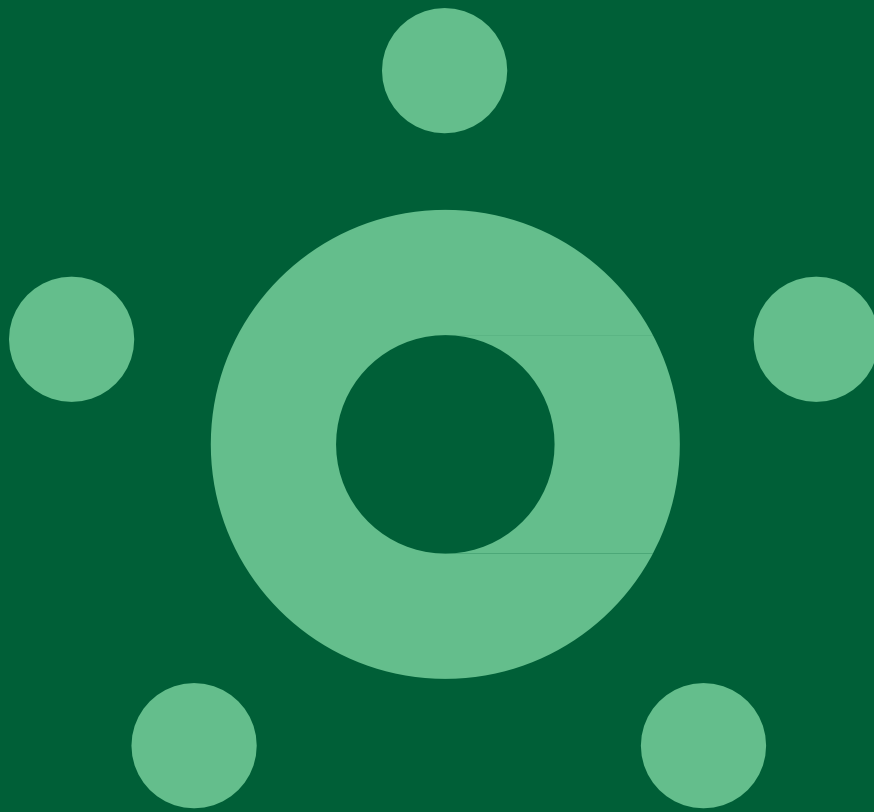
**17% have donated to Vietnam's national vaccinations fund**

**In determining the most important factor to consider donating to vaccines fund, 38% say it depends on the transparency of donation**

Which factor would be most important in determining whether your business will donate?



# 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 1,868 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, 219 completed the full questionnaire in this round. This represents a response rate of 11%, which is considered high for a survey amongst the top business executives.

# Reach out to us

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