

EuroCham Business Confidence Index






Quarter 4, 2024



Decision Lab



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Introduction

The Business Confidence 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 2011, 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 2 of 2018, the quarterly BCI survey has been conducted by Decision Lab, a Vietnam-based market research agency with the mission to deliver agile, connected and decision focused market research. Decision Lab is the exclusive partner of YouGov in Vietnam. We help clients by delivering the best possible basis for decision making. Our value chain is a virtuous circle of a highly engaged online community, powerful analytics technology, delivery of syndicated data products, expert insights and an authoritative media presence.

As the external provider of this survey and reporting for EuroCham Vietnam, Decision Lab guarantees anonymity and confidentiality for all respondents by only providing anonymized and aggregated data to EuroCham.

We don't just collect data, we connect data.

Read more about our services at www.decisionlab.co

About EuroCham Vietnam

Founded in 1998, the European Chamber of Commerce in Vietnam (EuroCham) is the leading voice of European business in Vietnam. With offices in both Hanoi and Ho Chi Minh City, we represent a diverse range of companies, from SMEs to multinational corporations. EuroCham is a key player in shaping policy discussions, promoting trade and investment, and strengthening economic ties between Europe and Vietnam, particularly under the EU-Vietnam Free Trade Agreement (EVFTA).

As one of the largest foreign chambers in Vietnam, with over 1,400 member companies, EuroCham serves as a "chamber of chambers," uniting nine national European business associations. These include:

- Belgian-Luxembourg Chamber of Commerce (Beluxcham)
- Central and Eastern European Chamber of Commerce in Vietnam (CEEC)
- Chamber of Commerce and Industry Portugal-Vietnam (CCIPV)
- Dutch Business Association Vietnam (DBAV)
- French Chamber of Commerce and Industry Vietnam (CCIFV)
- German Business Association (GBA)
- Italian Chamber of Commerce in Vietnam (ICHAM)
- Nordic Chamber of Commerce Vietnam (Nordcham)
- Spanish Chamber of Commerce in Vietnam (SCCV)

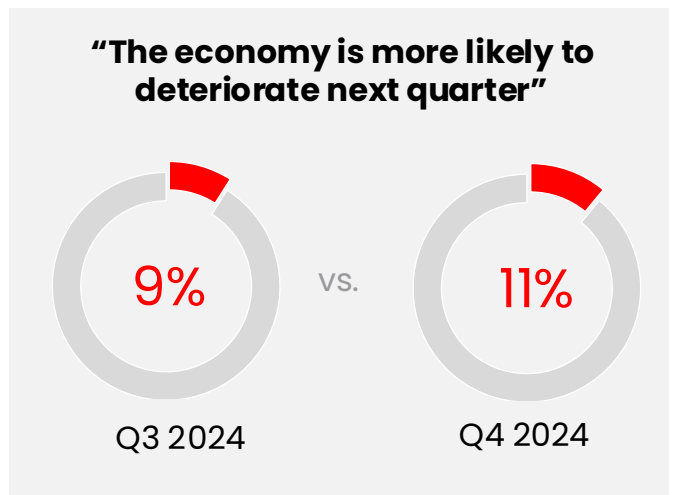
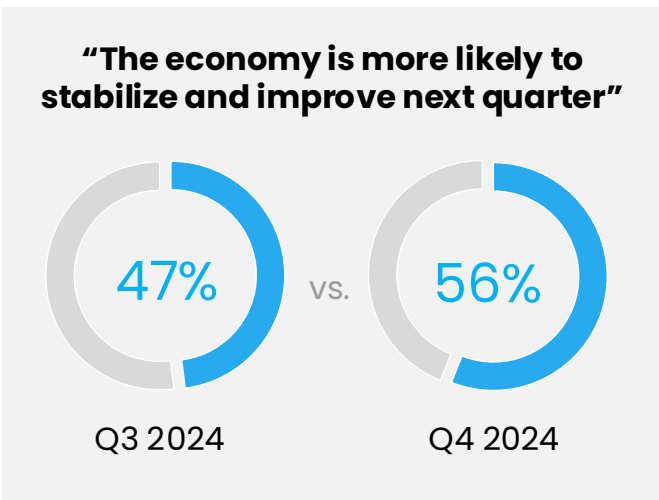
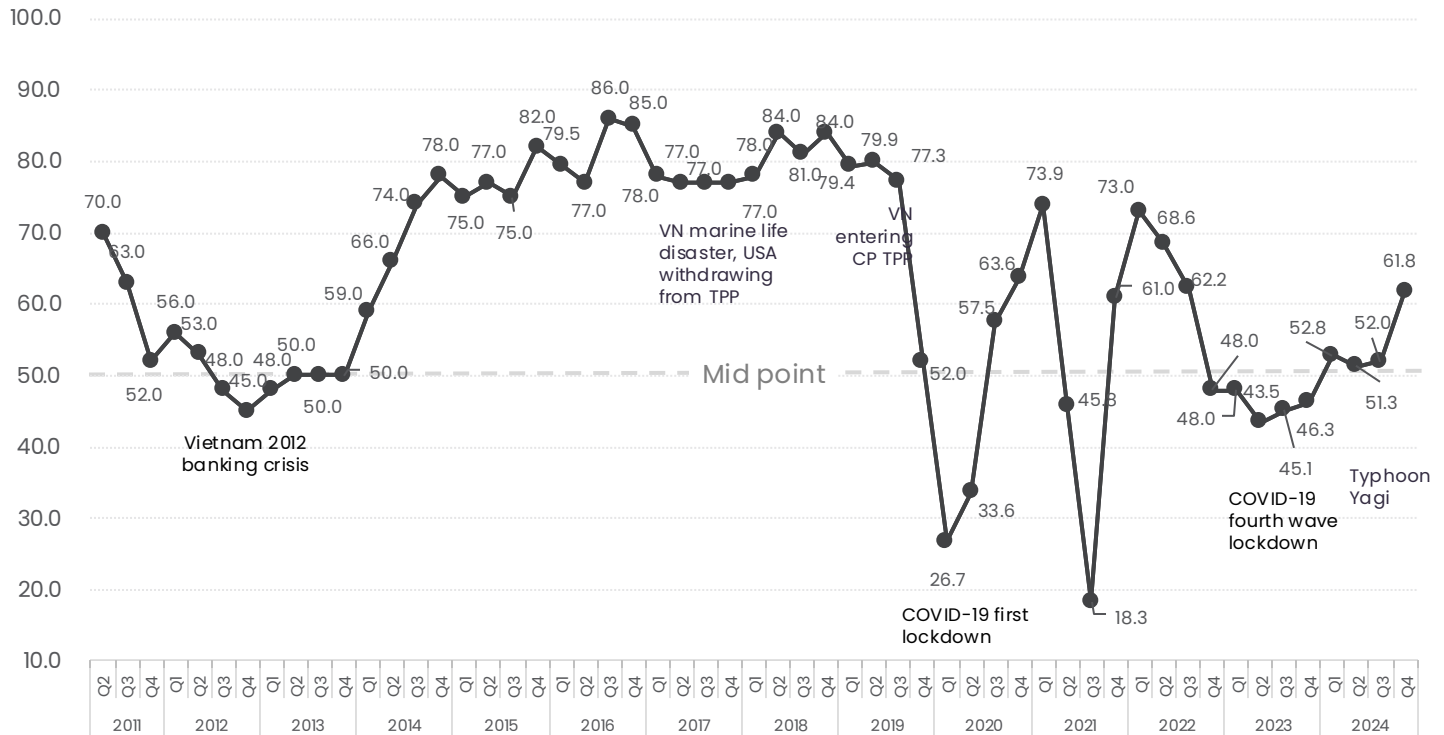
EuroCham's influence is underpinned by our extensive network of 20 specialised Sector Committees. These committees provide expert insights, shape policy recommendations, and foster sector-specific dialogue. This ensures that the diverse perspectives of our members are heard and reflected in EuroCham's broader agenda.

01 | BCI, the macroeconomy, and the business outlook



A strong sense of optimism shared among European businesses has propelled this quarter's Business Confidence Index to 61.8

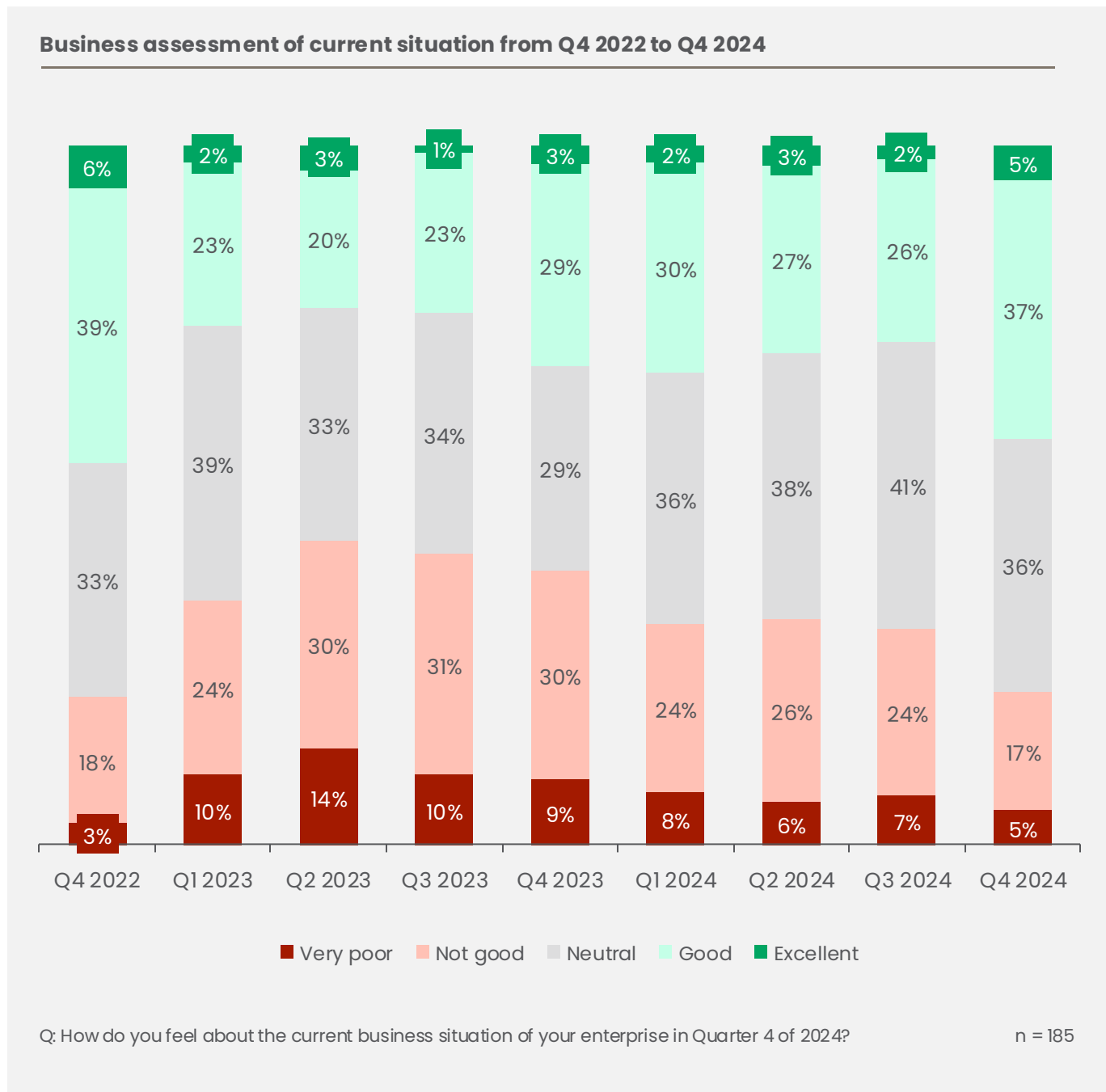
A significant rise in the BCI shows that European business leaders are increasingly optimistic, despite a turbulent global landscape. This shift indicates a positive market outlook, supported by the Vietnamese government's initiatives to restructure the organizational apparatus.



A significantly higher number of businesses trust that Vietnam’s economy will stabilize and improve in the next quarter (+9 pp); though a small increase in those predicting economic hurdles highlights lingering uncertainties (+2 pp).

Business assessments of the economy have become less neutral compared to earlier periods in 2024, indicating a shift toward optimism

The stagnation of 2024 has been lifted by the business outlook in Quarter 4, where optimism prevails. A drop in both neutral (-5 pp) and negative (-9 pp) outlooks has contributed to a more positive (+14 pp) anticipation of business performance this quarter.

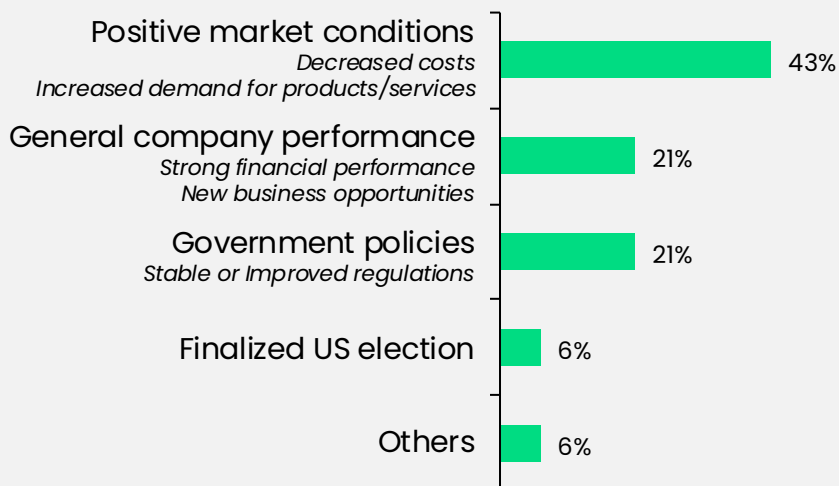


Favorable market conditions bolster optimism amidst challenges in fluctuating demand and policy frameworks

In this quarter, the outcome of the US election has emerged as a positive indicator for an improved business outlook.

Reasons for positive assessment

(base: respondents answering "Good" or "Excellent" who answer open-ended question)

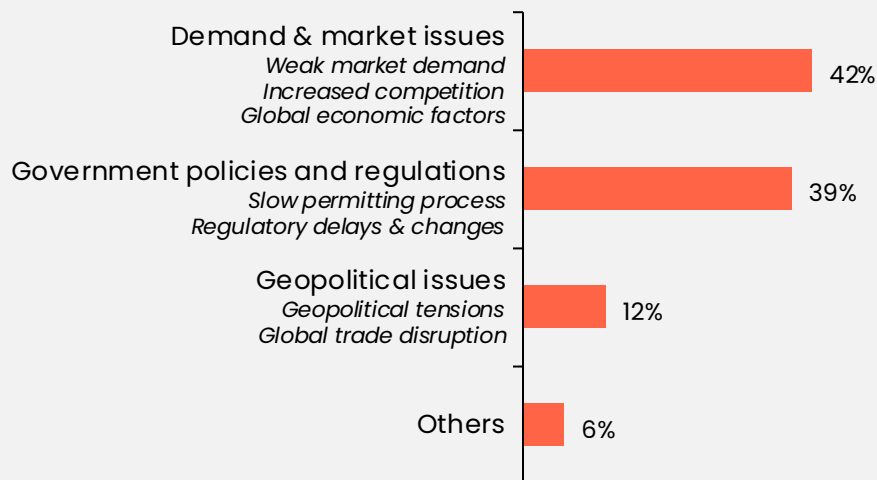


Q: How do you feel about the current business situation of your enterprise in Q4 2024?
Q: Could you share what factors or events have most influenced your viewpoint?

n=47

Reasons for negative assessment

(base: respondents answering "Not good" or "Very poor" who answer open-ended question)



Q: How do you feel about the current business situation of your enterprise in Q4 2024?
Q: Could you share what factors or events have most influenced your viewpoint?

n=33

(*) Because some responses mention multiple factors, the total percentage can add up to more than 100%

Respondents also hold a more positive outlook for the future, with nearly half (47%) anticipating a “Good” or “Excellent” business outlook for Quarter 1 of 2025

The peak sales seasons, combined with positive economic indicators, lead people to believe the outlook for the next quarter will be favorable. However, concerns persist, particularly regarding regulatory complexities and challenges in policy implementation, which tempers the overall sentiment and highlight areas requiring further improvement.

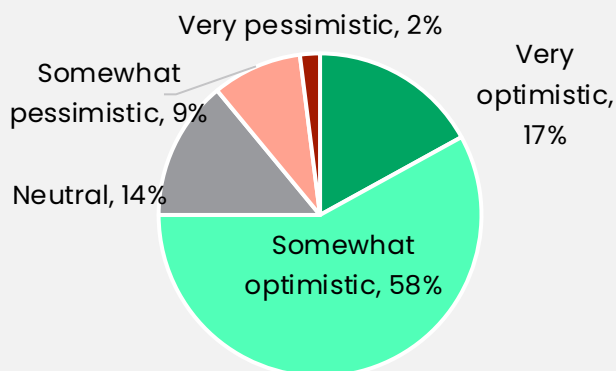
Business outlook for Q1 2025



Q: How do you feel about the business outlook for your enterprise in Quarter 1 of 2025?

n = 185

Five-year outlook



Q: Considering the current economic and business climate, how optimistic is your company about its future in Vietnam over the next 5 years?

n = 185

Optimism regarding the outlook for the next five years has been steadily increasing. This growing confidence reflects a broader recognition of Vietnam’s potential as a stable and attractive environment for long-term growth.

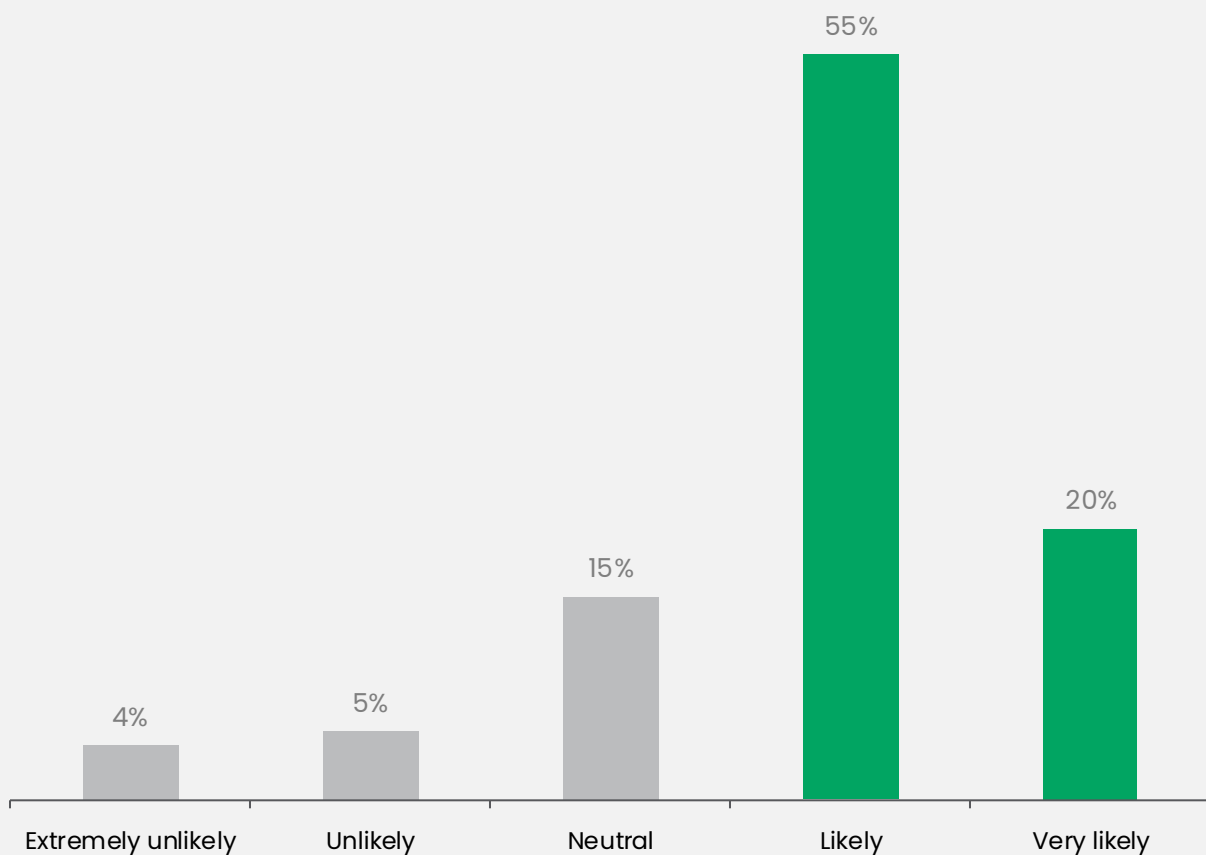
02 | Vietnam as an investment destination



As business spirit lifts, Vietnam further enhances its position as an attractive FDI destination

75% of European business leaders in Vietnam would recommend the country as an investment destination. This continued positive sentiment reinforces business trust in the country's economic wellbeing despite a challenging year.

Likelihood to recommend Vietnam as an investment destination



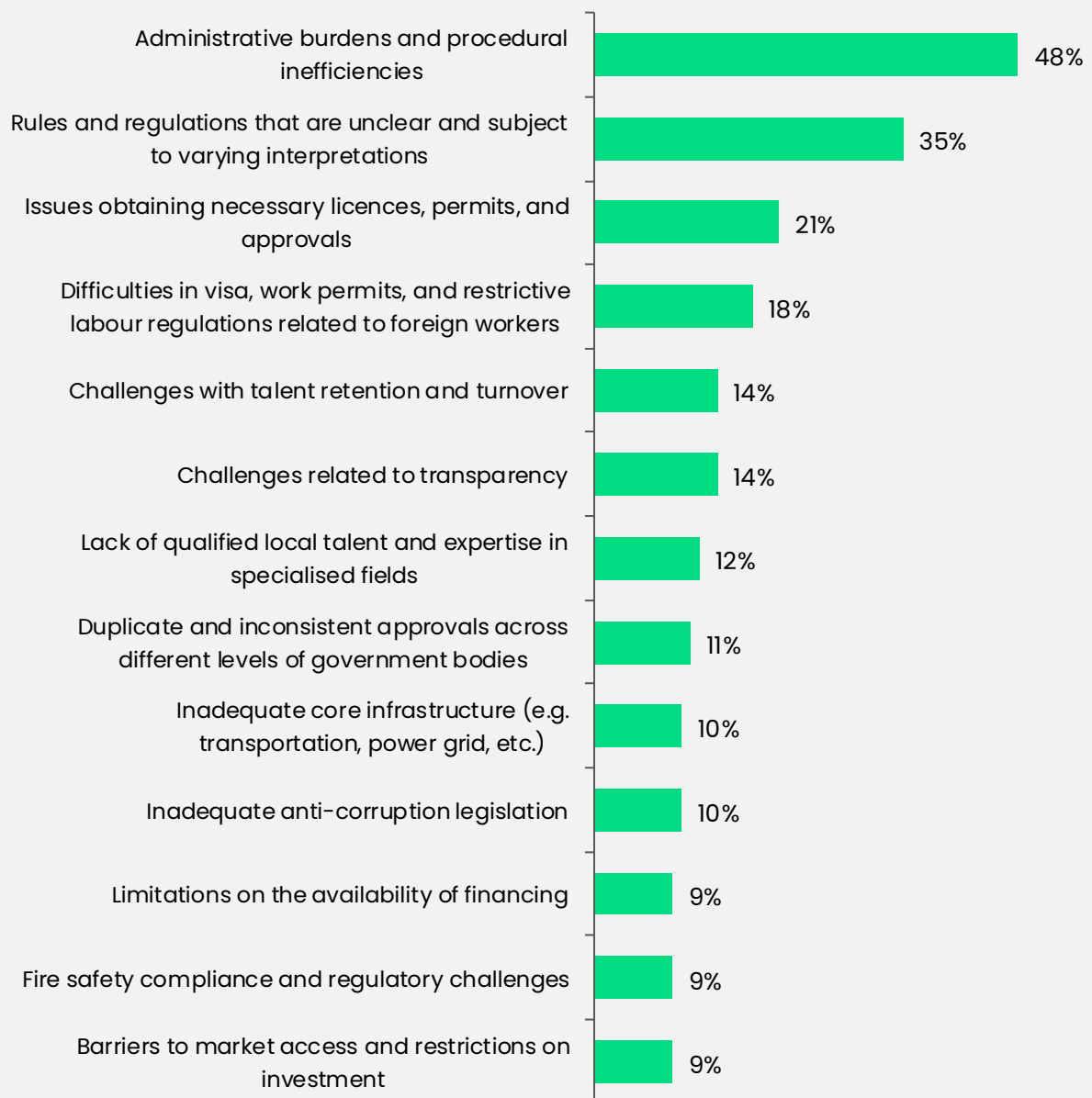
Q: How likely are you to recommend Vietnam as an investment destination to other foreign businesses?

n = 185

Administrative burdens and procedural inefficiencies remain the top obstacles to doing business in Vietnam

Operational obstacles that significantly hinder business efficiency all centered around bureaucratic hurdles, inconsistent and duplicative administrative processes, and ambiguous rules and regulations. Additionally, businesses face struggles in obtaining necessary licenses, permits, visa, and approvals.

Top 10 obstacles to doing business



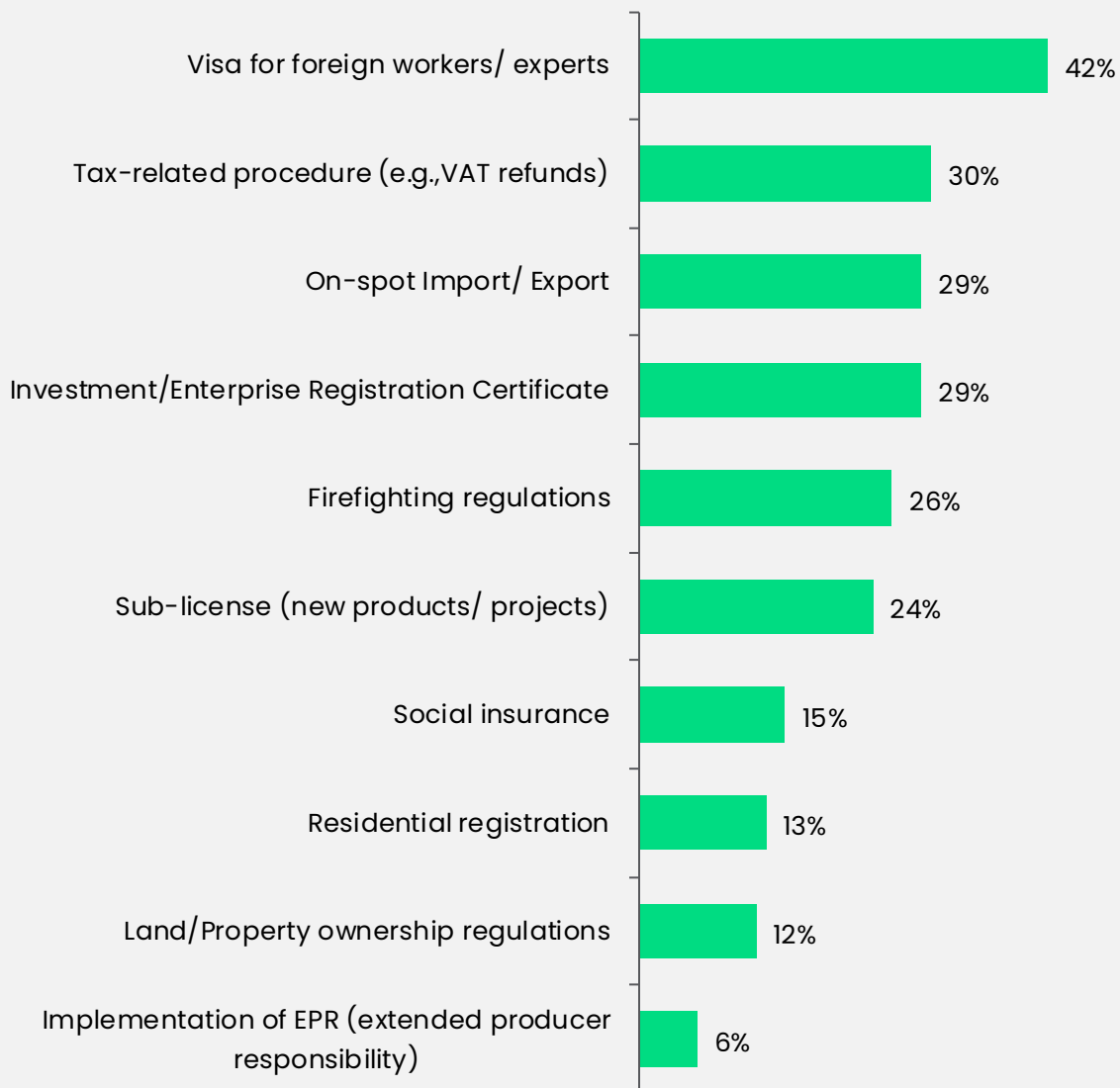
Q: Which are the top three most significant obstacles that hinder your company's performance and operational effectiveness in Vietnam? Please choose up to 3 options

n = 185

Visa procedures are a pain point for both foreign workers and their employers

Together with obtaining visas for foreign experts, tax-related procedures, such as VAT refunds, and on-spot import/ export barriers add to the administrative burdens that companies face.

Top 10 pillars to encounter administrative burdens and procedural inefficiencies



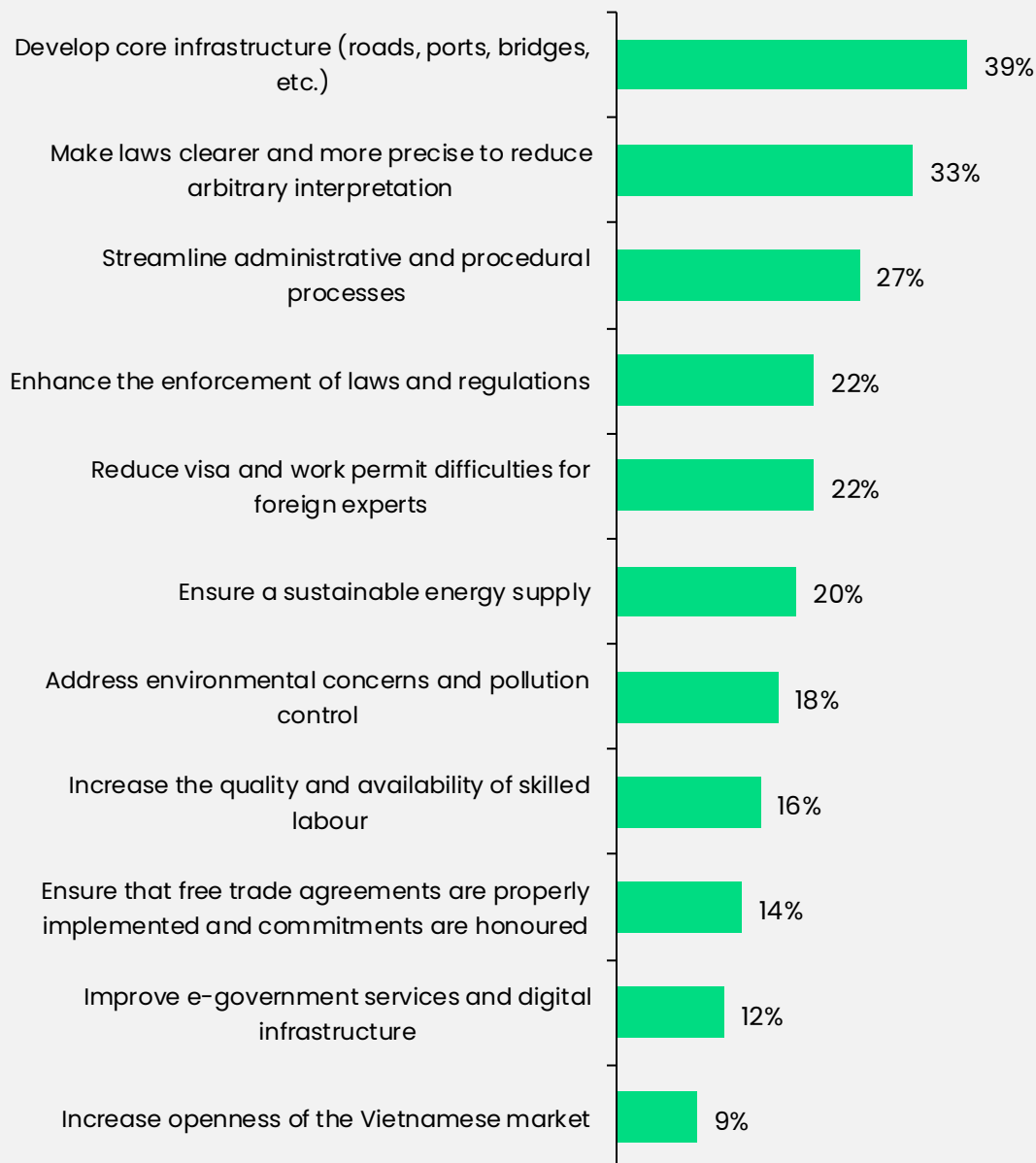
Q: In which pillar(s) have you encountered administrative burdens and procedural inefficiencies?

n = 89

Improvements to various factors are needed to better attract FDI and ensure business commitment

Core infrastructure development is highlighted as the key factor for enhancing Vietnam’s attractiveness for foreign direct investment (FDI). Additionally, there is significant emphasis on streamlining administrative processes, delivering clarity and precision in laws, and strengthening law enforcement.

Factors to improve ability to attract FDI



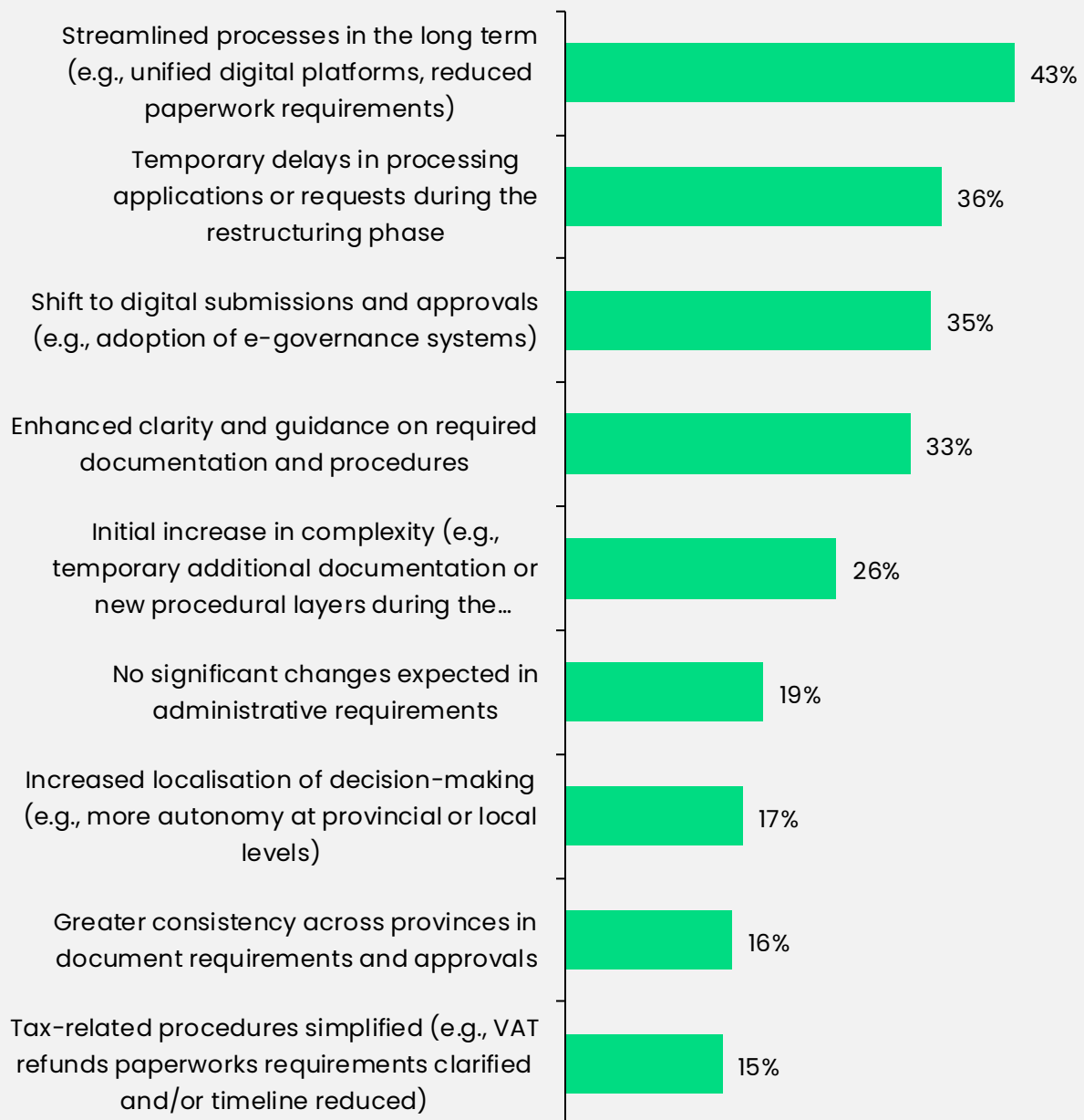
Q: What are the most important factors for Vietnam to improve its ability to attract FDI?

n = 185

Regarding the initiatives to restructure Vietnam’s government system, EuroCham members largely anticipate long-term benefits, particularly through streamlined processes and a shift towards digital submissions and approvals

However, a notable portion of respondents also foresee potential short-term drawbacks, such as temporary delays in processing applications or request during the restructuring phase.

Expected impact of Government's restructuring efforts



Q: What specific changes do you anticipate regarding administrative and procedural requirements because of the Government's restructuring efforts?

n = 185

03 | Typhoon Yagi's impact on business operations



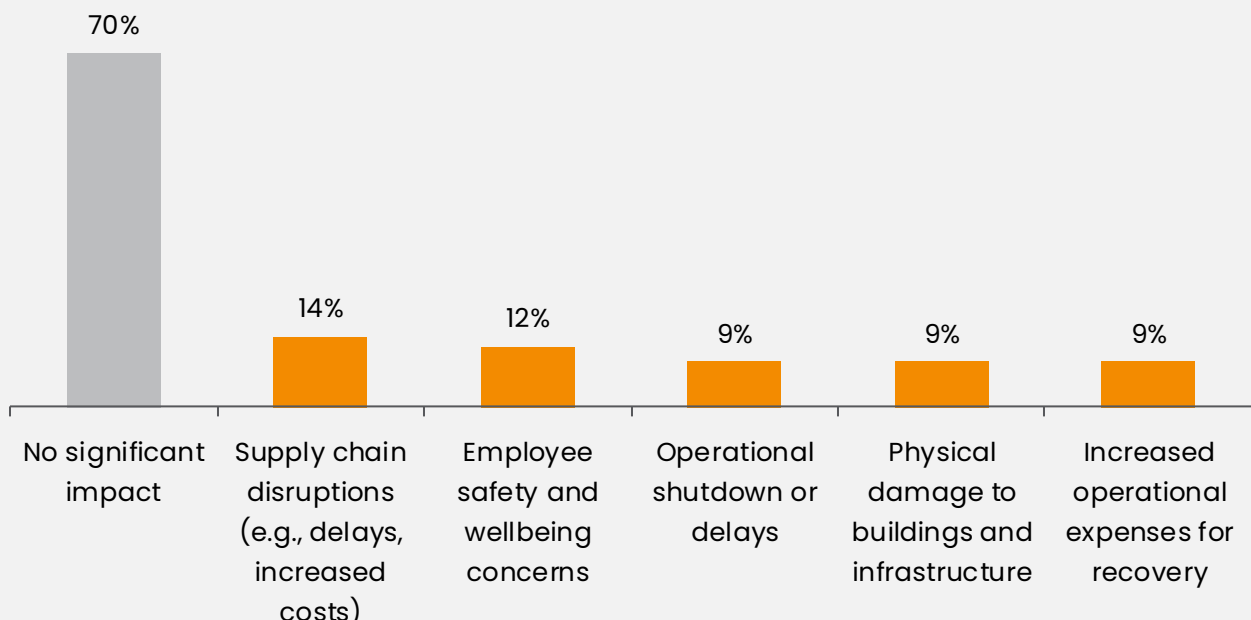
A majority of respondents (70%) reported that Typhoon Yagi had no significant impact on their operations. The remaining respondents noted that the primary effects were supply chain disruptions and concerns regarding employee safety and well-being

Typhoon Yagi was a deadly and extremely destructive tropical cyclone which impacted Southeast Asia and South China in early September 2024. The typhoon has caused extensive damage in Northern Vietnam, amounting to VND 40 trillion (approx. US\$1.63 billion), prompting the government to anticipate a 0.15 percentage point reduction in the country's 2024 GDP growth from earlier forecasts.

According to the Minister of Planning and Investment, Typhoon Yagi—Vietnam's strongest in 30 years—has affected 26 localities, accounting for 41 percent of the nation's GDP and 40 percent of its population.

Source: Vu, N. H. (2024, September 18). *Impact of Typhoon Yagi on Vietnam: Economic Damages and recovery efforts*. Vietnam Briefing. <https://www.vietnam-briefing.com/news/impact-of-typhoon-yagi-on-vietnam-economic-damage-and-recovery-efforts.html/>

Typhoon Yagi's impact on business operations

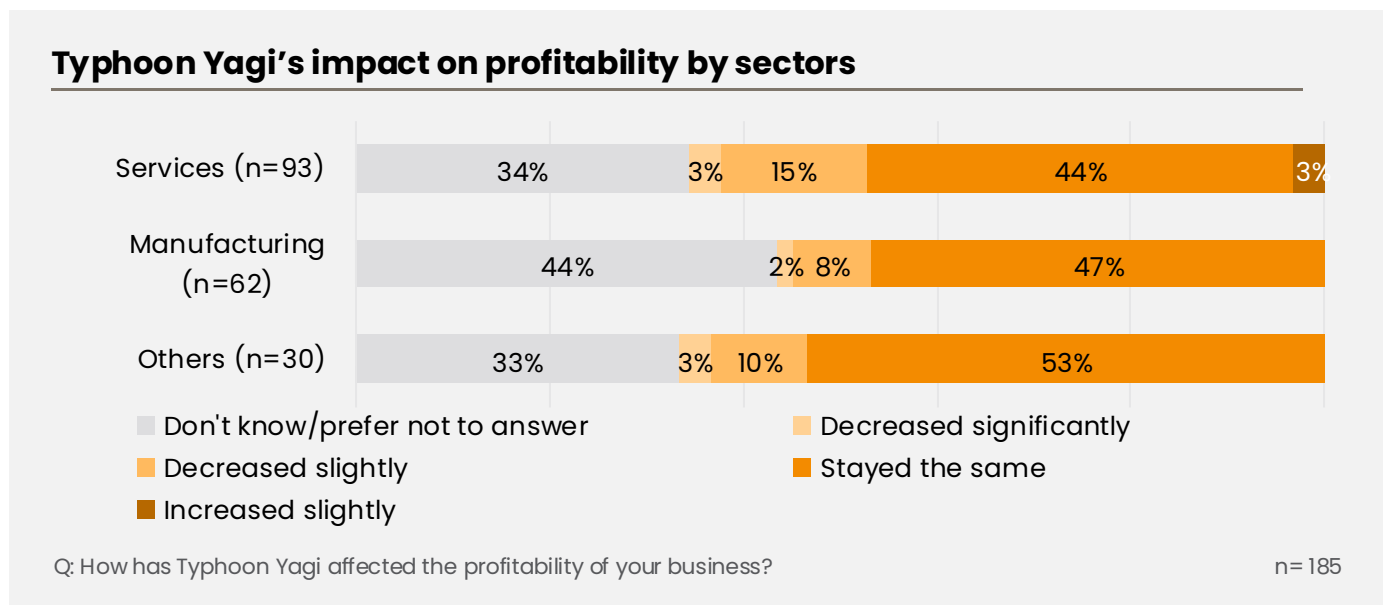
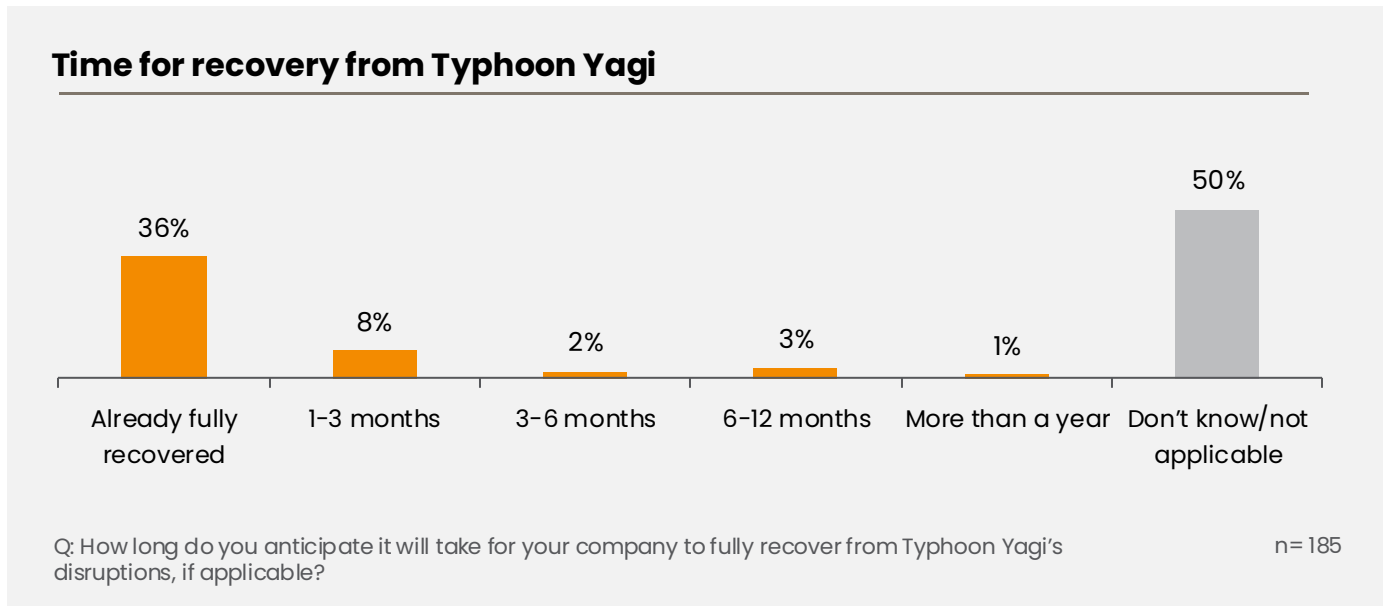


Q: How has Typhoon Yagi impacted your operations in Vietnam?

n = 185

Thirty-six percent of respondents reported that their businesses have fully recovered from the typhoon, indicating a rapid recovery rate

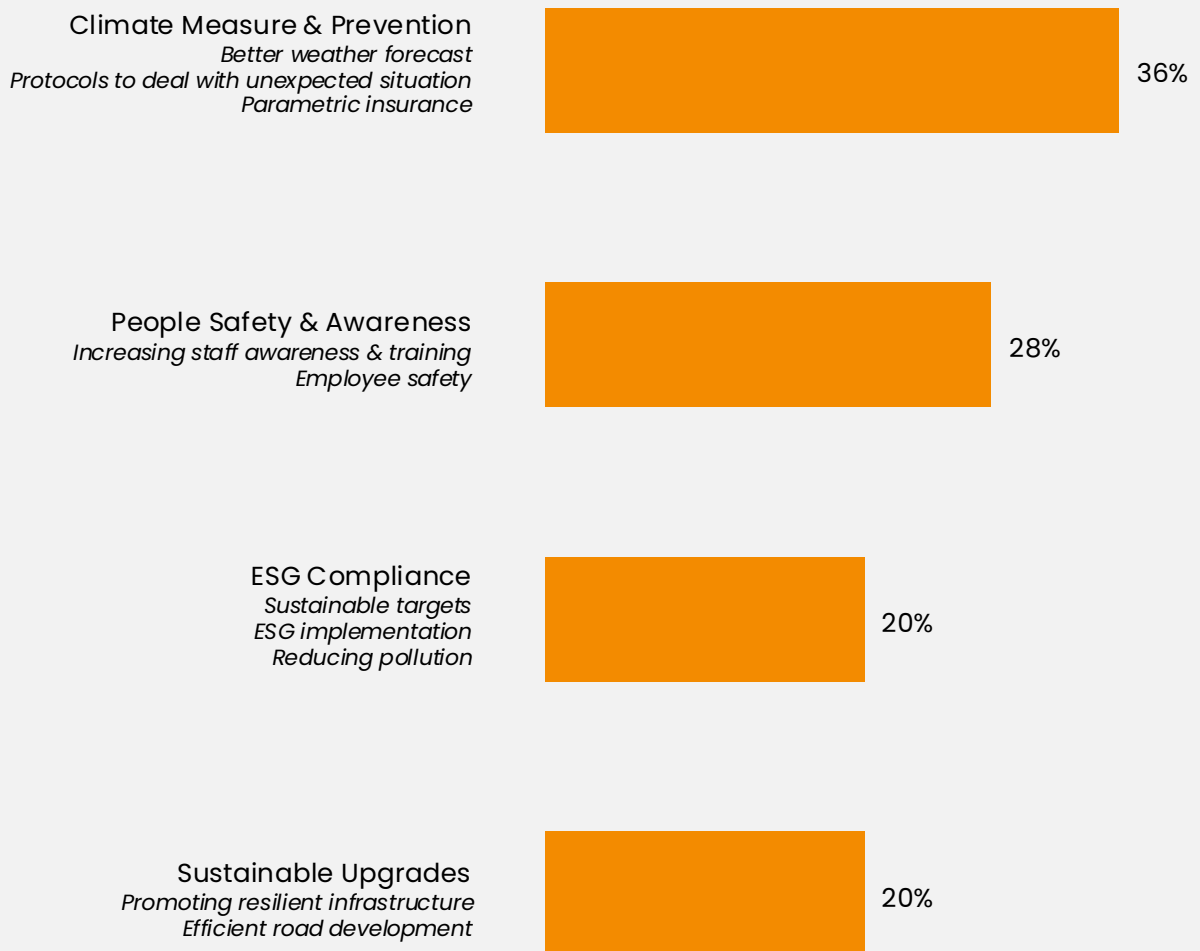
A majority of respondents across 3 sectors (Services, Manufacturing, and Others) reported that Typhoon Yagi have little or no impact on the profitability of their business



Strategies to improve resilience to extreme weather events

Following the devastation caused by Typhoon Yagi, the European business community is focusing on strengthening climate measurement and forecasting, enhancing safety and awareness, ensuring ESG compliance, and integrating sustainable upgrades.

Enhancing resilience to extreme weather methods



Q: How is your company enhancing resilience to extreme weather?

n = 25

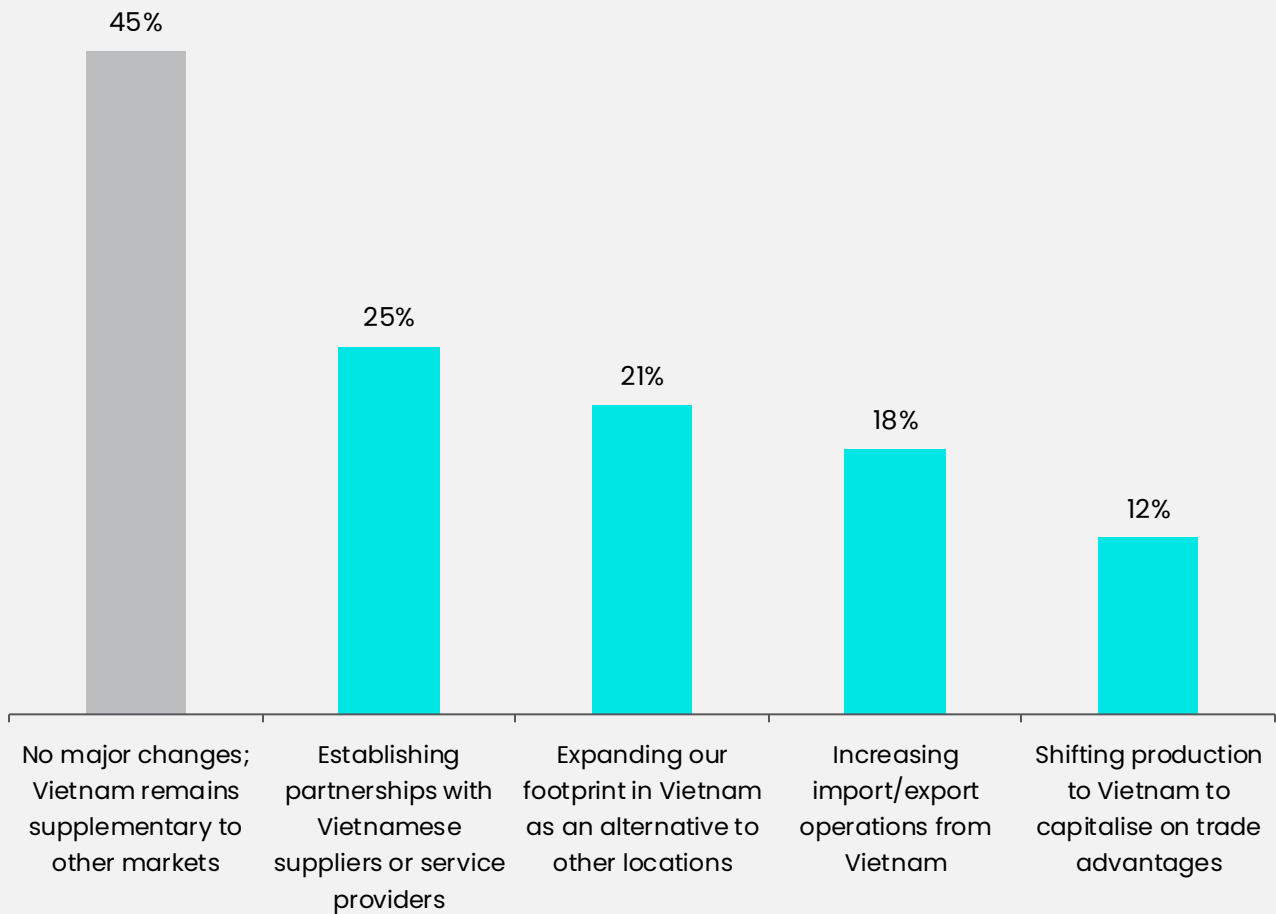
04 | Current Events



1. Response to global trade shifts and tariff changes

Approximately 1 in 4 EuroCham member companies are considering partnerships with Vietnamese suppliers or service providers, aiming to expand their footprint in Vietnam as an alternative to other locations. However, nearly half of the respondents indicated that they do not anticipate any major changes in their companies' strategies.

Adjustments in investment and operational strategy

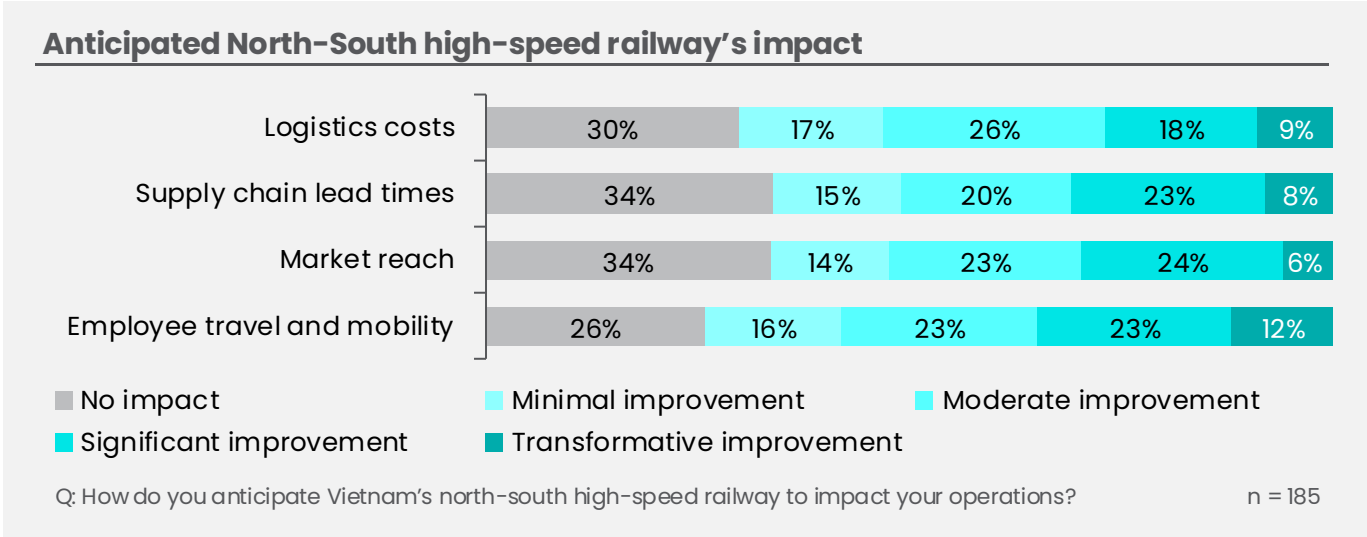


Q: In response to global trade shifts and tariff changes, how is your company adjusting its investment and operational strategy in Vietnam?

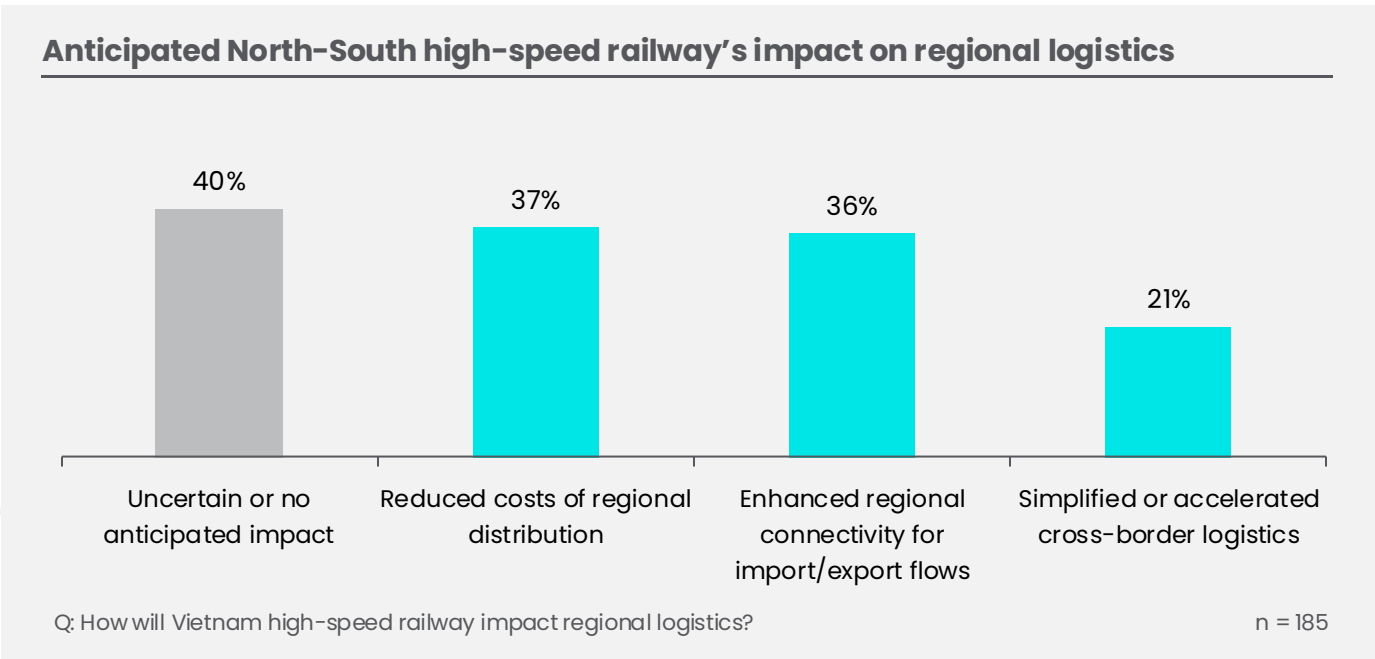
n = 185

2. North-South high-speed railway's impact

Over 50% of respondents expect a moderate to transformative impact from Vietnam's North-South high-speed railway on all aspects of their operations. Notably, 12% of respondents foresee a transformative improvement in employee travel and mobility.

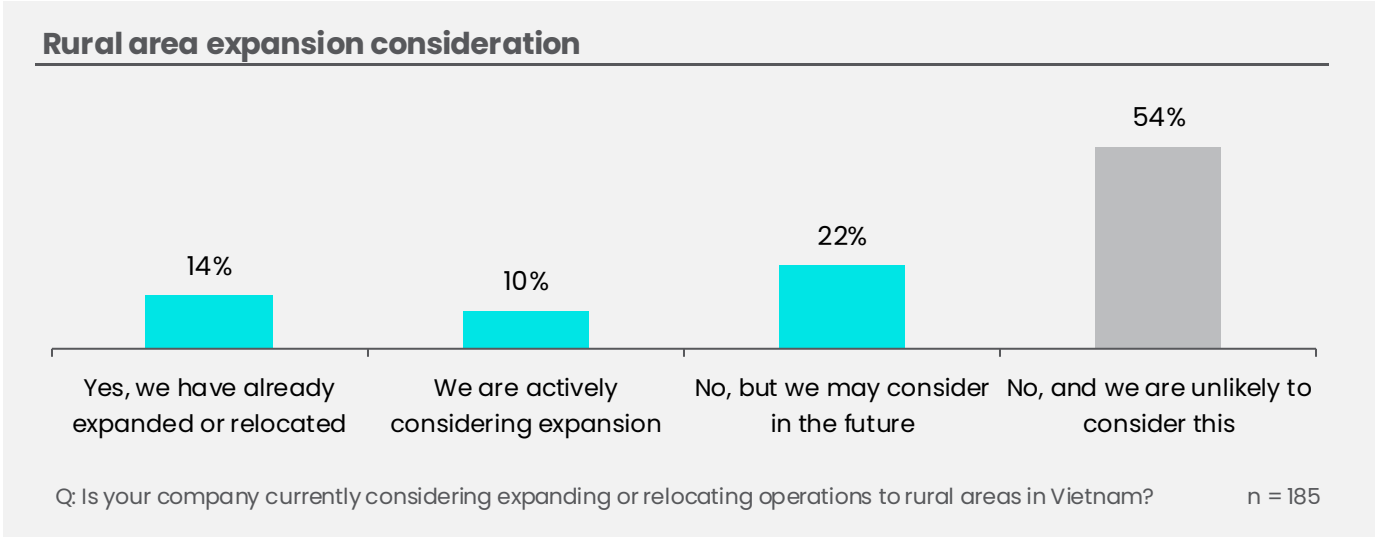


Nearly 40% anticipate reduced costs of regional distribution and enhanced regional connectivity for import/ export flows thanks to North-South high-speed railway's impact.

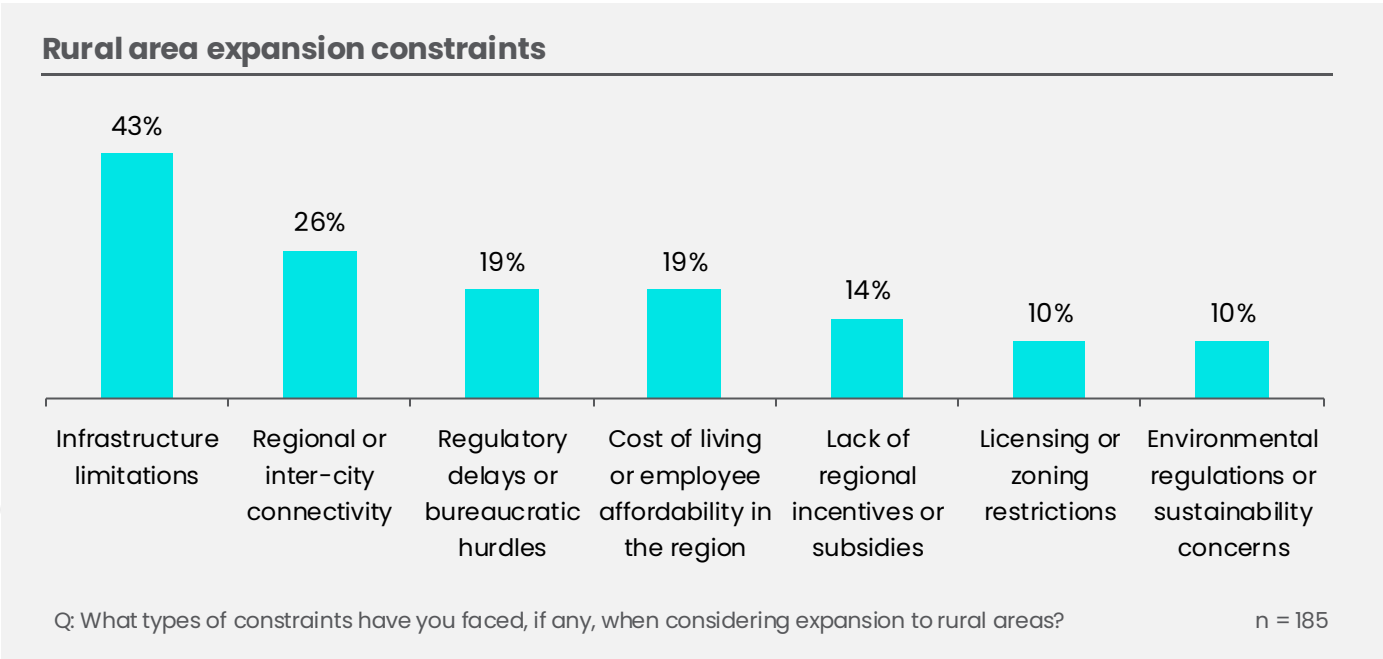


3. Plans for rural expansion in Vietnam

While a quarter of respondents have expanded or considered expansion into rural areas, the majority—over half—are unlikely to pursue such expansion plans.



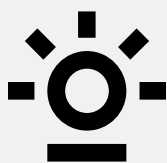
The top constraints include infrastructure limitations (43%), regional or inter-city connectivity (26%), regulatory delays or bureaucratic hurdles (19%), and cost of living or employee affordability in the region (19%).



05 | Methodology



Methodology



Purpose

The purpose of this survey is to collect European business leaders' opinions about their business situations, in order to reflect the state of Vietnam's business environment and help 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 business leaders from more than 1,400 EuroCham's 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, 185 completed the full questionnaire in this round. This represents a response rate of 7.1% which is considered moderately high for a survey amongst the top business executives.

Reach out to us

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