

News Insight & Recap

May 2025



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GRANT THORNTON INSIGHTS

Vietnam's economic performance in May remained solid, even as the country continued grappling with external headwinds, particularly the U.S. tariff situation. Nevertheless, key indicators point to the underlying resilience of Vietnam's economy. Total registered FDI rose 51% year-on-year, trade turnover increased by nearly 16%, and Vietnam maintained a healthy trade surplus of USD4.6 billion. The OECD's updated forecast of 6.2% GDP growth for 2025, although below the government's 8% target, positions Vietnam as one of the stronger-performing economies in the region. However, signs of strain remain. Specifically, new FDI projects are smaller in value, manufacturing activity is still subdued, and inflation risks remain on the radar. Vietnam's current position is one of cautious stability, but staying on course will require active handling of external pressures.

In this context, Vietnam is working to strengthen its trade relationships and build strategic buffers, with the U.S. remaining a central focus. A high-level agricultural mission in May helped deepen commercial ties, backed by new cooperation agreements. At the same time, efforts to expand technology engagement and move up the value chain are gaining traction, with the most notable example being Qualcomm's new AI R&D center. These initiatives reflect a dual objective: safeguarding market access while laying the groundwork for longer-term repositioning within global value chains. In the coming months, the government is likely to prioritize containing tariff impacts through negotiation and accelerating the shift toward a more resilient, value-driven economy. The outlook will depend not only on external conditions but also on how effectively Vietnam turns current challenges into strategic advantages.



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1. OECD RELEASED ITS FORECAST FOR VIETNAM'S ECONOMIC GROWTH IN 2025

The OECD's latest forecast projects Vietnam's GDP to grow by 6.2% in 2025, falling short of the National Assembly's 8.0% target for the year. The outlook is expected to build on solid domestic fundamentals, with growth driven by rising real wages that support household consumption and by accelerated public investment aimed at improving infrastructure and stimulating private sector activity. However, the OECD also warns that global economic uncertainties may weigh on foreign investment into Vietnam and the country's export performance. Inflation, while currently contained, could come under renewed pressure from external shocks and supply-side risks. Overall, the projection underscores Vietnam's resilience but also highlights the growing importance of managing external vulnerabilities and maintaining investor confidence to sustain a higher growth path.

[Source: Vietnam Economic Times]

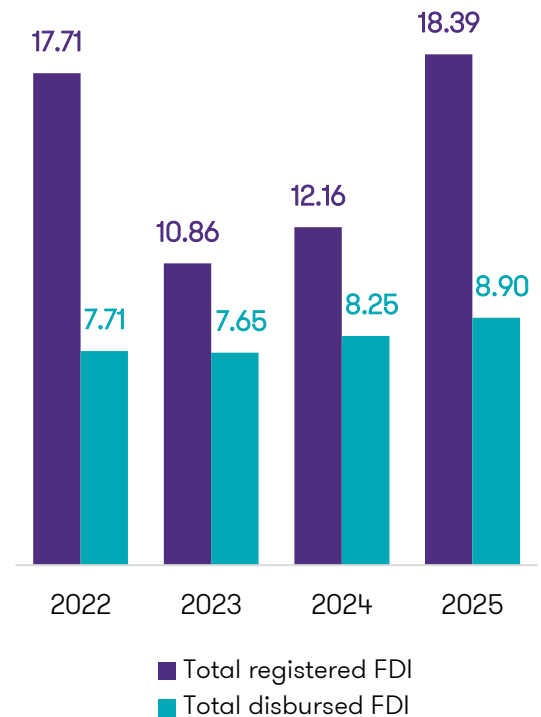


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2. TOTAL FDI RISES SHARPLY, BUT NEW PROJECT CAPITAL STILL FALLS

As of the end of May 2025, Vietnam recorded USD18.39 billion in total registered foreign direct investment (FDI), surging 51% year-on-year, while disbursed capital reached approximately USD8.90 billion, a 7.9% increase. Singapore was the largest investor, with total investment amounted to over USD4.38 billion, followed by South Korea with more than USD2.93 billion. Manufacturing remained the top invested sector of Vietnam, attracting USD10.39 billion, while real estate ranked second, recording USD4.99 billion.

Foreign investment into Vietnam after 5M 2025 (USD billion)



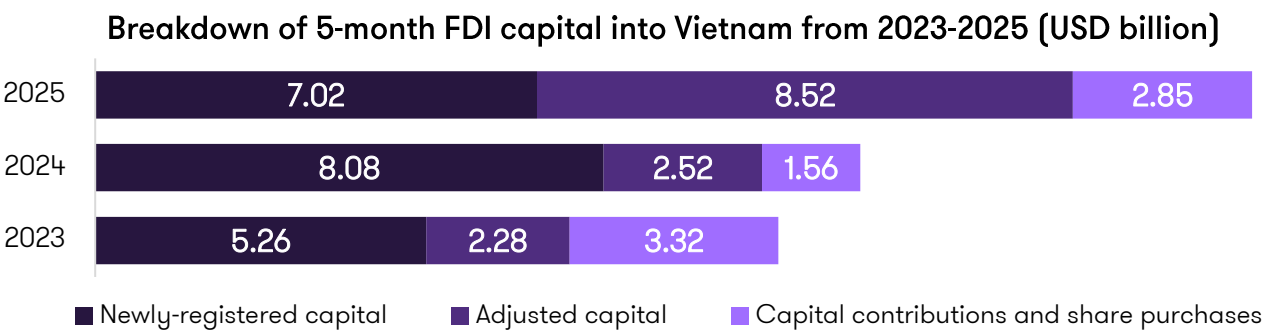
[Source: VietnamPlus]



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2. TOTAL FDI RISES SHARPLY, BUT NEW PROJECT CAPITAL STILL FALLS (CONT.)

Of the USD18.39 billion in total registered FDI during the first five months of 2025, over USD7.02 billion came from 1,549 newly licensed projects, marking a 14% rise in project count but a 13.2% decline in value. Adjusted capital from 672 existing projects contributed an additional USD8.51 billion, up 28% in volume and more than 3.4 times higher in value compared to the same period last year. Meanwhile, capital contribution and share purchases totaled over USD2.85 billion across 1,358 transactions, representing a 1.8-fold rise in value year-on-year.



(Source: VietnamPlus)



3. VIETNAM MAINTAINS TRADE SURPLUS AMID CHALLENGING CONDITIONS

Vietnam's total trade turnover reached around USD355.8 billion in the first five months of 2025, up 15.7% over the same period last year. Exports rose 14% year-on-year to over USD180.2 billion, while imports increased by 17.5% year-on-year to USD175.6 billion, resulting in a trade surplus of USD4.6 billion. The government attributed the growth to ongoing trade promotion efforts despite the current challenges. With expectation for persisting trade uncertainties, government agencies are stepping up support for businesses to adapt to shifting policies and explore new markets.

Exports
USD180.2 bil

Imports
USD175.6 bil



USD355.8 bil
Total trade volume

USD3.79 bil in trade surplus



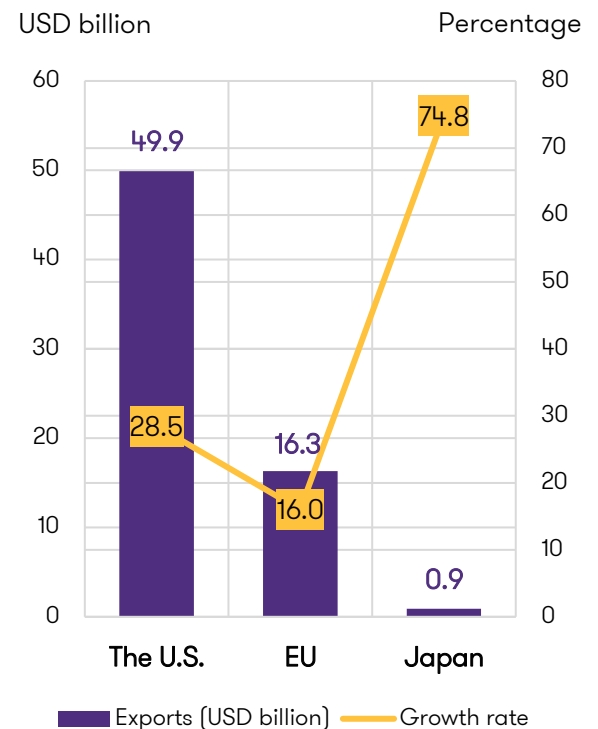
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[Source: Vietnam Economic Times]

3. VIETNAM MAINTAINS TRADE SURPLUS AMID CHALLENGING CONDITIONS (CONT.)

In the first five months of 2025, the U.S. remained Vietnam's largest export market, with total export turnover reaching USD57.2 billion. On the import side, China was Vietnam's top source market, with imports totaling USD69.4 billion. Vietnam continued recording strong trade surpluses with key export partners during this period. The trade surplus with the U.S. reached USD49.9 billion, a 28.5% increase year-on-year. Surpluses with the EU and Japan also rose, reaching USD16.3 billion (up 16.0%) and USD0.9 billion (up 74.8%), respectively.

Vietnam's trade surplus with top export market and growth rate (5M 2025)



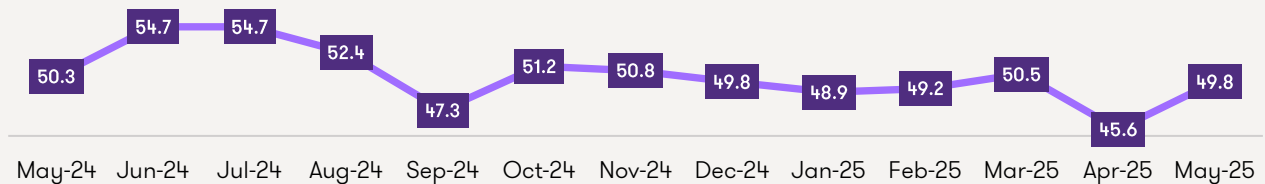
[Source: Vietnam Economic Times]



4. VIETNAM MANUFACTURING CONDITIONS IMPROVED SLIGHTLY IN MAY

As reported by S&P Global, Vietnam's Purchasing Managers' Index (PMI) rose to 49.8 in May from 45.6 in April, indicating that manufacturing conditions remained weak but less severe than the previous month. New orders continued to fall, especially as export demand was hit by ongoing trade uncertainty. Even so, output increased as some firms expected more predictable trade conditions. In addition, hiring activity continued to dip slightly, while purchasing activity picked up and inventories remained low. Business confidence somewhat improved, although many firms remained cautious about the impact of tariffs.

Vietnam's Purchasing Managers' Index (PMI)



[Source: S&P Global]



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5. VIETNAM AND U.S. STRIVE TO DEEPEN AGRICULTURAL TIES

Vietnam is strengthening agricultural trade with the U.S. through a high-level trade mission led by Minister of Agriculture and Environment (MAE) Do Duc Duy, which involved nearly 50 Vietnamese agencies and businesses. The two countries view their agricultural sectors as complementary and are looking to deepen cooperation through joint supply chains. The visit aims to expand U.S. imports like soybeans, corn-by-products, meat, and wood while meeting rising U.S. demand for Vietnamese exports such as spices and seafood. To support this, Vietnam already issued a decree in March, eliminating tariffs on key U.S. agricultural and forestry products. Despite the recent U.S. tariff announcement, including a 10% duty and the threat of 46% tariffs, both governments are intensifying dialogue and cooperation in agriculture, with 18 MoUs on agricultural trade worth USD6 billion already signed since 2020.

[Source: Vietnam Investment Review]



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6. VIETNAM–EAEU FTA MARKS 10 YEARS WITH GROWING TRADE

Vietnam and the Eurasian Economic Union (EAEU) marked the 10th anniversary of their Free Trade Agreement (FTA) with a joint event in Hanoi on May 29, highlighting both achievements and future potential. Since the agreement came into effect, bilateral trade has doubled to USD5.6 billion as of 2024, with Vietnam's trade turnover soaring with Armenia (up 61-fold), Kazakhstan (4.2-fold), Russia (1.3-fold), and Belarus (34%). The FTA, signed in 2015 as the EAEU's first trade pact with a non-member, is widely seen as a foundation for broader cooperation. At the event, ambassadors from all five EAEU countries reaffirmed Vietnam's strategic importance and called for deeper ties. Vietnamese businesses have increasingly benefited from tariff preferences, and the Ministry of Industry and Trade pledged continued support to help firms expand exports and seize new opportunities in the EAEU market.

[Source: Vietnamnews]



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7. QUALCOMM EXPANDS FOOTPRINT IN VIETNAM WITH NEW AI R&D CENTER

Qualcomm has opened a new AI R&D center in Vietnam, building on its growing presence in Vietnam and supporting the country's strategies around AI, semiconductors, and digital transformation. Employing tech specialists in Hanoi and Ho Chi Minh City, the center will focus on developing next-gen AI technologies for use in smartphones, XR devices, cars, and IoT systems. The Vietnamese government welcomed the move as a sign of deepening U.S.–Vietnam tech ties and recognition of Vietnam's skilled workforce. In addition, Qualcomm emphasized its commitment to technology transfer, talent development, and ecosystem building, aligning with Vietnam's goal of becoming one of Southeast Asia's AI leaders by 2030. The new center adds to Qualcomm's existing operations in Vietnam, including its first Southeast Asia R&D facility opened in 2020 and its ongoing startup support program.

[Source: Vietnamnews]



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