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# Doing Business in Vietnam Today: Challenges and Opportunities

Global Focus Program – Chatham University  
September 29, 2011

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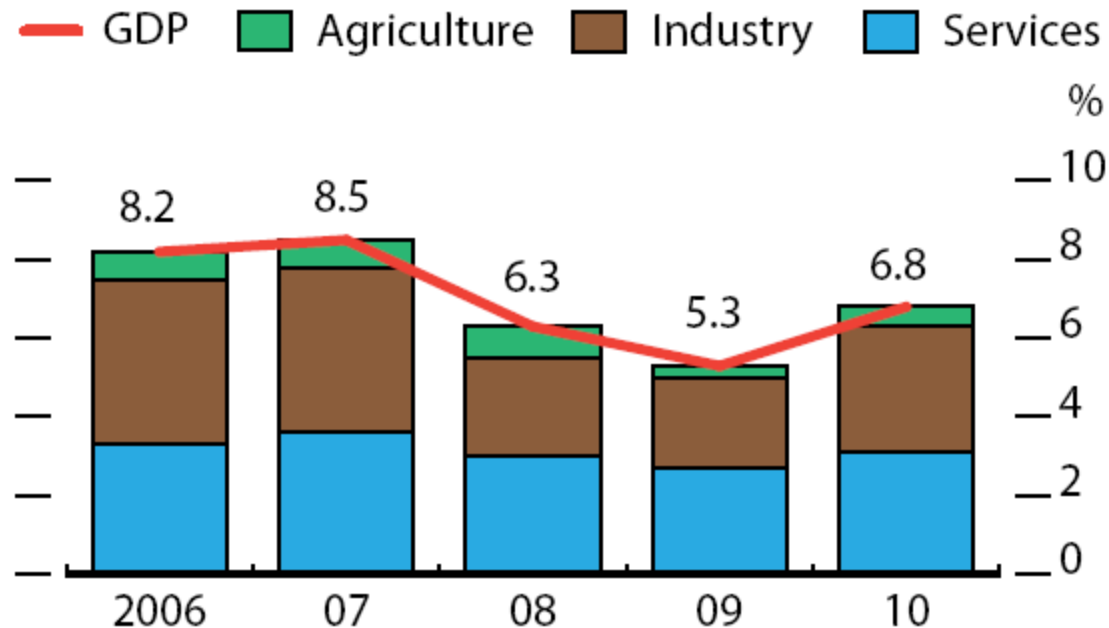
## SNAPSHOT

- 90 million people; 50 million in the work force (over 15)
- After 20 years of growth, a “lower-middle-income” country
- Toward a socialist market economy – “Doi Moi”
- Looks like China of 15 years ago
- Labor costs
- Rapid development

## SNAPSHOT (cont'd)

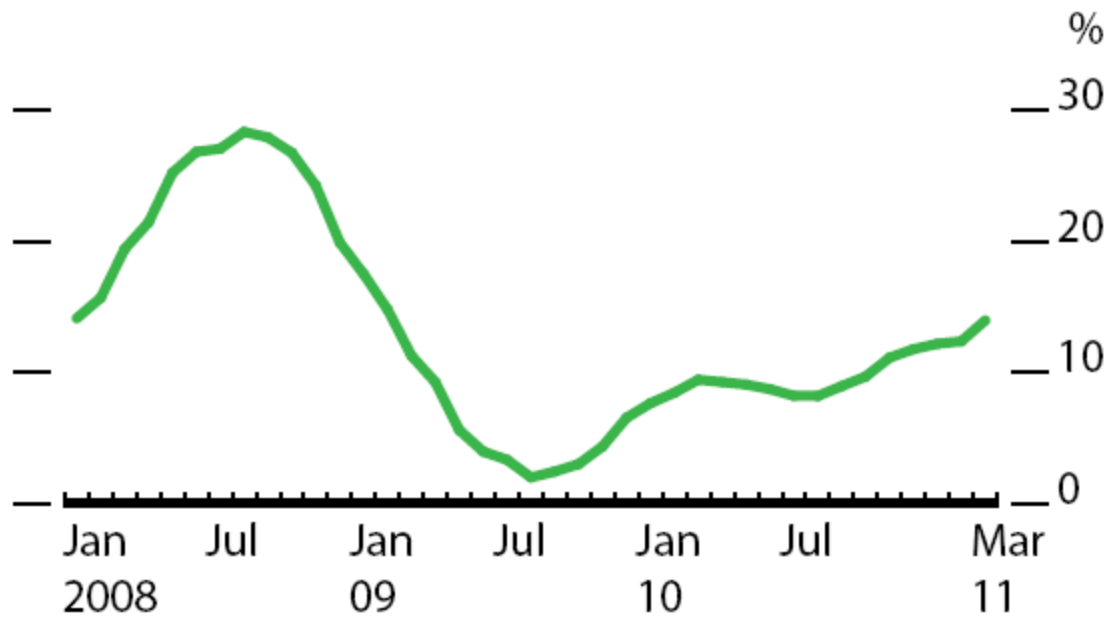
- But like today's China in some ways
- Consumer market; luxury goods
- The “colonial” model
- Agrarian economy
- 21% of GDP
- 65% of workforce
- Raw material exports

# Contributions to growth (supply)



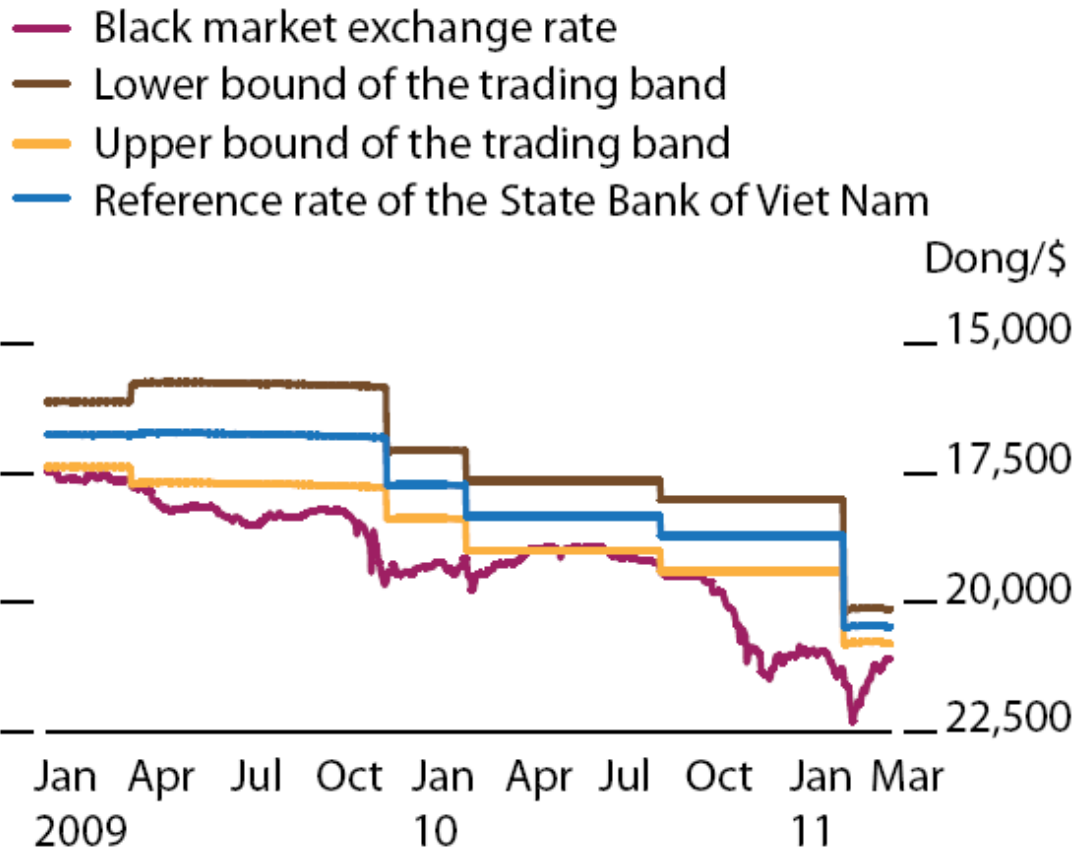
Source: General Statistics Office of Viet Nam. <http://www.gso.gov.vn> (accessed 14 March 2011).

# Inflation



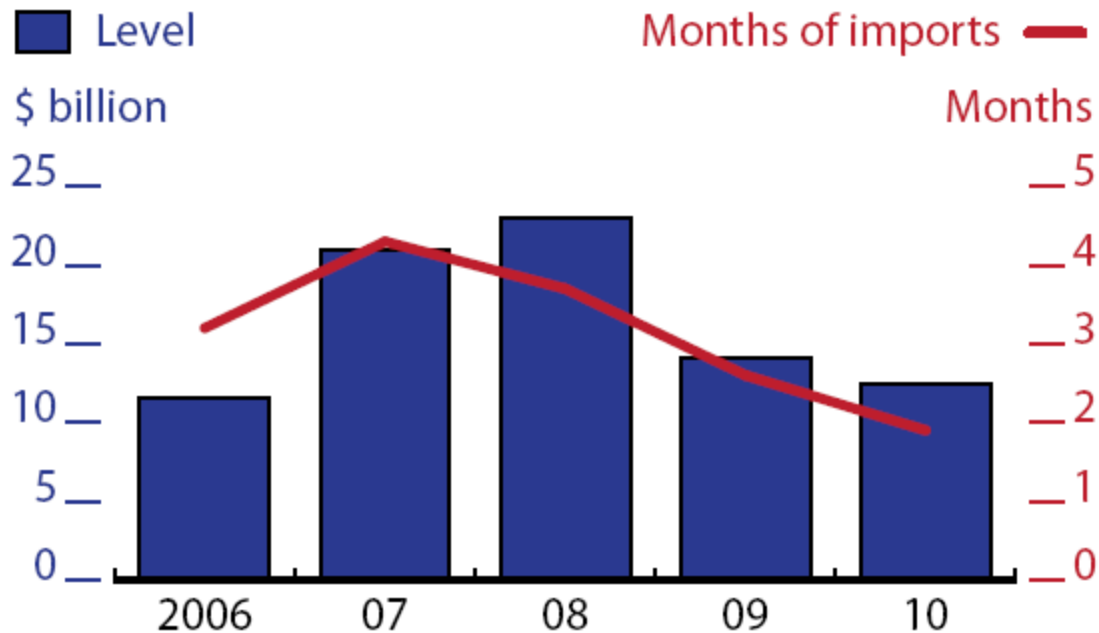
Sources: General Statistics Office of Viet Nam; ADB estimates.

# Exchange rates



Sources: State Bank of Viet Nam; ADB observations.

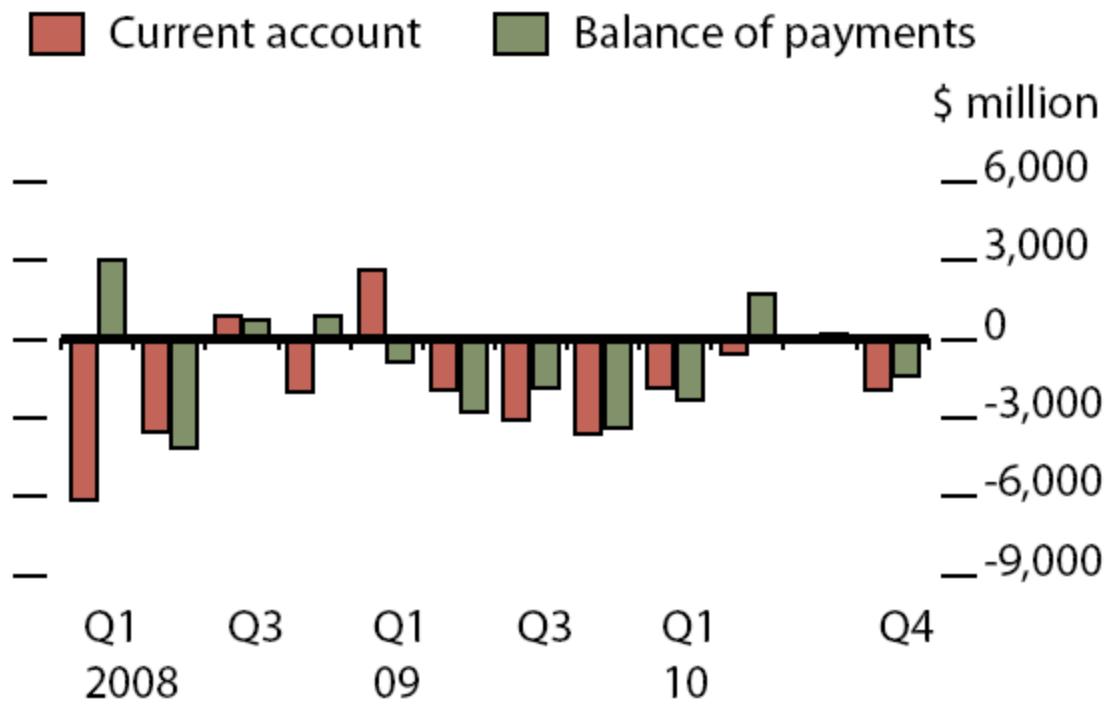
# Gross official reserves



*Note:* Data exclude government foreign exchange deposits at the State Bank of Viet Nam and the foreign exchange counterpart of swap operations.

*Sources:* State Bank of Viet Nam; ADB estimates.

# Balance-of-payments indicators



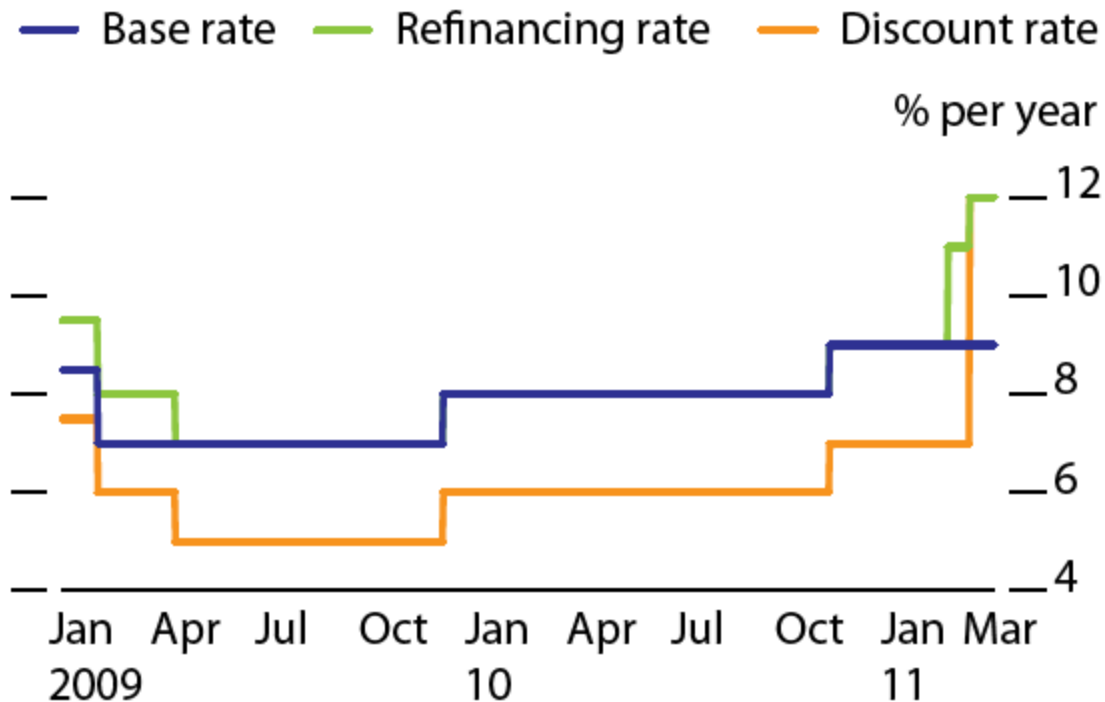
Source: State Bank of Viet Nam.

## Selected economic indicators (%)

	2011	2012
GDP growth	6.1	6.7
Inflation	13.3	6.8
Current account balance (share of GDP)	-3.8	-3.6

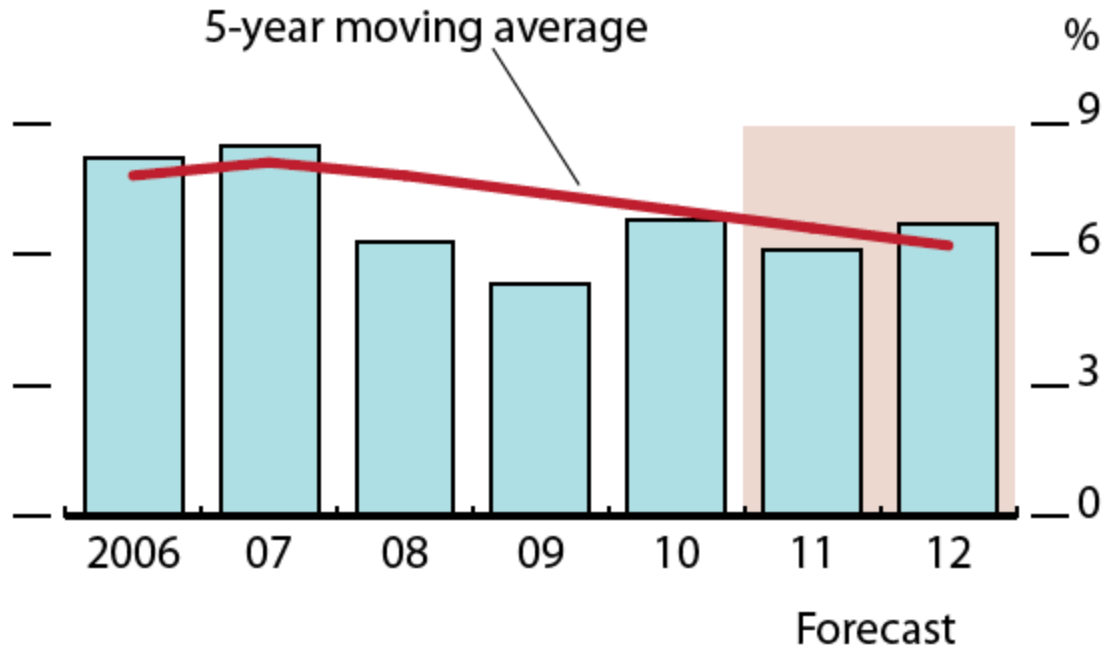
*Source: ADB estimates.*

# Interest rates



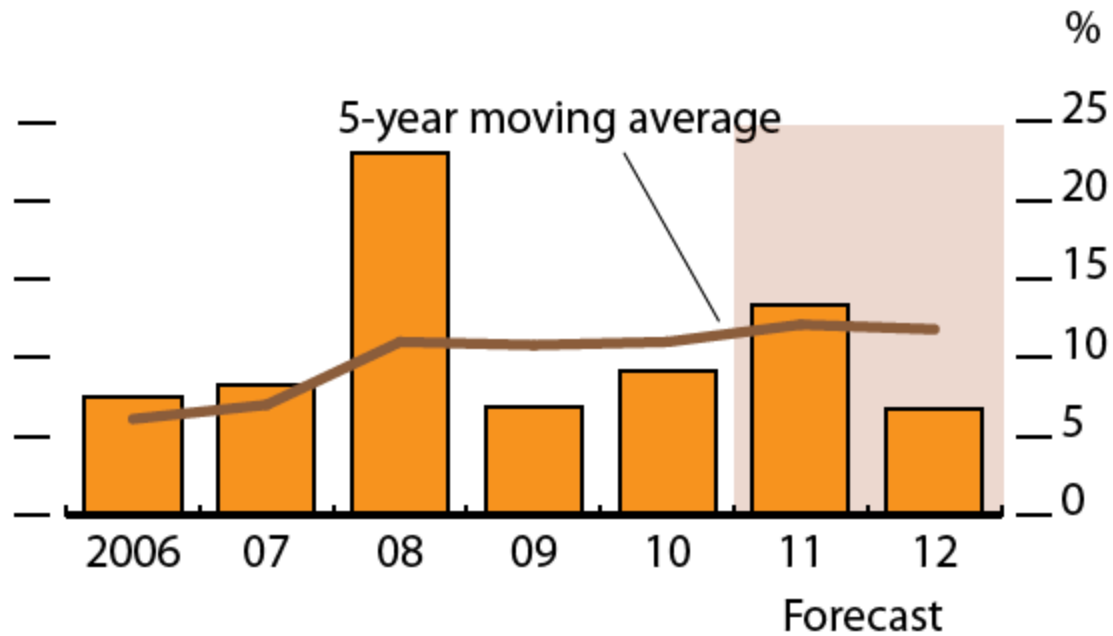
Source: State Bank of Viet Nam.

# GDP growth



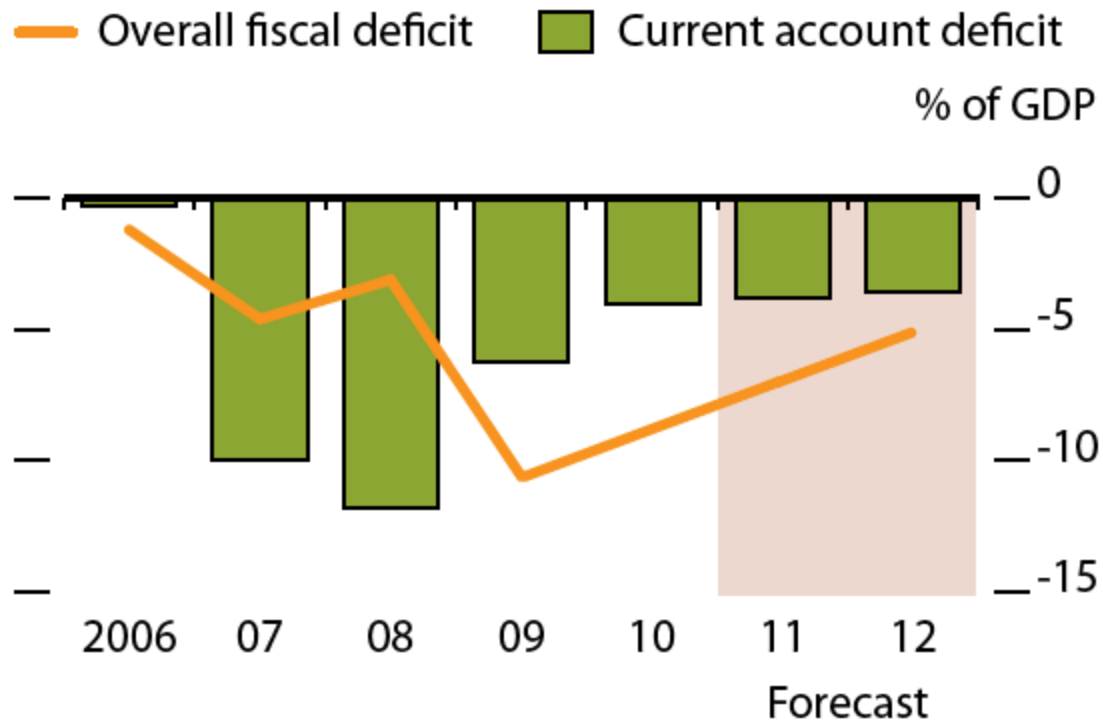
Source: Asian Development Outlook database.

# Inflation



Sources: General Statistics Office of Viet Nam; Asian Development Outlook database.

# Current account and fiscal balance



Source: Asian Development Outlook database.

# WORLD ECONOMIC ORGANIZATIONS

- World Bank
- International Monetary Fund
- ASEAN
- AFTA
- APEC
- WTO

## OPPORTUNITIES

- Power generation, transmission and distribution
- Telecommunications equipment and services
- Oil and gas machinery and services
- Information technology hardware and software
- Airport and ground support equipment, air traffic management systems
- Environmental and pollution control equipment and services

## OPPORTUNITIES (cont'd)

- Education and training
- Safety and security
- Franchising
- Medical equipment
- Architecture, construction and engineering services
- Plastics equipment and machinery

(Source: U.S. Commercial Service's export.gov)

## TRADING PARTNERS

- China
- Japan
- EU and US about even in third place

## LEGAL ENVIRONMENT

- The New Law on Enterprises
- Law on Investments
- Law on Environmental Protection

## BUMPS IN THE ROAD

- Rapid growth → hyperinflation → monetary and
- Privatization of state-owned enterprises behind schedule
- South Korea's Posco denied permission to build a steel mill along the coast
- If it's an emerging economy, there must be corruption

# FOREIGN DIRECT INVESTMENT

- Sources
  - Taiwan
  - South Korea
  - Malaysia
  - Japan
  - Singapore
- Industries
  - Heavy industry
  - Urban development
  - Hotels and tourism

## EXPORTS – 75% of GDP

- Crude oil
- Textiles
- Footwear
- Rice
- Coffee
- Seafood
- Black pepper
- Cashews
- Natural rubber

## DUANE MORRIS IN VIETNAM

- 25 offices
- 4 are outside the US
- 2 of those 4 are in Vietnam (Hanoi and HCMC)
- Since 2007
- Lead partners each have more than 10 years in Vietnam