

# UK-VIETNAM FREE TRADE AGREEMENT OUTLOOK

December 2021

Prepared by Business Centre  
British Chamber of Commerce Vietnam



**British  
Chambers of  
Commerce**

International Affiliate

**BritCham HCMC Office**

25 Le Duan, Ben Nghe Ward,  
District 1, Ho Chi Minh City  
T: +84 28 3829 8430 (Ext. 122)  
E: [enquiries@britchamvn.com](mailto:enquiries@britchamvn.com)

**BritCham Hanoi Office**

4th Flr, Belvedere Building, 28A  
Tran Hung Dao, Hoan Kiem, Hanoi  
T: +84 24 3633 0244  
E: [enquiries@britchamvn.com](mailto:enquiries@britchamvn.com)

# CONTENTS

1

## ABOUT US

2

## VIETNAM AT A GLANCE

GDP

Trade Volume

FDI

Vietnam's Free Trade Agreements

3

## VIETNAM-UNITED KINGDOM TRADE TIES

4

## UKVFTA OPPORTUNITIES

UK exporters to Vietnam

UK importers from Vietnam

Non-tariff summary

5

## REFERENCES

This report was produced by BritCham Vietnam with references from sources believed to be accurate and reliable at the time of publishing. Individuals, companies and organizations are required to acknowledge BritCham Vietnam when using this work for any papers or publishing purposes. We are not responsible for any loss or damage resulting from opinion, errors, inaccuracies or omissions affecting any part of the content.

# OUR TEAM



## What we do ?

The British Chamber of Commerce (BritCham) was officially established in Ho Chi Minh in 1998 with its Ha Noi office founded in 2007. BritCham Vietnam aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, Britcham in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



**BUSINESS MATCHING:**

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



**BUSINESS DEVELOPMENT REPRESENTATIVE:**

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



**INWARD INVESTMENT FACILITATION:**

Business Registration, Site Selection, Factory/Office Set-up & Operations Support, HR & Financial Management



**BUSINESS SERVICES EVENTS:**

Organise trade missions, product launches and seminars/workshops



**MARKET STUDIES:**

Sector reports, competitor analysis and local prospect background research



**EXPORT OPPORTUNITIES:**

Explore your export opportunities to Vietnam through DIT's portal [opportunities.export.great.gov.uk](https://opportunities.export.great.gov.uk)



**WEBINARS:**

Online dialogues with experts within industries to forecast new trends in doing business in Vietnam



**BACK-OFFICE SUPPORTS:**

Due Diligence, Marketing Materials & Company Documents Translation

## CONTACT US



# OUR ADVOCACY WORKS

## BCAC

### Members

The BRITISH CORPORATE ADVOCACY COUNCIL, comprising of the Heads of some of the largest British companies operating in Vietnam, continue to provide support to BritCham Vietnam in its engagement of key business issues and was instrumental in the support to gain the full VBF membership.

DIAGEO



BRITISH EDUCATION BUSINESS GROUP – BEBG is a proposed working group of BritCham Vietnam and its British Corporate Advocacy Council, to work alongside the British Embassy, Department for International Trade and British Council.

# VIETNAM AT A GLANCE



**Population:** **97,3 million people** in 2021.

**37.3%** of the population live in **urban areas**

**Annual urbanization rate:** 2.87%



**Household consumption expenditure per capita:** **\$1,41 thousand**

**Increase 54%** compare to **2011**

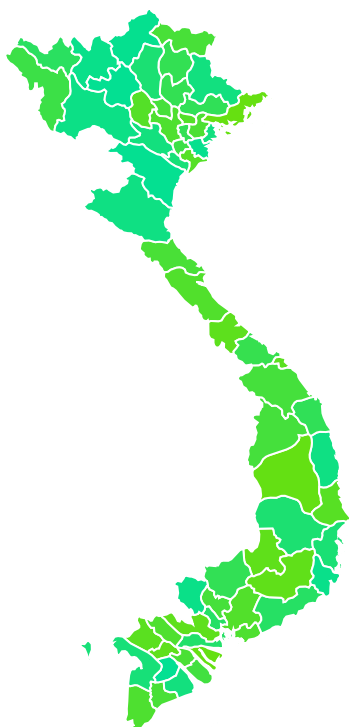


**GDP:** **\$271.1 billion** (2020)

**GDP per capita:** **\$2.78 thousand**



**GDP growth rate** is **2.29%** in **2020**, become **1 of 3 countries** in the Asia region that has positive GDP growth rate during the COVID-19 pandemic



Since the '**Doi Moi**' economic reform in 1986, Vietnam has adopted a market-based regime. During this period, the **GDP of Vietnam** has increased from **\$26.337 billion** in **1986** to **\$271.158 billion** in **2020**, a tremendous increase of over 10 times.

# VIETNAM AT A GLANCE

## Foreign Direct Investment

According to World Investment Report 2021 by UNCTAD, Vietnam ranked 19th in the top 20 FDI host economies in 2020 for the first time, up 5 places compared to 2019.

### FDI from 1/1 to 20/11/2021

#### Total registered capital



**\$26.46 billion**



**0.1%**

**1,577**

newly licensed projects: **\$14.06 billion**



**3.7%**

#### Total implemented capital



**\$17.10 billion**



**4.2%**



#### Manufacturing

**\$12.44 billion**

**72.8%**



#### Real estate

**\$2.27 billion**

**13.3%**



#### Electricity production

**\$1.31 billion**

**7.7%**



#### Other

**\$1.08 billion**

**6.2%**

### Top countries investing in Vietnam (2021)



**6.2 billion USD,**  
accounting for **32.5%** of  
total investment capital



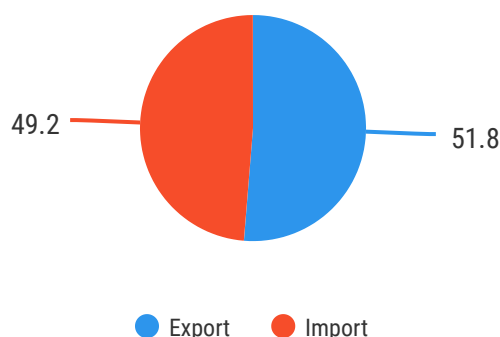
**3.2 billion USD,**  
accounting for, **16.8%** of  
total investment capital



**USD 2.4 billion USD,**  
accounting for **12.7%** of  
total investment capital

# VIETNAM AT A GLANCE

## Vietnam trade volume



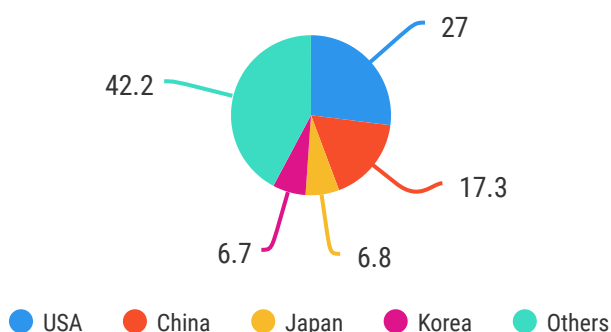
In 2020 export value made up **51,8%** of the total trade volume of the country with more than **\$281 billion**, whereas import value accounted for **49.2%** and value more than **\$261 billion**.

Trade surplus of Vietnam is **\$20 billion** in 2020.

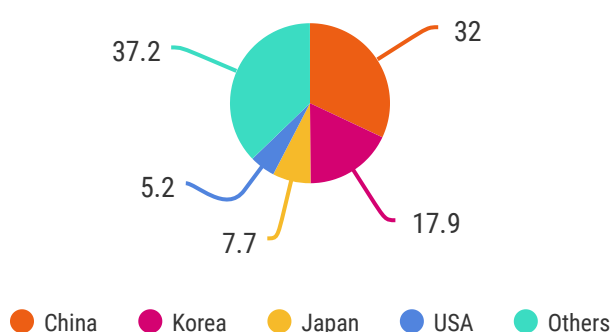
By applying effective Covid-19 pandemic measurements in the year 2020, Vietnam has witnessed impressive growth rates in both export and import sectors compared to the decrease of the World's in the same period

	2019	2020
Vietnam export growth rate	8.5	6.3
World export growth rate	1	-8.9
Vietnam import growth rate	6.9	3.1
World import growth rate	1.7	-9.6

## Vietnam top export destinations in 2020 (in %)



## Vietnam top import destinations in 2020 (in %)



	Export structure for the country (in %)	Export value for the country (in \$ billion)
Electrical machinery and equipment	39	110
Nuclear reactors and appliances	6.7	18.8
Footwear products	6.1	17.2

	Import structure for the country (in %)	Import value for the country (in \$ billion)
Electrical machinery and equipment	36	95
Nuclear reactors and appliances	8.2	21
Plastic and articles thereof	6.1	15.9

## Vietnam's top 3 **export** commodity groups in 2020

## Vietnam's top 3 **import** commodity groups in 2020

# VIETNAM AT A GLANCE

## Vietnam's Free Trade Agreements

One of the crucial elements that contributes to the tremendous growth of the Vietnamese economy is the country's active integration to the global economy, marked by various bilateral and multilateral Free Trade Agreements (FTAs) signed and in force since 1993.



### AFTA

Effective since 1993



### ACFTA

Effective since 2005



### AKFTA

Effective since 2007



### AIFTA

Effective since 2010



### VJEPA

Effective since 2009



### AJCEP

Effective since 2008



### AANZFTA

Effective since 2010



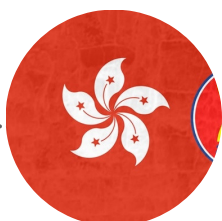
### VCFTA

Effective since 2014



### VKFTA

Effective since 2015



### AHKFTA

Effective since 2019



### CPTPP

Effective since 2018



### VN - EAEU FTA

Effective since 2016



# VIETNAM AT A GLANCE

## Vietnam's Free Trade Agreements



### EVFTA

Effective since 1/08/2020



### UKVFTA

Effective since 1/05/2021



### RCEP

Signed 15/11/2020



### Vietnam - Israel FTA

Start negotiated in 12/2015



### Vietnam - EFTA FTA

Start negotiated in 5/2012





# Vietnam – UK trade ties

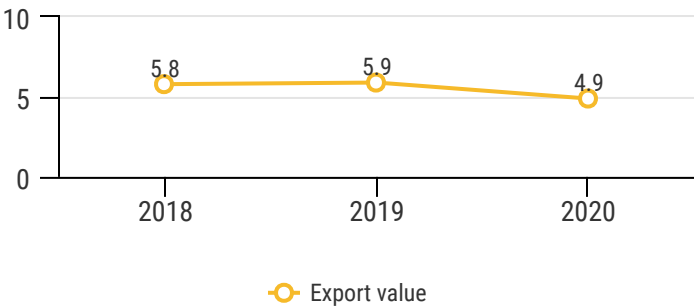


\$5.6 billion

IN **TRADE VOLUME** IN 2020

Vietnam exported to the UK reached **\$4.9 billion**, while imported **\$0.69 billion** from the UK in the year 2020.

Vietnam export value to the UK (in \$ billion)



Before the pandemic, Vietnam has a steady growth in the export value to the UK, with an **increase** of **1,04%** in export value in 2019, but witnessed a **decrease** of **16,8%** in 2020 due to the **impact** of the **COVID-19** pandemic.

	Export value (in \$ billion)
Telecoms & sound equipment (capital)	1.79
Clothing	0.54
Footwear	0.47
Furniture (consumer)	0.36
Office machinery (capital)	0.32

UK's top 5 **import goods** from VN in the four quarters to the end of Q2 2021



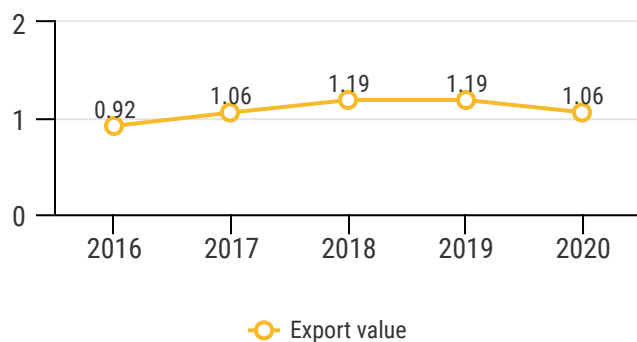
\$5.3 million  
FDI funds

In 2020, Vietnam FDI outward to the UK estimated as \$5.3 million, an increase of \$5.3 million compared to the 2019 figure



# Vietnam - UK trade ties

UK export value to Vietnam (in \$ billion)



With a young population and a dynamic and vibrant economy, Vietnam is rising to become an attractive destination for foreign investors.

UK has witnessed an growing trend in export value to Vietnam during the 2016-2018 period, but slowed down in 2020 due to COVID-19 pandemic impacts.

## \$1.98 billion

IN new UK **FDI funds** to VN in 2019

An increase of **194.1%** from the figure of 2018



Education Cultures  
Finance Others  
Medicine

Examples of sectors invested  
by UK firms

## 400

### Investment projects

by the UK in 2020, accounted up to **\$3.7 billion** in registered capital

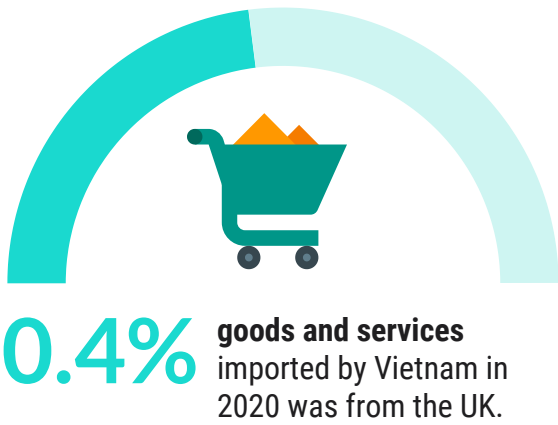
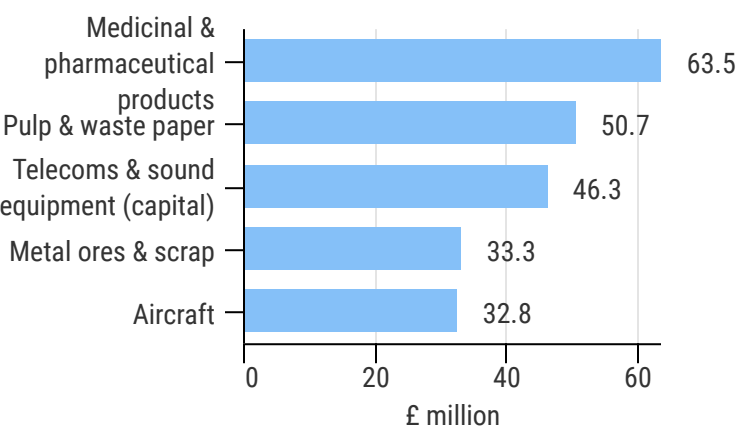
# UKVFTA OPPORTUNITIES



The UK-Vietnam Free Trade Agreement (UKVFTA), **officially effective** on the **first of May 2021**, is the reinforcement to the significant increase in two-way trade volume, with the value of UK's import from Vietnam growing **15.75%** and value of UK's export to Vietnam **62.57%** in July 2021 compared to July 2020.

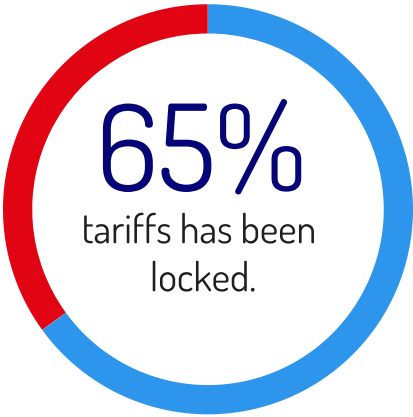
## UK exports to Vietnam

Top 5 products exported from the UK to Vietnam, , in the four quarters to the end of Q2 2021



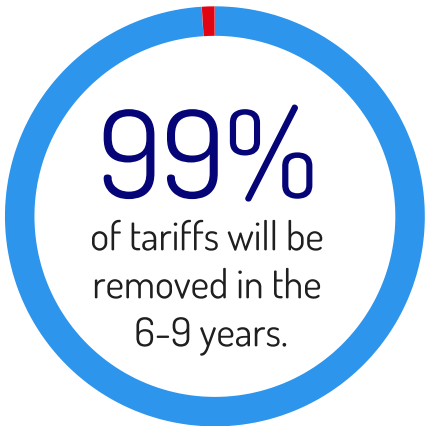
3,100

**UK registered businesses** exported goods to Vietnam in 2020,  
worth around £537 million of exports.



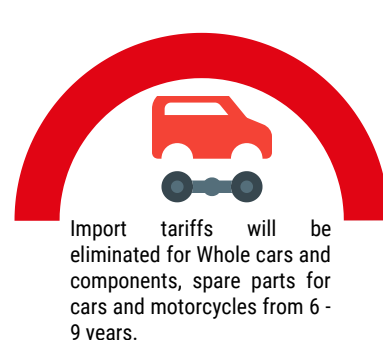
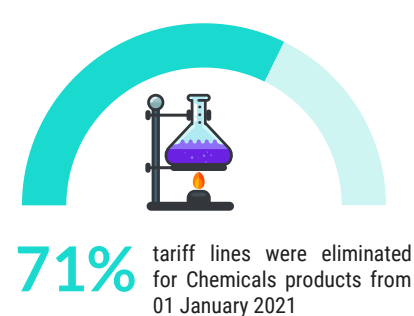
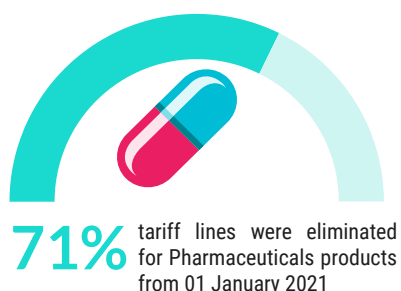
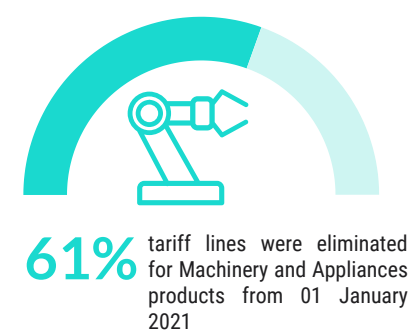
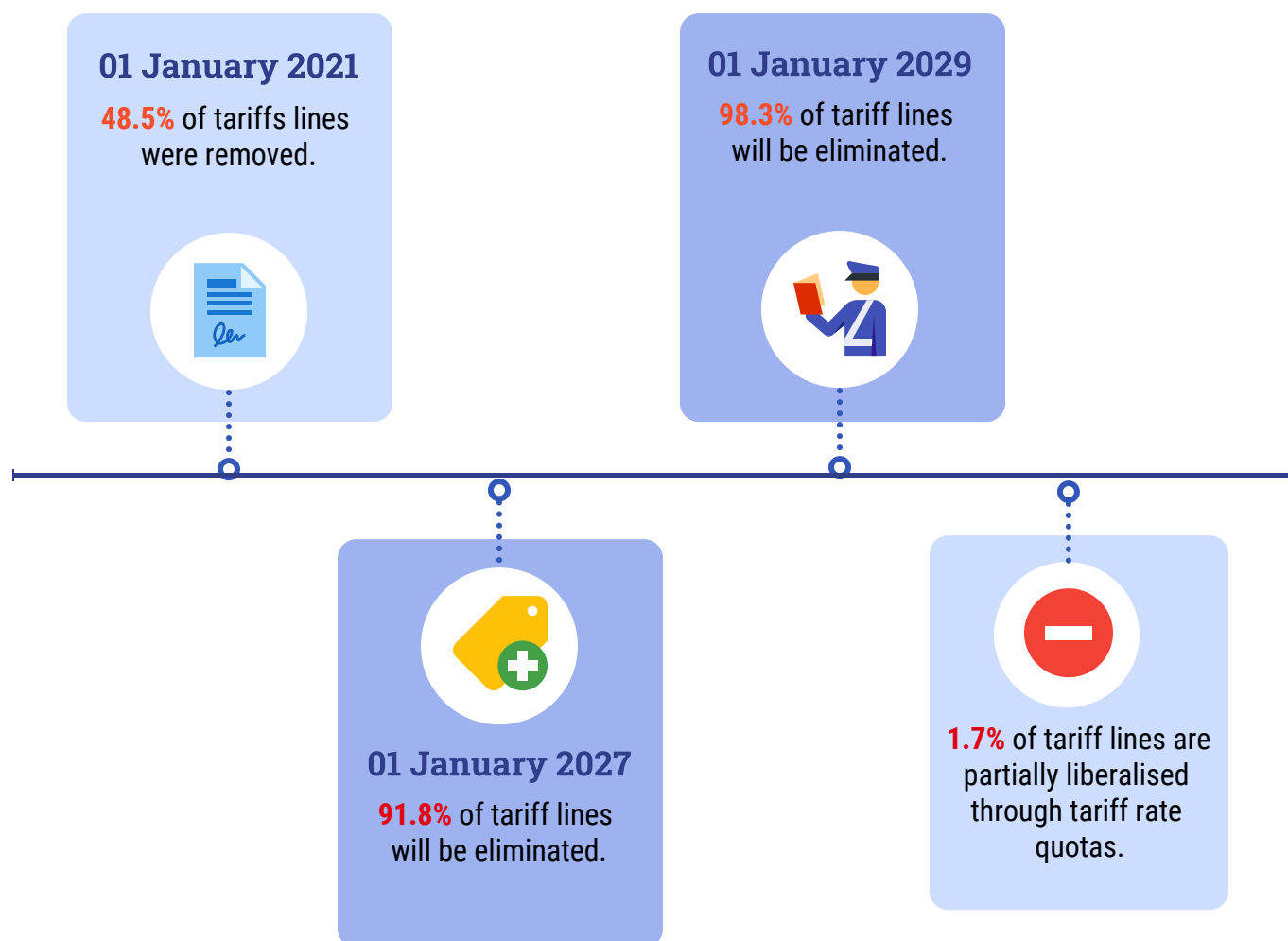
3,200

**UK registered businesses** exported goods from Vietnam in 2020,  
worth around £3.9 billion of imports.



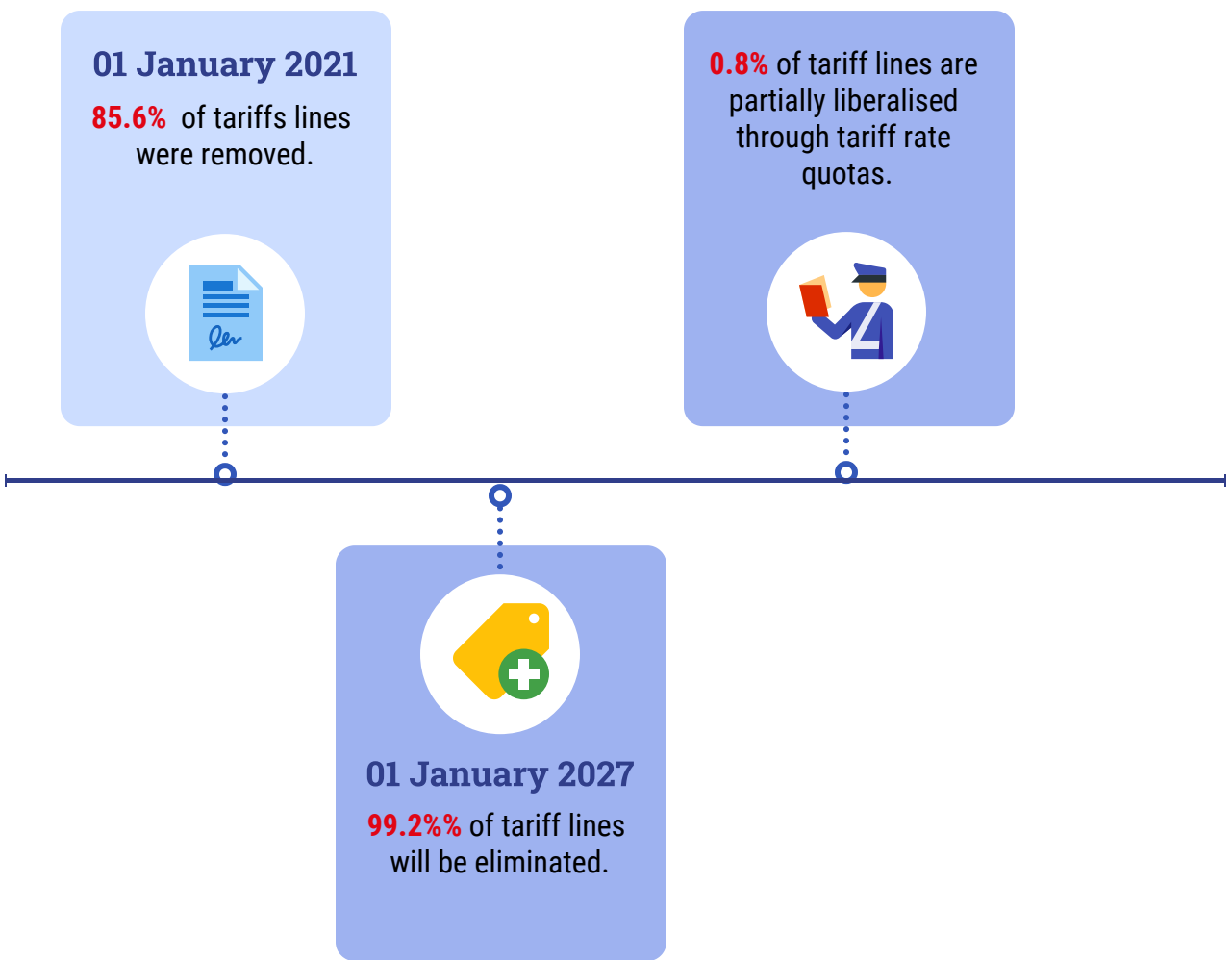
# UKVFTA OPPORTUNITIES

## For UK exporters to Vietnam



# UKVETA OPPORTUNITIES

## For UK importers



**50%** tariff lines were eliminated for Seafood from 01 January 2021



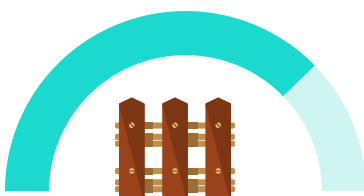
**100%** tariff lines were eliminated for some agricultural products such as honey, coffee fruit juices from 01 January 2021



**42.5%** tariff lines were eliminated for Textile from 01 January 2021



**37%** tariff lines were eliminated for Footwear from 01 January 2021



**83%** of tariffs for Wood and wood products were eliminated on 01 January 2021.



**74%** of tariffs for Computers, electronic products and components were eliminated on 01 January 2021.



**100%** of tariffs for industrial products such as Plastic products, bags, wallets, suitcases, hats, umbrellas, and; phones and accessories were eliminated on 01 January 2021.

# UKVETA OPPORTUNITIES

## Non-Tariff Summary



Vietnam will **reduce customs procedures** for UK firms when entering the Vietnam market and **avoid** creating **unnecessary custom burdens**.



Vietnam promises to offer UK firms **better standards of treatment** when doing business, including **market openness** and **business acquisition** in different sectors such as manufacturing, business services, financial service, and health, and social service.



Vietnam will also **enhance Intellectual Property rights** to offer more protection for UK companies while doing business in the country such as:  
Joining **WCT** and **WPPT** before 1 August 2023  
Increase **protection** for **industrial design products**, **drug patterns**, **geographical indications**.



Allow UK firms to **participate** in the **government procurement market**, allow access to procurement at the **central level** and in **big cities** like Ha Noi and Ho Chi Minh city.



# REFERENCES

CEIC Data 2021, Vietnam GDP per Capita, CEIC Data, viewed 16 December 2021, <<https://www.ceicdata.com/en/indicator/vietnam/gdp-per-capita>>.

Department for International Trade 2021, Trade and Investment Fact sheets, viewed 16 December 2021, <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1036963/vietnam-trade-and-investment-factsheet-2021-12-01.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1036963/vietnam-trade-and-investment-factsheet-2021-12-01.pdf)>.

Department for International Trade n.d, UK-Vietnam Free Trade Agreement Opportunities for UK Businesses, viewed 16 December 2021, <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1004631/UK-Vietnam-free-trade-agreement-booklet-for-UK-businesses.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004631/UK-Vietnam-free-trade-agreement-booklet-for-UK-businesses.pdf)>.

General Statistics Office n.d, VIET NAM ECONOMY IN 2020 THE GROWTH OF A YEAR WITH FULL OF BRAVERY, viewed 16 December 2021, <<https://www.gso.gov.vn/en/data-and-statistics/2021/01/viet-nam-economy-in-2020-the-growth-of-a-year-with-full-of-bravery/>>.

General Statistics Office n.d, INFOGRAPHIC SOCIAL-ECONOMIC SITUATION 11/2021, viewed 16 December 2021, <<https://www.gso.gov.vn/en/data-and-statistics/2021/11/infographic-social-economic-situation-11-2021/>>.

Macro Trends 2021, Vietnam Population Growth Rate 1950-2021, Macro Trends, viewed 16 December 2021, <<https://www.macrotrends.net/countries/VNM/vietnam/population-growth-rate>>.

Ministry of Planning and Investment of the Socialist Republic of Vietnam 2021, *Report on foreign direct investment in the first 8 months of 2021*, viewed 16 December 2021, <<https://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=51272&idcm=122>>.

Minh, D 2021, 'Vietnam-UK trade turnover soars after post-Brexit free trade deal', VnExpress, 28 February, viewed 16 December 2021, <<https://e.vnexpress.net/news/business/economy/vietnam-uk-trade-turnover-soars-after-post-brexit-free-trade-deal-4241118.html>>.

Ngoc, N 2021, Household consumption per capita in Vietnam 2011-2020, Statista, viewed 16 December 2021, <<https://www.statista.com/statistics/233163/consumer-spending-in-vietnam-per-capita/>>.

Savic, B 2021, 'Vietnam, a Prime Commercial Hub for UK Companies Operating in Asia-Pacific', Vietnam Briefing, 8 April, viewed 16 December 2021, <<https://www.vietnam-briefing.com/news/vietnam-prime-commercial-hub-for-uk-companies-operating-in-asia-pacific.html>>.

The Observatory of Economic Complexity 2021, Vietnam (VNM) Exports, Imports and Trade Partners, The Observatory of Economic Complexity, viewed 16 December 2021, <<https://oec.world/en/profile/country/vnm?compareExports0=comparisonOption1&depthSelector1=HS4Depth&yearSelector1=exportGrowthYear25&tradeScaleSelector1=tradeScale2>>.



# REFERENCES

The World Bank 2021, GDP (current US\$) - Vietnam, The World Bank, viewed 16 December 2021, <<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=VN>>.

The World Bank 2021, Exports of goods and services (annual % growth), The World Bank, viewed 16 December 2021, <<https://data.worldbank.org/indicator/NE.EXP.GNFS.KD.ZG>>.

The World Bank 2021, GDP growth (annual %) - Vietnam, The World Bank, viewed 16 December 2021, <<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=VN>>.

The World Bank 2021, Imports of goods and services (annual % growth), The World Bank, viewed 16 December 2021, <<https://data.worldbank.org/indicator/NE.IMP.GNFS.KD.ZG>>.

The World Bank 2021, Urban population (% of total population) - Vietnam, The World Bank, viewed 16 December 2021, <<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=VN>>.

Trend Economy 2021, Vietnam | Imports and Exports | World | ALL COMMODITIES | Value (US\$) and Value Growth, YoY (%) | 2009 - 2020, Trend Economy, viewed 16 December 2021, <<https://trendeconomy.com/data/h2/Vietnam/TOTAL>>.

Van, T 2021, 'Vietnam among top 20 FDI destinations in the world', *Vietnam Investment Review*, 15 July, viewed 16 December 2021, <<https://vir.com.vn/vietnam-among-top-20-fdi-destinations-in-the-world-85686.html>>.

WTO Center 2021, *Tổng hợp các FTA của Việt Nam tính đến tháng 05/2021*, WTO Center, viewed 16 December 2021, <<https://trungtamwto.vn/thong-ke/12065-tong-hop-cac-fta-cua-viet-nam-tinh-den-thang-112018>>.