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News Insight & Recap

March 2026

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March indicators suggest that Vietnam's economy entered 2026 with volatile momentum as early imbalances are beginning to emerge. GDP expanded 7.83% year-on-year in the first quarter, supported by broad-based growth across industry and services, while inflation remained contained. FDI disbursement reached a five-year high for a first quarter, reinforcing continued investor commitment. However, external-facing indicators point to a more complex picture. Imports grew significantly faster than exports, resulting in a shift to trade deficit, while manufacturing conditions moderated as rising cost pressures began to feed through into output and demand.

The external environment is becoming more difficult in a way that is both immediate and persistent. Escalating geopolitical tensions are no longer only affecting demand conditions but are feeding directly into cost structures through energy prices and logistics disruptions. This is tightening margins across the production chain and reducing visibility on export orders, particularly in sectors dependent on stable shipping conditions and predictable input costs. As a result, the impact is not confined to trade volumes but is increasingly reflected in production decisions and business sentiment.

Policy responses have begun to focus on near-term stabilisation, most notably through temporary fuel tax reductions aimed at containing cost pass-through and supporting production activity. At the same time, Vietnam continues enhancing its broader economic agenda, including upgrading its industrial base, attracting higher-quality and technology-intensive FDI, and developing financial and digital infrastructure to support the next phase of growth. These priorities remain closely aligned with the Government's ambition of achieving double-digit expansion over the full year. In parallel, recent forecasts from major international organisations place Vietnam's growth in the mid-6% to low-7% range, reflecting a more cautious assessment of external demand and global conditions. Sustaining growth will depend on the effective policy implementation and monitoring of the newly elected Government leaders, alongside continued progress in economic upgrading, with macroeconomic stability remaining central as Vietnam navigates an increasingly complex external environment.

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1. VIETNAM'S ECONOMY EXPANDS 7.83% IN Q1 2026

Vietnam's GDP expanded 7.83% year-on-year in Q1 2026, accelerating from 7.07% in Q1 2025, though still below the parliament-approved target of at least 10% for the full year. Industry and construction led sectoral growth at 8.92%, followed by services at 8.18%, driven by strong Lunar New Year consumer spending and a surge in international arrivals, while agriculture grew a steady 3.58%. Consumer prices rose 3.51% over the same period last year. The National Statistics Office (NSO) described the performance as “positive” amid escalating global uncertainties, highlighting macroeconomic stability and controlled inflation. However, the organisation cautioned that Vietnam's high trade openness leaves it exposed to external shocks and called for flexible fuel price management, timely updates to growth and inflation scenarios, and targeted support for sectors most affected by rising logistics costs to keep the economy on track toward its full-year growth target.

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Source: NSO, The Investor

2. GLOBAL HEADWINDS THREATEN VIETNAM'S 2026 GROWTH MOMENTUM

Global organisations have recently updated their forecasts for Vietnam's 2026 outlook, with projections remaining uneven. The Asian Development Bank (ADB) and AMRO project growth at 7.2% and 7.4%, respectively, while the World Bank adopts a more cautious stance at 6.3%, reflecting a weaker external demand outlook. Across these assessments, all organisations highlight rising external risks, particularly rising trade uncertainty, geopolitical tensions, and energy price volatility, which could weigh on Vietnam's economic outlook.

Organisation	2026 GDP Growth Forecast
World Bank (04/2026)	6.3%
Asian Development Bank (04/2026)	7.2%
AMRO (04/2026)	7.4%

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Source: Vietnam Economic Times, Vietnam Investment Review, VietnamNews

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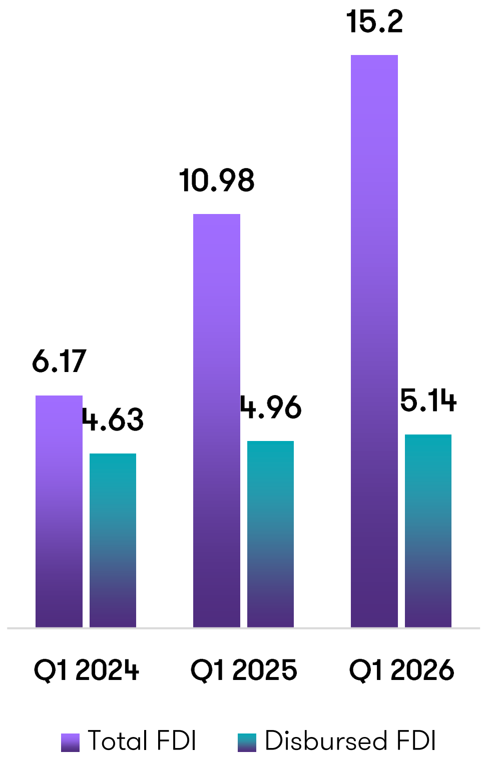
3. VIETNAM'S Q1 FDI DISBURSEMENT HITS FIVE-YEAR HIGH IN 2026

According to the Foreign Investment Agency (FIA), in Q1 2026, Vietnam recorded USD15.2 billion in total registered FDI, up 42.9% YoY, rebounding strongly after a 40.6% drop in January and a 12.6% decline in February. The recovery was driven by two mega projects in March: a high-tech project in Thai Nguyen province worth over USD4 billion and the Quynh Lap LNG power plant project in Nghe An province worth USD2.2 billion, invested by PV Power and South Korea's SK Innovation. Disbursed FDI reached USD5.41 billion, up 9.1% from USD4.96 billion in Q1 2025, marking the highest Q1 disbursement level in five years.

FDI into Vietnam in Q1 2024-2026 (USD billion)



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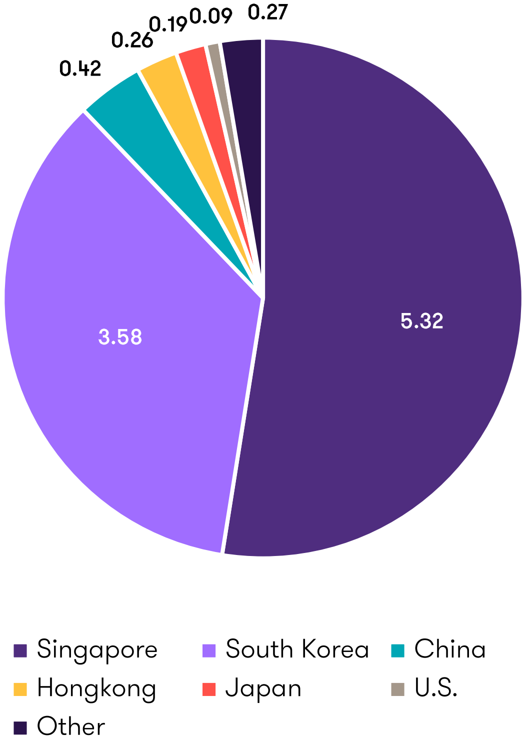
Source: VietnamNews, The Investor

3. VIETNAM'S Q1 FDI DISBURSEMENT HITS FIVE-YEAR HIGH IN 2026 (CONT.)

The manufacturing and processing sector remained the largest recipient of newly registered FDI in Q1 2026, attracting USD7.07 billion (69% of total new capital), followed by electricity, gas and water distribution with USD2.28 billion (22.3%). Among 52 economies with newly licensed projects, Singapore was the largest source of investment with USD5.32 billion, followed by South Korea with USD3.68 billion, continuing to highlight the dominance of regional investors in Vietnam's FDI inflows.

Top Investor Countries in Q1 2026 by newly registered capital (USD million)



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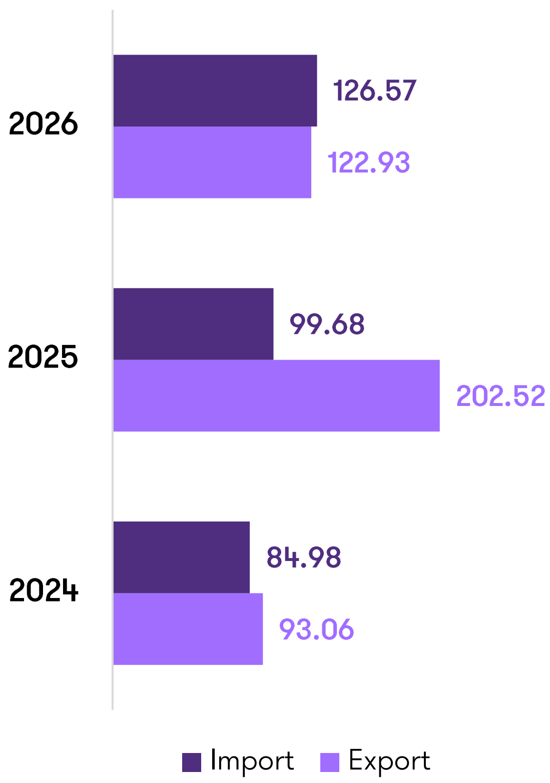
Source: VietnamNews, The Investor

4. VIETNAM RECORDS TRADE DEFICIT IN THE FIRST THREE MONTHS OF 2026

In Q1 2026, Vietnam's total goods trade turnover reached USD249.50 billion, up 23.0% YoY, with exports growing 19.1% to USD122.93 billion and imports rising faster at 27.0% to USD126.57 billion, resulting in a trade deficit of USD3.64 billion. The U.S. remained Vietnam's largest export market, while China was the top source of imports. According to experts, export performance is facing increasing pressure from global tensions that are disrupting shipping routes and raising input costs. Sectors with low margins and high time sensitivity such as seafood, agriculture, and textiles are the most affected.

Vietnam's total trade turnover in Q1 2024-2026 (USD billion)



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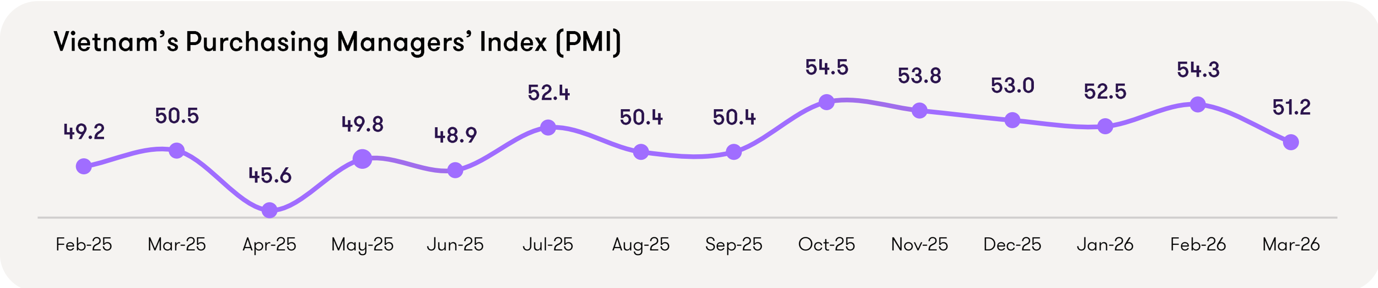
Source: NSO, VietnamNews, Vietnam Economic Times

5. MANUFACTURING PMI DROPS TO SIX-MONTH LOW IN MARCH

Vietnam's Manufacturing PMI fell to 51.2 in March, down from 54.3 in February, marking the weakest improvement in business conditions since September 2025 despite extending the expansion streak to nine consecutive months. The decline was largely driven by the Middle East conflict, which sharply increased oil prices and freight costs, pushing input cost inflation to its fastest pace since April 2022. Rising costs weighed on demand, slowing new orders and output, reducing export orders, and leading to the first contraction in input purchasing in eight months. Supplier delivery times deteriorated to their worst level in years, while business confidence weakened.



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Source: [S&P Global]

6. ZERO FUEL TAXES APPROVED THROUGH JUNE 30

Recently, Vietnam's National Assembly unanimously passed Resolution No. 19/2026/QH16, which was approved by all 460 deputies present, in cutting multiple fuel-related taxes to zero from April 16 to June 30, 2026. The measure eliminates environmental protection tax on petrol, diesel, kerosene, mazut and aviation fuel, removes VAT obligations on these fuels while retaining input VAT deductions, and reduces the special consumption tax on petrol to 0%. This policy signals the Government's move to shield the economy from severe global energy shocks. Given the volatility of the global market, lawmakers have authorised the Government to adjust the policy's duration or tax provisions in urgent cases, provided any changes were reported to the National Assembly at its nearest session.

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Source: [VietnamPlus]

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7. VIETNAM PROPOSES PERSONAL INCOME TAX OVERHAUL TO DRIVE ECONOMY

The Ministry of Finance (MoF) has released a draft decree guiding the implementation of the Personal Income Tax (PIT) Law, expected to take effect from July 1, 2026, expanding tax-exempt income categories from 16 to 21 with five new additions targeting priority sectors aligned with national development strategies. Most notably, the draft exempts income from scientific research, technological development, and innovation activities from PIT, while high-quality professionals in the digital industry and strategic technology fields would enjoy full tax exemptions for up to 5 years. Beyond the tech sector, the draft also proposes exemptions on overtime and night-shift pay to boost labor productivity, extends agricultural tax exemptions in large-scale farming and aquaculture, and introduces incentives for green finance instruments, alongside a 50% PIT reduction for individual investors in certain investment funds over 5 years.

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Source: VietnamPlus

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8. IFC IN HO CHI MINH CITY SECURES USD8.1 BILLION IN EARLY COMMITMENTS

Just weeks after its launch, the International Financial Centre (IFC) in HCMC has secured USD8.1 billion in pledged investment: USD6.1 billion for a maritime financial centre, USD2 billion for smart urban data infrastructure, and USD1 billion for a blockchain and digital finance fund. The momentum is backed by strong fundamentals: HCMC climbed 11 places to 84th in the Global Financial Centres Index (GFCI 39), ranking 3rd in Southeast Asia behind Singapore and Kuala Lumpur, and was named one of the 15 global centers expected to gain future prominence.

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Source: The Investor

9. HCMC ATTRACTS BILLIONS IN AI DATA CENTRE AND HIGH-TECH INVESTMENT

Ho Chi Minh City is rapidly cementing itself as Vietnam's high-tech investment hub, drawing multiple billion-dollar commitments in data centres and semiconductors in early 2026. In March, Accelerated Infrastructure Capital (AIC) signed an MoU with the city's Department of Science and Technology to develop a USD2.1 billion AI data centre at Tan Phu Trung Industrial Park, implemented through a joint venture between AIC, Kinh Bac City Development Holding Corporation, and international partners, with full capital disbursement targeted by end of Q1 2027. Separately, in February, Abu Dhabi-based technology group G42, in partnership with FPT Corporation and Viet Thai Group, signed a framework agreement to develop sovereign AI capabilities and cloud infrastructure across Vietnam, including a billion-dollar data centre in the city, while Evolution Group is expected to receive an investment licence for a USD500 million facility at SHTP.

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Source: [Vietnam Investment Review]

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10. VIETNAM’S FIRST FREE ECONOMIC ZONE PROPOSED IN HUNG YEN PROVINCE

Hung Yen Province is developing Vietnam's first free economic zone, built on the foundation of the existing Thai Binh Economic Zone and spanning over 43,000 hectares including around 17,000 hectares of reclaimed land. The zone targets high-tech manufacturing, new energy, logistics, seaports, and resort urban areas, with total investment estimated at USD18 billion through 2050 and projections of 1.2 million jobs by that year. Unlike traditional models, the framework prioritises regulatory transparency, business freedom, and talent attraction over tax incentives, and has already drawn early international interest through a USD5 billion MOU signed with UK investor Lotus Vietnam Hospitality in March. Provincial authorities emphasised that no large-scale resettlement is planned, with residents continuing to live and work within the zone.

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Source: [VietnamNews]

Contact

Mrs. Trinh Thi Tuyet Anh

Director
Business Development and International Liaison

T +84 28 3910 9100 – Ext: 9170
E Anh.Trinh@vn.gt.com
LinkedIn: Anh Trinh

Ms. Tran Ha Bao Ngoc

Associate
Business Development

E BaoNgoc.Tran@vn.gt.com