

Global Business Plan Project Report

# **Global Business Plan Project Report**

## **Part 3: Vietnam**

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## **I. Economic Conditions**

### **Gross Domestic Product (GDP) -**

In 2024, Vietnam's GDP expanded by 6.1% according to the International Monetary Fund. This shows strong performance in exports and industrial production. To build on top of this the country has set targets for upcoming years to keep increasing GDP growth in the years coming. Minister Nguyen Chi Dung, has made countless announcements to officially revise their 2025 GDP growth to a high 8% compared to previous years. Experiencing this rapid growth, making Vietnam one of the fastest growing economies in Asia. Vietnam has become a key manufacturing hub in Southeast Asia which helps with foreign investment from big international corporations. With the new tariffs implemented onto China from the United States. Many companies are making statements of potential relocation to Vietnam. Especially with Government incentive of giving tax breaks for companies to develop in the country. Vietnam's high GDP growth is due to foreign investment, strong exports, infrastructure development, and urbanization.

### **Inflation -**

Vietnam is experiencing a recent increase in inflation. Projections for 2025 show that it should stay in a controlled range. With this data the government is taking steps to ensure macroeconomic stability and sustainable growth. The annual inflation rate has increased to 3.63%. The main contributors to this rate comes from food and beverages where the rise in prices by almost 4.42% can be seen. Although the growth rate of prices for housing and construction has decreased a little less than 1% according to the World Bank Group. The Asian Development Bank projects an inflation to potentially hit 4% throughout this year where the International Monetary Fund caps the rate at 3.5% instead. To control inflation the Vietnamese government is implementing policies and strategies such as the Monetary and Fiscal Policy, hoping to maintain stability in exchange rates. Alongside price regulations monitoring and regulations of essential goods preventing sudden increases.

### **Interest Rates & Currency Value -**

The Vietnamese dong has gained stability against the US dollar within the recent year. As of February it sits around 25,000 VND to 1 USD. Market exchange rates have shown minor fluctuations. These movements are influenced by various factors, including trade balances, foreign investment flows, and global currency trends. The State Bank of Vietnam continues to implement a flexible foreign exchange policy, in hopes for stable currency while accommodating external economic shifts. Vietnamese current interest rate policies and currency valuations allows a balance between promoting economic growth while also maintaining financial stability. The central bank's measured adjustments in monetary policy to monitor exchange rates.

## **II. Infrastructure**

### **Transportation -**

Vietnam's transportation has significantly improved in recent decades, driven by economic growth, urbanization, and the increase in foreign investment. Vietnam provides many road networks covering almost 570,000 km from expressways, national highways, and even rural roads. The country has stated of an expressway project connecting Vietnam's two biggest cities, Hanoi and Ho Chi Minh city. Due to challenges such as congestion and outdated systems it becomes a major issue within these cities. Vietnam's main current connection between Hanoi and Ho Chi Minh are railway systems that aren't as advanced consisting of only single-tracks. There has been a push to modernize these railway systems but hasn't made great progress due to funding issues. Within these cities they both hold major international hubs for air transportation consisting of over 20 commercial airports. Since Vietnam is a tropical country, they have a large waterway system with rivers running throughout the whole country. These rivers provide a crucial role in transporting goods which handles the bulk of international trade.

### **Communication -**

The county's communication infrastructure has increased in development throughout the past years, moving into modern systems that support economic growth, digital transformation, and international connectivity. Vietnam's telecommunication is controlled by three main providers, Viettel, Vinaphone, and Mobifone. These companies provide fixed-line, and broadband internet services. With these advancements the country has a decline in landline usage. Vietnam has been pushing towards smart city development within major cities such as Hanoi, Ho Chi Minh and Da Nang. The government promotes these digital public services and are encouraging the move towards cashless payments.

### **Actions -**

Vietnam has become one of the world's top destinations for clothing manufacturing. Making it ideal to start a clothing business. Vietnam is centrally located in Southeast Asia, with easy access to major markets such as China, the United States, Europe, and other surrounding countries. Vietnam location along with previous related topics shows that this country is an excellent place to start a clothing business where entrepreneurs can use Vietnam's established textile and growing economy to build a successful company.

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