Glass half full

Business leaders in Vietnam remain among the most optimistic in Asia Pacific despite the global economic headwinds.

added to its appeal in the last couple of years.

CHALLENGES AHEAD
But will this confidence last? Though the aforementioned advantages are likely to persist, businesses do expect stiffer competition from the region and continued challenges in navigating the regulatory framework of not only cross-border but also domestic operations. If not dealt with properly, these factors might hinder confidence in revenue and profit growth in the longer term.

When asked to identify their competition, Vietnamese CEOs said that their biggest rivals are more likely a regional leader in the APEC economies (41 per cent) than a multinational company from a developed economy (27 per cent) or an emerging economy (27 per cent). Indeed, regional capabilities have become the benchmark for many Vietnamese companies as firms from China and ASEAN countries expand their footprint in the country. At the Vietnam M&A Forum held in August, experts even warned about the possible rise in hostile takeovers by regional players and subsequent loss of domestic brands.

Rising competition is also felt when it comes to FDI attraction among countries and territories in the region. As the backbone of economic growth in emerging economies, FDI attraction is expected to remain a heated arena in the future. There was a time when fast market growth was enough to entice investors

This publication is intended for general guidance only and should not form the basis of specific decisions.
For further information, please contact
Nguyen Ngoc Ha, Marketing & Communications Supervisor, Tel: +84 8 3823 0796, Ext: 4692, Email: nguyen.ngoc.ha@vn.pwc.com
to make big bets, but not anymore. PwC’s survey findings suggest that over the next few years economies that establish better regulatory conditions will attract a larger share of investment. Investors remain focused on access to dynamic markets but are balancing that against more stable and predictable conditions in the regulatory environment and set a longer term vision for the country. Investors and businesses need to know what expectations they can set and are assured that these expectations are backed by a consistent, clear and stable regulatory framework.

With technology, the world is changing faster than ever and the speed of change will increase. Regulations should be flexible enough to encourage innovation and the adoption of new technologies in business.

For their part, businesses could take advantage of increased digital connectivity. Digital connectivity is becoming just as important as new technologies such as the Internet of Things (IoT) to revolutionize the global economy, driving new business models and creating stronger relationships with customers and supply-chain partners. The PwC survey shows that Vietnam is still catching up with the adoption of technology in business, and Vietnamese CEOs have indicated plans to commit more investment in technology such as ERP, CRM, and e-commerce.

Vietnam will host the APEC Summit this year, which will be an excellent opportunity to showcase its strengths to the global community. In his closing speech at the APEC CEO Summit in Peru, State President Tran Dai Quang called for all economies to join hands and work together to create a new dynamism and reinvigorate trade and investment. He pledged that Vietnam would undertake three major strategic breakthroughs: improving market economy institutions, promoting human resources development, and developing modern infrastructure. These are commitments that the business community can very much look forward to.

OUTLOOK FOR 2017

Regardless of the future of the TPP, Vietnam is likely to maintain its economic integration momentum because the country gains more from an enhanced trading environment and increased access to markets. To achieve this, regulators and businesses would need to work harder together to foster a business-friendly climate. It would take more proactive efforts to increase workforce standards, environmental protection, fair competition, and respect for intellectual property rights. Most importantly, the road map for reform and modernization should not be delayed by the slow progress of any trade deal.

People would like to see increased efforts by the government to bring...