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BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN VIETNAM 2025

A REPORT FROM TEAM SWEDEN IN VIETNAM

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FOREWORD

The Business Climate Survey Vietnam 2025 reveals Swedish firms' changing dynamics during the turbulence of the global economy. According to the International Monetary Fund (IMF), Vietnam, with its 7,1% growth, was one of the 20 fastest-growing economies globally in 2024. Furthermore, it is the country with the second most Free Trade Agreements in ASEAN.

For this year's survey, we engaged Swedish firms operating in Vietnam of diverse sizes and industries, in order to capture the most inclusive perspective on the current business climate. We also benchmarked the survey responses with official indices and publications (predominantly the European Chamber of Commerce's Business Confidence Index, given the shared legal framework of EU Vietnam Free Trade Agreement (EVFTA) and general business values). We did this in order to strengthen any conclusions we had drawn by looking at similar trends in other surveys.

This survey shows that most of the companies expect a good business performance in 2025. The majority of surveyed companies recorded profit increases in 2024, and the number of companies reporting a loss was recorded at the lowest level for the last three years. Unlike the survey result for 2024, cost efficiency and partnerships/relationships, along with sustainability, were considered the key areas in maintaining competitiveness in Vietnam. The perceived importance of human resource development was not raised as a key area this year. At the same time, customs, licences and permits, and transparency remained the main challenges for Swedish companies when doing business in Vietnam. Many respondents believe that most challenges could be efficiently mitigated with a comprehensive set of regulations that provide clearer requirements and guidelines.

On sustainability, despite the higher percentage of responses indicating that consumers factor in sustainability from "much" to "very much" in their purchases, the majority of the respondent companies agree that sustainability has yet to become a more prevailing factor in Vietnam. Vietnam's considerable progress in digital transformation was also noticeable in this year's results

Despite Vietnam's decline in the score and ranking in the Transparency International's "Corruption Perceptions Index" in 2024, positive signals were still found in this year's survey. The percentage of respondents reported to have been exposed to corruption from public bodies, private counterparts, or internal counterparts had gone down tremendously in comparison to 2024. Vietnam is a market that often requires a presence on the ground. The Embassy of Sweden in Hanoi and Business Sweden aim to facilitate trade, cooperation, and policy dialogue between industry and government. We offer a global and regional perspective on local economic development and can highlight potential business opportunities for Swedish enterprises in this dynamic market. The purpose of this report is to enhance the understanding of Swedish companies' performance in Vietnam and to share insights into the opportunities and challenges that the Vietnamese market poses. Lastly, we would like to extend our sincere gratitude to the participating companies and respondents who have contributed to this report.



Johan Ndisi
Ambassador of Sweden
to Vietnam



Marcus Persson
Country Manager –
Business Sweden

37 respondents in Vietnam

Current business climate

Positive view on the current local business climate for new investment

Industry turnover

68%

of Swedish companies expect their industry turnover to increase

Future investments

59%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Globally valued success factors

1. Cost efficiency
2. Partnerships/relationships
3. Sustainability

Brand Sweden

89%

of Swedish companies in Vietnam consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
4. Service providers
2. Work culture

Local conditions with least satisfaction

1. Customs
2. Licences and permits
3. Transparent

Environmental considerations

70%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

Corruption improved, but still experienced in/by

- Public procedures
- Private counterparts

Human rights violations and labour rights abuse

No human rights violations were reported by the respondents in this year's survey

ABOUT THE SURVEY

Providing a view of the Vietnamese market through the lens of Swedish companies

The Business Climate Survey aims to map the opportunities and challenges that Swedish companies face when doing business around the world. The Vietnam edition of the survey was conducted in the first quarter of 2025 to assess how Swedish companies performed in 2024 as well as their expectations for 2025 and onwards.

Vietnam's economic growth accelerated to 7.09 per cent in 2024, driven by strong exports and robust foreign investment inflows. The GDP growth surpassed earlier projections by the Asian Development Bank (6.4 per cent), the World Bank (6.1 per cent), and the International Monetary Fund (6.1 per cent).

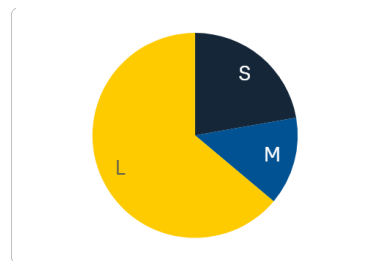
Most of the Swedish companies participating in the survey indicated positive business performance in 2024 and held a favourable view regarding future opportunities within the Vietnamese markets.

Thirty-seven Swedish companies in Vietnam participated in this year's survey. This does not give a holistic picture, but still represents a snapshot of the situation of Swedish companies in Vietnam. The survey features representatives from long-established companies in Vietnam, as well as newcomers in the market. The diverse range of business areas represented is grouped into three main categories: industrial companies (48 per cent), professional services (32 per cent), and consumer companies (19 per cent). Almost 47 per cent are categorised as experienced, starting their operations in Vietnam between 2004 and 2019, 33 per cent are companies that were set up in Vietnam before 2002 and 19 per cent are newly established companies with less than a five-year presence in Vietnam.

The survey report is structured as follows: Economic outlook, The market, How Swedish companies succeed in Vietnam and Acting sustainably. We hope this report allows you to

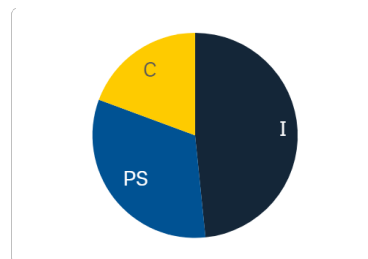
explore how various companies within different industries viewed the market in 2024 and their outlook for 2025 and onwards.

SIZE OF COMPANIES



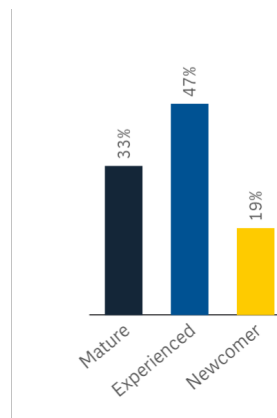
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 48%. Professional services 32%. Consumer 19%

AGE OF COMPANIES



NOTE: Mature (<2003). Experienced (2004-2019). Newcomer (2020-)

ECONOMIC OUTLOOK

Businesses recorded a strong performance driven by positive macroeconomics

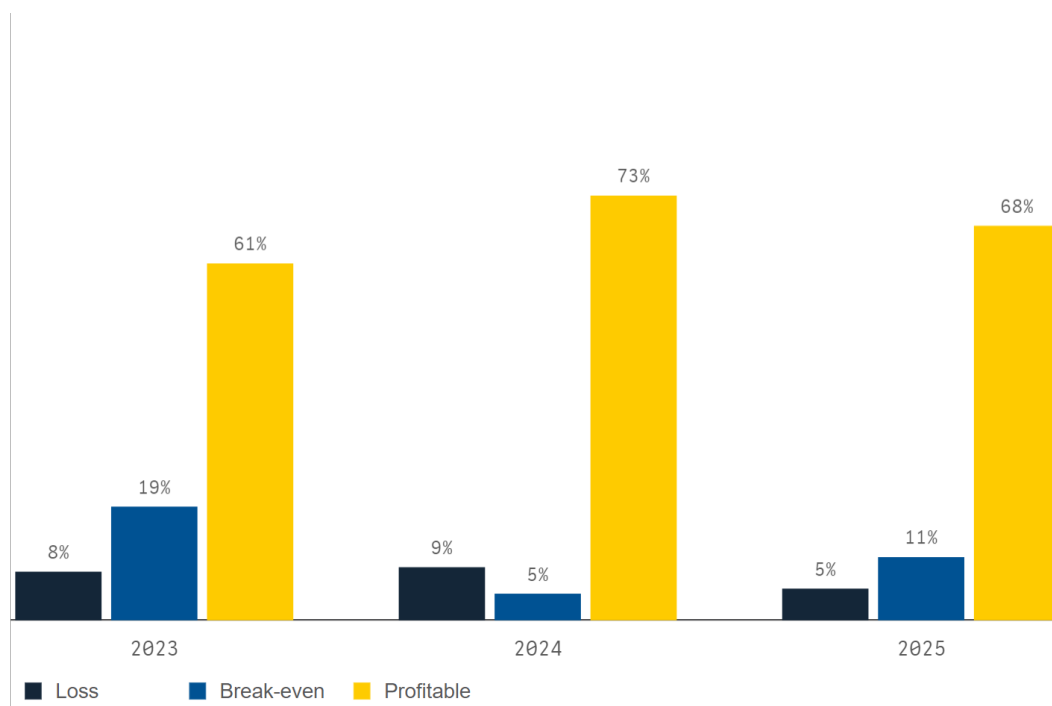
Vietnam's GDP growth reached 7.09 per cent in 2024, exceeding the government's target of 6.5-7 per cent set at the beginning of the year. This year's growth surpassed earlier projections by the Asian Development Bank (6.4 per cent), the World Bank (6.1 per cent), and the International Monetary Fund (6.1 per cent).

The industry and construction sector recorded robust growth of 8.24 per cent, contributing 45.17 percentage points to overall GDP growth. Despite the geopolitical conflicts that have been posing challenges in both domestic and international markets, 68 per cent of Swedish companies turned a profit in 2024 (compared to 73 per cent in 2023 and 61 per cent in 2022). Companies reporting losses decreased to a record low of five per cent (compared to nine per cent and eight per cent respectively in 2024 and 2023).

Only large-sized companies reported losses in 2024, whereas medium-sized companies performed positively during 2024, with 80 per cent reporting a profitable year. With regards to business activities, only firms in the consumer products industry experienced losses, whereas 80 per cent of companies in the professional services and 73 per cent of companies in the industrial segment reported a profitable year.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN VIETNAM IN 2024?

Graph 1: Financial performance of Swedish companies in the past year (According to the surveys conducted in 2023, 2024 and 2025)



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

GDP is expected to continue its growth momentum in 2025-2027

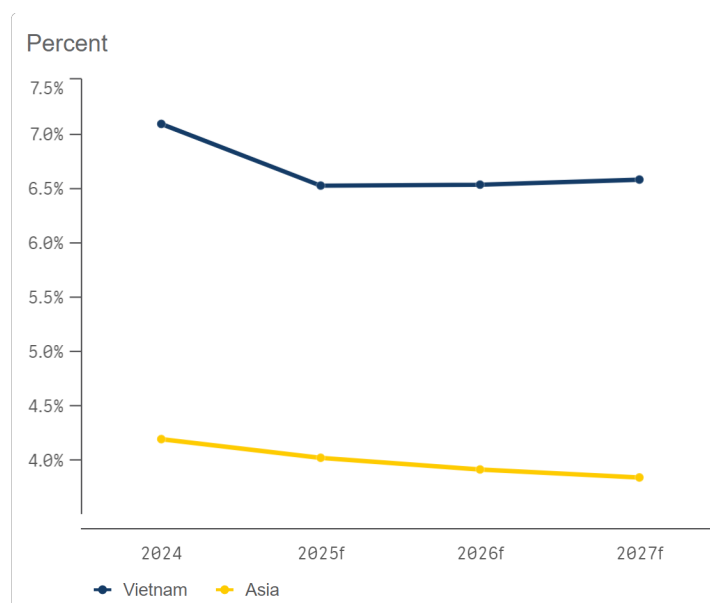
On February 19, 2025, Vietnam's 15th National Assembly adopted a resolution adjusting the nation's socio-economic development plan for the year 2025. A key outcome of this revision is the elevation of the official Gross Domestic Product (GDP) growth target to a minimum of eight per cent. This ambitious target stands nearly one percentage point higher than the growth rate achieved in 2024.

Though the World Bank's latest economic update for Vietnam presents a more conservative forecast compared to the government target, it is still anticipating a strong growth rate for the Vietnamese economy. The institution projects Vietnam's real GDP to expand by 6.8 per cent in 2025 and 6.5 per cent in 2026. The World Bank notes that while a rebound in exports, fuelled by global demand for technology products, supported Vietnam's growth in 2024, it anticipates a moderation in this momentum throughout 2025.

The primary risks to the World Bank's growth outlook stem from external factors, specifically the potential for slower-than-expected global growth and trade disruptions owing to increasing tariffs impacting Vietnam's exports. Despite these external uncertainties, Vietnam is projected to maintain its appeal to global investors. Foreign direct investment (FDI) inflows are forecast to remain stable, with disbursed capital expected to be around \$25 billion in 2025. Furthermore, domestic economic drivers could provide partial insulation against external headwinds. Increased public investment disbursement and an anticipated acceleration in the recovery of the real estate market, aided by faster project clearance procedures, are expected to bolster domestic demand.

PROJECTED GDP GROWTH IN VIETNAM

Graph 2: Historical and projected GDP in Vietnam compared to the Asia region



NOTE: Constant prices.

SOURCE: Oxford Economics 30 January 2025

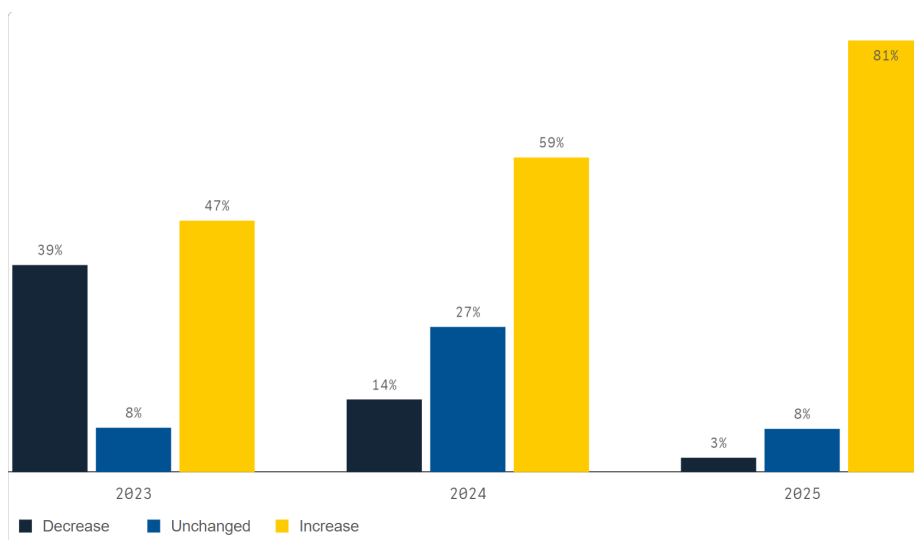
Considering the economic outlook in 2025, Swedish companies reported optimism about their business performance in Vietnam, with 81 per cent expecting a higher turnover, compared to last

year's responses of 59 per cent. At the same time, three per cent of Swedish companies expected a loss in 2025, which was significantly lower than last year's figures.

This positive outlook aligns with broader findings from the European Chamber of Commerce in Vietnam (EuroCham). Their Q4 2024 Business Confidence Index (BCI) report revealed a substantial surge in sentiment, with the index climbing to 61.8 from 46.3 in Q4 2023. This notable increase marks a decisive shift from neutral to positive territory concerning both current operations and future outlooks, demonstrating resilience amidst a challenging global landscape marked by economic, environmental, and geopolitical turbulence. EuroCham highlights that this improved confidence persists despite ongoing operational hurdles.

COMPARED TO THE DEVELOPMENT OVER THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS OVER THE NEXT 12 MONTHS FOR YOUR INDUSTRY IN VIETNAM REGARDING TURNOVER?

Graph 3 – Turnover projections of Swedish companies



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

Swedish businesses are eyeing for more business opportunities in Vietnam

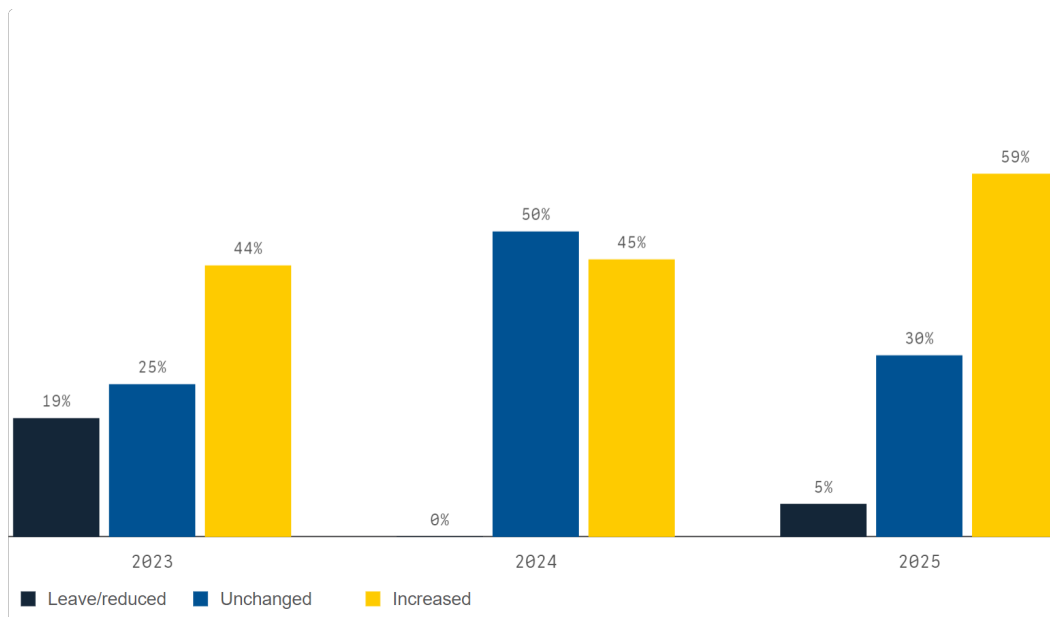
By the end of 2024, disbursed FDI capital in Vietnam is estimated to reach approximately 25.35 billion USD, up 9.4 per cent compared to 2023, marking the highest disbursement level ever recorded. Total newly registered capital, additional capital adjustments, and foreign investors' capital contributions and share purchases are estimated at nearly 38.23 billion USD. The country is now considered one of the most open in Asia in terms of FDI, owing to its economic reforms and integration with the global economy. Vietnam is committed to the highest number of free trade agreements in Southeast Asia, second only to Singapore. The Vietnamese government places special focus on investment incentives in an effort to encourage foreign investment, especially in prioritised industries and businesses.

Building on these favourable conditions, Swedish enterprises in Vietnam have been exploring opportunities to increase their investments. Swedish companies are optimistic about Vietnam's economic outlook in the near term, as 59 per cent of the surveyed companies plan to increase their investment in Vietnam, and no companies are planning to leave or downscale their business in the country, according to Graph 4. In addition, Vietnam appears attractive to newcomers, with 86 per cent planning to increase their investment, compared to only 47 per cent of experienced companies

reporting expansion plans. Companies in the professional services and consumer segments showed the most optimism about the market, with approximately 70 per cent having plans to further invest in Vietnam. The EU-Vietnam Free Trade Agreement (EVFTA) and other trade agreements are also key incentives for Swedish businesses to expand in the country. A similar trend was recorded in the Eurocham Business Confidence index in Vietnam in Q4 2024, with a significant portion of foreign businesses (71 per cent) indicating they would actively endorse Vietnam as an investment destination.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE NEXT 12 MONTHS IN VIETNAM, COMPARED TO THE PAST 12 MONTHS?

Graph 4 – Future investment plans of Swedish businesses in Vietnam



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

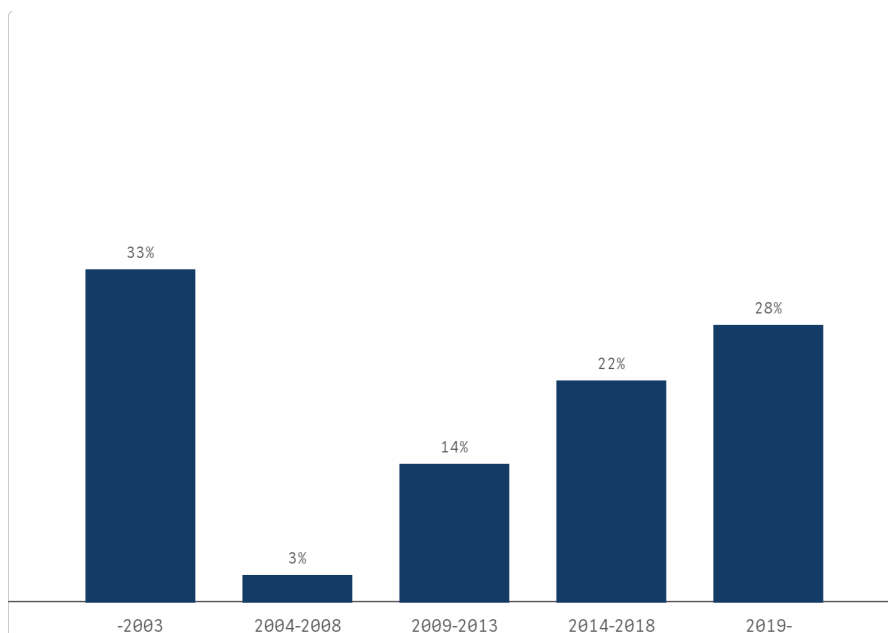
SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025

THE MARKET

The number of new-coming Swedish companies has been increasing, but most are of a small scale

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN VIETNAM?

Graph 5 – Swedish companies' year of establishment in Vietnam



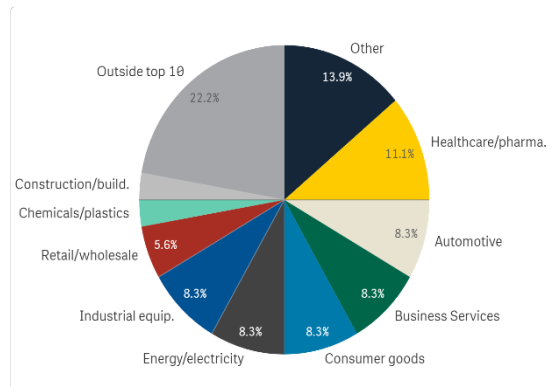
NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

Vietnam's growing prominence as an investment hub in Asia is highlighted by the interest of Swedish companies seeking to diversify their manufacturing base. The 2024 Global Opportunity Index recognises Vietnam as a top-five investment destination among Asia's emerging and developing economies, with Malaysia, Thailand, China, and Indonesia holding slightly higher positions. For Swedish businesses, Vietnam is emerging as a key alternative to China, with many actively considering relocating manufacturing operations. This interest is supported by both long-standing relationships, as evidenced by one-third of Swedish companies being in Vietnam for over 20 years, and more recent confidence, with 28% having invested within the last five years (as illustrated in Graph 5).

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN VIETNAM?

Graph 6 – Swedish companies’ main industries in Vietnam



As illustrated in Graph 6, the respondents in our survey are present across a wide range of industries, the most prevalent being Healthcare/pharma, followed by automotive, and Business services/Consumer goods/ Energy and industrial equipment - all being focus areas that the government targets for further expansion.

Vietnam's burgeoning Healthcare & Pharma sector presents a compelling opportunity for Swedish companies. With a substantial population of 100 million – the third largest in

Southeast Asia – coupled with a rapidly expanding middle-income class and rising living standards, the demand for healthcare services and pharmaceutical products is steadily increasing.

The presence of automotive companies in Vietnam underscores the nation's growing potential as a regional manufacturing hub for vehicles and auto parts. Recognising this, the Vietnamese government is actively fostering the development of the automotive industry through various incentives and policies, with the strategic aim of generating more high-skilled employment opportunities.

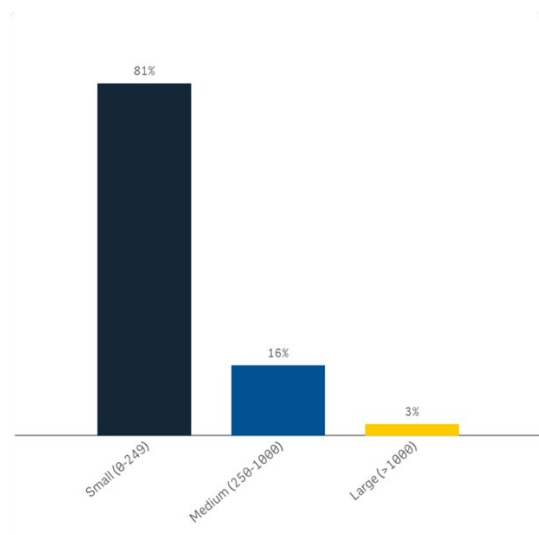
Furthermore, sectors like Business services and Consumer goods are naturally expanding to cater to the overall economic growth and increasing consumer demand within Vietnam.

Notably, the significant presence of Swedish firms in the Energy and Industrial equipment sectors – ranking as the third largest among Swedish investments – aligns perfectly with Vietnam's current development trajectory. The Vietnamese government is strategically prioritising the expansion and modernisation of its energy infrastructure and industrial capabilities as key drivers for future economic growth.

NOTE: The number of respondents for this question was 37. “Don't know/Not applicable” responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

SWEDISH FIRMS’ LOCAL NUMBER OF EMPLOYEES IN VIETNAM IN 2025

Graph 7 – Swedish companies’ local number of employees in Vietnam



Graph 7 indicates that most of the Swedish companies that participated in this survey are small companies. 81 per cent of surveyed companies have less than 250 employees in Vietnam, whereas only 3 per cent of surveyed companies have more than 1,000 employees

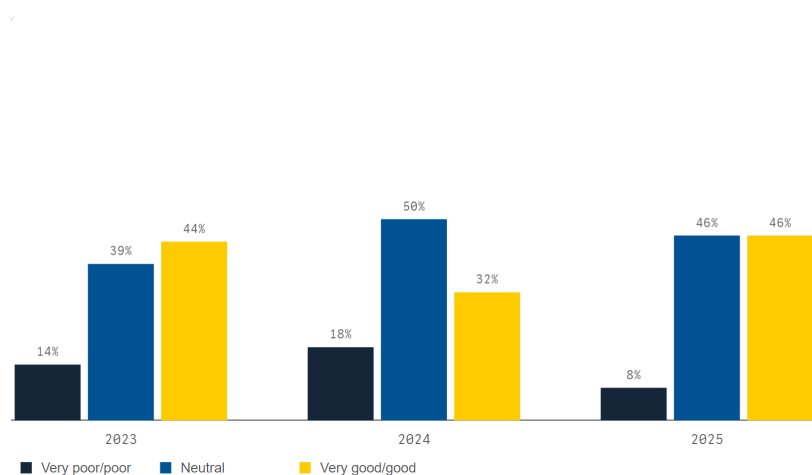
NOTE: The number of respondents for this question was 37. “Don't know/Not applicable” responses are included but not shown in this figure.
SOURCE: Business Climate Survey for Swedish Companies in Vietnam 20

Business assessment of the current business climate indicates a shift towards optimism

Overall, respondents hold a more positive outlook for the business climate in Vietnam for 2025. Nearly half of the respondents (46%) perceive the business climate as 'very good/good', which is an increase of 14 percentage points from last year's business climate survey. The proportion of respondents who perceived the conditions as 'very poor/poor' has improved, decreasing by ten percentage points after reaching its peak in 2024. The figure for respondents who hold a neutral perception regarding the business climate in Vietnam has dropped this year, as a larger share of the respondents hold a more optimistic view. This growing positive sentiment reinforces business trust in Vietnam's economic well-being despite a challenging year. These improvements are linked to the country maintaining its robust growth trajectory and surpassing all socio-economic targets set by the government for 2024, with GDP exceeding seven per cent.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN VIETNAM?

Graph 8 – Swedish companies' perception of Vietnam's business climate



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

Improved conditions for Swedish businesses in Vietnam

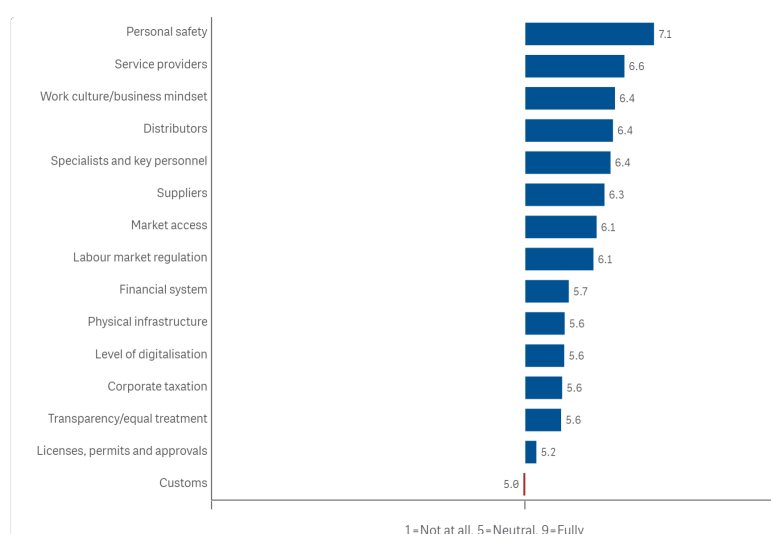
Regarding market conditions, Swedish businesses report the highest satisfaction with personal safety, suppliers, and work culture/business mindset. However, customs, licences, permits and approvals, as well as transparency and equal treatment, are areas identified for further improvement according to the survey. Despite these challenges, overall satisfaction with business conditions in Vietnam among Swedish companies has increased this year, with the level of digitalisation showing the most significant improvement, rising by 0.8 points. The level of digitalisation has previously been cited to pose challenges to the operations of Swedish companies in the country; however, Vietnam has continuously made considerable progress in digital transformation, which is noticeable in this year's results. This positive sentiment is likely attributed to the Vietnamese government's strategic policies, which came into effect during 2024 and collaborations with global tech companies aimed at enhancing the country's digital infrastructure.

The level of digitalisation has previously been cited to pose challenges to the operations of Swedish companies in the country, however, Vietnam has continually made significant progress in digital transformation, which is noticeable in this year's result.

In 2024, Swedish businesses in Vietnam faced several challenges related to customs procedures and regulations, largely driven by new laws, digitalisation efforts, and stricter compliance measures. These challenges arose from the need to navigate evolving customs policies, new requirements, and potential delays that could impact their operations.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN VIETNAM?

Graph 9 – Swedish companies' satisfaction scale on Vietnam's business conditions



NOTE: The number of respondents for this question was 37.
SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

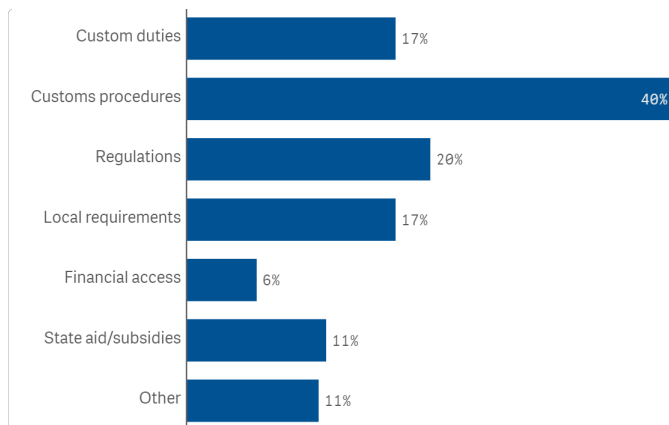
Customs and regulations continue to be the key barriers

Custom duties and procedures, along with regulations, are the key challenges for Swedish companies in Vietnam. Of the responding companies, 40 per cent experienced that the custom procedures were the crucial issues. The transition to stricter compliance regulations, digital systems, and enhanced customs oversight brought both opportunities and challenges in 2024. While the aim of these efforts is to improve efficiency and transparency, they also meant that businesses had to invest in new systems, understand the changing risk profiles, and ensure they were compliant with increasingly complex customs requirements.

Businesses that failed to anticipate these changes or adequately adjust to the new systems were more likely to face operational difficulties, including delays, fines, and increased scrutiny. To succeed, companies needed to stay informed about the evolving customs landscape, invest in digital solutions and compliance training, and maintain a flexible approach to supply chain management in order to mitigate these challenges.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN VIETNAM WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?

Graph 10 – Swedish companies' experiences with trade barriers



NOTE: The number of respondents for this question was 37.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

HOW SWEDISH COMPANIES SUCCEED IN VIETNAM

Sales and marketing maintain the position as the most popular business activity

Since the Business Climate Survey 2024, Swedish companies have continued to invest and expand their operations in Vietnam. The most common business activity among surveyed firms remains 'Marketing/sales' and is followed by 'After-sales/support'. The most uncommon business activity is 'R&D' among the respondents.

'Manufacturing/assembly' maintains its position as the third most common business activity, reflecting the ongoing trend of Swedish companies strengthening their foothold in Vietnam as a manufacturing hub. The development in the manufacturing sector is driven by significant investments in new facilities and expansions of existing businesses. For example, Autoliv, a world leader in automotive safety, has heavily invested in expanding its manufacturing capacity in Quang Ninh, and Hitachi Energy continues to scale up operations with its state-of-the-art factory in Bac Ninh.

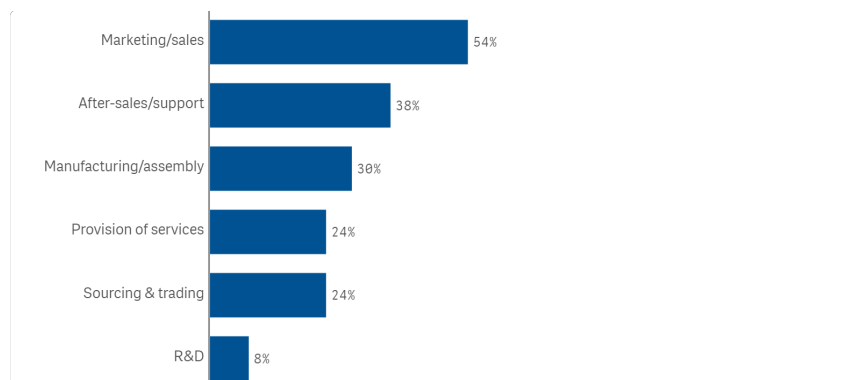
Another noteworthy development during 2024 is the inauguration of Trelleborg Sealing Solutions' advanced marine solutions facility in Ba Ria Vung Tau, which further emphasises the Swedish commitment to sustainable manufacturing practices in Vietnam. The facility is expected to contribute significantly to the growing demand for environmentally conscious solutions in the maritime industry. Tetra Pak's expansion continues to highlight a commitment to the Vietnamese market, with the company investing an additional EUR 97 million into their Binh Duong plant. The investment also reflects the beliefs in Vietnam's strategic importance as both a production hub and a growing market for their advanced packaging solutions.

Swedish FDI inflows to Vietnam also saw a major uptick with companies such as Trelleborg, Tetra Pak, and Polarium expanding their production facilities in the country. Vietnam continues to be a beacon for investment, and the business climate has shown significant growth in recent years, according to some of the responding companies in this year's survey. This development is driven by the country's stable economic environment, strategic location,

"The business climate in Vietnam has shown significant growth in recent years, driven by its strategic location, competitive labour force, and expanding consumer market. However, challenges such as regulatory complexity, inconsistent enforcement of laws, and infrastructure gaps still exist. Despite these hurdles, many foreign investors remain optimistic due to the country's young, tech-savvy population and ongoing efforts to improve the business environment through reforms. The focus on sustainability is also gaining traction, and companies that adapt to these environmental and social trends are likely to thrive." Commented by a respondent.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET

Graph 11 – Swedish companies' business activities in Vietnam



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

Cost efficiency rises as the key factor for businesses to maintain competitiveness in Vietnam

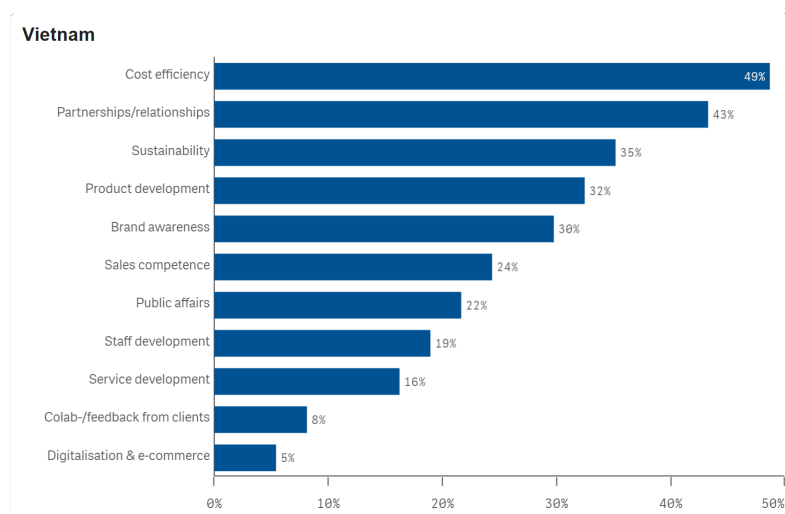
Unlike last year's survey result, cost efficiency and partnerships/relationships, along with sustainability, are considered the key areas in maintaining competitiveness in Vietnam this year. The importance of human resource development has decreased among the responding businesses, with staff development experiencing the biggest fall.

The result from this year's survey shows that cost efficiency has become increasingly important for Swedish businesses in Vietnam. This is due to a combination of rising operational costs, global trade challenges, and evolving consumer expectations. Labour costs, energy prices, and logistics expenses have been on the rise in 2024, making it necessary for companies to focus on reducing waste and optimising resources. Tightening global trade environment, including tariffs and disruptions to supply chains, has put further pressure on businesses to find ways to minimise costs while maintaining competitiveness. This, along with the need for technological investments, growing market competition, consumer demands for lower prices, and inflationary pressures, is prompting businesses to focus on cost control to stay competitive and profitable.

Digitalisation & e-commerce remains at five per cent and is ranked last in this year's survey. While these factors are key to remaining competitive in Vietnam, challenges such as initial investment costs, digital accessibility and logistical issues may deter some businesses from fully embracing these trends.

TO DATE, WHICH OF THE FOLLOWING AREAS HAS BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN VIETNAM?

Graph 12 – Swedish companies' perception on the importance of success factors



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

The Swedish brand – Open, Innovative and Sustainable

Eighty-nine per cent of the responding companies stated that the Swedish brand contributes to their business 'partially/much' or 'very much', an increase from last year's survey.

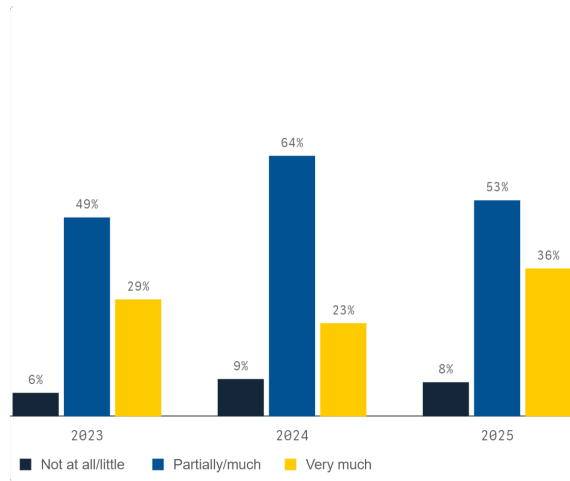
This result can be attributed to several factors. Sweden was the first Western country to establish diplomatic relations with Vietnam in 1969, fostering friendliness and trust from the Vietnamese people and their government. Sweden is renowned for its innovation ecosystem, which promotes start-ups and entrepreneurship by combining state incentives with a strong education system and substantial levels of research and development, accounting for three per cent of GDP. Additionally, as a European country, Sweden is perceived as a developed economy with high standards for quality and sustainable values, making it easier for products adhering to Swedish standards to gain the confidence of a broad consumer base.

This year's results show that Swedish companies value the Swedish brand even higher than before. Like last year's results, the impact is particularly evident in mid-sized and large companies, with almost all surveyed firms confirming that the Swedish brand contributes 'much' or 'very much' to their business. Moreover, the strong reputation of Sweden can be linked to well-established consumer goods brands and the country's main exports of highly specialised products and materials used in heavy industries, which are typically supplied by larger enterprises rather than smaller ones.

The results should also be seen in the light of the important year of 2024, when Sweden and Vietnam celebrated their 55th anniversary of diplomatic relations. This milestone was marked by a series of intensified high-level visits and promotional events, which served to strengthen the bilateral relationship between the two countries. These activities included trade missions, cultural exchanges, and business forums aimed at fostering mutual understanding and cooperation. The strengthened diplomatic ties and increased engagement between the two nations likely contributed to the positive perception of the Swedish brand among Vietnamese consumers and businesses.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE 'SWEDISH BRAND' CONTRIBUTES TO YOUR BUSINESS IN VIETNAM?

Graph 13 – Swedish companies' perception on the importance of the 'Swedish brand' to their business outcome



NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

ACTING SUSTAINABLY

Green transition faces significant challenges, prompting policy changes

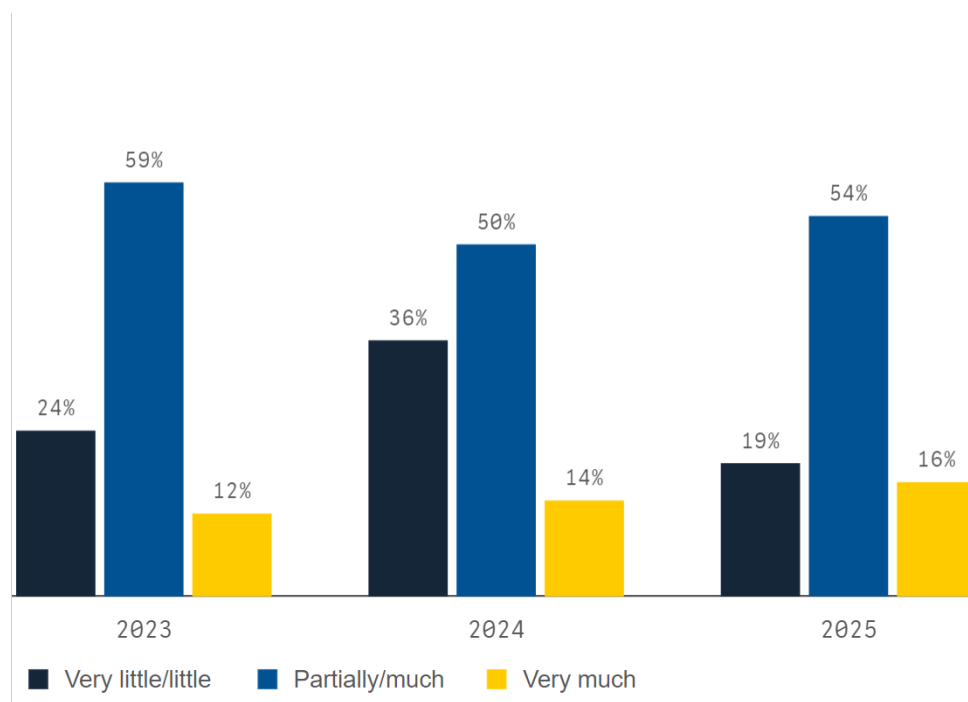
Addressing at the 29th United Nations Climate Change Conference (COP29) in Baku, Azerbaijan, Deputy Minister for Natural Resources and Environment of Vietnam Mr. Le Cong Thanh reiterated Vietnam's commitment to its goal of reaching net zero by 2050 but admitted that the current technology, capacity, experience and funding for climate change adaptation, mainly mobilized from the State budget, are still limited and cannot promptly meet the urgent needs of the community. At the event, Deputy Minister Thanh also announced the amendments to the National Adaptation Plan 2021-2030, previously built on the foundation of the United Nations Framework Convention on Climate Change (UNFCCC), based on the initial outcomes of the period 2021-2023. The updated plan confirmed the 162 tasks to achieve three primary objectives: (1) Enhance the resilience and adaptive capacity of natural, economic and social systems, ensure sustainable livelihoods (76 tasks); (2) Reduce disaster risks, minimize damage caused by natural disasters and increased extreme climate, contribute to minimizing losses and damage caused by climate change (33 tasks); and (3) Improve institutions, promote potential and resources to effectively adapt to climate change (53 tasks).

From the business perspective, despite the higher percentage of responses saying consumers consider from much to very much the sustainable factors in their purchases, the majority of the respondent companies agreed that sustainability is not yet a prevailing factor in Vietnam on many fronts. Despite the growing interest, sustainability is not paid attention to well enough from the consumer's perspective, similar to how enterprises' efforts to uphold sustainability in their practices are not being acknowledged. In terms of supply chain, the current waste management, energy consumption, and supply chain practices are deemed not aligned with sustainability goals. Provision of green energy for production remains a popular topic with the need to revisit the possibility for producers of renewable energy to participate in electricity supply, which is perceived by many Swedish companies in manufacturing as the most optimal way to ensure the use of green energy. Another recent development is the shift of focus from the government from offshore wind to exploring energy generation from nuclear power, with two projects being put into operation tentatively by December 2030. Last but not least, there are rising concerns this year towards the declining air quality in both the outdoor environment as well as inside workplaces, especially factories.

Most of these challenges can be efficiently mitigated with a comprehensive set of regulations which provide clearer and more actionable requirements and guidelines. "Collaboration with local governments, businesses, and communities to establish stronger environmental regulations and incentives can help. Also, promoting sustainable sourcing, ensuring fair labour practices, and investing in green technologies can play a crucial role in addressing these challenges.", a survey respondent shared. So far, concerns regarding energy generation and consumption, waste management, work environment improvement and the need to raise awareness among the public and private sectors have been raised and addressed, but a drastic policy shift will be the key to ensure sustainable practices. "The biggest issue we face is the current uncertainty in general and the lack of progress in the updating and amendment of various regulations and laws in the energy sector in particular. This is hugely hampering development projects, which directly affects the volume of work which we can expect to sell," another respondent commented.

TO WHAT EXTENT DO CUSTOMERS IN VIETNAM CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISIONS?

Graph 14 – Customers in Vietnam’s consideration of the environmental aspect in purchases



NOTE: The number of respondents for this question was 37. “Don’t know/Not applicable” responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

Anti-corruption campaign intensifies and transitions to completing delayed projects

Corruption remains a widely talked-about topic in Vietnam. Increased attention has been put on the issue through the so-called “Blazing Furnace” anti-corruption campaign in recent years, bringing large-scale corruption cases within the healthcare, financial, real estate, and public governance fields to light. Despite critiques from earlier periods that it paralysed functions of state agencies, the campaign has now transitioned to accelerating the completion of infrastructure projects that have long been delayed due to corruption. Just recently, the construction of two state-owned hospitals, which are Viet Duc 2 and Bach Mai 2, has been put under state inspection for potential crimes, out of which two allegations have been transferred to the Ministry of Public Security for further investigation. The government also ordered the two hospitals to be put into operation by November 2025, having been behind schedule for almost a decade.

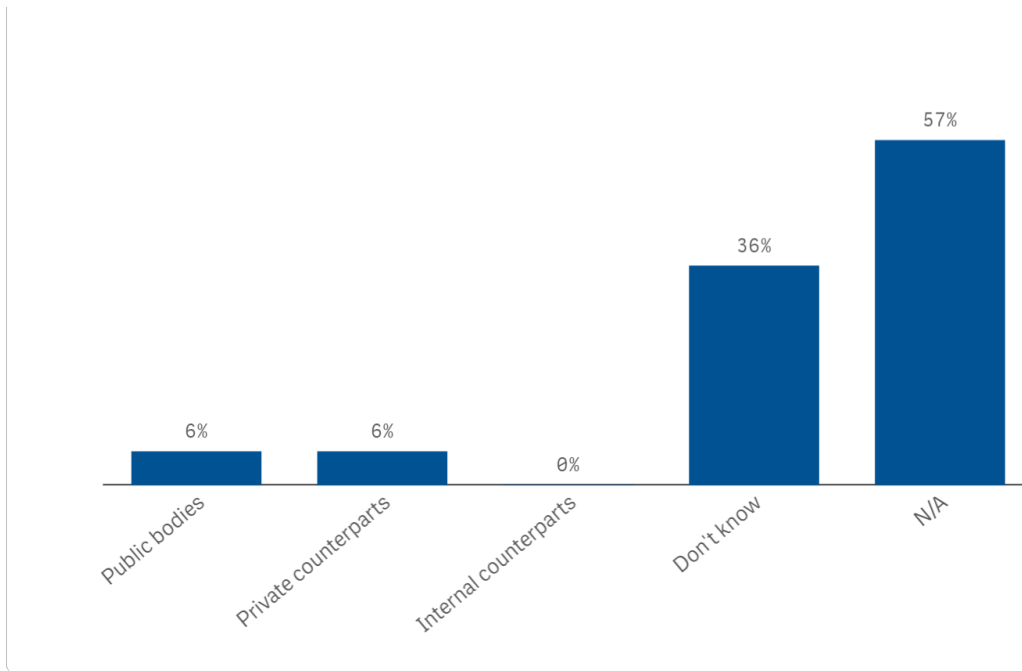
Even so, Vietnam continued to fall in score and ranking in the Transparency International’s “Corruption Perceptions Index” in 2024, from 83rd in 2023 to 88th. The reason might be that most of the changes made were towards the end of 2024, while for most part of the year, the situation was relatively similar to that of 2023, when despite public efforts to address the issue, structural challenges remained. However, with the ongoing improvement to digitalise public services as well as close management on the completion of critical infrastructures, we can expect the index to reverse its direction in the upcoming years.

Positive signals are observed from the Swedish business community. The percentage of respondents reported to have been exposed to corruption from public bodies, private counterparts, or internal counterparts has gone down by 19 per cent, nine per cent, and five per cent, respectively, in comparison to the 2024 result. Moreover, the number of those answering “Don’t know” has also

decreased by four per cent, while almost 60 per cent reported facing no corruption in the past year, up by 12 per cent compared to the previous year. This improvement is particularly more substantial considering the number of total respondents in 2025 is almost 70 per cent higher than in 2024.

HAS YOUR COMPANY IN VIETNAM BEEN EXPOSED TO CORRUPTION, SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACT WITH ANY OF THE FOLLOWING AREAS?

Graph 15 – Swedish companies’ experience with corruption when doing business in Vietnam



NOTE: The number of respondents for this question was 37. “Don’t know/Not applicable” responses are included but not shown in this figure.
 SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

CORRUPTION IN VIETNAM THROUGHOUT THE YEARS

Graph 16 – Corruption Perception Index 2018-2024, Vietnam



NOTE: Corruption Perception Index 2024
 SOURCE: Transparency International.

Labour rights protection records progress; however, more needs to be done in terms of legislation

Stronger respect for and protection of human rights in Vietnam remains a pressing issue for international partners, including Sweden. However, this year, no respondents reported any cases of human rights violations, which is a significant improvement compared to 10 per cent and five per cent of responses reporting violations spotted within the supply chain and partner facilities, respectively, in the 2024 result.

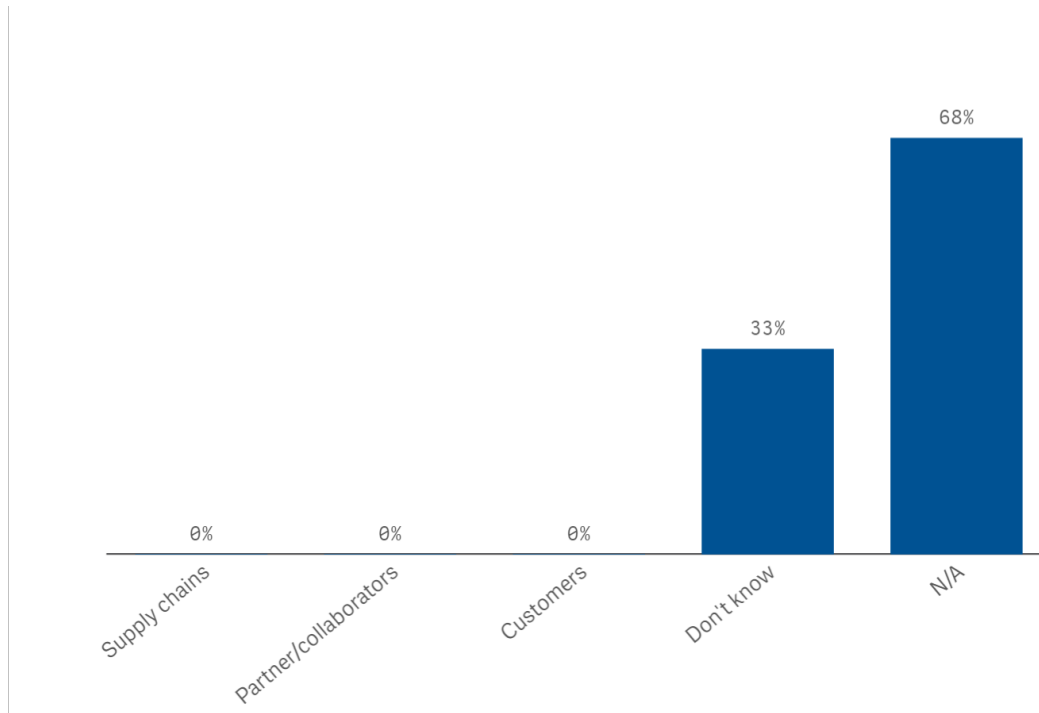
Many Swedish companies and those interested in expanding to Vietnam actively advocate ways of working to ensure labour rights across their supply chains, as well as seek careful due diligence before choosing local suppliers.

In the aspect of labour standards, no new development has been introduced since the 2023 “National Action Plan for Enhancing Responsible Business Practices in Vietnam”, serving as a foundation to raise awareness, enhance stakeholders’ capacity, foster an enabling environment for engagement, and ensure access to remedies. This decision kicks off the implementation of the National Action Plan for the 2023-2027 period. This Action Plan is the result of the collaboration between the United Nations Development Program (UNDP) in Vietnam and the Ministry of Justice, with the support of Sweden.

Similar to the 2024 report, the commitment that Vietnam made as part of the negotiations of the EVFTA to ratify all of the core labour standards conventions of the International Labor Organization (ILO) has yet to be fulfilled. Notably, Vietnam has once again postponed the ratification of ILO convention no. 87 on Freedom of Association and Protection of the Right to Organize, previously slated for October 2024. Despite this setback, it is still in the plan of the National Assembly for Vietnam to ratify 15 more ILO Conventions by 2030, making it the leading country among the ASEAN member states in promoting international labour standards if this goal is achieved. However, without any new ratification in the last 12 months, the reachability is questionable. Last but not least, streamlining the reporting procedures for employees affected by violations remains critical for Vietnam to ensure labour rights compliance.

HAS YOUR COMPANY IN VIETNAM ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN CONTACT WITH ANY OF THE FOLLOWING AREAS?

Graph 17 – Swedish companies' experience with human rights violations and/or labour rights abuses when doing business in Vietnam



NOTE: The number of respondents for this question was 37. Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Vietnam 2025.

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