

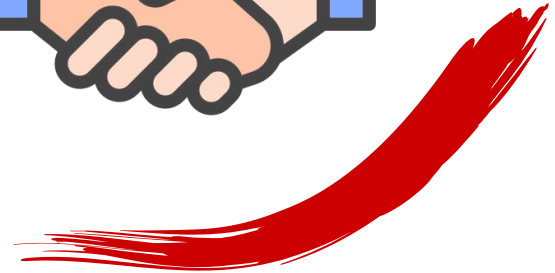


Project Progress Report Presentation

Impact of China-U.S. Trade War and
the recent economic growth of Vietnam



Relationship between Vietnam and US



Relationship between Vietnam and US



- US is one of the largest trade partners with Vietnam.
- Vietnam has a trade surplus which compensate trade deficit with China
- Share common interests
- Signed Trans-Pacific Partnership (TPP) but later on the US withdrew
- Uncertainty from Trump's intention to make a balance trade
- Vietnam was chosen to be the venue for the second summit of the denuclearisation and peace building

Relationship between China and US



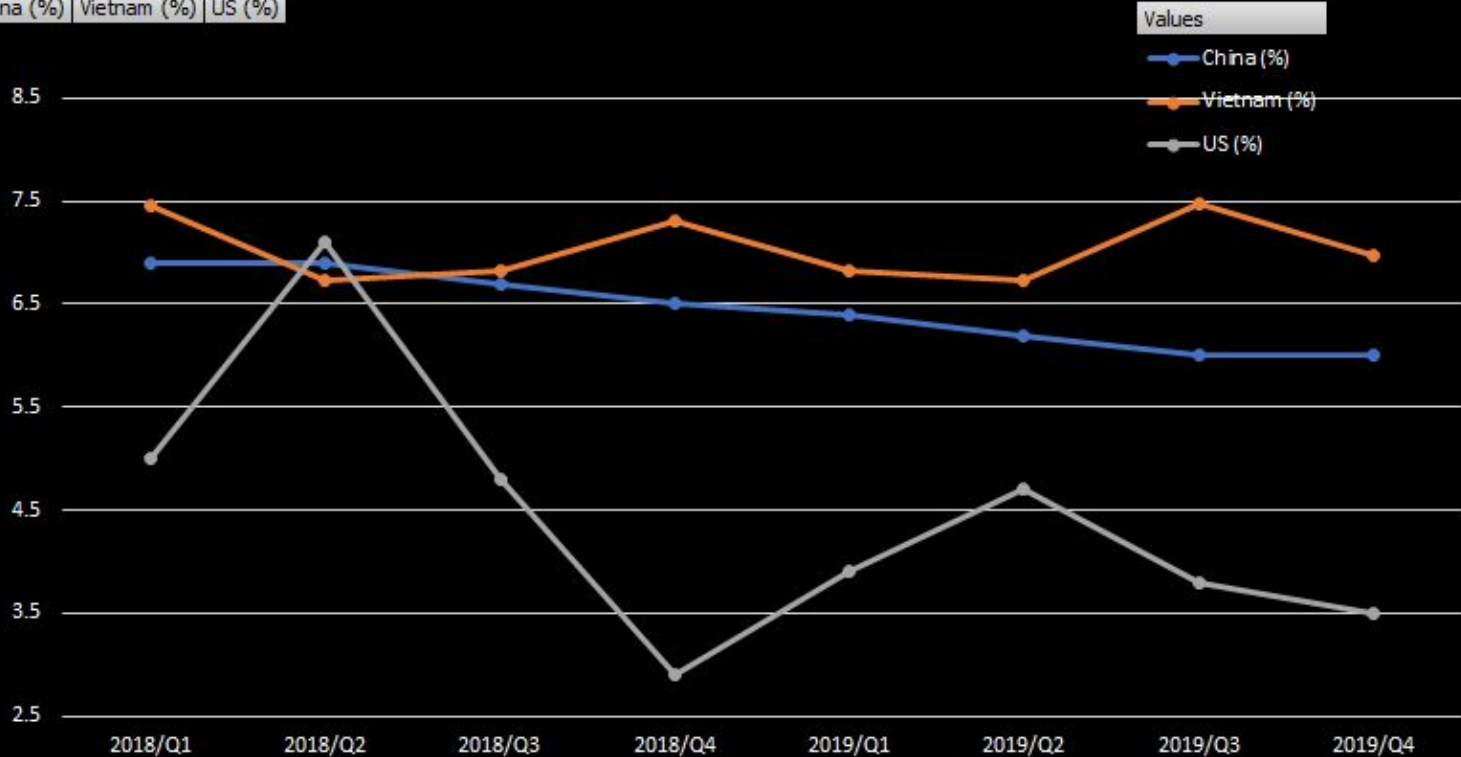
- Maritime territorial disputes
- A widening trade deficit
- avoid the overly dependent on China for its export-oriented economy
- Currently, both are economically cooperating with enhanced logistic linkages
- established joint venture but later declared bankruptcy
- a new special economic zone near the border



Data & Statistical Summary

Statistics Summary

China (%) Vietnam (%) US (%)

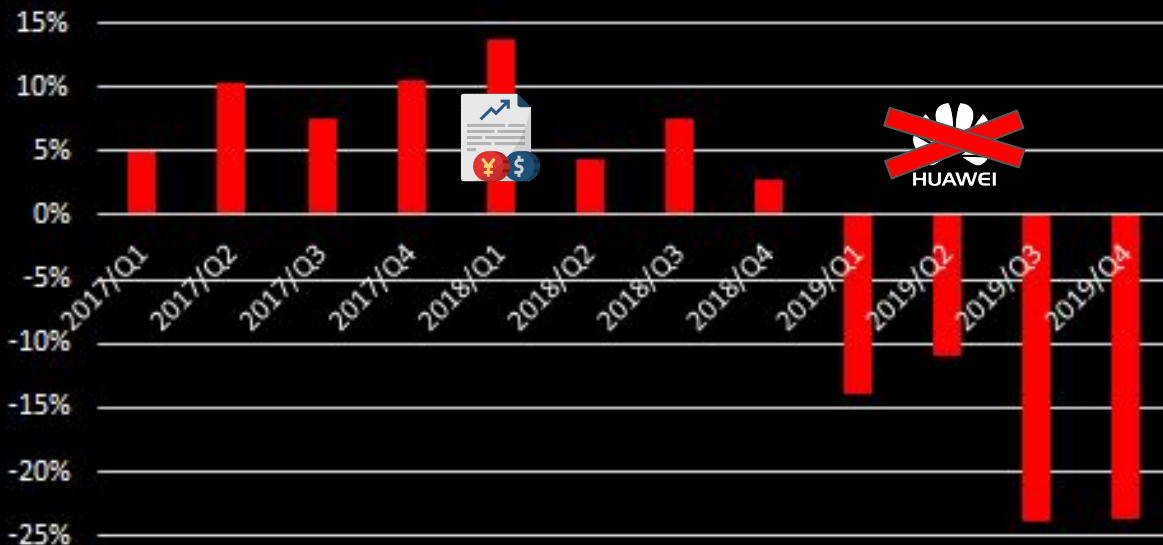


GDP growth quarterly data from 2018-2019.

Source: Our group calculation based on IMF(WEO data), FRED, and ADB

US imports from China (% change YoY quarter)

%change from last year (2019-2018,2018-2017,2017-2016)



Turning points

2018/Q1

After US has **placed tariffs** on China goods.

2018/Q2

We could see the **decreasing** in growth of imports.

2018/Q4

China and US agreed to **pause** the trade-war

After 2019- **a major growth downturn.**

Source: This figure data based on US census bureau *All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted*

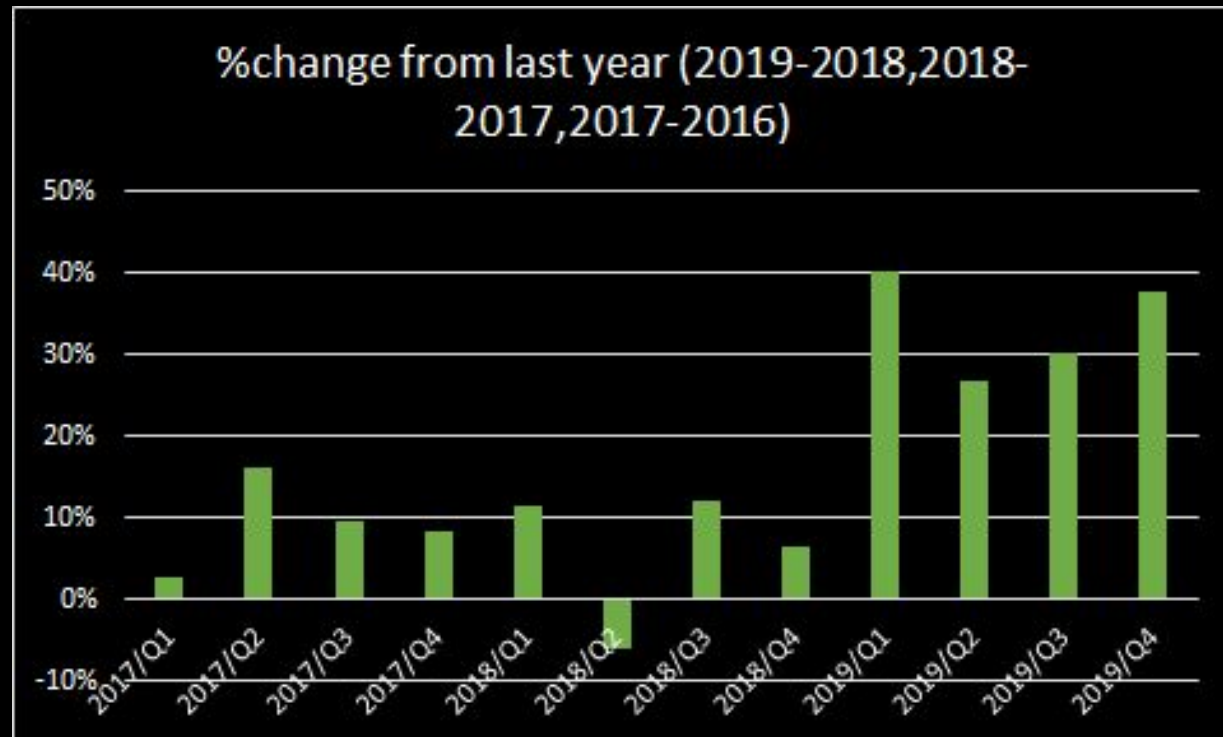
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Literature Review

Methodology

Results

US imports from Vietnam (% change YoY quarter



US imports from Vietnam,
YoY on Quarterly data.

Source: This figure data based on US census bureau *All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted*

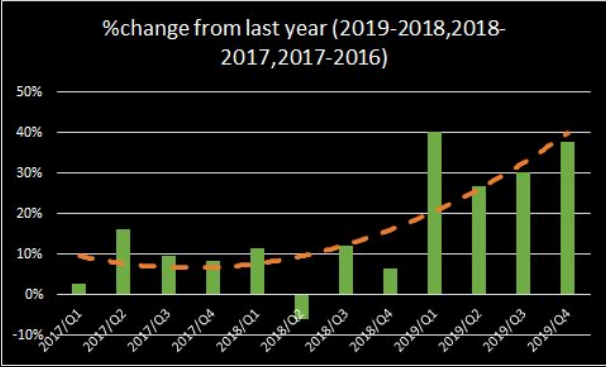
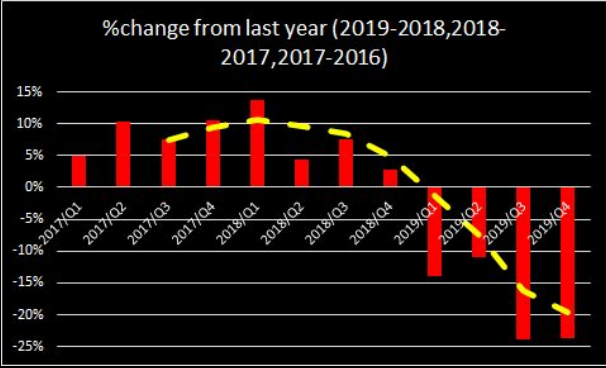
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To Measure the strength and direction of the relationship between % change of US imports from China and Vietnam, we will use “Pearson’s sample correlation coefficient.”

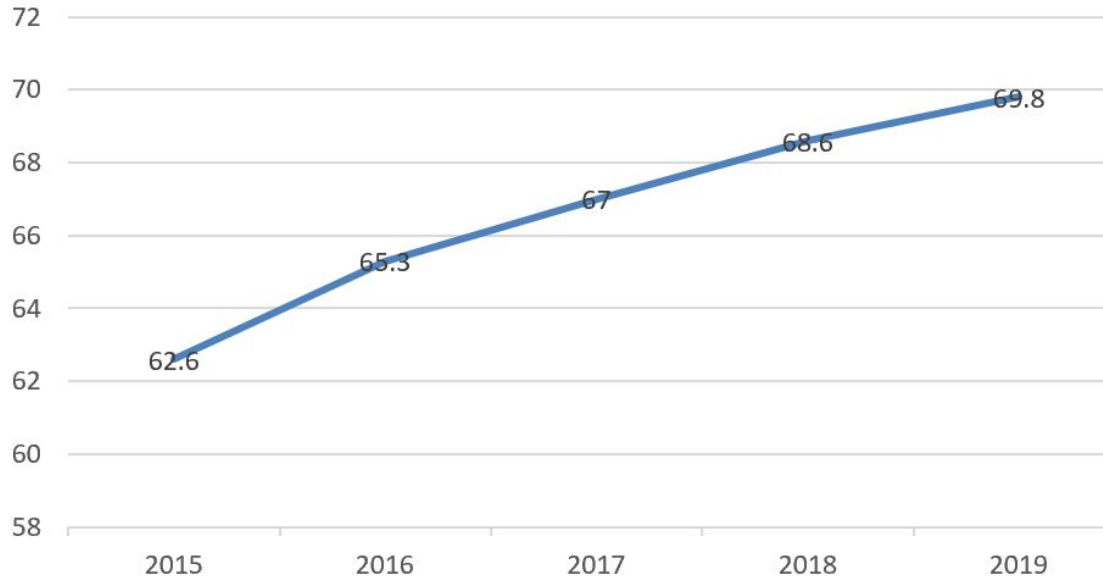
Source: This figure data based on US census bureau *All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted*

Overview of Foreign Direct Investment (FDI) in Vietnam



Vietnam is becoming more and more foreign investment friendly

Ease of Doing Business Score- Vietnam



- In 2019, the government launched an **online portal** connecting borrowers and credit institutions
- **Borrowers can choose credit packages** and register loans online



Foreigners can now establish a 100% foreign owned limited liability + joint stock companies



The government made **paying tax easier** by upgrading online payment system, making the process faster and can be done within a day

Source: The World Bank

Introduction

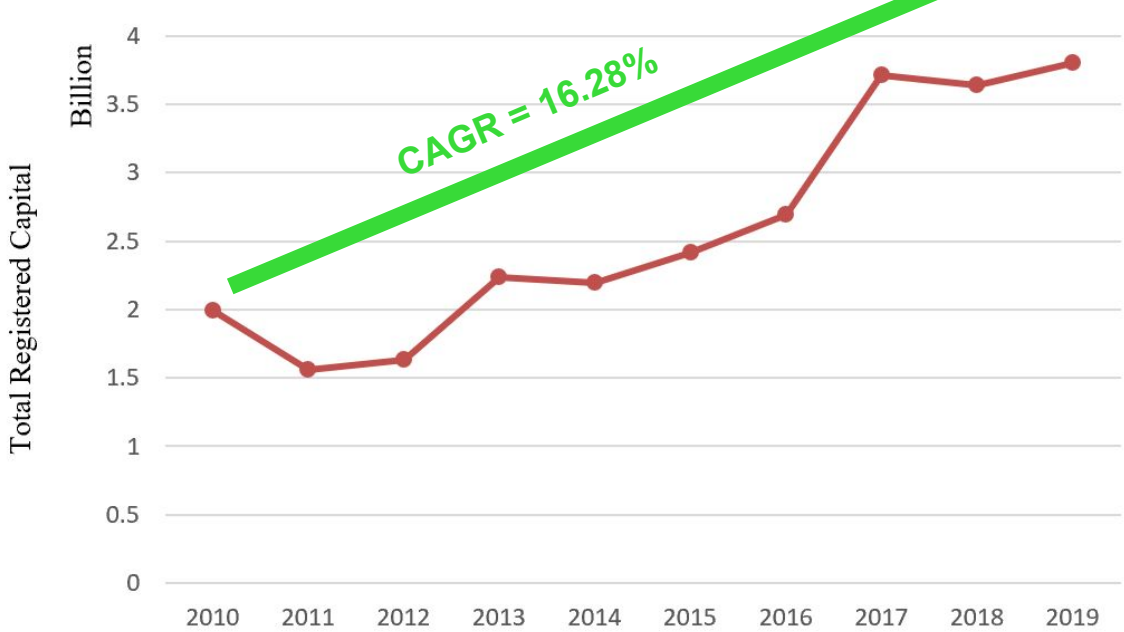
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Foreign Direct Investments (FDI) in Vietnam had significantly increased since Trump took office and hit the highest record in 2019

Foreign Direct Investment projects licensed in 2010-2019



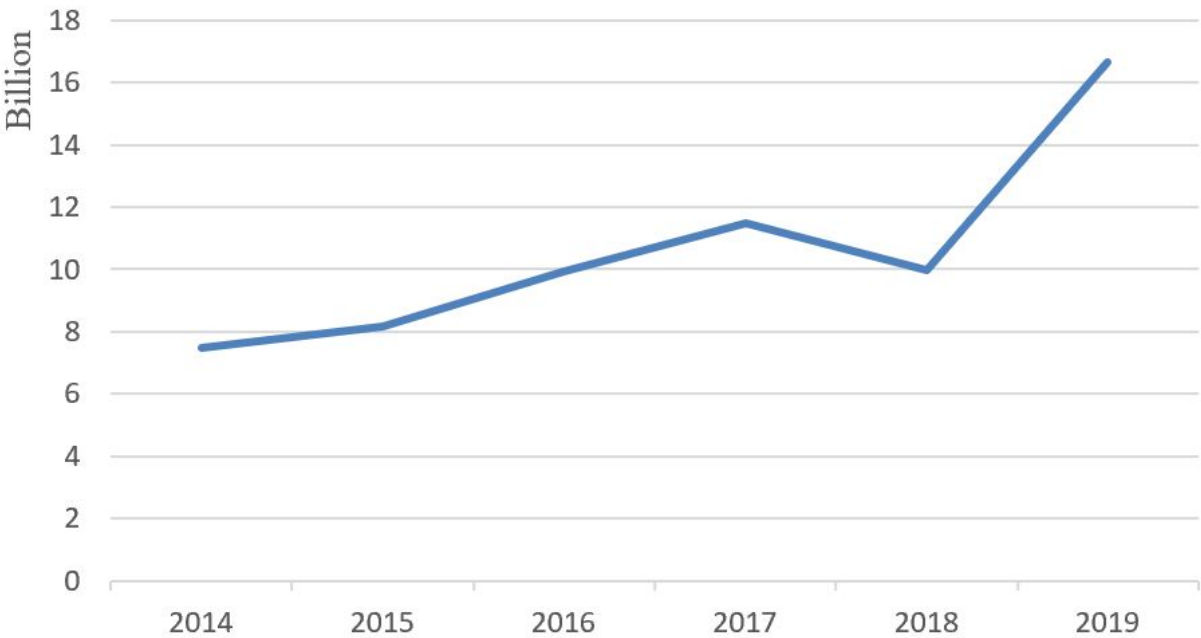
Key Highlights

- In 2018, the total registered capital amounted to approximately 2.5 billion USD
1. China became the fifth biggest investor in Vietnam, behind Japan, South Korea, Singapore, Hong Kong

Source: General Statistics Office of Vietnam, CEIC

Biggest growing industry: Manufacturing

Registered capital in the manufacturing sector



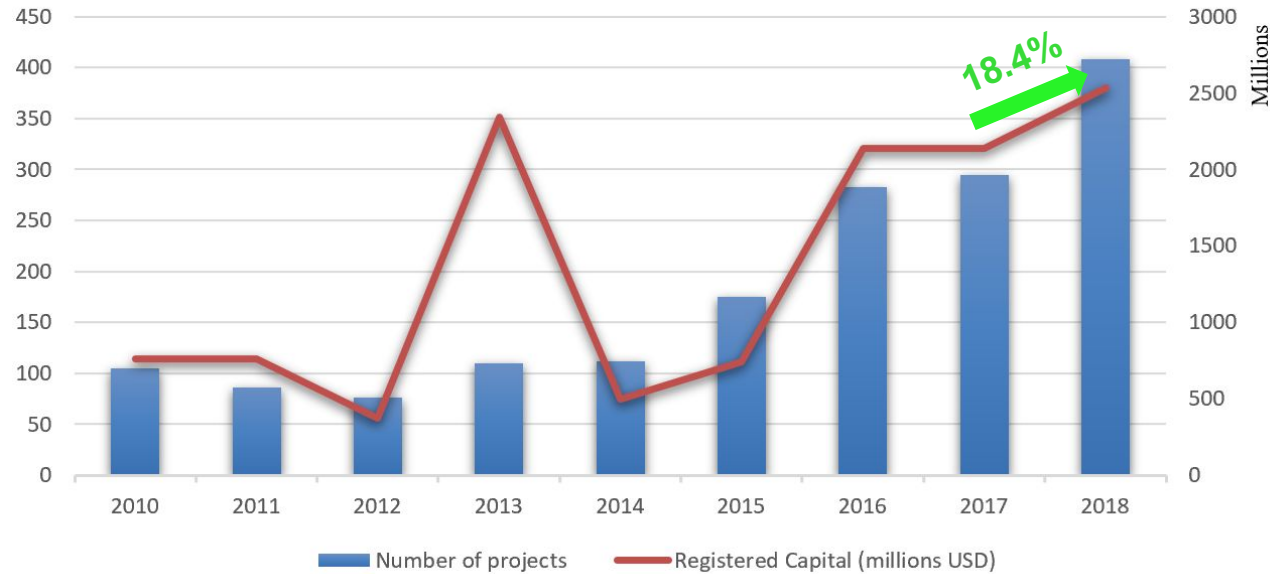
Source: Foreign Investment Agency, CEIC

Foreign Direct Investment from China to Vietnam



Due to the uncertainties caused by the U.S.- China trade war, Chinese firms shifted their production to Vietnam

Number of projects and total registered capital from China to Vietnam (2010-2018)



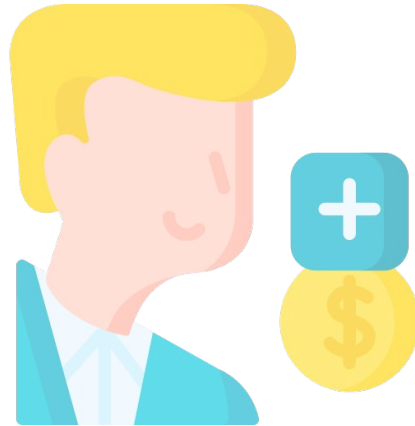
Key Highlights

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FDI in Vietnam by US investors



Advantages Of Vietnam in US investors' point of view

Vietnam market is **growing steadily**



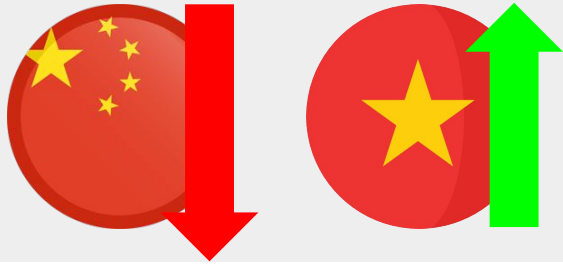
Advantage of Vietnam: low labor cost, a welcoming business environment, education reform



Trade agreement between Vietnam and other countries

US investors shifting their production out from china to Vietnam

- Imports shifted away from China to other Asian countries which 46% was absorbed by Vietnam.
(Trade diversification)



Source: forbes.com

- Some US companies move their production from China to Vietnam
For example: Lovesac company, Apple (airpods)

LOVESAC[®]
Designed for Life™ Fun



US investors shifting their production out from china to Vietnam



- Some US corporations work with the Vietnamese government to seek solutions on the concerns over public-private partnership (PPP)



- Deals signed between Vietnamese and US companies during President Donald Trump's last visit



Export and Import growth in Vietnam

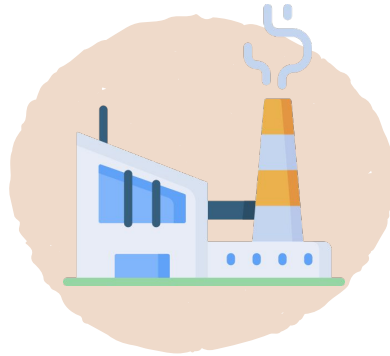


Vietnam GDP grows on US-China trade war

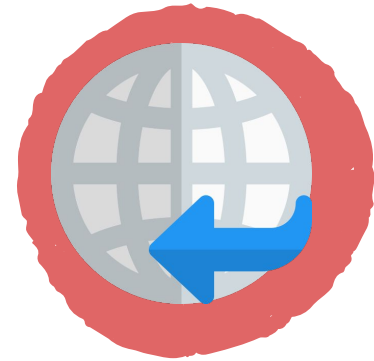
- Vietnam's economy **growth faster** than expected in second quarter in **2019**, as the country **gains benefits of the ongoing trade war** between big two developed countries



GDP rose **6.71%** in **Q2/ 2019**

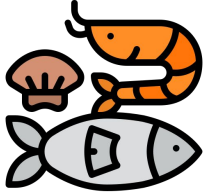


Manufacturing, posting a **9.14%** rise. Services output rose **6.85%**, against **2.19%** for agriculture



US imports from Vietnam increased by nearly **40%** in the first four months of **2019** compared to the same period last year

Vietnam GDP grows on US-China trade war

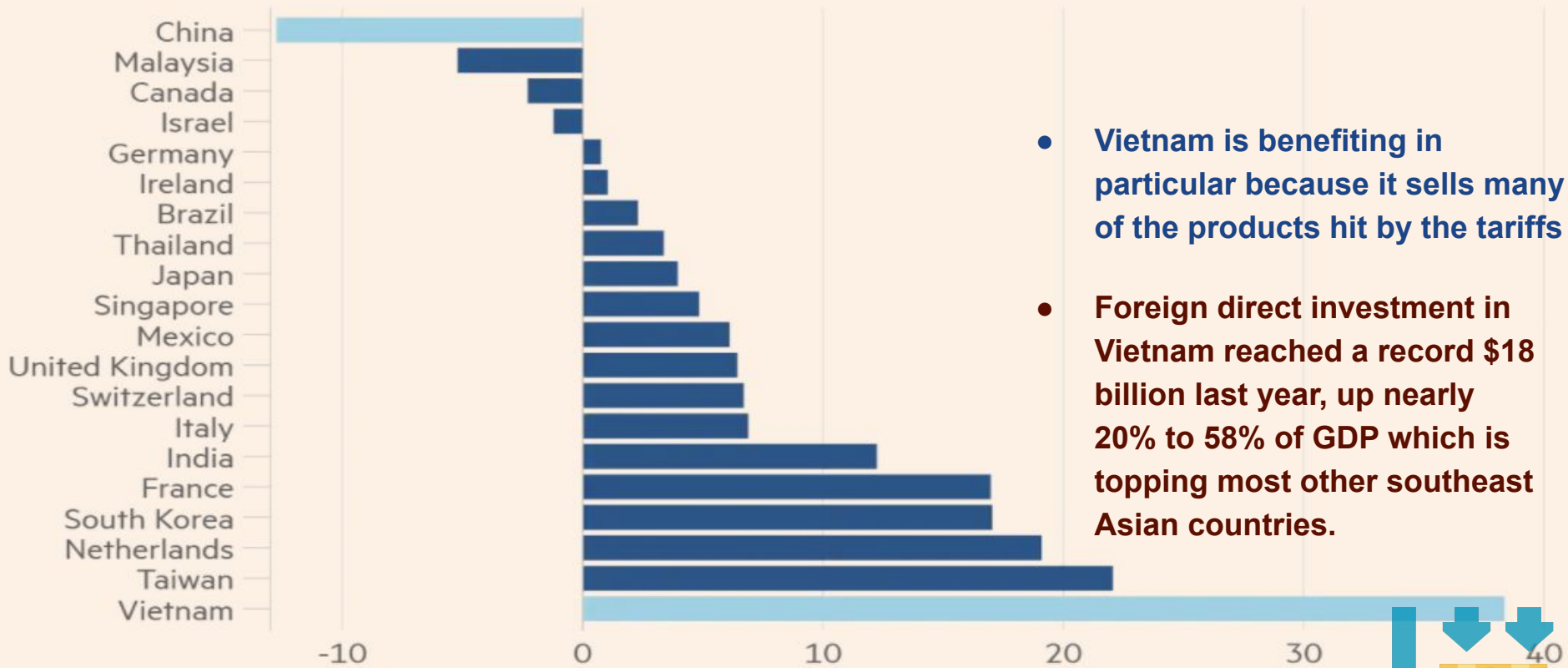


- The shift is **lifting sales** at Vietnamese manufacturers and suppliers **not only in textiles, but a range of other sectors** ranging from seafood to semiconductors

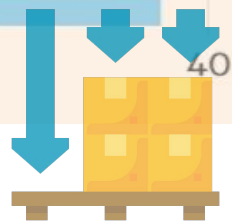


- US **imports** of mobile phones from **Vietnam more than doubled** year-on-year, while imports from China declined by **27%**. Over the same period, US computer imports from Vietnam rose by **79%**, against a **13%** drop in Chinese imports

“Trade war between China and the US will create many chances for us to expand our business”



- Vietnam is benefiting in particular because it sells many of the products hit by the tariffs
- Foreign direct investment in Vietnam reached a record \$18 billion last year, up nearly 20% to 58% of GDP which is topping most other southeast Asian countries.



US good imports
 Percent change during January to April 2019 vs the same period of 2018
 Source: United State International Trade Commission