

## COUNTRY PROFILE



## Vietnam

GLOBAL RANK: 80th= of 104



Tying with Uzbekistan for 80th position overall, Vietnam ranks in the bottom third of the table for both its Economic Competitiveness (76th) and for its Comparative Liveability (78th). The country scores particularly highly on the freedom of choice indicator and particularly badly on both religious faith and freedom.

## ● BACKGROUND

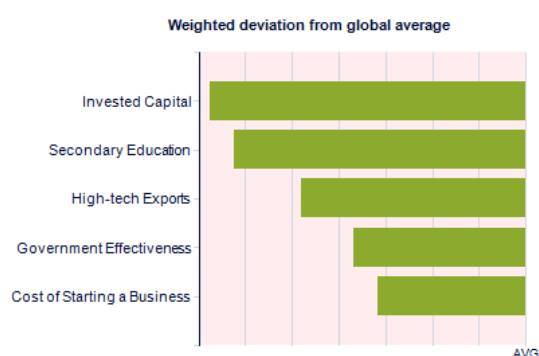
Although Vietnam remains a nominally communist country and a one-party state, it has made important progress over the last two decades in opening the economy to competition and foreign investment and reducing poverty. Vietnam's recent entrance into the WTO signals its growing acceptance into the international community. Multinational manufacturing operations are increasingly drawn to Vietnam, particularly in the key industries of textiles and electronics. There are also encouraging signs that the Vietnamese government, after a long period of substantial deforestation and poaching, is beginning to take environmental issues more seriously.

## FAST FACTS

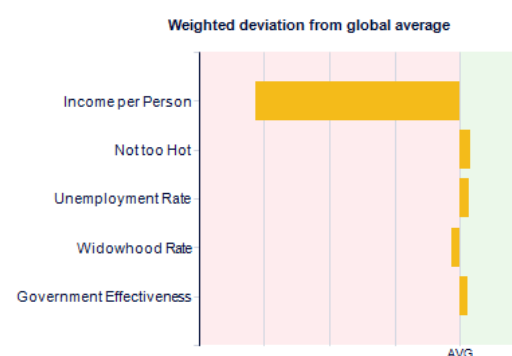
<b>Population:</b>	86.1 million (2008 est.)	<b>FDI (net inflow):</b>	3.73% (2005 est.)
<b>Life Today</b>	5.3 (2007 est.)	<b>Exports</b>	64.93% (2006 est.)
<b>GDP (PPP)</b>	\$221.4 billion (2007 est.)	<b>Imports</b>	72.80% (2006 est.)
<b>GDP (Growth)</b>	8.5% (2007 est.)	<b>Unemployment:</b>	5.3% (2007 est.)
<b>GDP (per Capita)</b>	\$2,600 (2007 est.)	<b>Life Expectancy</b>	71.33 years (2008 est.)
<b>Political System:</b>	Communist State		
<b>Foreign Aid:</b>	2.78% (2006 est.)		

## ● KEY SCORE DRIVERS

## ECONOMIC COMPETITIVENESS



## COMPARATIVE LIVEABILITY



Vietnam is the fastest growing country in ASEAN, yet it remains poor; the only poorer member states are Laos, Cambodia, and Myanmar (Burma). The fall of Soviet communism and the resolution of Vietnam's occupation of Cambodia in 1991 allowed readmission into the international community and accelerated an economic 'renovation', promoting private enterprise to reallocate resources more efficiently. However, Vietnam remains dirigiste: the Communist Party retains control of numerous state-owned enterprises, and the effectiveness of governance and quality of regulation scores therefore remain problematic.

Vietnam's main export is oil to the US and Japanese markets. Low

Life is improving after decades of war and forced collectivisation. The number of people living in poverty is falling sharply but remains over 20%, and low average incomes are a severe block to the life satisfaction for the Vietnamese. Although unemployment is fairly low, there is widespread rural underemployment. One ameliorating factor is the warm climate, as this means that heating costs and other such necessary measures against cold weather are avoided.

Endemic corruption, often linked to the suppression of minorities' civil liberties and religious freedoms, adds to asymmetries of wealth among Vietnam's regions and a poor political life score.

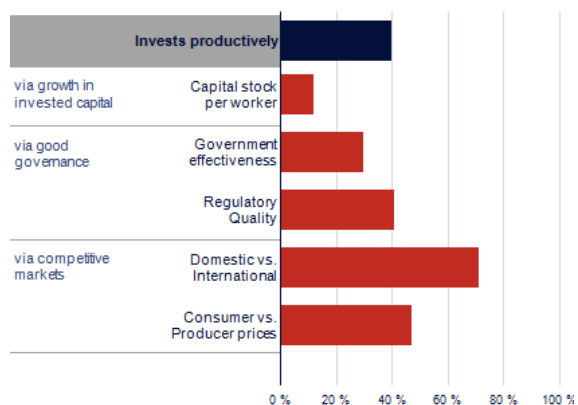
labour costs mean Vietnam is an increasingly attractive venue for labour-intensive manufacturing, even poaching investment from China, benefiting from the high competitiveness of its markets in the international realm. Vietnam scores well on openness to foreign investment, which accounts for around 40% of industrial output, although its lack of trade freedom brings its openness score down. Despite these factors, capital investment eludes Vietnam, and the value of invested capital per worker is extremely low, acting as an important brake on the country's ability to move into higher value added manufacturing and services.

Secondary education is not free, and the low skill level of labour resulting from a lack of widespread mass education, along with poor infrastructure, deters value-added investment and technology transfer. The personal computer stock per capita remains about one-twelfth the regional average. This contributes to low scores on innovation and innovative capacity in Vietnam's economy, further evidenced by the lack of researchers working in R&D in the country.

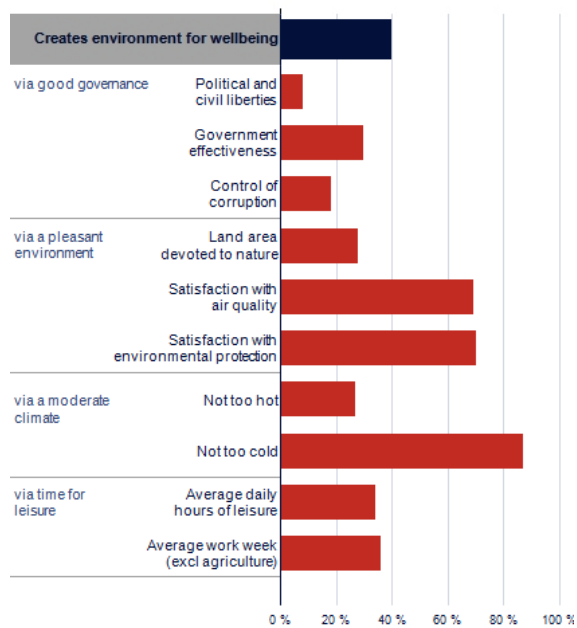
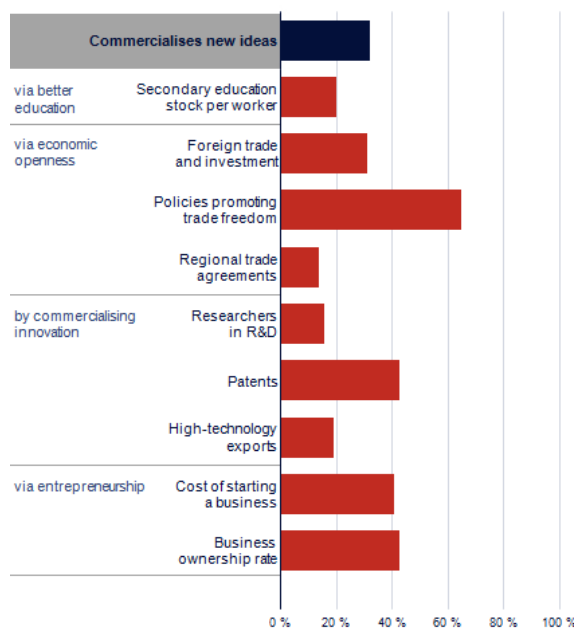
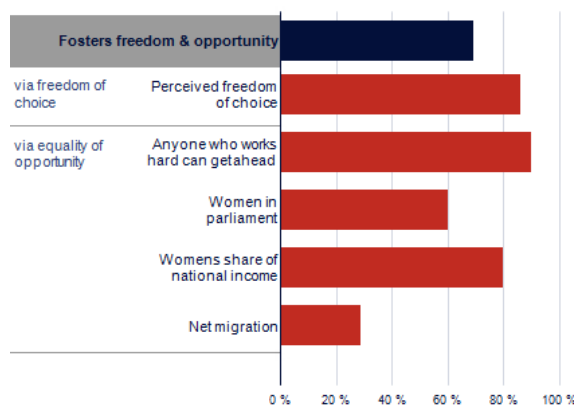
Popular pressure for greater civil liberties is growing. Religious faith is low in Vietnam, and this tends to correlate with lower levels of self-reported wellbeing.

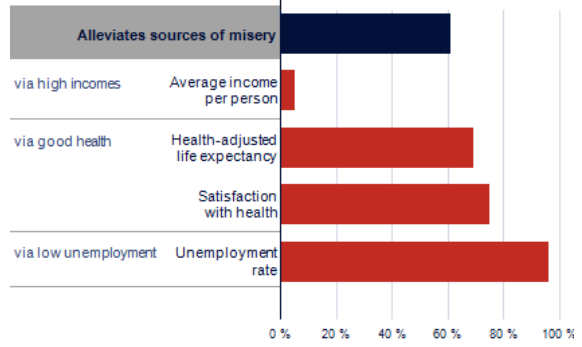
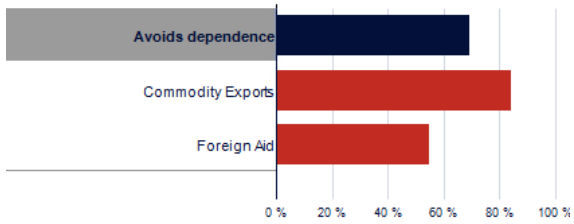
Despite the Communist Party's routine imprisonments of individuals associated with banned advocacy groups, the freedom of choice and the equality of opportunity scores are high for a country of this rank, particularly in the area of gender equality. Indicators for family and community life are similarly very positive. The number of people widowed is a low 1.7%<sup>9</sup>, and a very low proportion of the population is divorced (0.2%<sup>9</sup>).

### ECONOMIC COMPETITIVENESS: SCORECARD

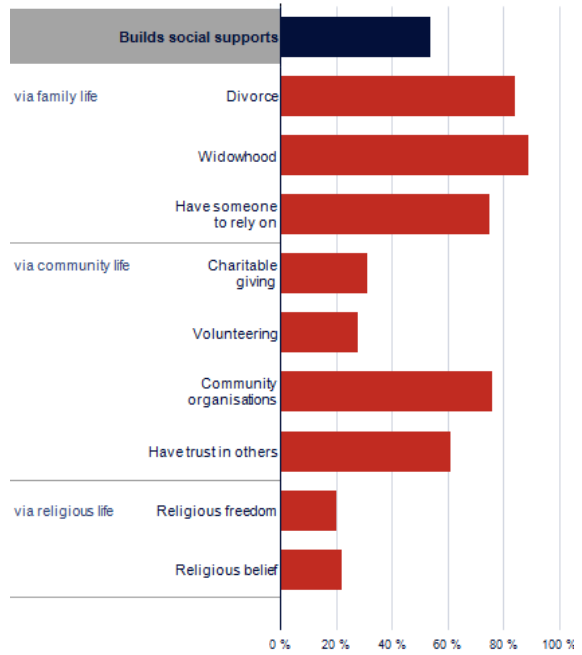


### COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.