

**Press Release**  
**RESULTS OF QUARTER 4 BUSINESS CLIMATE INDEX (BCI) SURVEY**  
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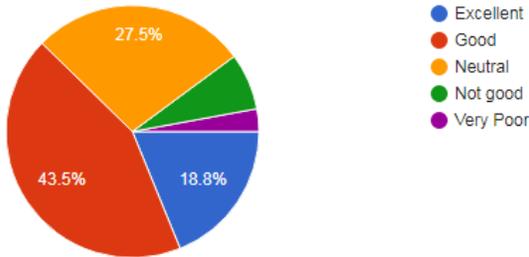
**EUROCHAM BUSINESS CLIMATE INDEX QUARTER 4 2017 RELEASED:  
EUROPEAN BUSINESSES AND COMPANIES WITH LINKS TO EUROPE  
MODERATELY CONFIDENT ABOUT THE VIETNAMESE MARKET, MORE IS  
EXPECTED FROM THE COUNTRY’S BUSINESS ENVIRONMENT**

**EuroCham has released the results of Business Climate Index (BCI) for Quarter 4 – 2017  
The index score is 77, remaining at the same level of the previous quarterly survey.**

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**1. Current Business Situation**

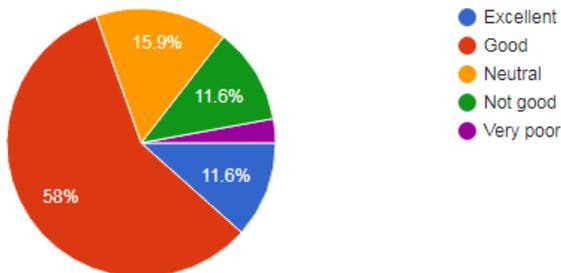
Survey Question 1: What was the business situation of your enterprise in the last quarter?



The sentiment of European and European-linked companies in Vietnam when it comes to the conditions for business in the Vietnamese market is moderately positive. Negative responses remain marginal and both types of positive responses (*good* and *excellent*) remain predominant, close to the levels of Q2 2017.

**2. Business Outlook for the next Quarter**

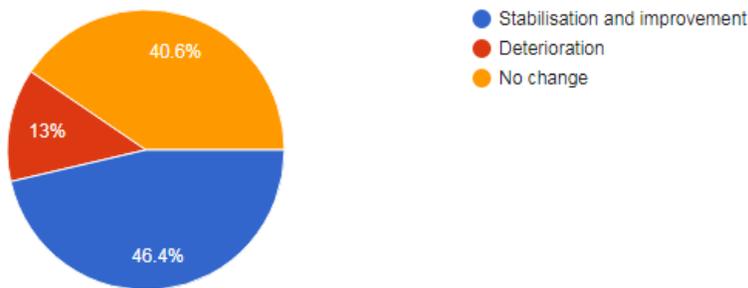
Survey Question 2: Based on the business performance of recent quarters, what is the business outlook for your enterprise in the next quarter?



When it comes to the future, a positive sentiment regarding next quarter’s business outlook continues. Positive answers have overall remained the same; with a 4% increase for the more those who believe that there is a “Good” outlook for next quarter. While the “*neutral*” attitude has dropped 6% this quarter, the “*not good*” outlook has risen 3%, since the last survey with the “*very poor*” maintaining the same share.

### 3. Vietnam's Macroeconomic Outlook for the next Quarter

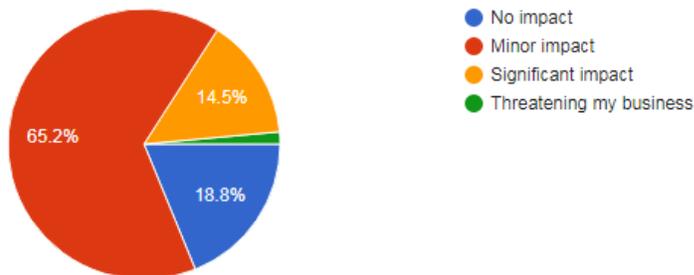
Survey Question 3: How do you assess the macroeconomic outlook for Vietnam in the next quarter?



Responses from EuroCham members that expressed confidence in a stable and continuously improving macroeconomic scenario for Vietnam increased by around 7%. Conversely, businesses that believe the macroeconomic conjuncture can deteriorate has risen 2% from the last survey. The number of respondents that expect no change in the next quarter remains at the 40% mark.

### 4. Impact of Inflation on Business

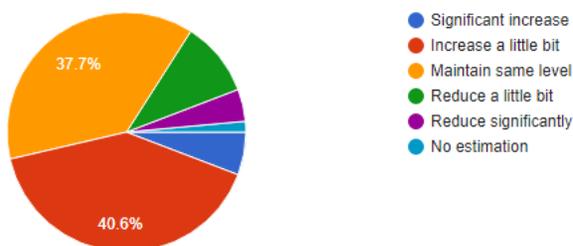
Survey Question 4: Will inflation have an impact on your business in Vietnam in the next quarter?



Inflation proved not to be a major concern for EuroCham members yet. 84% believe inflation will have either “no impact” (19%) or just a “minor impact” (65%, the majority of the respondents). Close to a quarter of the respondents believe it may have “significant impact” (20%, slight decrease from Q2 2017). Fears that inflation might threaten EuroCham members’ business are hereby dispelled with a resounding absence of answers in this direction (2%).

### 5. Headcount Development

Survey Question 8: Expected Headcount Development in the next quarter?

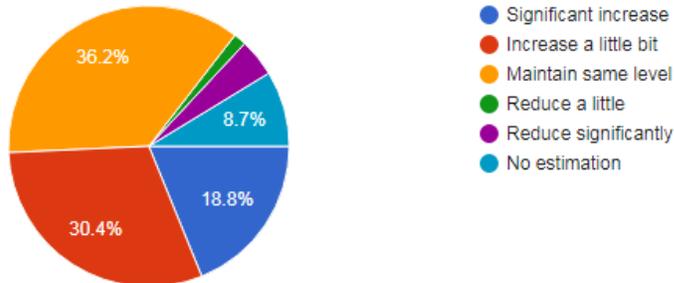


In regards to headcount, the number of businesses expecting to maintain the current size of their workforce remains at around 40%. On the other hand, the scores indicating intention to increase

the number of employees say that around 10% will significantly increase their workforce, while moderately hiring companies have suffered only a 4% drop since last quarter (to 41%). Responses towards lowering headcount have marginal increases: “reduce a little bit” from 8% to 10%; and “reduce significantly” from 1% to 3%.

## 6. Investment Plans

Survey Question 9: Expected investment plans in the next quarter?

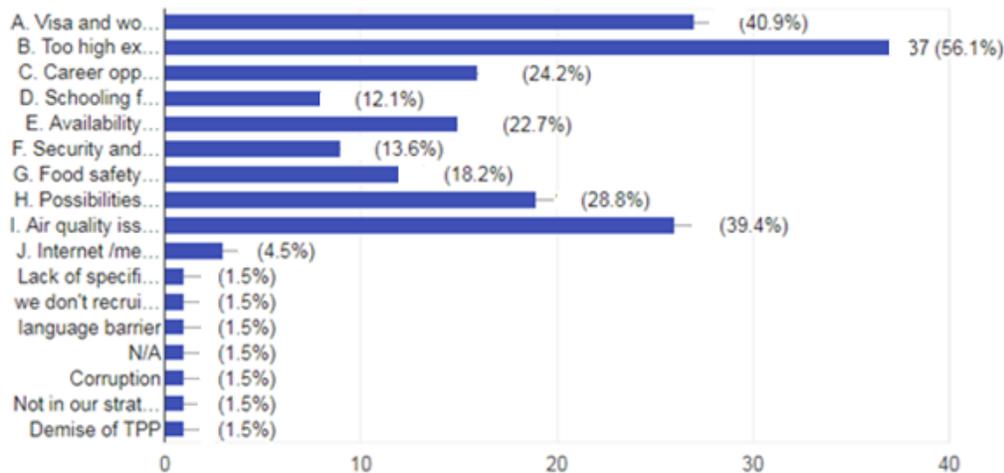


EuroCham members that intend to maintain their level of investment in the country represent 36% of the total answers, a 5% decrease from Q2 2017. However, intentions to increase investments also remain substantial, with a 50% rise in those looking to invest significantly from the last survey (from 9% to 18%) and a drop of 8% for moderate investment increases. Remaining numbers remain close to Q2 results.

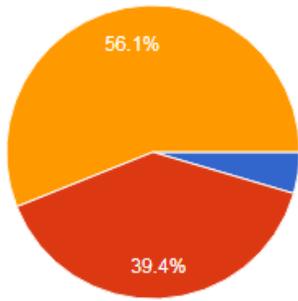
## 7. Additional Questions for the International Common Business Confidence Survey of the European Business Organisations (EBO) Worldwide Network

In this section, the EuroCham BCI asks different questions each quarter. In this edition, the BCI includes questions which results will be used in the EBO CBCS, to be published in 2018. These were the results for Vietnam.

First Additional Question: Please list the top 3 challenges in attracting the right international talents for your company in your country (Vietnam)?

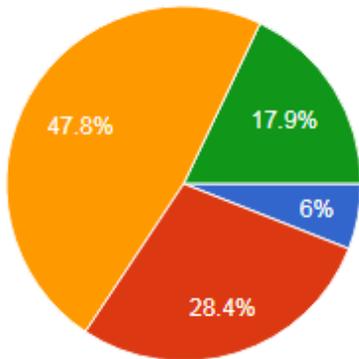


Second Additional Question: How does your company perceive foreign-invested companies' treatment Vietnam government in your industry compared to that of domestic companies?



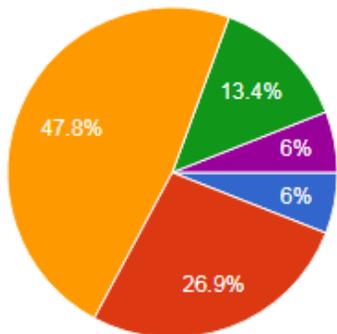
- A. Foreign-invested companies tend to receive favourable treatment compared to domestic companies
- B. Foreign-invested companies are treated equally
- C. Foreign-invested companies tend to receive unfavorable treatment compared to domestic companies

**Third Additional Question: How do you rate the enforcement of your country's IPR laws and regulations?**



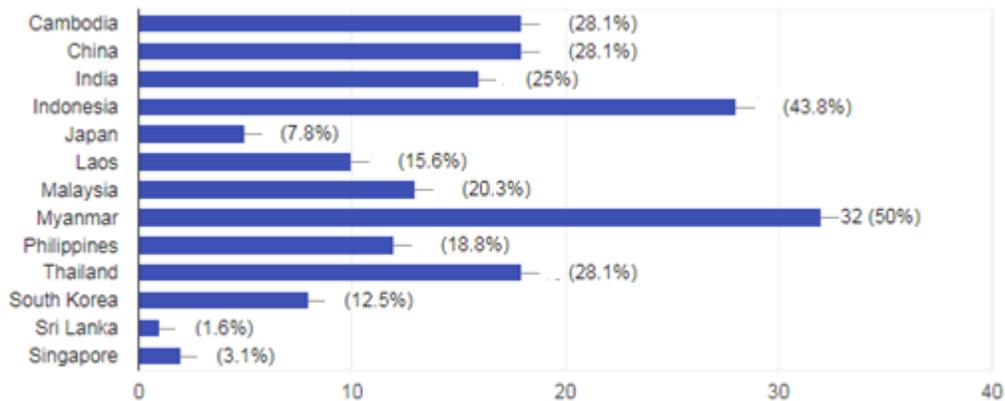
- Excellent
- Adequate
- Inadequate
- Not applicable

**Fourth Additional Question: What do you think of the opportunities for European Small and Medium Sized Companies in your sector in the coming 5 years Vietnam??**



- Excellent
- Very good
- Mixed
- Not very good
- Poor

**Fifth Additional Question: Beside Vietnam which of the following countries Asia below do you think offer(s) the greatest chance of success for European companies in your sector in the coming 5 years??**



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## QUOTE

**EuroCham Co-Chairman Gellert Horvath** commented:

*The Business Climate Index (BCI) survey results for Quarter 4 2017 continue to show positive expectations from EuroCham members towards Vietnam, albeit not at the same levels of optimism in 2016. As shown in the survey's results, almost 90% are either maintaining or increasing investments in the country. EuroCham believes that this interest may continue to inspire the Vietnamese Government to improve the business environment further, particularly regarding the changes to the legal framework that will enable Vietnam to fulfil its commitments under the EU-Vietnam Free Trade Agreement, expected to come into force later this year. The previous scores in this BCI reflected optimism that there would be important changes in the short term. This was also galvanized by expectations towards the EVFTA itself. Even though this BCI score is still very positive (77 out of 100), this is not so much the case today, after in 2017 several newly introduced or increased taxes and other non-tariff barrier have probably affected the private sector's expectations. What is more, in many cases these new measures but also contradict the spirit of the Free Trade Agreement Vietnam has signed with the EU. EuroCham remains confident that current hurdles to liberalisation will be surpassed and that our next survey will again reflect an excellent outlook from the perspective of the European and Europe-related business community in Vietnam.*