

The EuroCham BCI for quarter four 2014 rose slightly from the previous quarter. The rise is driven by optimistic views in regards to both the current business situation and the business outlook for the future. This perception is upheld by the large majority of the participants of the survey. It is worth noting that the majority of the respondents participated in the survey before the slowdown of internet during January 2015 and any opinions in regards to this on the feasibility to do business in Vietnam is therefore not reflected in these results.

**Ho Chi Minh City, 21 January 2015**, Results of the 17<sup>th</sup> quarterly EuroCham Business Climate Index (BCI) survey, conducted in De-

cember 2014, shows that business confidence, outlook and expectations for the future among European businesses in Vietnam climbed moderately from the previous quarter. In the fourth quarter the BCI increased from 74 to 78, an index digit very close to the results of early 2011, that are the highest results noted to date. The rise continues to be driven by a wide perception of favourable macroeconomic conditions and as with previous quarters the result mirrors a high expectancy, held by European business, on the ongoing negotiations of the EU Vietnam FTA.

**A broad perception amongst participants of stable macroeconomic conditions and lack of threats to business.**

When comparing with previous quarters the number of respondents that assert their business situation as positive continued to rise. Participants perceiving the situation as "good" is at 52%, additionally 5% of participants report "excellent" conditions. The second largest group is the one that reported a "neutral" business situation constituting 33% of the respondents. There is a minor rise in the percentage reporting poor condition from 8% - 10% but on the other hand none of the participants reported very poor conditions.



**Positive business outlook with continued high expectations on the future.**

The greater majority of respondents perceive their business outlook as "positive". 62% of the respondents expect "good" business conditions. The continued high expectations on the EU Vietnam FTA are present in these results. Another 28% perceive the outlook of doing business in Vietnam as neutral/no change. It must be noted that Eurocham expects a sharp decline in confidence if the ongoing negotiations between the EU and Vietnam are not concluded within a reasonable amount of time.

### Overall positive macroeconomic outlook for Vietnam with a slightly rise in concerns.

The participants assessment of the macroeconomic outlook for Vietnam 59% reported 'stabilization and improvement', a slight drop from last quarter's 61%. Participants expecting the situation "not to change" also shifted slightly from 24% to 20% and there was a rise in the number of participants that expected "deterioration of the macroeconomic conditions", from 15% to 21%.

### A rise in expected inflation rate

The participants expect a rise in the inflation rate over the next six months, from 4.61% in the last survey up to 5.78% in quarter 4. A rise in the inflation rate, as with last quarter is a logical expected outcome for the participants as they believe the overall business situation in Vietnam to improve and thereby a likely acceleration of the economy. This is also highlighted by participants when describing their expectations on headcount, investment and orders/revenue. For headcount development the largest group at 48% said they are considering increasing slightly the number of employees.

Likewise, answering questions in regards to investment plans in the medium term the largest group at 41% said they consider increasing their investment in Vietnam slightly. As was also the case for revenue where the largest group at 56% said they expect a certain increase. In light of this overall expected acceleration of the economy the participants hold concern on the inflation rate. A full 60% reported that they believe the inflation will have a slight impact on their business situation and 17% fear a significant impact on business. 22% of participants said inflation would have no impact on them.

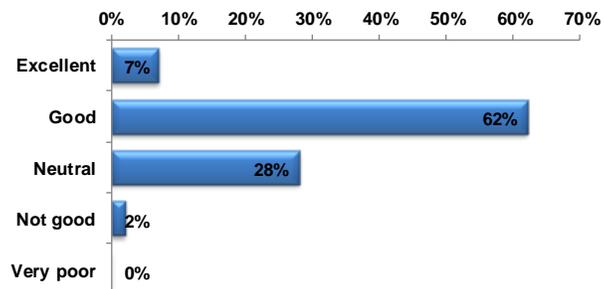
### Whitebook 2015

The BCI survey asked the participants questions regarding the recent launch of the EuroCham Whitebook 2015. This year's Whitebook is the 7<sup>th</sup> edition of EuroCham's annual publication addressing trade, investment issues and recommendations. The Whitebook was unveiled during the month of December 2014. New for the year is the availability of that publication online in electronic form, for anyone to download.

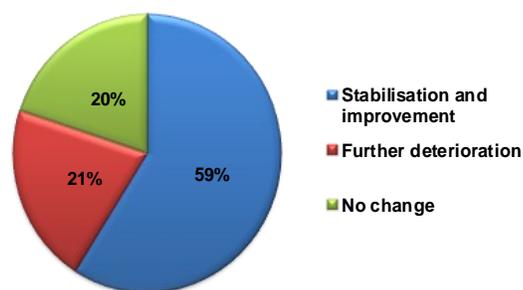
The BCI asked the participants if they perceived the making available of an electronic version of the Whitebook to the public an overall good thing or not. 4/5 participants saw the change as positive and 1/10 said that the change was negative and 1/10 believes the change makes no difference.

When asking the participants if they are aware of where the download link is 2/3 said they knew already. For the ones that do not know where to find the Whitebook 2015 for download we are glad to share the link, including here: Whitebook 2015.

### Business Outlook for your Enterprise



### How do you assess the Macroeconomic outlook?



The third question regarded the dissemination of the Whitebook and if its availability to the public, albeit only in electronic form, would be greater than before. 2/3 of the participants of the BCI replied that they believe the choice to distribute the Whitebook electronically will lead to it being used by many more people than previously. The second largest group at 27% said that the dissemination would stay roughly the same and 1/10 said they believed the Whitebook will be used by fewer people than previously.

### **Energy specific questions**

In regards to the sector committee related questions, to what extent the participants consider Vietnam's attractiveness as an international investment destination to be driven by low energy prices, as opposed to other factors equally large groups of participants at 44% respectively replied that it is one key consideration, the other group saying it was not a factor at all. The remaining said low energy price is considered to a significant extent.

On the question whether energy shortages and unreliability of energy supply is more of a concern than likely higher energy prices over time the largest group of respondents at 38% said the shortages is a greater concern, 35% said it is less of a concern than the remainder were not sure.

On the questions whether the participants would welcome power that was more expensive but also more reliable 40% said yes, 33% said no and the remainder was not sure.

Based on this result a more precise survey is on the way to gain better insight on this topic. The Green Growth Sector Committee can be used as primary info point for all EuroCham members.

**Please see the detailed findings of the survey here: [www.eurochamvn.org](http://www.eurochamvn.org)**

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**ABOUT EUROCHAM:**

Since its establishment with only 60 members in 1998, the European Chamber of Commerce in Vietnam (EuroCham) has grown to represent more than 850 European businesses, counting among its supporters many of the world's leading enterprises. With offices in both Hanoi and Ho Chi Minh City, EuroCham's mission is to represent the business interests of our European members in Vietnam, and to improve the business environment in Vietnam for the benefit of all players. EuroCham also aims at helping Vietnamese enterprises to successfully meet the many challenges posed by the nation's ongoing global economic integration.

As the lead organization representing European business interests in Vietnam, EuroCham now works in partnership with the Belgium Luxembourg Chamber of Commerce in Vietnam (BeluxCham), the French Chamber of Commerce and Industry in Vietnam (CCIFV), the Dutch Business Association Vietnam (DBAV), the German Business Association in Vietnam (GBA), the Italian Chamber of Commerce in Vietnam (ICham), the Hanoi chapter of the Nordic Chamber of Commerce Vietnam (NordCham) and the Spanish Business Group in Vietnam (SBG) and EuroCham is also a member and founder of the EU-ASEAN Business Council representing European business interests in ASEAN and member of the European Business Organisations (EBO) Network, which works to represent the interests of European businesses in more than 30 countries across the globe.

