Economic Research Group

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Macro View

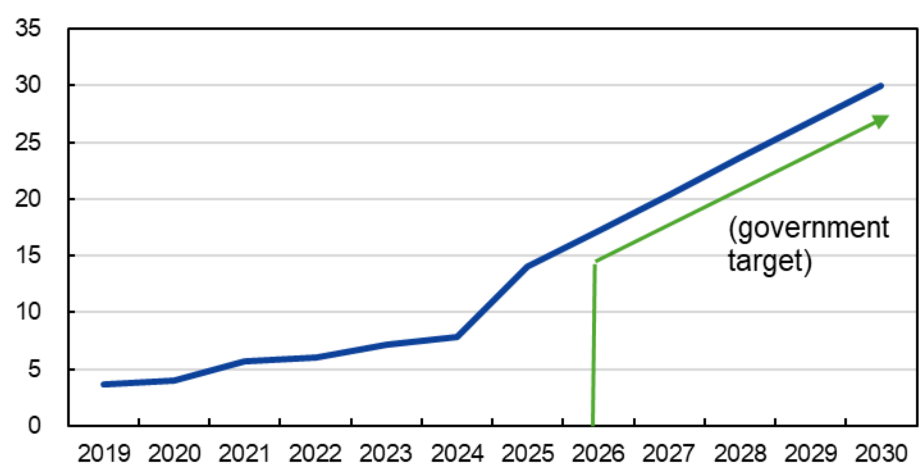
Expanding Digital Economy in Vietnam

- Government's setting to raise the digital economy's share of GDP to 30% by 2030
- Electronics exports to the United States continue to increase
- Government's goal to attain double-digit growth over the medium to long term via improving investment efficiency

Government aims to raise the digital economy's share of GDP to 30% by 2030

On June 12, the Vietnamese government approved the "Digital Economy and Digital Society Plan for 2026–2030 (No. 1033/QD-TTg)." In this plan, the government stated its intention to increase the digital economy's value added to 30% of GDP by 2030. This numerical target had already been mentioned during the previous five-year Party cycle (the 13th term), and its importance has now been reaffirmed. As Vietnam+ Newspaper quoted in its article on June 2, "The digital economy accounted for 14% of GDP in 2025". Since this ratio was only 4% in 2020, the 14% share demonstrates that digitalization has steadily progressed and is expected to continue advancing in the future (Figure 1).

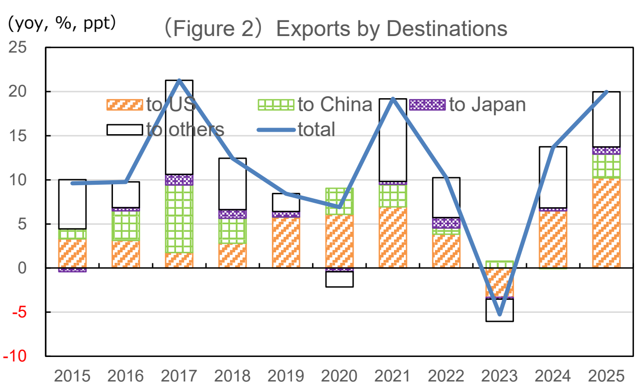
(Figure 1) Digital Economy Share of GDP



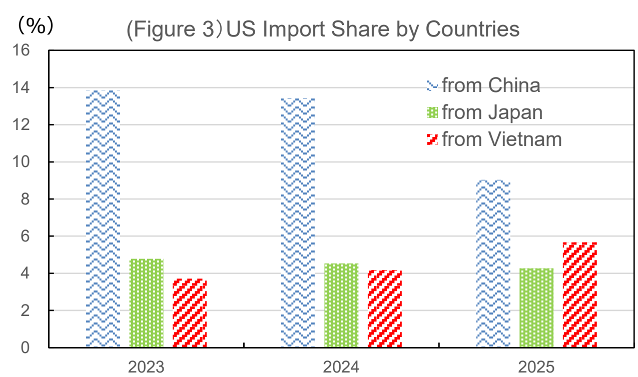
*Note: Data cover 2019–2030. Figures through 2025 are actual results. Values for 2026–2030 are calculated by evenly allocating the increase between the 2025 actual figure and the 2030 target.
*Source: Prepared by Sumitomo Mitsui DS Asset Management based on CEIC data and Vietnamese government information.

Exports to the United States Expanded Continuously

Among Vietnam's export destinations, the United States accounted for 34% of total exports in 2025, by far the largest share among individual countries and regions. Total exports increased 20.0% year-on-year in 2025, with exports to the United States contributing 10.2 percentage points—explaining nearly half of the overall increase (Figure 2). Looking at U.S. import data by country and region, China's share declined significantly to 9.0% in 2025 (Figure 3). After US President Trump announced reciprocal tariffs on April 2, 2025, the U.S. government temporarily raised additional tariffs on Chinese imports substantially, weakening China's export competitiveness. At the same time, U.S. importers increasingly substituted imports from other countries and regions. Although President Trump commented that additional tariffs would be imposed on goods rerouted through Vietnam from China to the United States, these supply-chain-related tariffs were ultimately not implemented. As a result, Vietnam's share of U.S. imports continued to rise, leading to expanding exports from Vietnam to the United States.



*Note: Data cover 2015–2025. Destination-specific figures represent contribution to growth.
*Source: Sumitomo Mitsui DS Asset Management based on CEIC data.



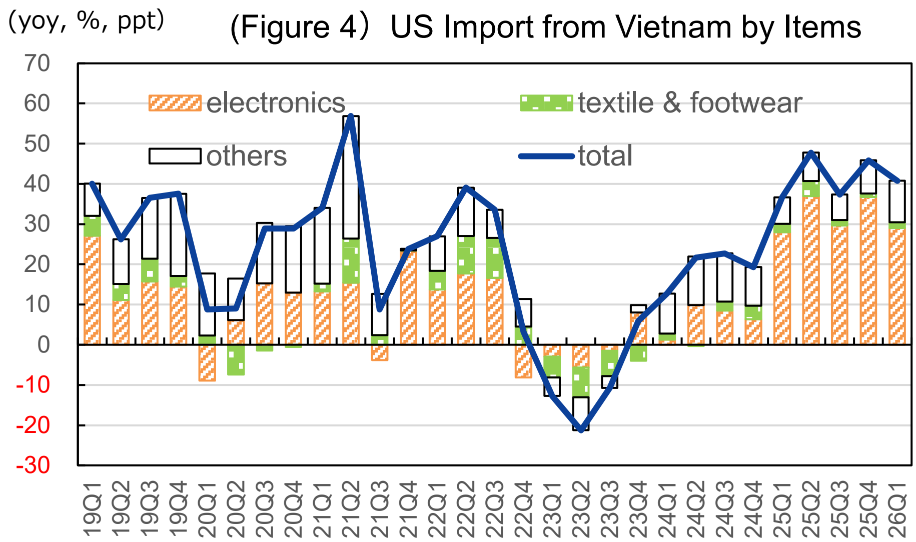
*Note: Data cover 2023–2025.
*Source: Prepared by Sumitomo Mitsui DS Asset Management based on CEIC data.

Electronics exports to the United States are expanding

We used U.S. import data by items from Vietnam because detailed export data from Vietnam to the United States are not available. Given definition of electronics as automatic data processing equipment/parts and telecommunications equipment/parts, U.S. imports of electronics from Vietnam increased by 67.5% year-on-year in 1Q 2026. The item contributed by 29.0 ppt. (Figure4) Alongside Vietnam's digital transformation, strong demand for AI and semiconductors continues not only domestically but also in the United States, the destination for these products.

As a result, electronics companies from China, Taiwan, Japan, and elsewhere have actively expanded electronics production in Vietnam. In our view, these companies, which have expanded electronics production in Vietnam, may be evaluated positively—from a Vietnam investment perspective—in the stock markets of the countries or regions where their registered headquarters are located.

(Figure 4) US Import from Vietnam by Items



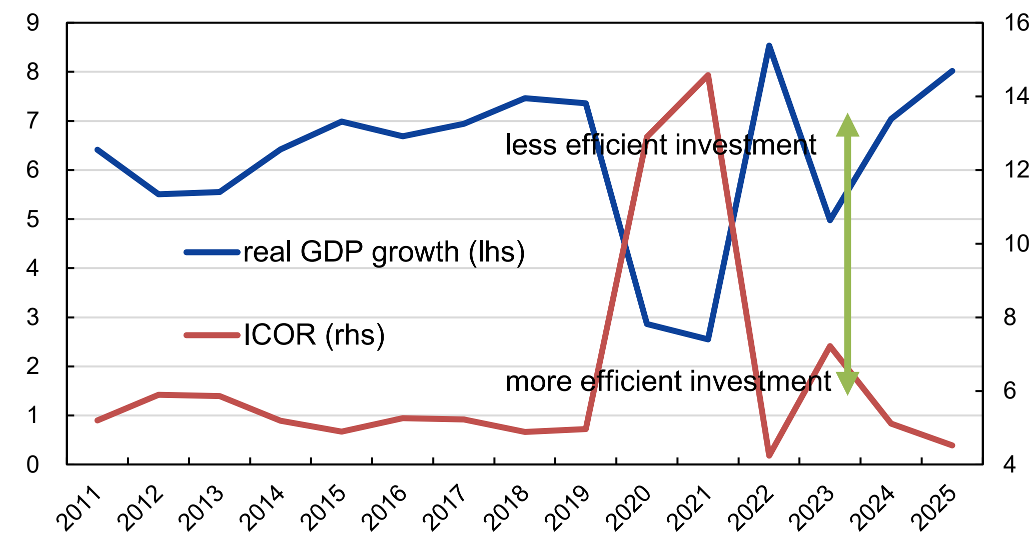
*Note: Data cover January–March 2019 through January–March 2026.
*Source: Prepared by Sumitomo Mitsui DS Asset Management based on CEIC data.

Infrastructure investment continues to expand

The Vietnamese government has been actively increasing infrastructure investment. As noted in the report dated February 2, 2026, public investment is budgeted to grow by more than 40% in 2026. Vietnam's GDP per capita was approximately USD 5,000 in 2025, indicating that the country remains at an early stage of economic development, where investment efficiency—including infrastructure investment—is relatively high. In fact, the incremental capital-output ratio (ICOR)—the amount of real investment required to generate one additional unit of real GDP, with a lower figure indicating higher investment efficiency—declined from 7.2 in 2023 to 4.5 in 2025, while real GDP growth accelerated over the same period. For comparison, when China's economy was experiencing double-digit growth, its ICOR generally ranged between 3 and 5. Therefore, in our view, Vietnam has considerable potential to achieve sustained double-digit economic growth over the medium to long term through substantial investment, although this is not guaranteed and is subject to various risks including policy changes and external economic conditions.

Alongside infrastructure projects such as expressways, dams, and power transmission networks, the simultaneous advancement of a high-value-added digital economy is making Vietnam increasingly attractive. From a macroeconomic perspective, copper wire is a representative material used in both infrastructure and the digital economy, and companies engaged in copper wire production or distribution may be among those that could potentially benefit from Vietnam's policy initiatives, though this does not guarantee positive investment outcomes.

(Figure 5) Vietnam Real GDP Growth & ICOR



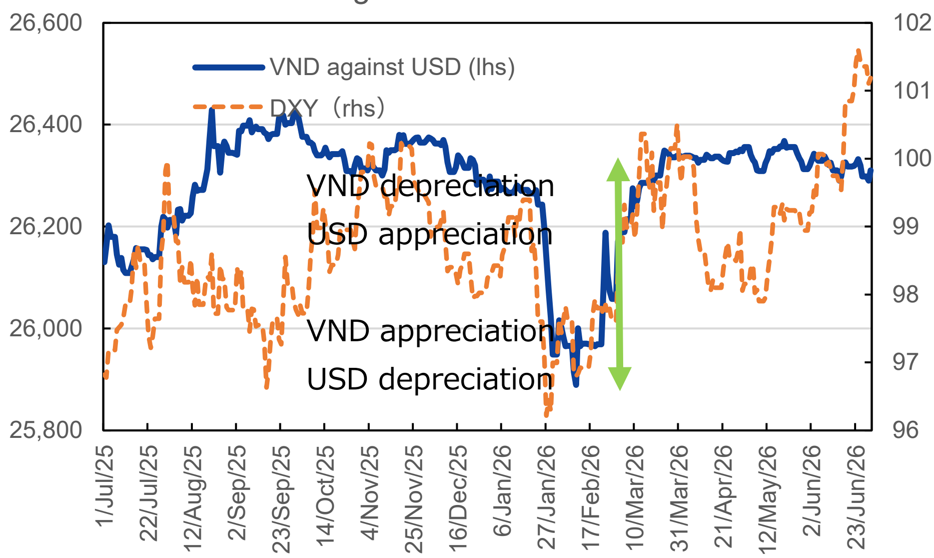
*Note: Data cover 2011–2025. Rapid increase in ICOR in 2020 and 2021 was caused by the temporary impact of the COVID-19 pandemic.
*Source: Prepared by Sumitomo Mitsui DS Asset Management based on CEIC data.

Risk of continued depreciation of the Vietnamese dong

Although Vietnam's domestic growth story has become increasingly clear, investors should remain mindful of the risk that depreciation of the Vietnamese dong could accelerate inflation and dampen domestic demand. Looking at Vietnam's balance of payments, periods of global risk aversion often led to faster capital outflows through the "errors and omissions" account, putting downward pressure on the dong. In the near term, expectations of further U.S. interest rate hikes could strengthen the U.S. dollar and contribute to additional depreciation of the dong. As of the end of 2025, Vietnam's foreign exchange reserves covered only about two months of imports of goods and services, below the internationally accepted benchmark of three months considered adequate. Under conditions of sharply rising depreciation pressure, it would therefore be difficult for the authorities to intervene aggressively by selling U.S. dollars and buying dong.

Rather than defending the currency through interest rate hikes, the State Bank of Vietnam is expected to widen the dong's trading band. Even in that scenario, however, further depreciation of the dong would likely accelerate inflation.

(Figure 6) VND & DXY



*Note: Data cover July 1, 2025 through June 30, 2026.
*Source: Prepared by Sumitomo Mitsui DS Asset Management based on Bloomberg data.