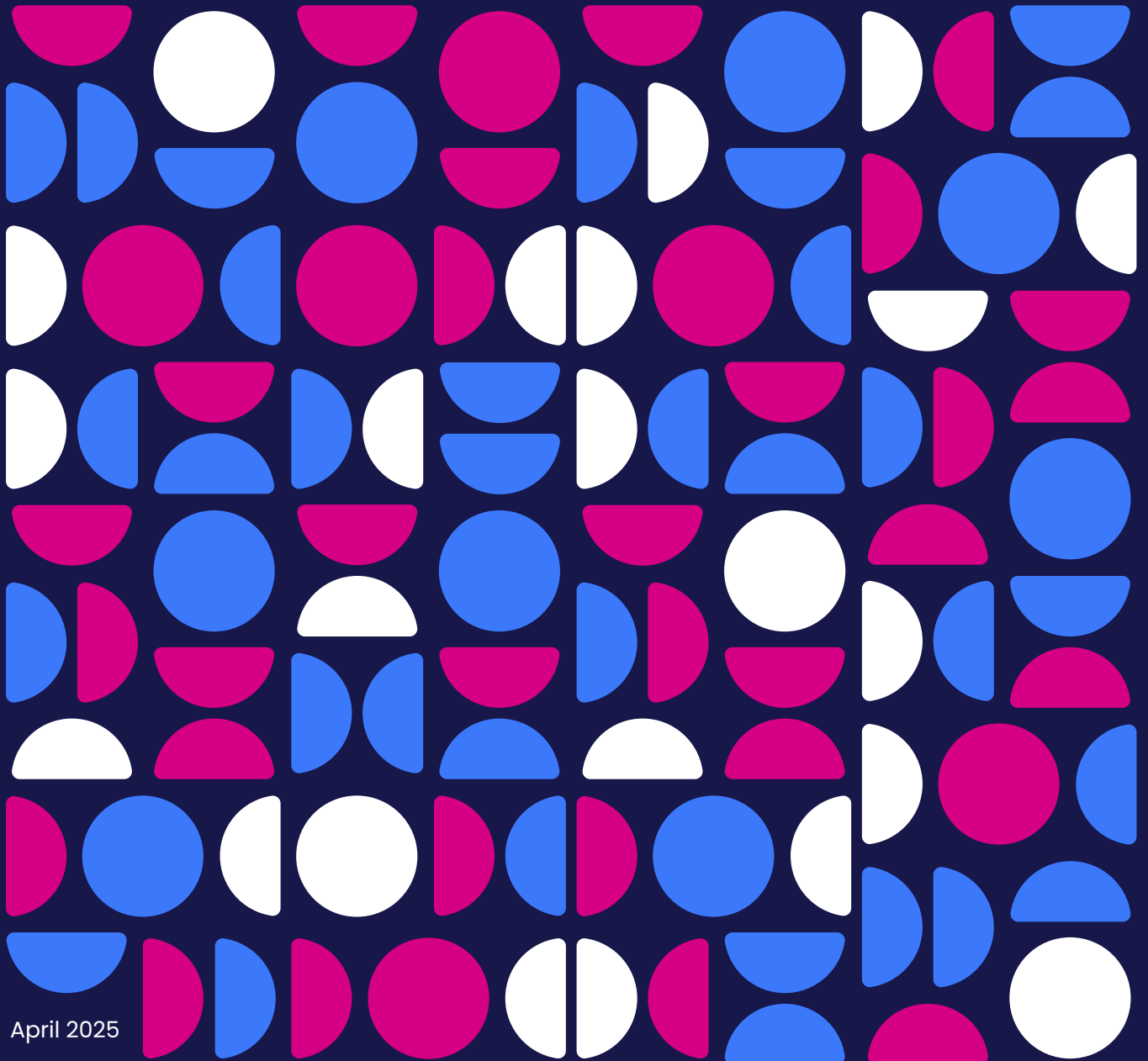


Vietnam Country Report: Macroeconomic, Socioeconomic, and Industry Analysis

Developed by **Cascale**



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Overview

This report combines **macroeconomic trends, industry dynamics, and insights** into **Vietnam's business landscape**. It also highlights the synergies between Vietnam's evolving policies and the Industry Decarbonization Roadmap (IDR), led by Cascale and Apparel Impact Institute (Aii), underscoring the critical role Cascale members and the broader consumer goods industry can play in supporting Vietnam's transition to a low-carbon economy. A strong economic outlook coupled with bold sustainability initiatives reveals a country poised to play a crucial role in global decarbonization efforts even amid looming tariff threats.¹

Relevance to the Industry Decarbonization Roadmap (IDR):

The regulatory shifts in Vietnam provide an opportunity for consumer goods companies to align with local and global sustainability standards, contributing to decarbonization efforts while ensuring compliance with emerging environmental laws.

¹ <https://www.nytimes.com/2025/04/06/world/asia/vietnam-trump-tariff-delay.html>

1. Macroeconomic Overview

- **Gross Domestic Product (GDP) Growth:** Vietnam's economy is projected to grow by 6.5% in 2025, slightly outpacing the Philippines, which is expected to grow by 6.4%.²
- **GDP Composition:** In 2023, Vietnam's GDP was primarily driven by the manufacturing sector, contributing 23.88%, followed by agriculture, forestry, and fishery at 11.96%, and the wholesale and retail trade, vehicles, and motorcycle repairs sector.³
- **Foreign Direct Investment (FDI) & Trade:** Vietnam's total registered FDI for the 11 months of 2024 reached US\$31.4 billion, marking a 1% year-on-year increase.
- **Inflation:** Core inflation, which excludes volatile items such as food and energy, rose by 2.71% in 2024, which is lower than the average CPI increase.

Vietnam continues to demonstrate resilience in its economic performance despite global challenges. Its transition towards an industrial economy, particularly through manufacturing, continues to be supported by robust FDI flows and an export-driven trade strategy. Consumer goods companies looking to partner in Vietnam will find a stable yet dynamic environment, where the emphasis on sustainability in manufacturing, especially textiles, presents both opportunities and challenges.

2. <https://www.vietnam-briefing.com/news/vietnams-economic-outlook-for-2025-push-for-digitalization-and-sustainability.html/>

3. <https://www.statista.com/statistics/1459979/vietnam-gdp-contribution-by-sector/>

2. Apparel & Footwear: Decarbonization and Sustainability Imperatives

Vietnam's apparel and footwear industry is crucial to its export strategy, employing around three million workers⁴ of whom some 80–90% are women, and was projected to contribute US\$71 billion in export revenues for the full year 2024^{5,6}. The US remains its largest export market. Vietnam's GDP in 2024 was approximately \$476 billion⁷. This means that apparel and footwear exports accounted for approximately 15% of the country's GDP.

However, this sector faces critical sustainability challenges, particularly in energy consumption, carbon emissions, and resource efficiency.

Energy and Sustainability Challenges

- **Energy Consumption:** The apparel and footwear industry accounts for 8% of industrial energy demand, emitting around five million tons of CO₂ annually⁸. It remains heavily dependent on coal (12% of plants) and grid electricity (93% of facilities).⁹ Under the recently issued Decision No. 13/2024/QĐ-TTg, companies must track their greenhouse gas emissions. Nearly 100 textile and footwear businesses have been specifically designated to report their emissions, aligning with the country's broader goal of reaching net-zero emissions.¹⁰
- **Sustainability Data:** Higg Facility Environmental Module (Higg FEM) submissions in 2023 highlighted issues such as uncertified biomass use and poor wastewater treatment in textile facilities (Higg FEM Data, 2023). As the price of rice husks (sustainable biomass) has increased, some suppliers are moving to uncertified wood waste that, when taking biogenic emissions into account, has a higher impact than coal and presents additional reputational and environmental risks.

4. <https://idh.org/news/vietnams-textile-and-footwear-industries-join-forces-for-sustainable-future-mou-signed-to-drive-circular-economy-and-energy-efficiency>

5. <https://en.vietnamplus.vn/vietnam-becomes-second-biggest-garment-exporter-globally-post307328.vnp>

6. <https://www.growyourbusiness.org/business-news/vietnams-textile-and-footwear-exports-reach-usd-44-billion-in-2024/>

7. <https://www.reuters.com/markets/asia/vietnam-2024-gdp-growth-quickens-709-2025-01-06/>

8. <https://journal.iistr.org/index.php/ESI/article/download/657/539/4286>

9. <https://apparelimpact.org/resources/report-low-carbon-thermal-energy-roadmap-for-the-textile-industry/>

10. <https://wtocenter.vn/tin-tuc/26148-textile-and-footwear-industries-to-go-green>

- **Renewable Energy:** There is a growing emphasis on transitioning to renewable energy sources within the industry. The goal is to increase the share of electricity from renewable sources to 10% by 2025, with ongoing efforts to reduce overall energy consumption by 0.4% to 0.7% annually from 2021 to 2030.¹¹ After years of development, Direct Power Purchase Agreements (PPAs) in Vietnam became available in July 2024, allowing electricity consumers above a certain threshold to bypass Vietnam Electricity (EVN) as their only source. After electrification, a typical textile wet-processing facility would be eligible for Direct Power Purchase Agreements (DPPAs)¹².
- **Sustainability Goals:** The industry is actively working towards sustainability, aiming for a 15% reduction in energy consumption and a 20% reduction in water usage by 2023 as part of its green transformation initiatives.¹³ A September 2024 agreement aims to drive sustainable development in Vietnam's textile and footwear industries through 2024–2030, focusing on sustainable consumption and production, energy efficiency, circular economy growth, and climate adaptation, with a target of at least a 10% annual reduction in energy consumption.¹⁴

¹¹ <https://moit.gov.vn/phat-trien-ben-vung/chuyen-doi-xanh-san-xuat-ben-vung-la-yeu-to-then-chot-de-nganh-det-may-duy-tri-vi-the-canh-tranh.html>

¹² <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/ing/070524-vietnam-approves-direct-power-purchase-agreement-mechanism-for-renewables-projects>

¹³ <https://vietnamzerowaste.vn/giai-phap-nang-luong-sach-nganh-det-may/>

¹⁴ <https://idh.org/news/vietnams-textile-and-footwear-industries-join-forces-for-sustainable-future-mou-signed-to-drive-circular-economy-and-energy-efficiency>

3. Consumer Goods Market: Urbanization, E-Commerce, and Growth

- **Market Size:** In 2024, Vietnam's overall retail sales of goods and consumer service revenue were projected to reach approximately \$251.5 billion, marking a 9% rise compared to the previous year.¹⁵
- **Growth Rate:** The retail market is anticipated to grow to USD 488.08 billion by 2029, expanding at a compound annual growth rate (CAGR) of 12.05% from 2024 to 2029.¹⁶
- **E-commerce:** Vietnam's e-commerce market is forecasted to grow by 28%, the highest growth rate in Southeast Asia, reaching US\$40 billion by 2027.¹⁷
- **Demographics:** The country has a significant working-age population, with 67% (approximately 67 million people) being of working age.¹⁸ Economic growth rates of 5% to 8% over the past decade have led to more job opportunities, stable income sources, and potentially higher wages, driving the growth of disposable income.

Vietnam's consumer goods market is experiencing robust growth, fueled by rising incomes, a young population, and rapid urbanization. The growing e-commerce sector, coupled with the increasing influence of tech-savvy consumers, is reshaping purchasing habits, and a younger, more conscious consumer base is driving demand for eco-friendly and socially responsible brands. Companies have an opportunity to leverage the growth of e-commerce and urbanization to introduce sustainable products and practices, helping to integrate sustainability into consumer goods supply chains.

¹⁵ <https://en.vneconomy.vn/vietnams-2024-retail-consumer-services-revenue-up-9.htm>

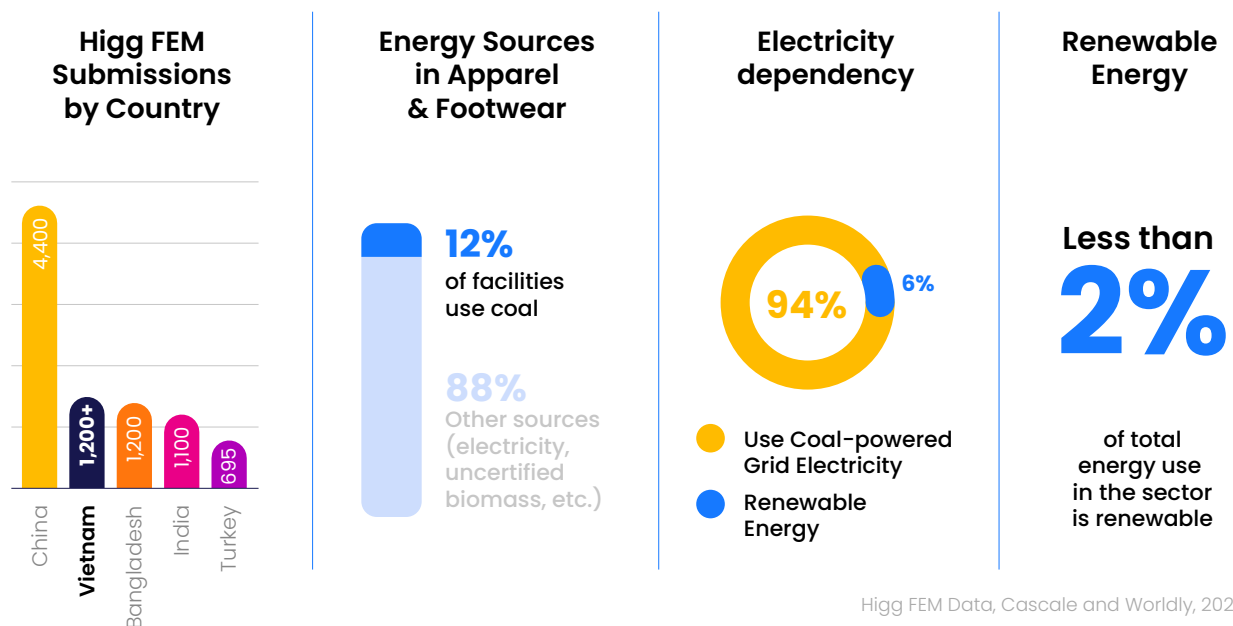
¹⁶ <https://www.researchandmarkets.com/reports/4622451/vietnam-retail-market-share-analysis-industry>

¹⁷ <https://en.baochinhphu.vn/viet-nams-e-commerce-market-to-reach-us40-bln-by-2027-111221015155053408.htm>

¹⁸ <https://retailasia.com/videos/vietnams-middle-class-eyes-higher-disposable-income-2027>

4. Higg FEM Data: Key Insights for Sustainability in Vietnam's Apparel & Footwear Industry

The Higg Index is a suite of five tools that assess and measure the social and environmental performance of the consumer goods value chain and the environmental impacts of products. The Higg Facility Environmental Module (Higg FEM), a key component of the Higg Index, provides critical data on the textile sector's environmental performance, which is key for members committed to improving supply chain sustainability:



This data is crucial for companies looking to guide their operations in Vietnam's textile and apparel industry towards more sustainable practices, particularly by helping reduce emissions and promoting renewable energy.

5. Business and Policy Environment

- **Anti-Corruption Efforts:** The Vietnamese government's anti-corruption campaign is enhancing governance and transparency.¹⁹
- **Energy Transition Goals:** Vietnam aims to raise the share of renewable energy to 15%-20% by 2030, with a target of 65%-70% by 2045. If achieved, this shift is expected to reduce greenhouse gas emissions from energy activities by 70%-80%.²⁰
- **Trade Agreements:** The EU-Vietnam Free Trade Agreement (EVFTA) and CPTPP are providing Vietnam with preferential market access²¹ but also tightening environmental and labor standards.²²

Vietnam's policy landscape is evolving with a strong focus on clean energy transitions and improving transparency. Consumer goods companies need to stay ahead of regulatory changes, particularly around energy use and emissions, as these will significantly impact both business operations and the decarbonization efforts under IDR.

19. <https://vietnamnet.vn/en/2024-landmark-year-for-anti-corruption-and-public-safety-in-vietnam-2357489.html>

20. <https://www.recessary.com/en/news/vn-regulation/vietnam-anticipates-renewables-make-up-70-power-mix-2045>





21. <https://taxnews.ey.com/news/2020-1807-eu-vietnam-free-trade-agreement-enters-into-force-as-of-1-august-2020>

22. <https://www.whitecase.com/insight-alert/new-eu-vietnam-fta-enters-force>

6. Conclusion: Opportunities for Consumer Goods Companies in Vietnam's Transition to Sustainable Growth

Vietnam presents an evolving landscape with strong potential for consumer goods companies to contribute to decarbonization goals. The textile sector's ongoing transition, coupled with the rising consumer demand for sustainable goods, makes Vietnam a key market for aligning business strategies with environmental objectives. As the country continues to grow and embrace sustainability, there are significant opportunities for Cascale members and the broader industry to lead the charge in transforming supply chains, adopting renewable energy, and upskilling the workforce.

Recommendations:

Recommendation	Focus Area
 Engage in Low-Carbon Transitions	Focus on driving renewable energy adoption and circular economy solutions.
 Long-term Partnerships	Brands are encouraged to foster long-term relationships with their supply chain partners, driving both greater equity and transformative business practices.
 Support Skill Development	Invest in workforce upskilling, particularly in sustainability and green technologies.
 Monitor Policy Changes	Keep abreast of Vietnam's evolving regulatory environment to ensure compliance and capitalize on market opportunities.

By collaborating on initiatives like the IDR, apparel and footwear companies, as well as those across consumer goods, can play a pivotal role in Vietnam's transition to a sustainable, low-carbon economy while simultaneously driving business performance.

ABOUT IDR

Cascale and Aii's Industry Decarbonization Roadmap (IDR), developed with the support of RESET Carbon, prioritizes action in the 10% of facilities across the textile and apparel supply chain that account for over 80% of manufacturing emissions globally, ensuring resources are targeted where they can drive the greatest impact. The IDR unites manufacturers, brands/retailers, and stakeholders around shared goals, emphasizing collective accountability and pre-competitive collaboration to accelerate systemic change across the supply chain. With a science-based target of reducing supply chain emissions by 45% by 2030, the IDR drives measurable progress through various interventions, solutions and programs.

ABOUT CASCALE

[Cascale](#) is the global nonprofit alliance empowering collaboration to drive equitable and restorative business practices in the consumer goods industry. Formerly known as the Sustainable Apparel Coalition, Cascale owns and develops the Higg Index, which is exclusively available on Worldly, the most comprehensive sustainability data and insights platform. Cascale unites over 300 retailers, brands, manufacturers, governments, academics, and NGO/nonprofit affiliates around the globe through one singular vision: To catalyze impact at scale and give back more than we take to the planet and its people.

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