

Country Report Vietnam

Chemical industry data and facts

October 2021

High production and investment growth

In recent years, the market for chemical-pharmaceutical products has grown steadily in Vietnam. In 2020, sales of chemical products rose very strongly by 17.7 percent compared to previous year - despite the difficult economic situation due to the coronavirus pandemic - and amounted to around 16.2 billion euro. Vietnam's chemical consumption also increased year-on-year and amounted to almost 34.4 billion euro. The same applied for the production of chemical-pharmaceutical products, that increased by 10.5 percent compared to previous year. Over the last ten years, production has increased by an average of 6.2 percent per year. In the last five years, the annual growth rate even increased to 7 percent.

In 2020, nearly 5.1 billion euro were invested in Vietnam's chemical industry, a growth of 7.9 percent compared to previous year. In a global comparison, Vietnam thus ranked ninth, behind Ireland and ahead of France. Investments have expanded significantly over the last ten years. The average annual growth rate was 10.4 percent.

PHARMACEUTICALS GAINING IN IMPORTANCE

Polymers accounted for around 29 percent of chemical sales in 2020. The share fell by 3 percentage points compared to previous year. Except for pharmaceuticals, the share of all sectors in Vietnam's chemical sales fell. In contrast, the share of pharmaceuticals increased by almost 10 percentage points compared to previous year. Pharmaceuticals were thus the second most important sector after polymers in 2020. Fine and specialty chemicals followed in third place with a share of 20 percent. Consumer chemicals played a minor role.

Vietnam's trade balance was minus 18.2 billion euro in 2020. It was thus better than in the previous year. Vietnam cannot meet its demand for chemical and pharmaceutical products and therefore imports large quantities of chemicals. For example, demand for pharmaceuticals is steadily increasing as a growing proportion of the population in Vietnam gains access to doctors and medicines. All chemical sectors recorded a trade deficit.

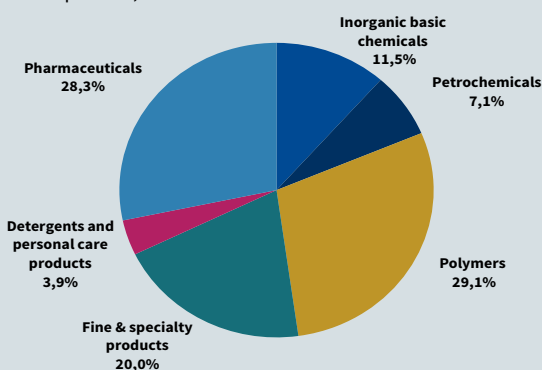
LOW IMPORTS FROM VIETNAM

The German chemical industry exported goods worth almost 600 million euro to Vietnam in 2020, an increase of 11.2 percent compared to previous year. This was 0.3 percent of German chemical exports worldwide and 1.9 percent of German chemical exports to Asia. Conversely, chemical goods worth around 55 million euro came from Vietnam to Germany, an increase of 12.4 percent compared to previous year. This corresponded to a 0.04 percent share of German chemical imports. The German chemical trade balance with Vietnam was thus clearly positive.

German chemical companies are also active locally with sales and production facilities. Direct investments by German chemical companies in Vietnam amounted to around 105 million euro in 2019. A total of eleven subsidiaries of German chemical companies were active in Vietnam. Together, they generated sales of around 600 million euro and employed 4,000 people.

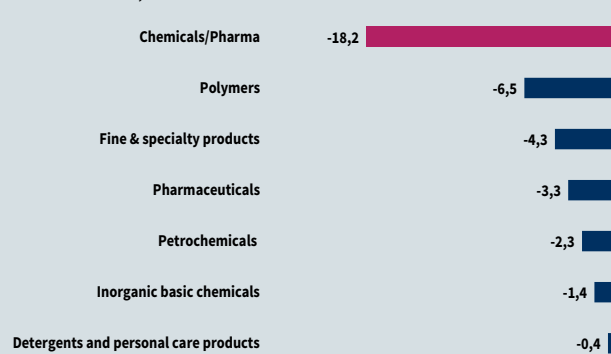
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Structure of Vietnam's chemical industry
shares in percent, 2020



Sources: Chemdata International, VCI

Vietnam's trade balance for chemicals
in billion euro, 2020



Sources: Chemdata International, VCI