

WORLD RANK: **72**

REGIONAL RANK: **14**

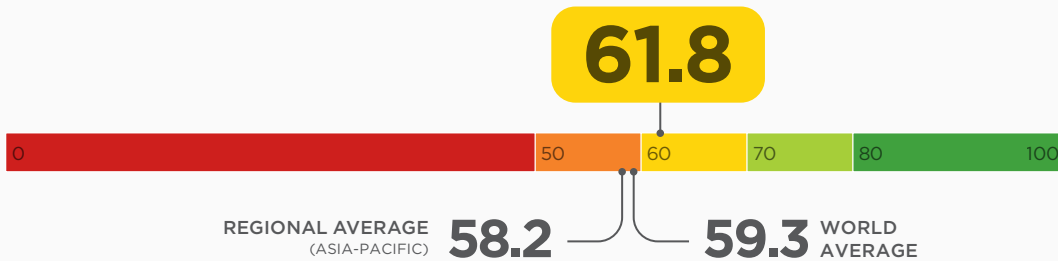
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

VIETNAM

Vietnam's economic freedom score is 61.8, making its economy the 72nd freest in the 2023 *Index*. Its score is 1.2 points better than last year. Vietnam is ranked 14th out of 39 countries in the Asia-Pacific region, and its overall score is above the world and regional averages.

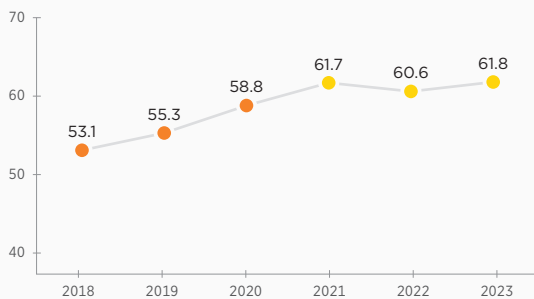
Capitalizing on its gradual integration into the global trade and investment system, the economy is becoming more market-oriented. Reforms have included partial privatization of state-owned enterprises, liberalization of the trade regime, and increasing recognition of private property rights. Nonetheless, institutional shortcomings continue to discourage more sustained long-term economic development.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +20.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
98.2 million

GDP (PPP):
\$1.1 trillion
2.6% growth in 2021
5-year compound annual growth 5.4%
\$11,534 per capita

UNEMPLOYMENT:
2.4%

INFLATION (CPI):
1.9%

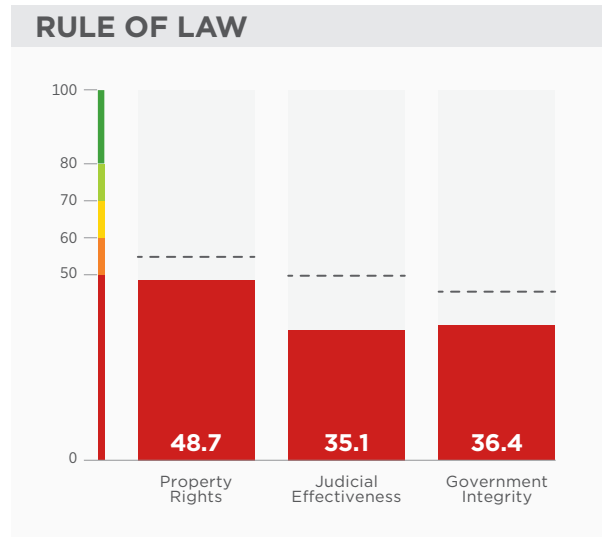
FDI INFLOW:
\$15.7 billion

PUBLIC DEBT:
39.7% of GDP

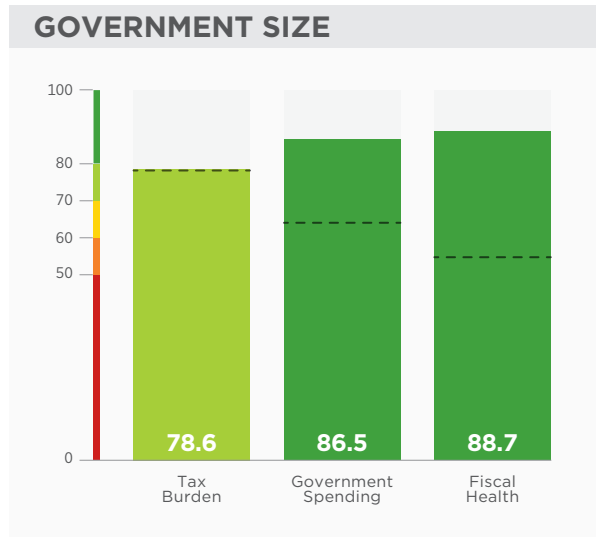
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The Socialist Republic of Vietnam remains a Communist dictatorship that heavily restricts political freedom. Economic liberalization began in 1986 with *doi moi* reforms aimed at transitioning to a more industrial and market-based economy. Economic growth, based on tourism and manufactured exports, was among the world's fastest under former Prime Minister Nguyen Tan Dung, and state-managed economic liberalization continued under Communist Party General Secretary and former President Nguyen Phu Trong, who handed over the presidency to Nguyen Xuan Phuc in 2021. Vietnam joined the World Trade Organization in 2007 and signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in 2018.

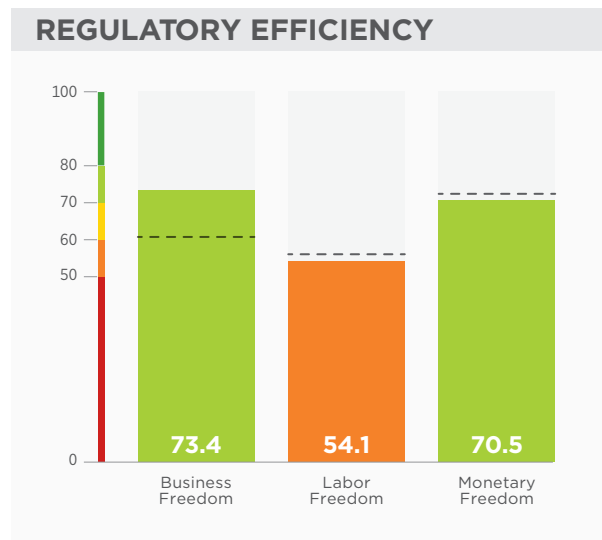
12 ECONOMIC FREEDOMS | VIETNAM



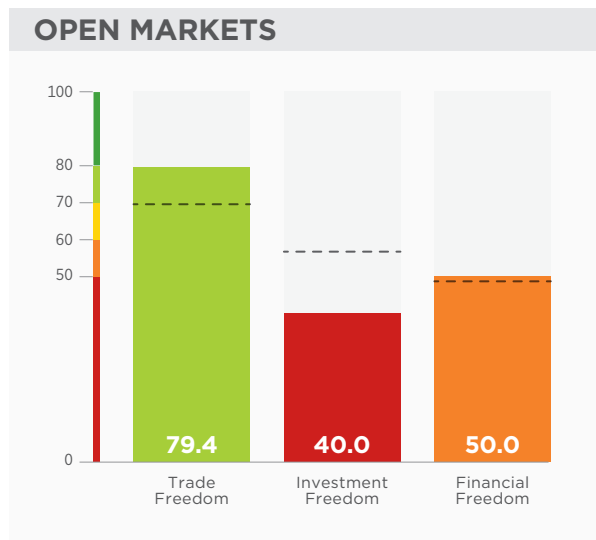
The overall rule of law is weak in Vietnam. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 35 percent and 20 percent. The tax burden equals 22.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 21.2 percent and -2.3 percent of GDP. Public debt equals 39.7 percent of GDP.



Despite ongoing reform efforts, the regulatory framework is inefficient. Even with no minimum capital requirement, starting a business is costly. The labor market remains rigid and controlled, and informal labor activity is considerable. Monetary stability is relatively well maintained, but inflationary pressures continue.



The trade-weighted average tariff rate is 5.3 percent, and layers of nontariff barriers prevent more dynamic gains from trade. Despite progress, the overall investment regime lacks efficiency. The financial sector continues to evolve, and directed lending by state-owned commercial banks has been scaled back.