



Since March 25, 2020

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at February 1, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

Vietnam

Country/Region	Measures for construction
VIETNAM	
Economic outlook	<p>In Vietnam, which has kept new infections at a low rate, GDP is estimated to have expanded by 2.8% — about 4% below potential. Activity has been supported by a quick and sustained resumption of production and exports, with additional boosts from stimulus-fueled public investment, and resilient foreign direct investment (cf. IMF) (January 2021).</p> <p>The construction industry was growing at a relative fast pace prior to the Covid-19 crisis, with the industry expanding by 9.1% in real terms in 2019. Growth had been driven by investments on the national strategic projects, mainly in the transport infrastructure sector. However, the imposition of Large-Scale Social Restrictions (PSBB) by the government to contain the spread of Covid-19, along with global trade and travel disruptions which affected the availability of manpower and raw materials, weighed on growth in Vietnam's construction industry in the first half of 2020. Consequently, GlobalData expects the industry's growth to decelerate to 5.5% in real terms in 2020, which is a relatively strong performance compared to other markets in the region.</p> <p>According to the General Statistics Office (GSO), the construction industry's value-add grew by 5.7% year on year (YoY) in real terms in the third quarter of 2020, improving from 4.7% and 4.4% in the previous two quarters, respectively. In the coming quarters, it is expected that the construction industry's output growth will continue to pick up, supported by investments in transport and energy infrastructure.</p> <p>Efforts to attract foreign investment through the public private partnerships (PPP) model should also support the construction industry in 2021. In June 2020, the national assembly adopted the law on PPP investment, which is aimed at regulating investment activities and attracting private investment under the PPP model. The government's efforts to balance supply and demand for affordable housing should also generate momentum in the residential sector. Ongoing urbanization should continue to generate demand for residential and infrastructure development (cf. GlobalData) (November 2020).</p>

Recovery	<p> According to Fitch Solutions, Vietnam is set for a sustained building boom beyond Covid-19. The market for new buildings in Vietnam's will grow on average 7.2% a year between 2021 and 2029 thanks to rapid urbanization and an influx of foreign investment. The coronavirus pandemic might lead to further shifting of production lines away from China, with Vietnam likely to benefit. </p> <p> Fitch forecasts that at 7.2% year-on-year growth, the construction of buildings will outpace annual growth in infrastructure construction, itself a healthy 5.7%. Vietnam's ambitious investment in infrastructure is said to keep sharpening its competitive edge over regional peers like Bangladesh, India, and Cambodia. A number of industrial parks established across the country have attracted foreign investors with a mixture of tax incentives, lower operating costs and access to nearby roads and ports (cf. GCR) (13 May). </p> <p> Besides, Vietnam is looking to raise US\$15.8bn to build and expand airports over the next 10 years, according to the Civil Aviation Authority of Vietnam (CAAV), with a further US\$37bn to be spent between 2030 and 2050. The new build projects include the first phase of the Long Thanh International Airport to serve Ho Chi Minh City, the Sa Pa Airport in the northern province of Lao Cai and Quang Tri Airport in the centre of the country. Among the existing airports to be expanded are the Tan Son Nhat International Airport in Ho Chi Minh City, the Noi Bai International Airport in Hanoi, the Da Nang International Airport and the Cam Ranh International Airport near the southern port of the same name. The expansion of Tan Son Nhat, Da Nang and Cam Ranh airports is set to cost over US\$5bn in total. Some of the funding for the work will come from state loans and grants, but also private investment and public private partnerships. The CAAV has proposed that the government approves low-interest loans, guarantees bank loans and issues favorable tax and land policies to attract private investment in the aviation industry (cf. Global Construction Review) (21 December 2020). </p>
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Other Overviews

- Download the report from the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA): [IFAWPCA COVID-19 Pandemic | Construction Industry Country Reports \(April 2020\)](#)