

## Survey shows Vietnam among Top Asian Economies Positioned for Upturn

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There are signs that Vietnam could be on its way back to become the darling of investors in Asia.

In a recent survey by global banking giant HSBC, the country topped the list of emerging markets on business confidence.

The survey polled 8 Asian markets - Hong Kong, India, Indonesia, China, Malaysia, Singapore, Taiwan and Vietnam.

According to HSBC's survey, small and medium-sized enterprises (SMEs) in Asia are now more confident compared with the last quarter of 2008, with companies in Vietnam the most upbeat about business prospects and the local economy.

49 per cent of the 300 Vietnamese firms polled said they plan to hire in the next six months, while 22 per cent of Indian SMEs said they plan to do the same.

Vietnam also topped the list of Asian economies which plan to make more capital investments in the second half of the year.

HSBC said the country has positioned itself well for the upturn, thanks to the early measures introduced last year to cool its then overheating economy before the global downturn.

Tan Siew Meng, head of Commercial Banking at HSBC, said: "In comparison with the other Asian countries, they started slowing down ahead of the other Asian countries.

"Now with the economy at a more sustainable level, the business activity is beginning to pick up ahead of the Asian countries. That's why you're seeing that the confidence level in the Vietnam market is extremely high."

HSBC said Vietnam's large domestic market makes it an attractive destination for companies looking to diversify their market reach.

The bank said that with prices there now falling to a more reasonable level, there are opportunities for companies to invest in areas involving retail, consumer goods and food products.

It said diversifying into other markets and products is one way companies can do to cope with declining demand, a trend that Singapore companies are following. However, some industry players warn that diversifying into new markets is not for everyone.

"You must be able to find out what's your niche, how are you going to compete, and why are people buying from you. So I think that is very important. If you simply go in and try to compete in prices, then I think it will be very difficult," said Chan Chong Beng, VP of Communications, Association of Small and Medium Enterprises (ASME).

ASME said the downturn may not be the best time for companies to diversify into new markets as there are more uncertainties and risks. Other challenges include understanding the country's regulations and overcoming cultural and communication barriers.

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