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Vietnam's Economic Momentum: Navigating the Gap Between Ambition and Execution

Over the past five decades, Vietnam has transformed from a centrally planned economy operating largely in isolation into an export-oriented, middle-income country integrated into global supply chains and regional trade networks. This article examines Vietnam's recent economic performance, focusing on the less-documented ASEAN dimension of its investment story, and the challenges Vietnam faces as it pursues ambitious GDP growth targets for 2026 - 2030.

Substantive Momentum

Vietnam's GDP growth has maintained a consistent upward trajectory, remaining resilient even through the global contractions of the pandemic years. Full-year 2025 GDP reached 8.02%, the second-highest rate in two decades, according to World Bank data.[1] Looking ahead, Vietnamese leadership has signalled a high-growth mandate, targeting an ambitious 10% GDP growth for 2026 and the subsequent period through 2030.[2]

Disbursed Foreign Direct Investment (FDI) has scaled steadily alongside GDP, reaching USD 27.6 billion in 2025 and marking a five-year high.[3] While manufacturing and processing continue to draw the largest share of inflows, anchored by Vietnam's established role as a production hub for electronics and textiles, real estate and energy are seeing increased demand driven by industrial park and logistics requirements.[4]

Beyond capital volume, the composition of Vietnam's investment landscape is shifting. Driven by a deliberate national push, the country is emerging as a strategic destination for high-quality, high-tech FDI. Capital is increasingly flowing toward semiconductors, AI, data centers, and digital

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infrastructure.[5] For example, in June 2026 alone, authorities in Ho Chi Minh City were processing four major projects in AI data centers and smart urban complexes, representing a combined investment of USD 10.4 billion.[6]

Beyond East Asia: The ASEAN Dimension

Analyses of Vietnam's investment flows traditionally focus on capital originating from East Asia, specifically South Korea, Japan, Taiwan, and China, and the ongoing supply chain diversification away from China. While these remain significant drivers, a concurrent and substantive development deserves closer attention: the growing volume and breadth of investment from within Southeast Asia and the deepening of Vietnam's bilateral relationships with its ASEAN neighbors. Together, these trends point to a strategic diversification of source countries that reduces Vietnam's exposure to any single bilateral relationship.

Sectors Attracting ASEAN Investors

The ASEAN Secretariat's latest report found that intra-ASEAN FDI flows rose 45% to USD 31 billion in 2024, with 92% of that investment directed toward Indonesia, Singapore, Vietnam, and Malaysia, in that order.[7] Our review of recent activities identified several large-scale investments in Vietnam from Singapore, Malaysia, Thailand, and the Philippines across real estate, energy, manufacturing, information and communications technology (ICT), and retail.

Real estate and energy emerged as the most prominent sectors; the concentration of real estate investment specifically reflects the vast scale of industrial park and logistics development currently underway. Underscoring this trend, Singapore's Sembcorp Development and its local partner have developed 22 industrial parks across Vietnam since 1996, with plans to expand to 30 by the end of 2026.[8]

Singapore: Largest Source Country

Singapore has established itself as the largest source of newly registered FDI into Vietnam. In 2025, Singapore led all source countries with USD 4.84 billion in newly registered capital, representing 27.9% of the total.[9] On an accumulated basis, inbound investment from Singapore totaled approximately USD 84 billion as of end-2024, the second-largest position globally after South Korea (USD 92 billion).

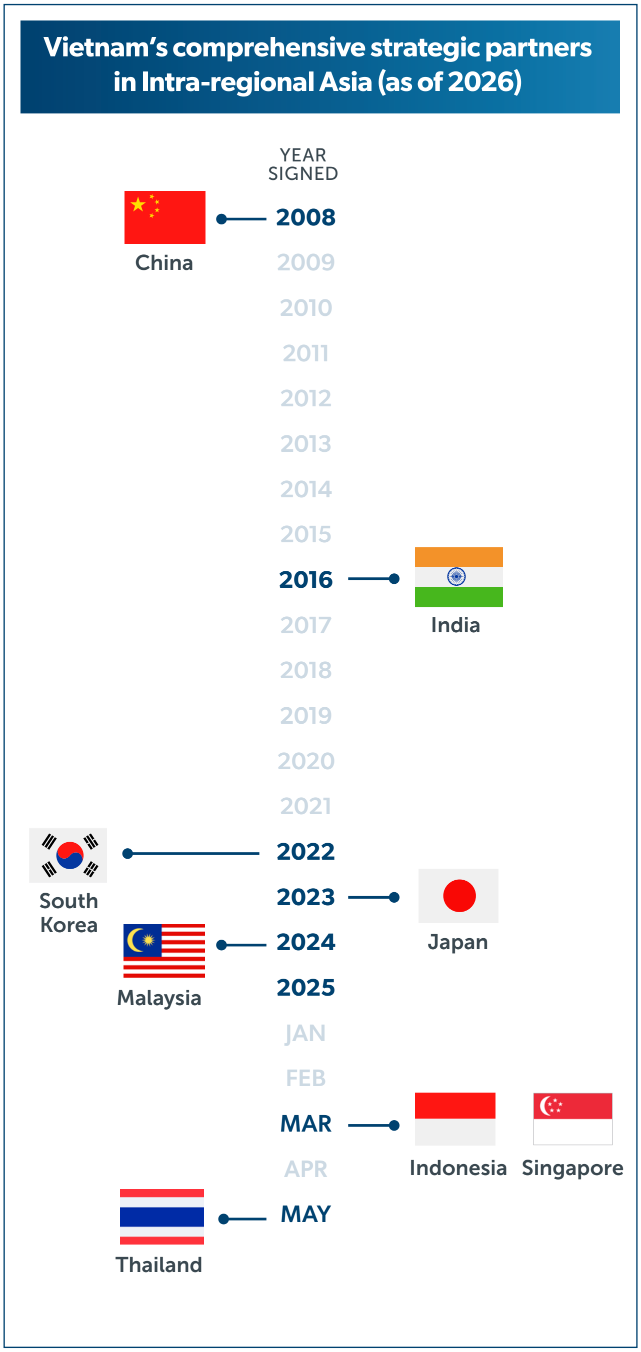
A portion of this headline figure reflects Singapore's role as a regional hub for multinationals headquartered elsewhere. Nonetheless, there were at least five significant projects funded by Singaporean-originated companies, including investments by Sembcorp Development, Sembcorp Industries, and CapitaLand across industrial real estate, energy, and urban development.

In March 2025, the two nations elevated their relationship to a Comprehensive Strategic Partnership, one of the highest tiers of diplomatic relations, making Vietnam the first ASEAN country to reach this level with Singapore.[10]

Deepening Ties: Malaysia and Thailand

Malaysia and Thailand also rank among Vietnam's top ten FDI source countries, both in 2025 and cumulatively. In 2025 alone, Malaysia contributed 40 new projects worth USD 1.83 billion, while Thailand contributed 43 projects totaling USD 800.2 million.

Bilateral ties have deepened in parallel with these economic flows. In November 2024, Vietnam and Malaysia upgraded their relationship to a Comprehensive Strategic Partnership, followed by a similar elevation between Vietnam and Thailand in 2025.[11] These milestones underscore a regional commitment to Vietnam's long-term growth.



Long Thanh International Airport: A Test Case

Located 40km east of Ho Chi Minh City, the USD 16 billion Long Thanh International Airport is Vietnam's most ambitious infrastructure project, ultimately targeting 100 million passengers annually.[12] Dubbed the 'project of the century', it is expected to boost logistics capacity and stimulate trade and investment well beyond the airport itself.[13]

First approved in 2015 with a 2025 completion target for Phase 1, the project has suffered repeated delays from unresolved site clearance, legal and bidding disputes, and labour and material shortages. Lawmakers have since extended the deadline to end–2026.[14]

The project has also been plagued by corruption and misconduct at two levels: land compensation fraud at the local government level, and bidding fraud at the state-enterprise level. An investigation into the land compensation and resettlement programme, covering roughly 5,000 hectares and a USD 905 million budget, uncovered falsified documents that inflated payouts, leading to the arrest of the former Chairman of Long Thanh District People's Committee and other officials.[15] Separately, the chairman and deputy general director of Airport Corporation of Vietnam (ACV), the project's 95%-state-owned investor, were arrested in March 2026 on bidding violation and bribery charges, alongside two former senior executives of construction firm Vinaconex.[16] Other bid awards were also contested by losing consortiums due to purported irregularities.[17]

The Gap Between Ambition and Execution

The ongoing delays at Long Thanh International Airport illustrate a persistent gap between high-

Aerial view of Long Thanh International Airport as of December, 2025. Photo: Wikimedia Commons [18]

level ambition and execution capacity in Vietnam more broadly. A 2025 survey conducted by the Japan External Trade Organization (JETRO) underscores these challenges: 67.5% of Japanese firms cited time-consuming administrative procedures as a primary investment risk, followed by underdeveloped or unclear legal systems (58.7%) and rising labor costs (57.3%).[19]

The challenges identified in the JETRO survey are not merely theoretical. Among ASEAN investment projects, Sembcorp Industries' acquisition of a 49-megawatt hydropower asset from Vietnam's Gelex Group has faced repeated delays in 2024 and 2025 due to pending government approvals and shifts in clean energy policy.[20]

Labor availability is also a concern as Vietnam pivots toward high-tech industries. Nearly half (48.2%) of JETRO respondents reported that recruitment is becoming increasingly difficult. This is a reality reflected in the Long Thanh project itself, which is facing a 2,000-worker shortfall in engineers and machine operators, even after deploying hundreds of soldiers to the site to ensure its progress in June 2026.[21]

Taken together, Vietnam's story is one of substantive momentum balanced by substantive constraints: strong, consistent growth and a diversifying investor base set against recurring bureaucratic delays, labor shortages, and corruption risk. While Vietnam remains a reliable destination, underpinned by a stable macroeconomic environment, consistent investment policies, and improving capacity in electronics manufacturing, meeting the government's ambitious 2026–2030 growth targets will require real progress on the structural bottlenecks that have hindered flagship projects like Long Thanh.

For investors, the opportunity is significant, but the hazards are real. It is worth noting here that much of the ASEAN capital entering Vietnam is concentrated in real estate, energy, and industrial-park development, sectors inherently exposed to the same execution risks currently challenging the Long Thanh project. Success will reward those who enter the market with clear eyes, utilizing robust due diligence, careful planning, and ample contingency time, particularly for complex projects involving land clearance and permits.

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