Vietnam's Next Chapter: Growth, Innovation, and the Race for Higher Value

Source: David Stanley, "Saigon Skyline," via Wikimedia Commons

Introduction

Vietnam will host APEC in 2027, and it has an extraordinary development story to tell.

Few people realize just how far Vietnam has come. The country is preparing to open a US$16 billion international airport designed to eventually serve 100 million passengers a year. It is among the first in the world to embrace a new generation of proton therapy technology for cancer treatment, with a Vietnamese hospital becoming the first in Asia to acquire the advanced MEVION S250-FIT system.

Vietnam has also emerged as a global digital frontrunner, winning the 2026 GSMA Government Leadership Award and joining the world's top ten for both mobile and fixed broadband speeds.

On the economic front, Vietnam is already among the world's 15 largest trading economies, while maintaining its position as the world's leading exporter of cashew nuts and pepper.

These are remarkable achievements for a country that has undergone such a profound transformation in just three decades. APEC 2027 will offer Vietnam an exceptional opportunity not only to showcase what it has achieved, but also to share its ambitions for the future.

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From Manufacturing Powerhouse to Technology Innovator

The momentum is reflected in impressive figures: GDP grew by 9.01% year-on-year in the first nine months of 2026, while disbursed foreign direct investment reached US$21.07 billion, a five-year high for the period. At the October 28 Autumn Economic Forum, Ho Chi Minh City, Vietnam's leading economic and commercial hub, also unveiled 12 major investment projects, with a combined approved or registered investment capital of approximately US$13.58 billion.

Vietnam's investment legislation has undergone successive rounds of reform. Most recently, the National Assembly adopted the revised Investment Law in August 2026, further streamlining the regulatory framework by removing 62 conditional business sectors and revising the requirements for 14 others.

Vietnam is setting its sights on a new frontier of economic development. Having established itself as a major global manufacturing and export hub, the country is now seeking to move up the value chain — from manufacturing products for the world to developing and mastering the technologies that will shape its future.

This ambition is reflected in Prime Ministerial Decision 21 adopted early this year, which identifies ten strategic technology sectors as national priorities, including artificial intelligence, semiconductors, advanced biotechnology and biomedical technologies, robotics, quantum computing, advanced energy, aerospace and high-speed rail.

The significance of this policy goes well beyond the selection of priority industries. It signals a broader shift in Vietnam's development strategy: from competing primarily on manufacturing capacity and cost advantages to building competitiveness through innovation, technological capabilities and higher-value economic activities.

The challenge now lies in translating these ambitions into tangible outcomes — developing a skilled workforce, strengthening research and innovation ecosystems, attracting high-quality investment, and forging international partnerships that enable meaningful technology transfer and local capability development.

Source: Ho Chi Minh City Metro Line 1 illustrates Vietnam's expanding urban transport infrastructure. Photo: S5A-0043, via Wikimedia Commons

Infrastructure Investment Begins to Deliver Measurable Results

Vietnam's next chapter of economic development is being shaped not only by its ambitions in technology and innovation, but also by an unprecedented push to modernize its national infrastructure.

At the heart of this transformation is the proposed North–South high-speed railway, a US$67 billion project spanning more than 1,500 kilometers, designed to connect Hanoi and Ho Chi Minh City in approximately five and a half hours. Once completed, it could fundamentally reshape domestic mobility, regional connectivity and the economic geography of the country.

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Meanwhile, Vietnam is seeking to strengthen its position in global maritime trade through a new generation of deep-water ports. The nearly US$5 billion Can Gio International Transshipment Port, backed by a consortium including the global shipping group MSC, is designed to handle up to 16.9 million containers annually at full capacity. Alongside major investments in the Cai Mep–Thi Vai port complex, Da Nang's Lien Chieu Port and Hai Phong's deep-water facilities, these developments could significantly expand Vietnam's role in regional and international supply chains.

In aviation, the US$16 billion Long Thanh International Airport is approaching its first phase of commercial operations. Upon full development, the airport is designed to accommodate 100 million passengers a year, reflecting Vietnam's ambitions to become a major regional aviation and logistics hub.

These flagship projects form part of a wider infrastructure program, including an expressway network targeted to exceed 5,000 kilometers by 2030, new urban rail systems and strategic energy investments.

Taken together, they reflect a broader transformation in Vietnam's development strategy: building the physical foundations of a more connected, productive and globally integrated economy.

Vietnam is no longer focused simply on connecting its cities and industrial centers. It is investing in the infrastructure needed to connect its economy more deeply with the world.

Vietnam’s Capital Markets Take a Step onto the Global Stage

Vietnam's reclassification by FTSE Russell from Frontier to Secondary Emerging Market status took effect in September, 2026. The upgrade reflects improvements in market access, including the removal of the pre-funding requirement for foreign institutional investors, and provides a route for eligible Vietnamese equities to enter a wider range of international investment benchmarks.

The development matters beyond the stock market itself. Greater international participation could improve liquidity, broaden the investor base and create additional financing opportunities for listed Vietnamese companies. However, foreign ownership limits, limited free float and disclosure gaps continue to affect accessibility, while further market-infrastructure reforms remain necessary.

For portfolio investors, the upgrade creates a clearer route to exposure to Vietnam's economic growth. For businesses, a deeper equity market may offer better prospects for future capital raising and public listings.

The upgrade marks an important milestone, but the real test lies ahead: ensuring a smooth, phased inclusion of Vietnamese equities in global indices, modernizing the securities settlement system, and removing the remaining barriers to foreign investor participation.

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Source: VTV

From Street Stalls to a Cashless Nation

At a traditional wet market in Hanoi, the changing face of Vietnam's economy can be seen on a small plastic board beside a vegetable stall. It displays a bank QR code, allowing customers to pay for their groceries with a quick scan rather than cash.

The national figures underline the scale of this change. According to the State Bank of Vietnam, non-cash payments exceeded 21 billion transactions in the first eight months of 2026, up 34.56% year-on-year by volume. QR payments alone accounted for 311 million transactions worth approximately US$10.6 billion, with transaction value increasing 25.85%. By the end of 2025, nearly 89% of Vietnamese people aged 15 and above had a payment account.

The transformation is also opening doors to international customers. Cross-border QR connections now allow visitors from several regional markets, as well as China, to use familiar payment applications at participating Vietnamese businesses. For local merchants, this can reduce the need to handle foreign cash and make purchases easier for visitors.

This transition is not happening in isolation. Rising household incomes, expanding transport networks, stronger domestic consumption and the development of higher-value industries all point to an economy changing both structurally and socially. Vietnam is seeking to move beyond its established role as a competitive manufacturing destination and build greater technological capacity, stronger domestic businesses and a more sophisticated economic base.

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The Best Is Yet to Come

Vietnam's economic rise becomes even more remarkable when viewed in the context of its regional peers.

In 2025, the country's GDP reached approximately US$514.7 billion, surpassing Malaysia's US$472.2 billion and narrowing the gap with Thailand's US$577 billion. This marks a significant milestone in Vietnam's transformation into one of Southeast Asia's major economic powers. Yet the comparison also reveals an important distinction. While Vietnam is rapidly catching up in terms of overall economic size, its GDP per capita, at approximately US$5,066, remains considerably below Thailand's US$8,057 and Malaysia's US$13,125. This contrast tells two stories at once: Vietnam's remarkable success in expanding the scale of its economy, and the considerable potential that remains to be unlocked through higher productivity, technological advancement and the creation of greater economic value.

The next phase of Vietnam's development will therefore be measured not only by how large its economy becomes, but by how effectively that growth translates into greater prosperity for its people, as well as by what it can innovate, develop and contribute to the world.

ECONOMIC INDICATORS — 2025; INNOVATION RANKINGS — 2026

Indicator	*Vietnam*	*Thailand*	*Malaysia*
GDP (US$ bn)	514.7	577.0	472.2
GDP growth	8.0%	2.4%	5.2%
GDP per capita (US$)	5,066	8,057	13,125
Global Innovation Index	43rd	44th	34th

Sources: World Bank, 2025 GDP, GDP growth and GDP per capita data; WIPO, Global Innovation Index 2026

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Human Capital: The Strength Behind Vietnam's Economic Rise

Beyond infrastructure, technology and investment, one of Vietnam's greatest assets lies in its people. In informal conversations and personal reflections shared by those who have worked alongside Vietnamese colleagues, certain qualities are frequently highlighted: a strong work ethic, a sense of responsibility, resilience and a determination to succeed. Whether in factories, hospitals, research laboratories or multinational corporations, Vietnamese professionals and workers are often appreciated for their dedication, adaptability and willingness to learn. These qualities reflect broader social values that place considerable importance on education, hard work, family and the aspiration to build a better future for the next generation.

Yet Vietnam's human capital is about more than individual ambition. It is also about the collective determination of a society that has experienced profound hardship and transformation, but continues to look forward with optimism and a strong belief in progress. As Vietnam moves towards a more knowledge-based and innovation-driven economy, its ability to nurture talent, invest in education and translate this human potential into higher productivity and creativity will be just as important as its investments in physical infrastructure and advanced technology.

Ultimately, Vietnam's greatest competitive advantage may not be what it builds or produces, but the people who make it possible.

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