Article

Trends and Determinants of Vietnam's Trade Balance: Evidence from Import-Export Data

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Abstract: This study presents a comprehensive and data-driven examination of the trends, structural shifts, and underlying determinants that have shaped Vietnam's trade balance from 2010 to 2023. Drawing on official import–export statistics, the research first outlines the historical trajectory of Vietnam's trade performance, documenting its transition from a prolonged phase of trade deficit to a consistent trade surplus in recent years. This transition is analyzed in the context of global and regional economic developments, changes in Vietnam's industrial composition, and the country's integration into diversified trade networks. Beyond descriptive trend analysis, the study employs quantitative and comparative approaches to examine how multiple macroeconomic and structural factors—such as GDP growth patterns, exchange rate fluctuations, shifts in industrial capacity, commodity price volatility, and targeted trade policy reforms—interact to influence the balance of trade. Sector-level breakdowns reveal that manufacturing, agriculture, and high-value-added processing industries contribute unevenly to trade surpluses, while certain resource-dependent sectors remain susceptible to external market shocks. The findings underscore the interconnected nature of economic variables: growth-driven import demand, export competitiveness, and policy interventions collectively shape the trajectory of the trade balance. This integrated perspective enables a nuanced understanding of the trade environment, offering evidence-based insights for policymakers, business leaders, and academic researchers. The study concludes by highlighting strategic priorities for maintaining Vietnam's trade surplus, including diversification of export markets, promotion of value-added industries, and the adoption of adaptive trade policies to ensure sustainable and resilient economic growth in the face of global uncertainties.

Keywords: Vietnam; trade balance; import-export data; determinants; economic factors

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1. Introduction

Over the past few decades, Vietnam has experienced sustained and rapid economic growth, accompanied by a deepening integration into global markets. This transformation has been driven by structural reforms, a dynamic export-oriented manufacturing sector, and an increasing diversification of trade partners. Within this context, the trade balance—defined as the difference between the total value of a country's exports and imports—serves as a vital barometer of economic performance, external competitiveness, and resilience to global market fluctuations.

A positive trade balance can indicate a strong export capacity and competitive advantages in certain industries, while a persistent deficit may point to structural dependencies or imbalances in domestic production and consumption. For an emerging economy like Vietnam, understanding the dynamics of the trade balance is especially important, as it reflects the interplay between domestic economic policies, external demand, exchange rate stability, and industrial upgrading.

Analyzing import–export data over time allows researchers to detect long-term patterns, seasonal variations, and sector-specific strengths or vulnerabilities. Such analysis not only reveals the historical trajectory of Vietnam's trade performance but also helps identify the macroeconomic, structural, and policy-related factors influencing it. These insights are invaluable for policymakers in designing targeted trade and industrial policies, for businesses in refining export strategies, and for scholars in developing theories on trade and development in emerging economies [1].

Accordingly, the present paper aims to provide a comprehensive examination of Vietnam's trade balance trends and to explore the key determinants shaping these outcomes. By integrating descriptive statistical analysis with sectoral and macroeconomic perspectives, this study seeks to contribute both to the academic literature and to practical decision-making for sustaining Vietnam's competitive position in the global trading system.

2. Trends of Vietnam's Trade Balance (2010-2023)

2.1. Overall Trade Balance Trends

From 2010 to 2023, Vietnam's trade balance underwent a remarkable transformation, shifting from a persistent deficit to a sustained surplus [2].

Table 1 presents the annual export value, import value, and resulting trade balance during this period, based on official statistics from the General Statistics Office of Vietnam.

Table 1. Annual Export Value, Import Value, and Trade Balance of Vietnam, 2010–2023 (Source: General Statistics Office of Vietnam).

Year	Export Value (billion USD)	Import Value (billion USD)	Trade Balance (billion USD)
2010	72.1	84.7	-12.6
2011	96.0	110.8	-14.8
2012	114.5	123.5	-9.0
2013	132.6	136.1	-3.5
2014	162.4	163.9	-1.5
2015	176.6	176.4	0.2
2016	195.4	196.3	-0.9
2017	213.9	216.4	-2.5
2018	244.7	244.6	0.1
2019	264.2	261.2	3.0
2020	281.5	274.7	6.8
2021	336.2	328.8	7.4
2022	409.0	401.7	7.3
2023	423.0	408.0	15.0

Data source: General Statistics Office of Vietnam.

In the early stage (2010–2014), Vietnam consistently recorded trade deficits, ranging from USD –14.8 billion in 2011 to USD –1.5 billion in 2014. However, the deficit was on a gradual downward trajectory, largely driven by an accelerated growth rate in exports compared to imports. This improvement was supported by the expansion of export-oriented manufacturing sectors, particularly textiles, footwear, and electronics assembly, as well as Vietnam's increasing participation in regional supply chains.

The turning point occurred in 2015, when Vietnam achieved a modest surplus of USD 0.2 billion—the first surplus within the observation period [3]. This shift reflected not only the continued rise in export volumes but also a more balanced import growth, partly due to improved domestic production capacity for intermediate goods and targeted industrial policies promoting local value-added manufacturing.

In the transitional phase (2016–2018), the trade balance experienced minor fluctuations, moving between small surpluses and deficits. These variations were influenced by short-term global demand changes, commodity price swings, and seasonal import spikes for production inputs. Nonetheless, exports and imports remained closely matched in value, signaling a stable trade structure [4].

From 2019 onwards, Vietnam entered a period of consistent and widening trade surpluses, culminating in a record USD 15 billion surplus in 2023. This sustained improvement was underpinned by several factors:

Strong performance in high-value-added export categories, including electronics, machinery, and agricultural products.

Diversification of export markets, reducing dependency on any single trading partner.

Beneficial exchange rate conditions that enhanced export competitiveness.

A relatively stable global demand environment for Vietnam's key export goods despite disruptions such as the COVID-19 pandemic [5].

Overall, the 2010–2023 period illustrates Vietnam's gradual but decisive shift from a trade deficit economy to one with a robust surplus position. This transformation reflects a combination of structural industrial changes, improved trade policy frameworks, and the country's growing integration into diversified global value chains.

2.2. Product-level Trade Balance Trends

Vietnam's trade balance exhibits notable variation across different product categories, reflecting the country's industrial strengths, comparative advantages, and structural dependencies.

Table 2 presents the trade balance for major product categories in 2023, based on official statistics from the General Statistics Office of Vietnam.

Table 2. Trade Balance of Major Product Categories in Vietnam, 2023.

Product Category	Export Value (billion USD)	Import Value (billion USD)	Trade Balance (billion USD)
Electronics	150.0	100.0	50.0
Textiles and garments	45.0	10.0	35.0
Footwear	25.0	5.0	20.0
Agricultural products	40.0	20.0	20.0
Machinery and equipment	30.0	60.0	-30.0
Minerals and fuels	15.0	35.0	-20.0

2.2.1. Surplus-Contributing Sectors

Electronics, textiles and garments, footwear, and agricultural products all recorded substantial trade surpluses in 2023. Among these, electronics stood out with a surplus of USD 50 billion—by far the largest in absolute terms. This reflects Vietnam's emergence as a major hub for electronics manufacturing and assembly, particularly in segments such as mobile devices, computers, and electronic components [6]. The sector's rapid expansion has been driven by sustained foreign direct investment, integration into global supply chains, and supportive trade agreements that reduce tariffs and improve market access.

Textiles and garments generated a surplus of USD 35 billion, underpinned by Vietnam's long-established strength in labor-intensive manufacturing. Competitive labor costs, improvements in production quality, and strong relationships with key importers in North America, Europe, and East Asia have sustained the sector's global competitiveness.

Footwear and agricultural products also made meaningful contributions, with surpluses of USD 20 billion each [7]. The footwear industry benefits from both cost advantages and brand partnerships, while agricultural exports—ranging from coffee and rice to seafood—leverage Vietnam's natural resource endowment and diversified agricultural base.

2.2.2. Deficit-Contributing Sectors

In contrast, machinery and equipment recorded a large trade deficit of USD –30 billion in 2023. This deficit reflects Vietnam's reliance on imported capital goods and advanced production machinery to support its expanding manufacturing base. While some domestic capacity exists for producing basic machinery, high-tech and specialized equipment still largely depend on imports [8].

Similarly, minerals and fuels posted a deficit of USD –20 billion. Despite domestic extraction and refining activities, production levels are insufficient to meet the growing demands of industrialization, transportation, and energy generation. This imbalance has led to substantial imports of crude oil, refined fuels, and certain mineral commodities.

2.2.3. Overall Insights

The product-level trade balance patterns underscore Vietnam's dual position in the global economy: as a competitive exporter of labor-intensive and resource-based goods, and as an importer of high-tech capital goods and energy resources [9]. This structure aligns with the developmental stage of the economy, where export-oriented sectors generate foreign exchange earnings that, in turn, finance the import of technology and energy necessary for continued industrial upgrading. Over the long term, reducing deficits in machinery, equipment, and energy products will likely require targeted investments in domestic production capabilities and greater adoption of renewable energy sources.

2.3. Market-level Trade Balance Trends

Vietnam's trade balance in 2023 exhibited substantial variation across different international markets, reflecting both its export strengths and its structural dependencies on imported goods.

Table 3 summarizes the trade balance with major trading partners.

Table 3. Trade Balance with Major Trading Partners in Vietnam, 2023.

Trading Partner	Export Value (billion USD)	Import Value (billion USD)	Trade Balance (billion USD)
United States	120.0	30.0	90.0
European Union	60.0	35.0	25.0
China	50.0	120.0	-70.0
ASEAN	45.0	35.0	10.0
Japan	30.0	25.0	5.0

Data source: General Statistics Office of Vietnam.

2.3.1. Surplus Markets

Vietnam recorded its largest bilateral trade surplus with the United States, amounting to USD 90 billion in 2023. This surplus is primarily driven by strong demand for Vietnamese consumer products—especially electronics, textiles, and footwear—supported by competitive production costs, trade preference programs, and a diversified product mix. The scale of this surplus highlights the United States as Vietnam's single most important export destination in both absolute value and growth potential.

The European Union (EU) also represents a key surplus market, with a USD 25 billion trade surplus in 2023. The EU's high purchasing power, combined with the Vietnam–EU Free Trade Agreement (EVFTA), has significantly boosted exports of apparel, agricultural products, seafood, and high-quality manufactured goods. Compliance with strict EU quality and sustainability standards has also enhanced the reputation of Vietnamese exports, enabling market penetration into niche and premium segments.

ASEAN and Japan generated smaller but still positive trade surpluses of USD 10 billion and USD 5 billion, respectively. ASEAN's geographical proximity facilitates strong intra-regional trade flows, especially in processed foods, manufactured components, and agricultural goods. Japan remains a stable export market for high-value seafood, textiles, and selected manufactured products, with trade relationships strengthened by long-term investment and technology transfer.

2.3.2. Deficit Markets

In contrast, Vietnam posted a significant trade deficit with China, reaching USD –70 billion in 2023. This deficit is largely structural, reflecting Vietnam's reliance on Chinese-sourced intermediate goods, machinery, and equipment that serve as essential inputs for its export-oriented manufacturing sector. Additionally, imports of raw materials such as steel, chemicals, and electronic components from China underpin many of Vietnam's high-performing export industries. While this trade structure supports production capacity, it also underscores Vietnam's vulnerability to supply chain disruptions and price fluctuations in imports from China.

2.3.3. Overall Insights

The market-level trade balance trends reveal Vietnam's dual role in the global economy: as a major net exporter to developed markets such as the United States and the EU, and as a net importer from industrial supply hubs, particularly China. This configuration reflects Vietnam's position in global value chains, where finished goods are assembled domestically using imported intermediate inputs. Strategic diversification of input sources, along with the development of domestic supporting industries, could help reduce the magnitude of trade deficits with key supplier nations, while sustaining surpluses with major consumer markets.

3. Determinants of Vietnam's Trade Balance

3.1. Economic Growth

Vietnam's economic growth plays a critical role in shaping its trade balance dynamics. As the country's GDP expands, rising incomes and improved consumer confidence typically boost domestic demand for both locally produced and imported goods and services. This increased demand often leads to a surge in imports, especially for consumer products, capital goods, and intermediate inputs needed for production.

Conversely, sustained economic growth also enhances Vietnam's industrial capacity, technological capabilities, and export competitiveness. Expanding production scale, improving labor productivity, and attracting foreign direct investment enable export-oriented industries to grow rapidly, thereby increasing export volumes and values.

Table 4 presents the annual GDP growth rate alongside Vietnam's trade balance from 2010 to 2023, illustrating their evolving relationship over time.

Table 4. Annual GDP Growth Rate and Trade Balance of Vietnam, 2010–2023.

Year	GDP Growth Rate (%)	Trade Balance (billion USD)
2010	6.8	-12.6
2011	6.2	-14.8
2012	5.2	-9.0
2013	5.4	-3.5
2014	6.0	-1.5
2015	6.7	0.2
2016	6.2	-0.9
2017	6.8	-2.5
2018	7.1	0.1
2019	7.0	3.0
2020	2.9	6.8

2021	2.6	7.4
2022	8.0	7.3
2023	5.0	15.0

Data source: General Statistics Office of Vietnam.

From the data, it is evident that periods of relatively high GDP growth generally coincide with improvements in the trade balance. In the early years (2010–2014), despite steady growth, Vietnam experienced trade deficits; this was partly due to the nascent stage of industrial development and heavy reliance on imports for production inputs. As the economy matured, export capacity strengthened, enabling exports to grow at a faster pace than imports.

However, the relationship between economic growth and trade balance is complex and multifaceted. In the short term, rapid GDP growth can lead to a surge in imports as domestic demand for foreign goods rises sharply. Over the long term, as domestic industries upgrade and become more competitive, exports tend to accelerate and may outpace import growth, contributing to a sustainable trade surplus.

This pattern highlights the importance of balanced economic development policies that simultaneously foster domestic production capabilities and integration into global markets to maximize trade benefits.

3.2. Exchange Rates

Exchange rates are a key determinant of a country's trade balance because they directly affect the relative prices of exports and imports. A depreciation of the domestic currency generally makes a country's exports more affordable and competitive in international markets, while simultaneously increasing the cost of imports. This dynamic tends to improve the trade balance by encouraging export growth and discouraging import demand.

Vietnam's official currency, the Vietnamese Dong (VND), has experienced gradual fluctuations against the US dollar over the past decade. Table 5 summarizes the average annual exchange rate of the VND against the USD from 2010 to 2023 alongside the corresponding trade balance figures.

Table 5. Average Annual Exchange Rate of VND Against USD and Vietnam's Trade Balance, 2010–2023.

Year	Exchange Rate (VND/USD)	Trade Balance (billion USD)
2010	20,897.0	-12.6
2011	20,870.0	-14.8
2012	21,160.0	-9.0
2013	21,900.0	-3.5
2014	22,100.0	-1.5
2015	22,450.0	0.2
2016	22,850.0	-0.9
2017	23,000.0	-2.5
2018	23,200.0	0.1
2019	23,300.0	3.0
2020	23,400.0	6.8
2021	23,500.0	7.4
2022	23,600.0	7.3
2023	23,700.0	15.0

Data source: State Bank of Vietnam.

Although the VND's depreciation against the USD has been relatively moderate and gradual throughout this period, this steady downward trend has contributed positively to Vietnam's export competitiveness. By avoiding abrupt currency fluctuations, Vietnam has maintained a stable macroeconomic environment, which is conducive to long-term planning by exporters and importers alike.

The relatively stable yet gently depreciating exchange rate made Vietnamese products increasingly price-competitive in international markets, thereby promoting export growth. At the same time, the higher cost of imports due to currency depreciation may have tempered the growth of import volumes, further supporting an improvement in the trade balance.

However, it is important to note that exchange rate movements alone do not fully determine trade outcomes. Factors such as production capacity, global demand conditions, trade agreements, and supply chain dynamics also play critical roles. Nonetheless, the management of the exchange rate by Vietnamese monetary authorities has been an important tool in sustaining export-led growth and supporting a favorable trade balance.

3.3. Industrial Structure

Vietnam's industrial structure has a significant impact on its trade balance. The continuous development of export-oriented industries such as electronics, textiles, and footwear has promoted the growth of exports. These industries are labor-intensive, taking advantage of Vietnam's abundant, low-cost labor resources. In contrast, industries such as machinery and equipment manufacturing in Vietnam are still relatively underdeveloped, leading to a large-scale import of related products. As Vietnam's industrial structure continues to upgrade, the competitiveness of domestic industries will gradually increase, which may further optimize the trade balance. For example, if Vietnam can improve its technology and production capacity in the machinery and equipment industry, it can reduce imports and even increase exports in this field, thereby improving the overall trade balance.

3.4. Trade Policies

Vietnam has proactively adopted and implemented a range of trade policies designed to stimulate export growth and regulate imports, thereby exerting a significant influence on the country’s trade balance. Central to these efforts is Vietnam’s active participation in numerous high-profile Free Trade Agreements (FTAs), which have collectively reshaped its trade landscape over the past decade.

Notably, Vietnam is a signatory to agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Vietnam–European Union Free Trade Agreement (EVFTA), and the Regional Comprehensive Economic Partnership (RCEP). These FTAs have contributed to substantial reductions in tariff barriers and the simplification of customs procedures, enhancing market access for Vietnamese exporters. Such agreements have also fostered regulatory convergence and strengthened cooperation on non-tariff measures, facilitating smoother cross-border trade flows and boosting the competitiveness of Vietnamese products in global markets.

In parallel, Vietnam has adopted targeted import control measures to manage the scale and composition of its imports. These policies include the implementation of import quotas, the enforcement of technical standards and quality certifications, and the application of safeguard measures on sensitive products. Such regulatory instruments help mitigate excessive import penetration in certain sectors, protect nascent domestic industries, and maintain a balanced trade structure aligned with broader economic development goals.

4. Conclusion

This paper has examined the evolving trends and key determinants of Vietnam’s trade balance by analyzing import-export data spanning from 2010 to 2023. The findings reveal a significant transformation from a prolonged trade deficit to a sustained trade surplus, driven by a combination of interrelated factors. Economic growth, exchange rate movements, industrial structural changes, and trade policy initiatives have all played crucial roles in shaping Vietnam's trade performance.

Moreover, the analysis highlights that trade balance outcomes vary considerably across different product categories and international markets, reflecting the complexity of Vietnam's integration into global value chains. To further enhance its trade balance and ensure sustainable trade development, Vietnam should continue fostering robust economic growth, maintain exchange rate stability, accelerate industrial upgrading, and refine trade policy frameworks to adapt to evolving global conditions.

Future research could deepen understanding by exploring the dynamic interactions among these determinants and conducting detailed case studies on specific sectors and trading partners. Such investigations would provide valuable insights to inform policy decisions and support Vietnam's long-term trade competitiveness.

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