INDUSTRIAL PRODUCTION FLOURISHED: FINANCIAL LEASING FOR MACHINERY AND EQUIPMENT AS A SUITABLE CAPITAL MOBILIZATION CHANNEL

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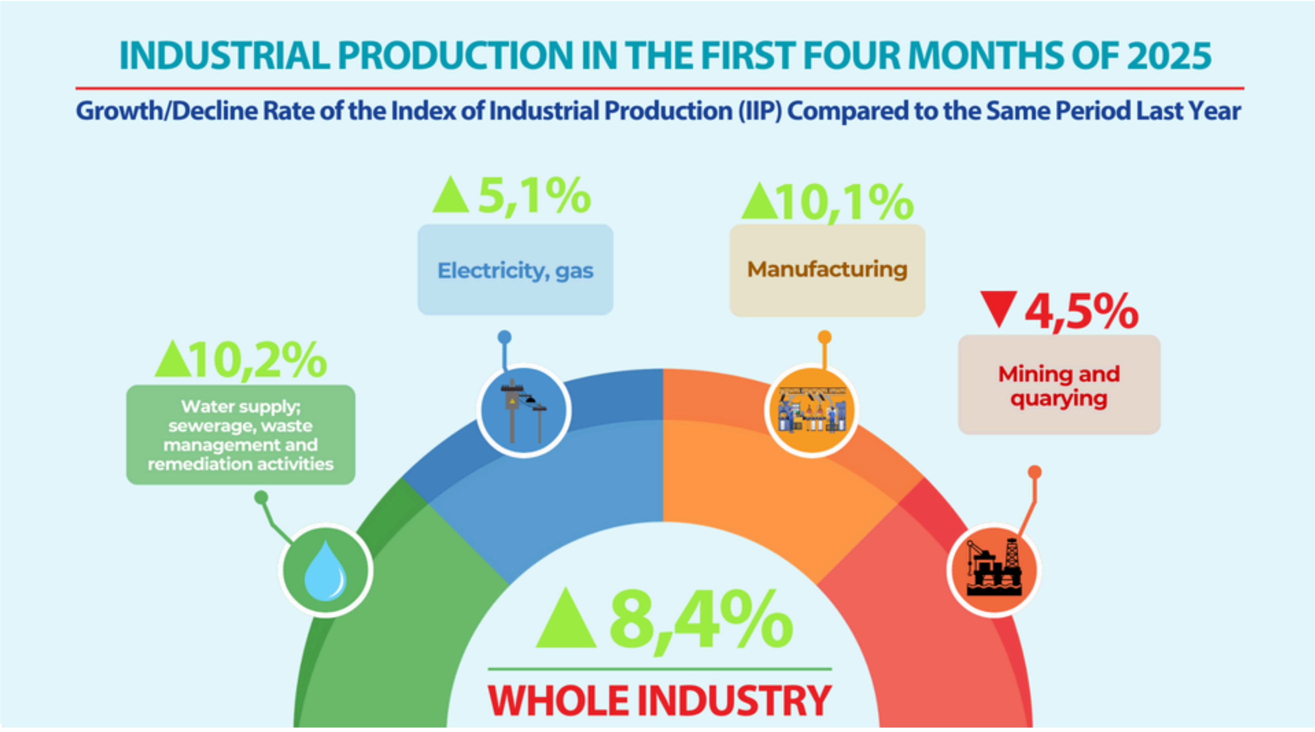
Vietnam's industrial production is witnessing positive progress in the early months of 2025, achieving the highest growth rate in four years. The driving force comes from a strong recovery in the processing and manufacturing sector, which is a focal point for investment, especially foreign direct investment (FDI). However, challenges regarding capital, technology, and productivity remain significant hurdles that must be addressed to ensure long-term growth. In this context, financial leasing is seen as an effective solution, helping businesses access the necessary capital to modernize production and enhance productivity.



According to the General Statistics Office, Vietnam's industrial production in April 2025 continued to show positive movement, with the Index of Industrial Production (IIP) rising by 1.4% compared to the previous month and a significant 8.9% y-on-y. In the first four months of the year, the IIP increased by 8.4%, marking the highest growth in four years, significantly above the 6.3% increase during the same period last year.

The main driver of this growth remains the processing and manufacturing sector, which saw a 10.1% increase, contributing 8.5 percentage points to the overall sector's growth. Noteworthy growth sectors include: motor vehicle manufacturing (up 35.1%); leather and related products (up 16.7%); and rubber and plastic products (up 16.4%).

Table 1. Growth of Some Processing and Manufacturing Industries in the First Four Months of 2025 (% compared to the same period)

Manufacturing Sector	Growth (%)
Motor Vehicles	+35,1%
Leather and related products	+16,7%
Rubber and plastics products	+16,4%

(Source: General Statistics Office, click to see details on the growth/decrease rate of the IIP index for the first four months of the years 2021 - 2025 compared to the same period of the previous year for some key industries)

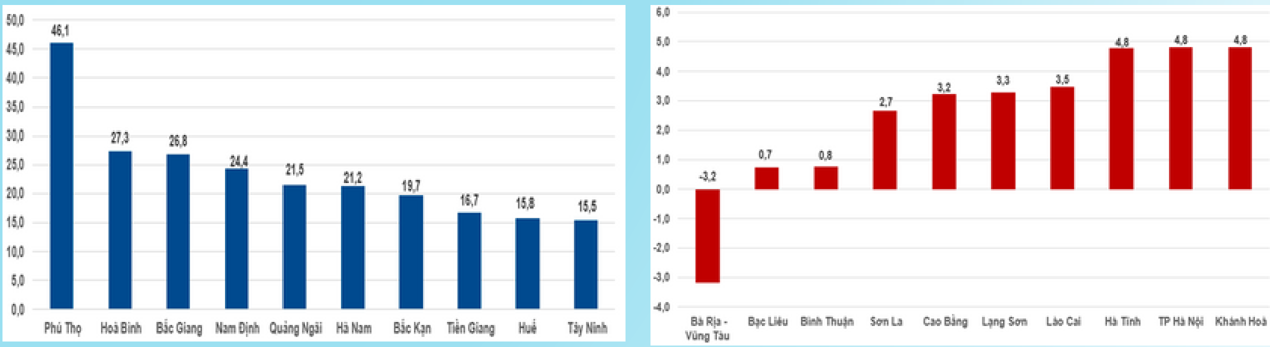
Conversely, the mining sector decreased by 4.5%, pulling down overall growth by 0.7 percentage points, with crude oil and natural gas extraction dropping sharply by 10.9%.

In the first four months of 2025, industrial production indices increased in 62 provinces, while Ba Ria - Vung Tau province saw a decrease of 3.2%.

Figure 1. Growth/Decrease Rate of IIP for the First Four Months of 2025 Compared to the Same Period of the Previous Year for Some Localities (%)

10 Localities with the Highest IIP Growth

10 Localities with the Lowest IIP Growth and the Most Significant Decrease



(Source: General Statistics Office)

A series of key industrial products showed impressive growth: automobiles (up 76.9%); televisions (up 27.7%), while some products saw declines compared to the same period last year: natural gas decreased by 14.0%; crude oil extraction dropped by 7.6%.

In this period, realized FDI capital reached $6.74 billion, up 7.3%, the highest in five years. The processing and manufacturing sector continues to be the most attractive destination, accounting for a dominant share of 81.6% of total realized FDI (equivalent to $5.5 billion).

From a policy perspective, the Government's Resolution from the April 2025 meeting emphasizes the key task of promoting the development of processing, manufacturing, and supporting industries; driving digital transformation; renewing growth models linked to increased productivity; effectively implementing investment incentives, administrative reforms, and resolving legal obstacles. These are the main pillars helping to maintain industrial growth momentum and facilitate businesses' access to resources, including finance, equipment, technology, and human resources.

Despite positive growth and significant contributions to the overall industrial sector, businesses in processing and manufacturing still face many internal and external challenges directly affecting their ability to expand and produce. In addition to factors related to demand and competition, issues like financial difficulties, high borrowing interest rates, and outdated technology are noteworthy concerns. High borrowing costs and difficulty accessing medium- to long-term capital are barriers for many businesses, especially small and medium-sized enterprises looking to invest in new production lines. The lack of modern equipment and technology, coupled with limited financial capabilities, slows down innovation and affects productivity and competitiveness.

Figure 2. Factors Affecting Business Production of Enterprises in the Processing and Manufacturing Industry Q1/2025 (%)

(Source: General Statistics Office)

Table 2. Some Notable Recommendations from Businesses in the Processing and Manufacturing Sector

Recommendations	Percentage of Businesses (%)
Reduce lending interest rates	40,4%
Stabilize raw material prices	28,3%
Reform administrative procedures	25,1%
Ensure a stable supply of raw materials	24,0%

(Source: General Statistics Office)

In light of these challenges, businesses have made several recommendations to improve production and business conditions moving forward. Interest rates continue to be a top concern, with 40.4% of businesses suggesting further reductions in lending rates.

With the momentum from the processing and manufacturing sector, along with positive signals regarding investment attraction, digital transformation, and regulatory policies, the manufacturing industry is expected to continue growing in the near future. However, the challenges of capital costs, technology innovation, and enhancing competitiveness still need to be addressed comprehensively to maintain growth momentum moving forward.

Prospects and Opportunities: Financial Leasing – A Collaborative Opportunity for Growth and Technology Modernization

Industrial growth is creating a significant demand for medium- to long-term capital for equipment investment and production modernization. In a context where commercial interest rates remain a barrier and many businesses have limited financial capabilities, financial leasing emerges as an effective financial solution that allows enterprises to easily access production assets without requiring substantial initial investment, while still ensuring operational autonomy and productivity enhancement.

Particularly for small and medium-sized enterprises—often struggling to access traditional credit—financial leasing, through equipment financing products, will serve as a flexible, suitable, and efficient resource mobilization channel.

The trend of digital transformation and modernization needs is spreading across key industrial manufacturing sectors such as electronics, automobiles, plastics, and food and beverages. As businesses increasingly focus on investing in technological infrastructure, automation, and ESG standards, the financial leasing model will continue to play a crucial role as an effective capital bridge between machinery and equipment suppliers and users, accelerating the process of modern industrial transformation.

As a provider of specialized financial solutions, ***BSL is ready to accompany businesses on their journey of investment, modernization, and sustainable development.*** Through flexible financial leasing products, BSL supports businesses in accessing medium- to long-term capital for investing in modern machinery, equipment, and production infrastructure without having to *utilize all their own capital or traditional collateral,* thereby enhancing productivity, optimizing costs, and strengthening competitiveness in this era of vigorous industrialization and digitization.

PHỤ LỤC

Figure 1. Year-on-year IIP growth rate for 4 months in the period of 2021 - 2025 for several key industrial activities %

	2021	2022	2023	2024	2025
Extraction of crude petroleum and natural	-9.9	-1.0	-3.8	-9.4	-10.9
Manufacture of food products	6.3	6.4	2.9	5.2	9.1
Manufacture of beverages	16.9	7.3	8.9	-1.1	-0.1
Textiles	7.6	5.0	-5.6	14.0	10.5
Manufacture of wearing apparel	8.1	20.7	-8.9	4.4	15.7
Manufacture of leather and related products	9.6	12.2	-2.9	6.7	16.7
Manufacture of wood and products of wood, bamboo, and schizostachyum aciculare	3.6	3.3	-2.3	8.5	15.2
Manufacture of coke and refined petroleum	-2.5	-5.2	15.6	4.3	14.1
Manufacture of chemicals and Chemical products	3.5	4.5	1.8	23.9	6.0
Manufacture of rubber and plastics products	12.5	-14.6	6.2	28.3	16.4
Fabricated metal products (excluding machinery and equipment)	10.5	11.6	1.9	9.4	10.0
Manufacture of computer, Electronic and optical products	14.6	10.4	-5.0	3.2	9.8
manufacture of electrical equipment	13.3	22.5	-4.2	25.3	-6.2
Manufacture of motor vehicles	31.8	2.3	-9.6	2.9	35.1
Electricity, gas, steam, and air conditioning supply	7.4	7.0	-0.2	13.0	5.1