

# Vietnam

## Chinese Development Finance, 2000-2023



### Country Profile

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**JulieAnn Sickell, Brooke Escobar,  
Jacqueline Zimmerman, and Oshin Pandey**



Schweizerische Eidgenossenschaft  
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**Swiss Agency for Development  
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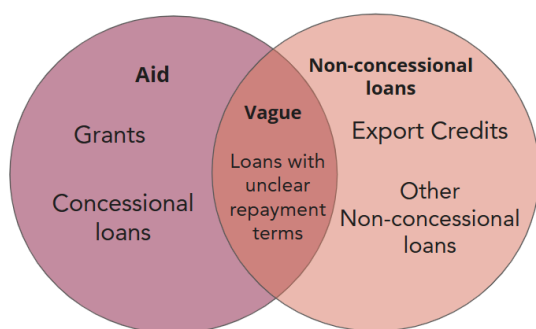


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In this profile, China’s official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The “non-concessional loans” category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



### Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans.

Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute “aid” based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as “aid” or “non-concessional.” In this report, such loans are assigned to the “vague” category.

## Executive Summary

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- Between 2000 and 2023, official sector lenders and donors from China committed \$27 billion across 227 projects, making Vietnam the fourth largest recipient of Chinese aid and credit in Southeast Asia and the 18th largest in the world.
- Energy commitments worth \$19.1 billion make Vietnam's portfolio among the most sectorally concentrated in China's global program. The portfolio is anchored by syndicated loans for coal-fired power plants: \$2.2 billion for the 1980MW Vinh Tan 3 plant and \$1.9 billion for the 1200MW Duyen Hai 2 plant, both committed in 2016. Industry, mining, and construction follows at \$3.6 billion (13%), and transport at \$2.6 billion (10%). More recent commitments in 2020 and 2021 shifted toward renewable energy, including wind and solar projects, signaling an emerging reorientation within the sector. New lending across all sectors has slowed sharply since 2021, with only one small refinancing loan committed in 2023.
- Vietnam's debt composition broadly matches lower-middle-income country averages, with private borrowers accounting for a significant share. Public debt represents 65% of total Chinese loan commitments, slightly below the 70% group average. Private debt accounts for 27%, directed to companies developing manufacturing and energy capacity. Potential public debt stands at 8%, almost entirely tied to a \$2.1 billion syndicated loan for the Vinh Tan 3 power plant, a project now stalled after several investors withdrew over its coal-fired design.
- Vietnam's outstanding public debt to China is declining and represents a modest share of the economy. By the end of 2024, Vietnam owed an estimated \$2.5 billion in outstanding PPG debt to Chinese creditors, equivalent to about 6.6% of total external public debt and just 0.5% of GDP.
- Financial distress in Vietnam's Chinese loan portfolio is remarkably low. Only 5% of cumulative loan commitments show signs of distress, well below the 29% average across low- and middle-income countries. The three affected projects are the Ninh Binh Nitrogenous Fertilizer Plant, which halted operations in 2016 due to financial losses, the Cat Linh-Ha Dong Light Rail, which has failed to generate sufficient revenue to service its debt, and the Vinh Tan 2 coal-fired power plant, which fell temporarily into arrears in 2020.
- The Duyen Hai Power Generation Complex demonstrates the environmental and social costs of China's coal-heavy lending approach in Vietnam. Construction of the four-phase, 4378MW complex required the relocation of 78 households in 2010 to a resettlement site with homes averaging 100 square meters, a fraction of the 4,000 to 5,000 square meters residents had previously occupied. The adjacent coal port removed sand dunes that served as a natural defense against wind and flooding, leaving the resettlement area exposed to monsoon damage and crop loss. Residents reported black ash, smoke, and polluted water after the plant began operations, and local authorities created an environmental task force in response, though the lasting effects of those measures remain unclear.

South-east Asian countries that have joined the BRI



### Vietnam and China's Belt and Road

Vietnam is a country in Southeast Asia, located on the South China Sea. A significant milestone in this ongoing cooperation occurred in November 2017 during President Xi Jinping's visit to Hanoi. During this visit, the leaders of both countries signed the 'Memorandum of Cooperation on Jointly Building the "Belt and Road" and "Two Corridors and One Belt"', a geographical connectivity initiative focusing on infrastructure development between Vietnam and China.

### Historic relationship

The Socialist Republic of Vietnam and the People's Republic of China have maintained a diplomatic bilateral relationship since 1991. The two countries share a land border. China and Vietnam were involved in the Sino-Vietnamese conflicts over territory between 1979 and 1991, but have since normalized relations. Vietnam has undergone major political and economic transformation since the 1980s. While the U.S. and Vietnam also normalized relations in the 1990s and 2000s, it took Vietnam until 2007 to officially join the World Trade Organization (WTO). The Communist Party of Vietnam (CPV) has remained in power since 1954 in Northern Vietnam and since 1975 across the entire country.

### Present-day relationship

The present-day relationship between China and Vietnam is defined by increasing trade cooperation and a shared political ideology among governing parties. Despite hostilities over territorial claims in the South China Sea, China has continuously deployed development finance to Vietnam, making Vietnam one of the top recipients of Chinese development finance in Asia and the world. Vietnam, in recent years, has been balancing aid and diplomatic relationships with China and the United States, after tense relationships with both countries for decades. In 2025, the U.S. announced 46% tariffs on Vietnam imports, although the U.S. later halted its announced tariffs. In response, China has been shoring up its ties with Southeast Asian countries, including Vietnam.

In April 2025, President Xi paid a visit to Vietnam during his Southeast Asia visit. During Xi's visit, the two countries signed multiple cooperation agreements and officially launched the "China-Vietnam railway cooperation mechanism."<sup>1</sup> In April 2026, General Secretary of Vietnam To Lam spent four days in China. During Lam's visit, he stressed the importance of continued cooperation with China as a strategic priority for Vietnam.

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<sup>1</sup>For more information on Xi's state visit to Vietnam, see Xinhua (2025) at [http://en.cppcc.gov.cn/2025-04/21/c\\_1087174.htm](http://en.cppcc.gov.cn/2025-04/21/c_1087174.htm).

# Overview: Chinese development finance in Vietnam from 2000-2023

**\$27 billion**

in loans and grants provided by official sector donors from China.

**99%**

of Chinese development finance is provided via loans.

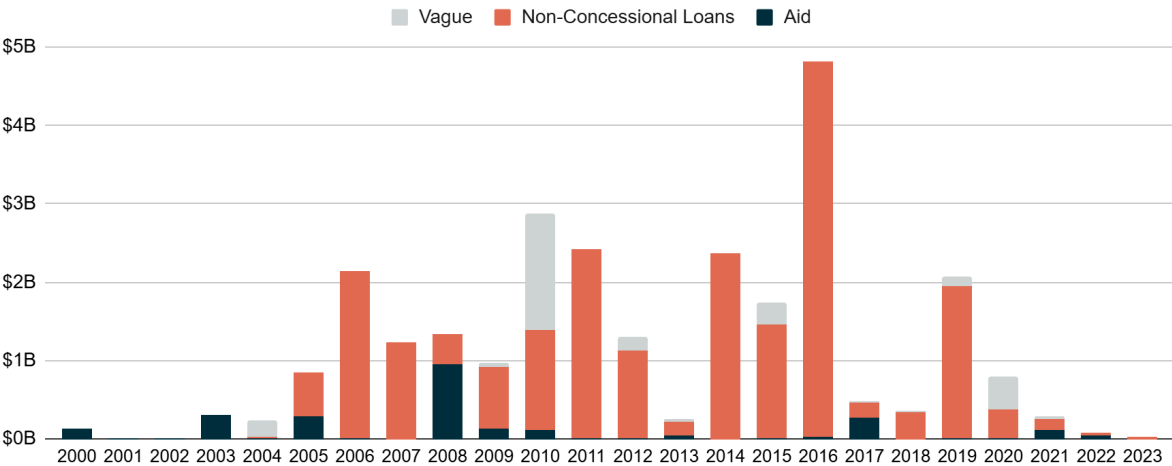
**67**

grants, technical assistance, and training activities offered.

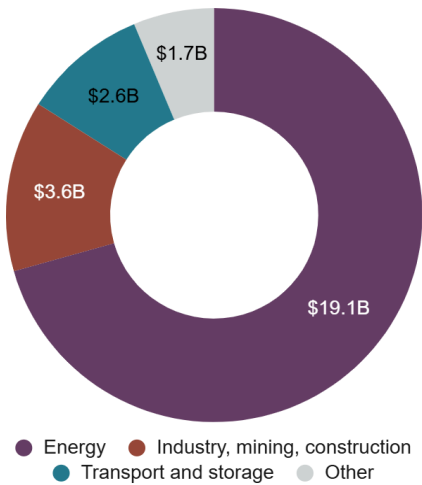
**4th**

largest recipient of Chinese aid and credit in Southeast Asia.

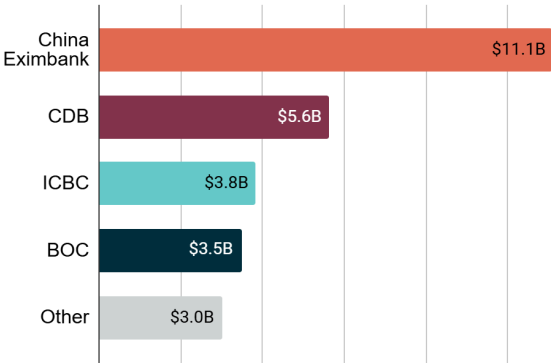
*Official sector financial commitments from China to Vietnam, 2000-2023<sup>2</sup>*



*Portfolio by sector*



*Portfolio by funder*



*China Eximbank: Export-Import Bank of China; CDB: China Development Bank; ICBC: Industrial and Commercial Bank of China; BOC: Bank of China*

<sup>2</sup>For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 of Appendix B.

# How much development finance has China provided Vietnam since 2000?

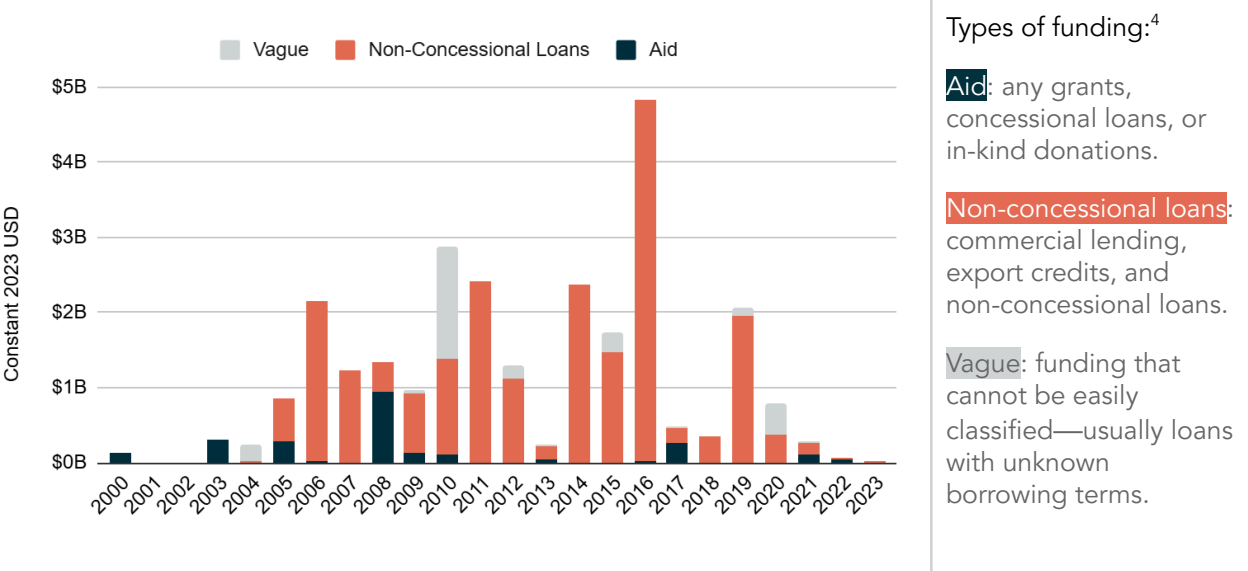
Vietnam officially joined China’s BRI in 2017. However, even before joining the BRI, Vietnam has been the beneficiary of Chinese lending and grants (see Figure 1.1). For a list of bilateral diplomatic visits between China and Vietnam in the BRI era, see Appendix A.

Between 2000 and 2023, official sector lenders and donors from China provided grant and loan commitments worth \$27 billion for 227 projects and activities in Vietnam. Vietnam, as a country with a relatively large economy (GDP: \$433 billion) and population (100 million residents), is the 4th largest recipient of Chinese aid in Southeast Asia and the 18th largest recipient in the world.<sup>3</sup>

In 2016, prior to formally joining the BRI, Vietnam received over \$4.8 billion in grant and loan commitments from China in one year. This spike in funding was driven by 19 projects, including a \$1.9 billion syndicated loan for the 1200MW Duyen Hai 2 Coal-Fired Power Plant Construction project. Other projects funded in 2016 included the construction of the Formosa Ha Tinh Steel Plant, the 1980MW Vinh Tan 3 Coal-Fired Power Plant, and a Paper Mill project—highlighting China’s focus on large-scale infrastructure lending to Vietnam for energy and industry projects in 2016.

Most aid came in 2008, when China Development Bank provided a \$704 million concessional loan for the Hanoi–Haiphong Expressway. Since then, China’s aid to Vietnam has been sparse and selective. As of 2023, new commitments to Vietnam remain low with only one new loan committed in that year from Shanghai Pudong Development Bank for the 75MW Hanoi SocSon Solid Waste-to-Energy (WtE) Treatment Plant Refinancing project.

Figure 1.1: Official sector financial commitments from China to Vietnam



<sup>3</sup>The global ranking includes high income countries.  
<sup>4</sup>For more information on these categories, please see Appendix B.

# How does China compare to other development partners?

From 2000 to 2023, China was Vietnam's largest bilateral development partner, though its portfolio differed significantly from other donors: rather than aid, China's engagement consisted overwhelmingly of non-concessional loans, with export credits totaling \$14.6 billion. Japan is the second largest bilateral partner at \$18.2 billion, provided exclusively as aid, with recent support focused on railway development and a budget support package for economic policy reform. Among multilateral donors, the World Bank is the largest partner, providing \$17.8 billion in aid and an additional \$3.5 billion in non-concessional loans.

In recent years, due to political turbulence and anti-corruption measures in Vietnam, the country has frozen or returned some of its development funding.<sup>5</sup> By May 2024, global heads of international organizations and ambassadors informed the Vietnamese government that at least \$2.5 billion in aid had been forfeited between 2022 and 2024, due to bureaucratic hurdles and anti-graft practices.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2023

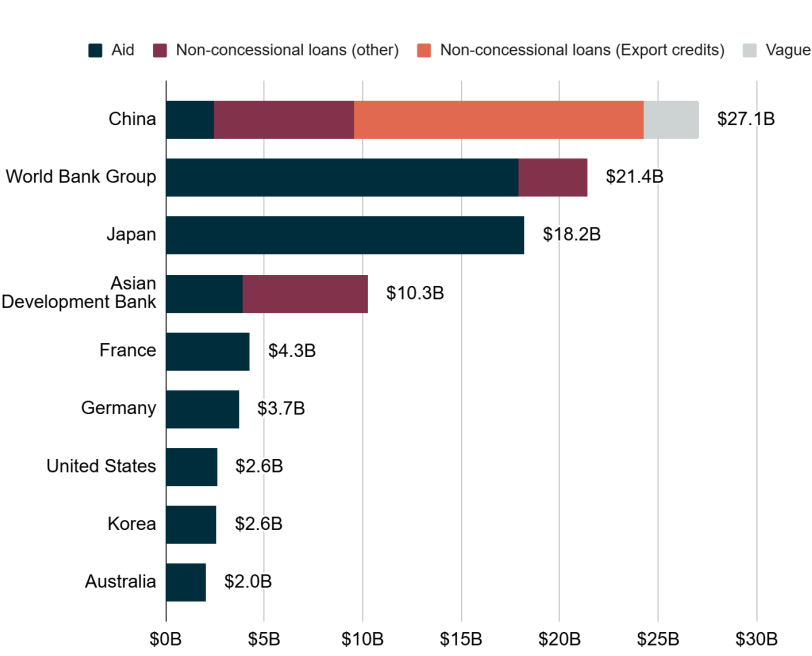


Figure 1.2 contains the top nine development partners providing aid and other financing to Vietnam. However, only China has detailed bilateral export credit flows to Vietnam. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships; it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC member countries.

Total export credits from G7 Countries: \$15.9 billion.

Total export credits from DAC member countries (including G7): \$20.6 billion.

## How does China use export credits?

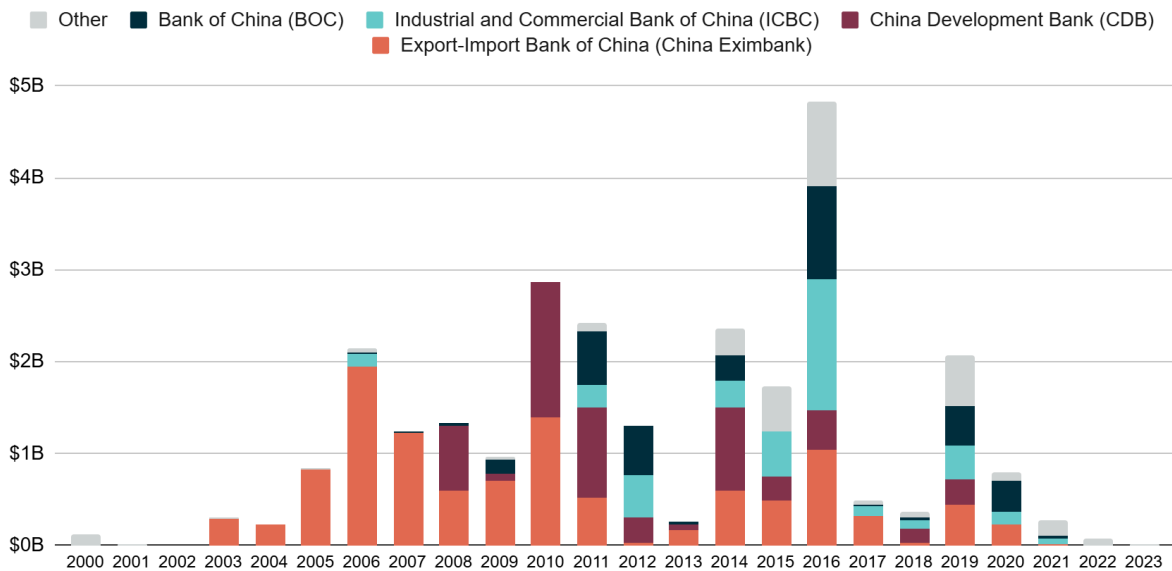
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of subsidized export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

<sup>5</sup>For more information on Vietnam's anti-graft development funding freeze, please see Reuters (2024) at [www.reuters.com/world/asia-pacific/vietnam-forfeits-billions-dollars-foreign-aid-amid-anti-graft-freeze-document-2024-05-17/](https://www.reuters.com/world/asia-pacific/vietnam-forfeits-billions-dollars-foreign-aid-amid-anti-graft-freeze-document-2024-05-17/).

## Which donors and lenders from China are active in Vietnam?

Between 2000 and 2023, 31 official sector donors and lenders from China provided aid and non-concessional loans to Vietnam. In Vietnam’s case, this is more active donors and lenders compared to the rest of China’s development finance portfolio, which averages 22 state-owned donors and lenders in a given country. 89% of China’s development finance portfolio is provided through four main donors and lenders (see Figure 1.3). The remaining 11% of funding is provided by 27 other agencies, including regional or municipal government agencies and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



The Export-Import Bank of China (China Eximbank) is Vietnam’s top Chinese creditor with \$11.1 billion committed across 45 loans between 2003 and 2021. China Eximbank remained steadily active between 2003 and 2021, with its single largest contribution (\$959 million) committed in 2016 for the 1200MW Duyen Hai 2 Coal-Fired Power Plant construction project. Nearly all of China Eximbank’s lending focuses on infrastructure projects predominantly in the energy sector.

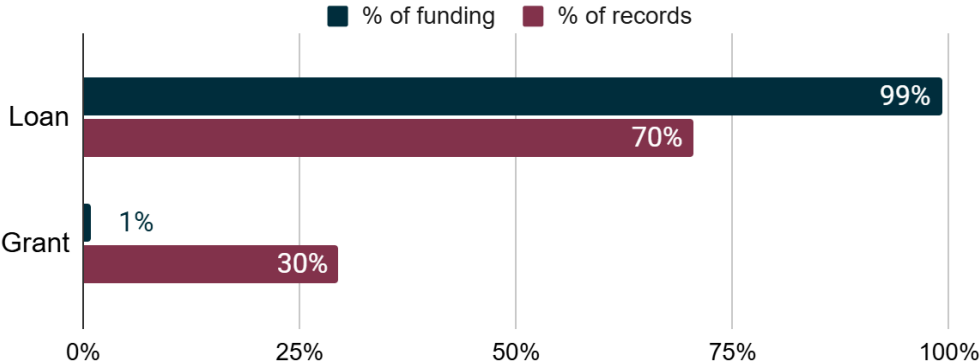
China Development Bank (CDB) is the second largest Chinese lender in Vietnam, and like China Eximbank, is a state-owned policy bank—albeit providing less concessional lending than China Eximbank. In total, CDB provided 17 loans worth \$5.6 billion. CDB extended its first loan to Vietnam in 2008 for the Hanoi-Haiphong Expressway project. The bank’s largest loan (\$1.4 billion) was committed in 2010 to Vietnam Oil and Gas Group (Petrovietnam) for unspecified purposes. CDB has not financed any projects in Vietnam since 2019.

The Industrial and Commercial Bank of China (ICBC) and the Bank of China (BOC) contributed \$3.8 billion and \$3.4 billion to Vietnam, respectively. ICBC contributed \$959 million to the 2016 syndicated buyer’s credit loan for the 1200MW Duyen Hai 2 Coal-Fired Power Plant. BOC’s largest loan was a contribution of \$463 million to a syndicated loan for the Formosa Ha Tinh Steel Plant in 2016. Neither lender has provided any new commitments since 2021.

# What kinds of financial and in-kind support does China offer Vietnam?

AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China’s activities in Vietnam. When looking at record counts, grants account for only 30% of all activity records in Vietnam (equivalent to 67 activity records between 2000 and 2023).

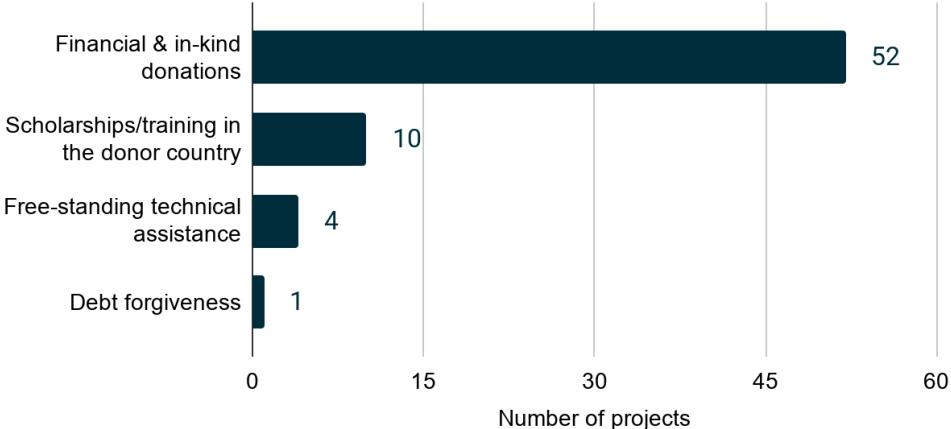
Figure 1.4: Top financial instruments used by China in Vietnam



Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans nor grants.

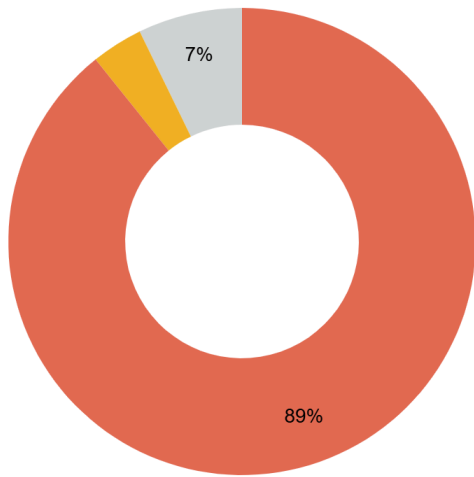
99% of China’s official sector financing to Vietnam takes the form of loans (totaling \$26.8 billion), while 1% (\$237 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

Figure 1.5: Breakdown of grants by project count



From 2000 to 2023, Vietnam received \$237 million across 67 grants from official sector Chinese entities. Around 41% (\$97 million) of Chinese aid to Vietnam was provided during the COVID-19 pandemic. Donations during this time included personal protective equipment (PPE), medical devices, and 5.8 million vaccines. Other common donations include office supplies, books, and emergency relief for natural disasters. Besides financial and in-kind donations, China has also provided technical assistance and scholarships predominately in the education and health sectors. China has awarded 438 scholarships to various students across Vietnam. Free-standing technical assistance has consisted of training related to fertilizer plants, surgeries provided by Chinese medical teams, and help following the Typhoon Chanchu. Additionally, Vietnam received \$13.8 million in debt forgiveness from China in 2003.

Figure 1.6: Breakdown of lending by purpose



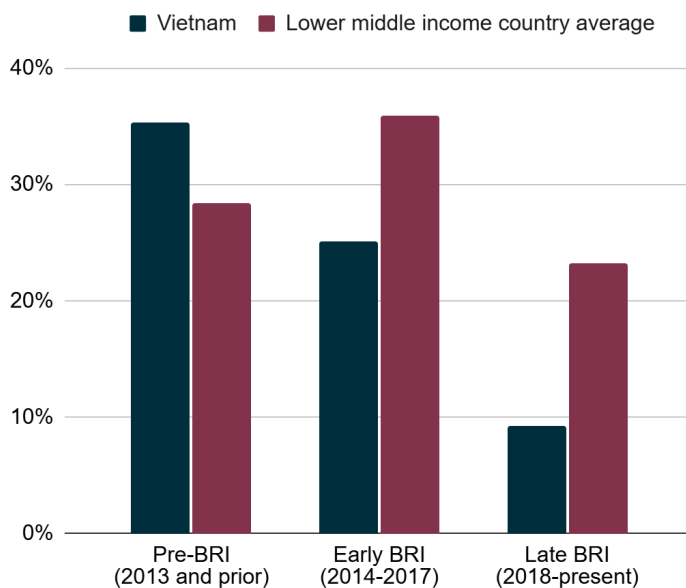
**Infrastructure:** loans to support the construction, rehabilitation, or maintenance of a physical structure.

**Other:** loans for equipment acquisition, unspecified purposes, mergers and acquisitions, working capital loans, and loans to refinance existing debt.

**Inter-Bank Loans:** loans from a Chinese bank to a recipient country bank that can support on-lending or other bank needs.

89% of China’s official sector lending to Vietnam supports infrastructure projects predominantly in the energy sector, including many coal-fired power plants (Duyen Hai, Vinh Tan, Quang Ninh, Vung Ang). 91% of the infrastructure projects in Vietnam are implemented by at least one Chinese entity, such as a Chinese state-owned or private sector company. Chinese agencies involved in implementing large infrastructure projects include Harbin Electric International Co., Ltd. (HEI), China Huadian Science and Industry Group, and Shanghai Electric Group (among others). 4% of loans were inter-bank loans, including loans to Vietnam Technological and Commercial Joint Stock Bank (Techcombank), Vietnam Bank for Industry and Trade (VietinBank), and Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) for on-lending and general corporate purposes. 7% support other kinds of transactions, such as loans for unspecified purposes or equipment acquisition.

Figure 1.7: Grant element over time



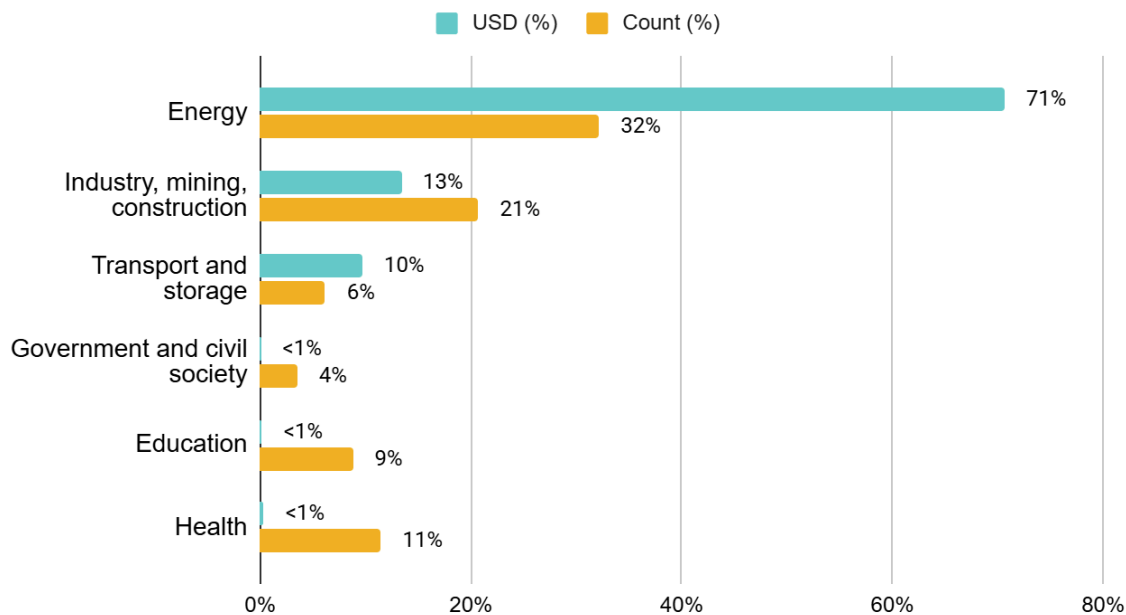
A loan’s grant element is a measure of how concessional (i.e. favorable) its terms are relative to market rates. It ranges from 0% (not concessional) to 100% (fully concessional). The grant element of China’s lower middle income lending portfolio fluctuated between 23% and 36% from 2000 to 2023. In Vietnam, pre-BRI lending was more concessional due to the higher volume of China Eximbank lending in these years whereas BOC and ICBC provided more, less concessional lending between 2014 and 2023.

## In which sectors is China most active?

Top sectors for China's aid and credit in Vietnam differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, AidData has provided the top sectors by both monetary value and record count to demonstrate this dichotomy.

**Figure 1.8: Selected top sectors**

*Sectors by monetary value and record count*



In terms of monetary value, 94% of China's grant and loan commitments to Vietnam supported three core infrastructure ("hardware") sectors: energy, transport and storage, and industry, mining, construction between 2000 and 2023.

- **Energy:** This sector is the focus of China's development finance portfolio in Vietnam, with \$19.1 billion in funding (or 71% of China's entire portfolio). It encompasses the generation and distribution of renewable and non-renewable sources. However, in Vietnam, financing for this sector is particularly driven by financing for coal-fired power plants. Noteworthy activities include a syndicated loan from five Chinese state-owned banks worth \$2.2 billion for the 1980MW Vinh Tan 3 Coal-Fired Power Plant Construction Project, and a \$1.9 billion syndicated loan from ICBC and China Eximbank for the 1200MW Duyen Hai 2 Coal-Fired Power Plant Construction Project, both of which were committed in 2016. More recent commitments in 2020 and 2021 focused on renewable energy projects, such as the Lotus Wind Power Project and the construction of the 240MW Dau Tieng Solar Power Plant. In 2023, the only commitment in this sector was a \$20 million contribution from Shanghai Pudong Development Bank to refinance a previous loan for the 75MW Hanoi SocSon Solid Waste-to-Energy Treatment Plant.
- **Industry, mining, construction:** This sector, second-largest by financial commitment, includes manufacturing fossil fuels, mining for coal, gas, metals, minerals, and construction. Projects in this sector account for \$3.6 billion in funding (or 13% of China's

development finance portfolio). Noteworthy activities include a \$1.4 billion loan from CDB to Vietnam Oil and Gas Group (Petrovietnam) for unspecified purposes, a \$464 million contribution from BOC to a syndicated loan for the Formosa Ha Tinh Steel Plant Construction Project, and a \$352 million preferential buyer's credit from China Eximbank for the Ninh Binh Nitrogenous Fertilizer Plant Construction Project. No new commitments have been made in this sector since 2019.

- **Transport and storage:** This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value infrastructure projects. 10% of China's development finance portfolio in Vietnam is dedicated to this hardware sector, representing \$2.6 billion in financial commitments. The largest single financial commitment is a \$704 million loan from China Development Bank for the Hanoi-Haiphong Expressway Project. Other financial commitments have included preferential buyer's credits and government concessional loans from China Eximbank for the construction of the Cat Linh-Ha Dong Light Rail and the Bac Giang-Lang Son section of the Hanoi-Lang Son Expressway. No new commitments have been made in this sector since 2019.

China is also heavily engaged in the "software" sectors, such as health, education, and governance. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

- **Health:** This sector includes medical care, infrastructure, equipment, and control activities. This sector is the largest sector by record count, representing 26 records in China's portfolio in Vietnam (or 11% of records). Notable activities include the donation of over 250,000 doses of Sinopharm vaccines and other COVID-19 anti-epidemic relief materials. Smaller-scale activities have included grants in response to a bird flu outbreak in Vietnam. All recent activities in the health sector were related to pandemic relief.
- **Education:** This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent \$48 million in funding and 9% of China's total record count, with 20 records. Activities include book and school supply donations to schools in Vietnam. The largest and most recent commitment in the education sector was the donation in 2022 of a multimedia classroom worth \$36 million to Lac Hong University.
- **Government and Civil Society:** This sector encompasses activities that address public procurement, subnational government support, elections, democratic participation, and human rights. This sector represents a total of eight records (or 4% of the total record count) worth \$20 million. Activities in this sector include the donation of office supplies to Vietnamese government ministries, as well as the provision of training to Vietnamese officials. No new commitments have been made in this sector since 2017.

#### At a glance: last 5 years (2019-2023)

- Energy remains the main focus of China's portfolio in Vietnam during the past five years, accounting for 79% of all financial commitments between 2019 and 2023.
- The banking and financial services sector has emerged as the second-largest sector in terms of financial commitments in the last five years, accounting for 8% of financial commitments during this period. Chinese state-owned banks provided loans to Techcombank, VietinBank, and VPBank for general corporate and on-lending purposes.

# What are the characteristics of Vietnam’s debt to China?

160  
loans  
issued

\$26.8 billion  
total loan  
commitments

65%  
of total loan  
commitments are  
public debt

5%  
of total loan  
commitments show signs  
of financial distress

\$2.5 billion  
total public debt  
outstanding as  
of 2024

## What is “public debt”?

### Public debt (PPG debt)

Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions. Often referred to as public and publicly-guaranteed (PPG) debt.

### Potential public debt

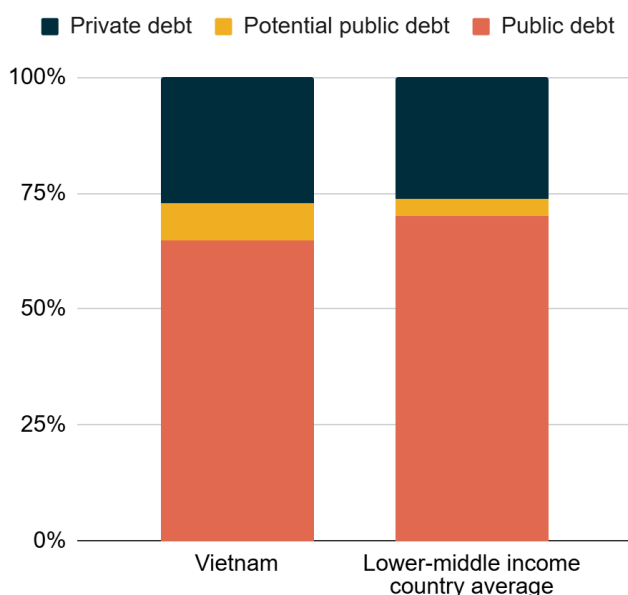
Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.

### Private or opaque debt

Loans to private sector borrowers and entities with opaque ownership structures.

Figure 1.9: Composition of debt from China by level of public liability

Total debt, 2000-2023— Vietnam: \$26.8 billion. Lower-middle income country average: \$5.2 billion.



The composition of Vietnam’s debt by level of public liability is in line with the average across China’s development finance portfolio in lower-middle income countries.

Vietnam’s public debt (65%) is only slightly below the average (70%) across its country group. 27% of the debt extended to Vietnam is private debt, typically directed to private companies for developing manufacturing or energy capacity, such as coal-fired power plants, a paper mill, and a tire production facility.

In total, 8% of Chinese lending commitments to Vietnam qualify as “potential public sector debt.”<sup>6</sup> This reflects a 2016 syndicated loan from five Chinese creditors worth \$2.2 billion extended to the Vinh Tan 3 Energy Joint Stock Company (VTEC), a special purpose vehicle and joint venture in which the Vietnamese government holds a 29% stake through Vietnam Electricity (EVN). Potential public sector debt is not a formal liability of the host government,

<sup>6</sup>For more on this issue, see Malik and Parks (2021) at <https://www.aiddata.org/publications/banking-on-the-belt-and-road>

but it may benefit from an implicit public sector repayment guarantee and could become a host government liability in the event of default by the original borrowing SPV or JV entity.

The funding of SPVs and JVs usually represents limited-recourse project finance instruments. With this type of lending instrument, the loan for a project (e.g. a toll road, seaport, or power plant) is exclusively repaid with the cash flow generated by the project (e.g. toll revenue, container fees, or electricity sales), and the creditor either has no claim (“recourse”) or a limited claim to any other assets as a basis for recovering the debt. Bankrolling big-ticket infrastructure projects through this type of instrument has become an increasingly important feature of China’s overseas development program. However, in the case of Vietnam, the project has stalled as several investors withdrew due to its coal-fired design.

Three different China Eximbank-financed projects showed signs of financial distress: the Ninh Binh Nitrogenous Fertilizer project, the Cat Linh-Ha Dong Light Rail project, and the 1244MW Vinh Tan 2 Coal-Fired Power Plant. Financial distress can include borrowers accruing principal or interest arrears, defaulting on their repayment obligations, filing for bankruptcy, or renegotiating loan terms (including suspensions of principal or interest payments). In the case of the Ninh Binh Nitrogenous Fertilizer project, the plant was forced to halt operations in 2016 due to financial losses and ultimately accumulated negative equity, resulting in failure to meet repayment obligations. Similarly, the Cat Linh-Ha Dong Light Rail project failed to meet repayment obligations as the project had not generated sufficient revenue and the Hanoi People’s Committee—who took over the repayment obligations from the Ministry of Transport—had no revenue from the project (or from other sources) to repay the loans. Lastly, there is evidence that the Vinh Tan 2 Coal-Fired Power Plant made partial payments in 2020 and fell into arrears for a time.

While Vietnam was not eligible for the G20-initiated debt-suspension service initiative (DSSI), Vietnam did receive \$13.8 million worth of debt forgiveness in 2003, which relieved the government of Vietnam’s outstanding obligations under two Economic and Technical Cooperation Agreements (ECTAs) that matured in 2001. No other instances of debt rescheduling and forgiveness have otherwise been reported.

## What does Vietnam’s current public debt exposure to China look like—and what payments are due?

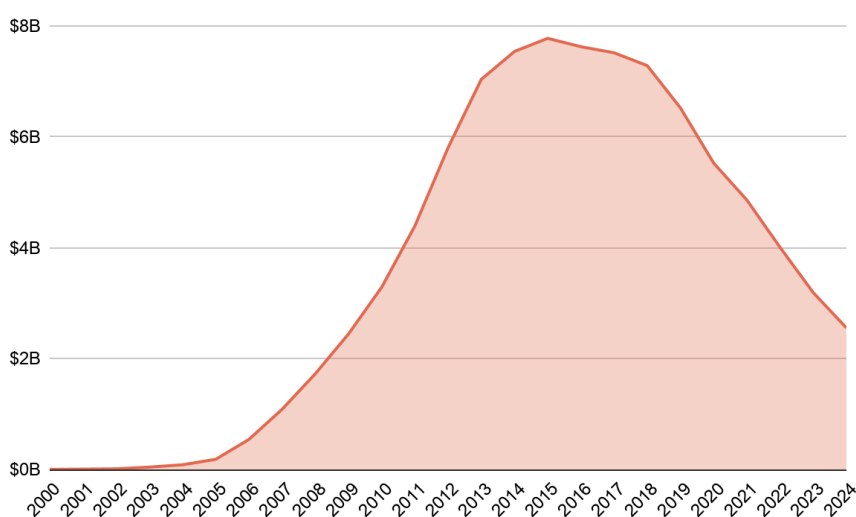
### What is “public debt exposure”?

After a loan agreement is signed, financial outflows and reflows take place over many years through a sequence of disbursements (from the creditor to the borrower) and repayments (from the borrower to the creditor).

To understand the timing and magnitude of these financial flows, the 2.0 version of AidData’s Chinese PPG Loan Performance Dataset (LP 2.0) tracks PPG loan disbursements, repayments, arrears, and restructuring events—and how much debt is owed—over time.

Unlike loan commitment totals—that measure what was initially promised—LP 2.0 measures what is still owed at specific points in time and how repayment pressures evolve over time. A country’s level of “public debt exposure” refers to its outstanding PPG repayment obligations. All financial amounts in this section are reported in nominal USD.

Figure 1.10: Outstanding Chinese PPG Debt Stock (nominal USD)



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

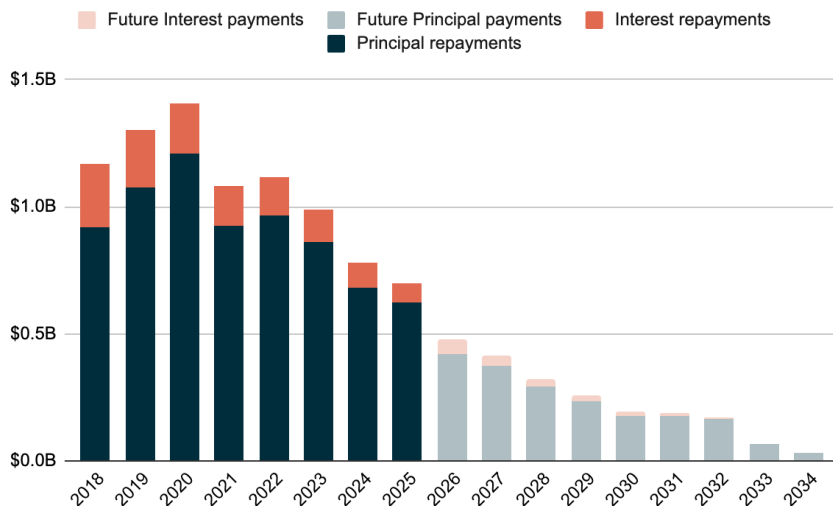
Figure 1.10 shows Vietnam’s outstanding Chinese PPG debt stock, which is the total amount of principal that has been disbursed and remains unpaid at the end of each year as well as any unpaid interest or fees. These estimates are based on loan-level data on disbursements and repayments, which are used to track how outstanding balances evolve over time.

By the end of 2024, Vietnam owed an estimated \$2.5 billion in outstanding PPG debt to official sector creditors in China. This was equivalent to about 6.6% of Vietnam’s total PPG external debt stock to all external creditors, indicating that China accounts for only a modest share of Vietnam’s external public debt.<sup>7</sup> The total PPG debt stock owed to China represented 0.5% of GDP in 2024.

Vietnam’s outstanding debt to China is tied to 41 active loans. Of these, three loans remain in their original grace period and 38 loans are in their original repayment period. By contrast, 50 loans have been fully repaid or otherwise closed out by 2024. Based on existing loan commitments through 2023, Vietnam is expected to continue paying down its debt to Chinese creditors until 2034.

<sup>7</sup>World Bank, International Debt Statistics.

Figure 1.11: Vietnam’s principal and interest payments to Chinese creditors under PPG loans



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

Figure 1.11 shows Vietnam’s principal and interest payments due to Chinese creditors. Specifically, it displays principal and interest payments 2018-2025 and future principal and interest payments from 2026-2034. The estimated principal payments are calculated by adding all principal payments due each year. Future interest and principal payments are projected from loan terms.

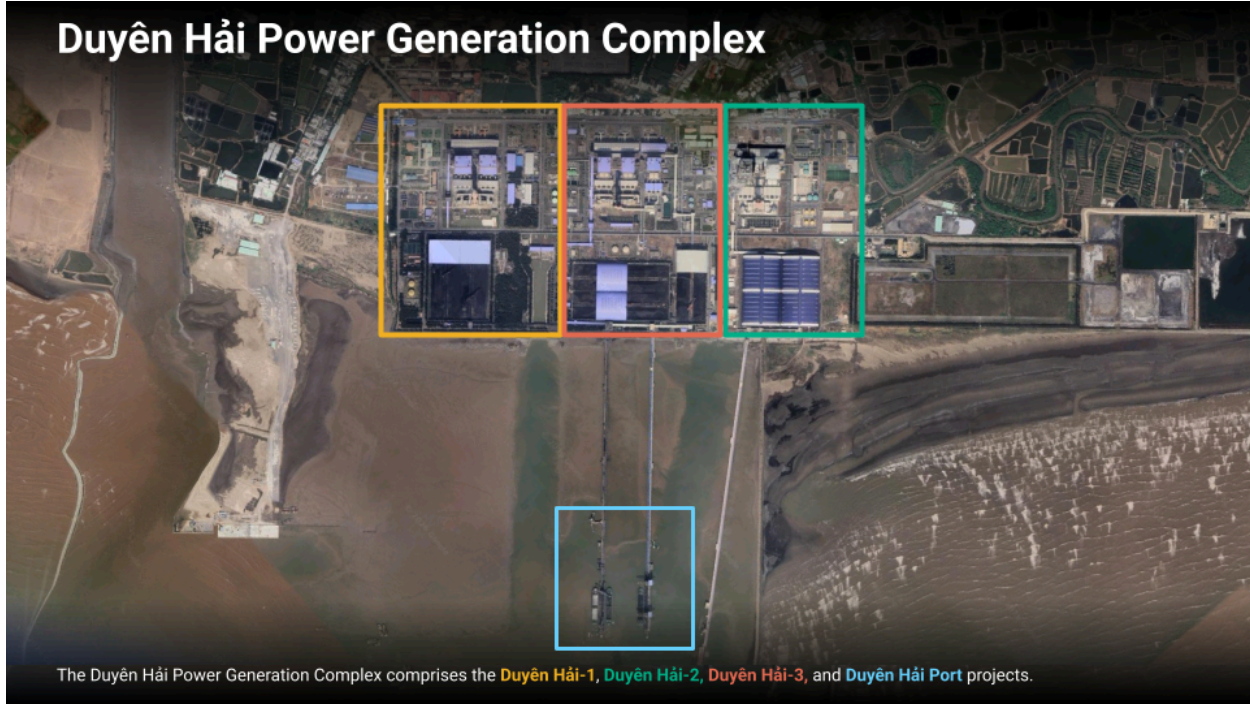
Between 2018 and 2025, Vietnam’s annual principal and interest payments declined from about \$1.1 billion in 2018 to \$696 million in 2025. Repayments reached a peak in 2020 at \$1.4 billion. After 2020, annual debt service steadily declined, with principal repayments falling from about \$924 million in 2021 to \$623 million in 2025. Beginning in 2026, Vietnam is projected to make smaller annual repayments to Chinese creditors as several loans continue to close out. Principal and interest payments are projected at \$476 million in 2026 and decline steadily thereafter, falling below \$200 million by 2030 and tapering off further through 2034 suggesting that a large share of Vietnam’s Chinese PPG loan portfolio has already entered its main repayment period.

Vietnam also faces recurring interest costs tied to its outstanding Chinese PPG debt, though these costs appear moderate relative to the size of its principal repayment obligations. Interest payments declined from about \$245 million in 2018 to \$73 million in 2025, and are projected to continue falling after 2026 as the outstanding loan stock is repaid. Arrears were limited and temporary, appearing only between 2020 and 2022 before returning to zero in 2023.

# What kind of project implementation challenges has China faced in Vietnam?

<p><b>Chinese-financed infrastructure projects in Vietnam:</b></p>	<p>Examples of infrastructure implementation risks:</p> <p><b>Environmental:</b> increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.</p> <p><b>Social:</b> poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.</p> <p><b>Governance:</b> corruption, money laundering, lack of transparency, and non-competitive bidding processes.</p>
<p><b>124</b> infrastructure projects supported by grants and loans from China</p>	
<p><b>\$23.9 billion</b> in loan and grant commitments supporting infrastructure projects</p>	

From 2000 to 2023, infrastructure projects accounted for 64.5% of China’s development finance portfolio in low- and middle-income countries. These infrastructure projects often face project implementation delays caused by environmental, social, and governance (ESG) risks, episodes of debt distress, or political instability in the recipient country. In Vietnam, the Duyên Hải Coal-Fired Power Plant and seaport construction projects exemplify implementation challenges due to resettlement and environmental issues.



The 4378 MW Duyên Hải Power Generation Complex is located in Dan Thanh commune, Duyen Hai, Tra Vinh, Vietnam. It was built in four parts and all were financed by Chinese lenders: the Duyên Hải-1 was financed by China Eximbank, BOC and ICBC; Duyên Hải-2 was

financed by China EximBank and ICBC; and Duyên Hải-3 and the Duyên Hải-3 extension were financed with contributions from China Eximbank, BOC and ICBC. Duyên Hải-1 is composed of two generation units which came online in 2015; Duyên Hải-2 contains two generation units which entered service in 2021, and Duyên Hải-3 comprises three generating units which entered operation in 2017 and 2021. The coal-fired plant is powered by imported coal from the adjacent Duyên Hải coal port, which was completed in May 2018 and funded by ICBC.

For the initial Duyên Hải-1 construction project, 78 households were relocated from the site in 2010. They were moved to the Mu U resettlement site, where the residents found their accommodations were smaller than their previous homes; the average home provided in the resettlement area was approximately 100 square meters. Before resettlement, local residences were between 4,000 to 5,000 square meters, including farmlands. Due to the resettlement circumstances under which the village was created, it also lacked public infrastructure, such as schools and quality roads.

Then, the Duyên Hải coal seaport project removed sand dunes to build the port which negatively impacted the nearby resettlement area and residents' food security. Sand dunes used to provide a natural defense against strong winds and soil erosion, but once they were gone, local homes and lands were left unprotected and began to experience serious flooding. The flooding worsens significantly during monsoon season, and has been exacerbated by rising tides. Increased flooding also negatively impacts the crops grown by the local community, thereby decreasing their food supply and contributing to loss of livelihood.

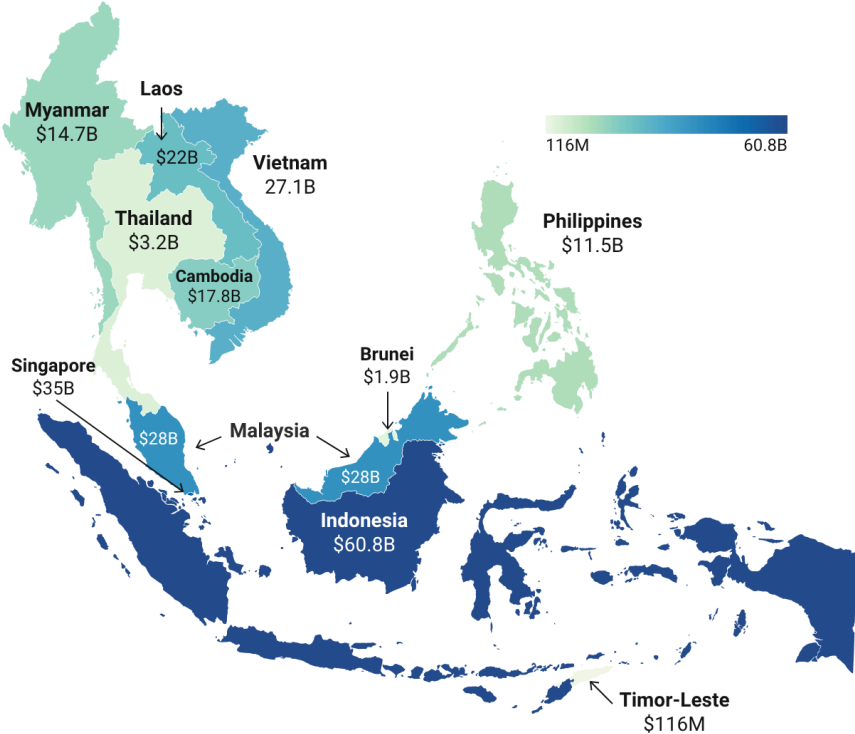
In 2015, the nearby residents expressed concern about emissions and particulate matter emitted from the plant, including black ash, smoke, and dust. When Duyên Hải-1 was put into operation in early 2016, it supposedly did not submit a report to Vietnam's Ministry of Natural Resources and Environment. That year, local villagers in the Dan Thanh commune experienced major crop losses. Protests occurred as a result and villagers have attempted to submit complaints to the local Dan Thanh commune authorities. As a result, an environmental task force was created to monitor the operations of Duyên Hải-1 and some villagers were allowed to tour the site. However, any lasting impacts of these measures are unclear. In the subsequent years, the resettled locals continue reporting livelihood issues including frequent power loss, polluted water, and polluted air.

Studies have found that there was little to no local community input for any phase of the Duyên Hải plant. Power plant officials maintain that the site is committed to providing gifts and funds to communities as well as monitoring and reporting environmental results to authorities. To this end, the plant is equipped with environmental risk mitigation technologies, such as electrostatic precipitator (ESP) dust filtration systems, NH<sub>3</sub>-based NO<sub>x</sub> treatment (SCR), and seawater-based SO<sub>x</sub> treatment (FGD) systems to adhere to environmental standards. In 2025, the Duyên Hải Power Generation Complex marked the tenth anniversary of Duyên Hải-1's commissioning. At the time of the anniversary, the site reported its cumulative power output exceeded 112 billion kWh and provided an irreplaceable source of electrification for Vietnam, in spite of these social and environmental implementation challenges.

# How does Chinese financing to Vietnam compare to other countries in Southeast Asia?

Between 2000 and 2023, Chinese official sector financiers directed 3,377 loans and grants to Southeast Asia worth \$222 billion. In Figure 1.12, AidData provides a cumulative view of China's aid and credit portfolio in the region. Nearly 62% (\$138 billion) of China's financing to the region took place between 2014 and 2023, the early and late BRI periods. The average annual financing committed during these years was \$13.8 billion with notable dips during 2020 and 2021 as a result of the COVID-19 pandemic. Vietnam received 12% of all Chinese financing to the region, making it the fourth largest recipient.

Figure 1.12: Cumulative financial commitments from China to Southeast Asia, 2000-2023<sup>8</sup>



Vietnam is a part of an important multilateral cooperation mechanism within Southeast Asia called the Lancang-Mekong Cooperation (LMC). It derives its name from the river that runs from Qinghai Province in China down through Cambodia, Laos, Thailand, Myanmar, and Vietnam. The goal of LMC is sustainable economic and social development of the sub-region through concrete projects, high-level exchanges, and joint working groups. During the official launch of the LMC mechanism in March 2016, Li Keqiang, the Premier of China, proposed a special fund be set up by China to support small and medium cooperation projects between the countries. The Lancang-Mekong Special Fund would provide \$300 million in concessional loans over 5 years. Unlike other countries who partake in the Lancang-Mekong Special Fund, Vietnam has very little noted benefit from the fund. Laos, Thailand, Myanmar, and Cambodia all have some key projects or signed Memorandum of Understanding's (MoUs) for use of the fund. It seems Vietnam engages with the fund more as a diplomatic mechanism than as a way to receive assistance from China.

<sup>8</sup>Brunei and Singapore are high income countries.

# Appendix A: Public opinion and bilateral diplomatic visits between China and Vietnam in the BRI era

Public opinion of China in Vietnam has been volatile since 2006. Data captured by Gallup between 2006 and 2024 shows that Vietnamese citizens held an average approval rate of 33.8% toward China.<sup>9</sup> This is 25% lower than the global average of 59.5% over the same period. This approval rating decreased to a low of 6% in 2015. The temporary drop can be explained by territorial disputes in the South China Sea. Favorability was highest at 89% in 2008. In 2024, the approval rate was at 29%.

Figure A.1: Vietnam’s approval of Chinese leadership, 2006-2024<sup>10</sup>

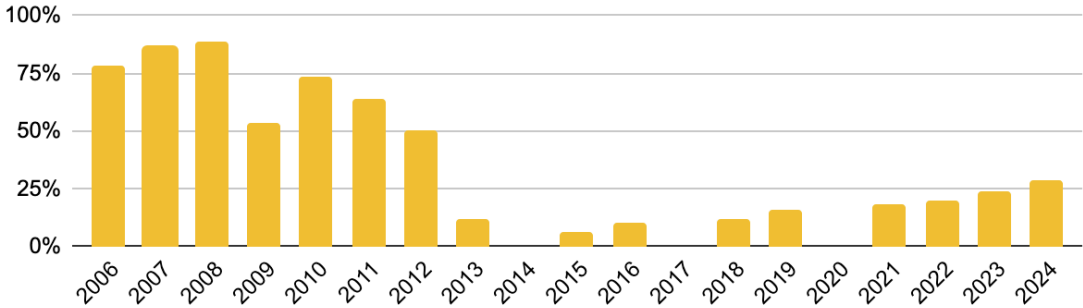


Figure A.2: Bilateral diplomatic visits between China and Vietnam

2014 NOV	Vietnamese President Trương Tấn Sang visited Beijing and met President Xi Jinping.
2015 NOV	President Xi visited Hanoi, the same year marked the 65th anniversary of the establishment of diplomatic relations between the two countries.
2017 NOV	President Xi attended the 25th unofficial APEC Leaders’ Meeting in Vietnam. During this visit, the two countries signed the 'Memorandum of Cooperation on Jointly Building the Belt and Road and Two Corridors and One Belt.
2019 APR	Prime Minister Nguyễn Xuân Phúc visited China for the 2nd “Belt and Road” International Cooperation Summit Forum.
2023 DEC	President Xi visited Vietnam, and the two sides issued a "Joint Statement on Further Deepening and Upgrading the Comprehensive Strategic Cooperative Partnership and Building a Strategic China-Vietnam Community with a Shared Future."
2025 APR	President Xi visits Vietnam to meet with the General Secretary of the Communist Party of Vietnam Central Committee, Tô Lâm, and Vietnamese Prime Minister, Phạm Minh Chính.

<sup>9</sup>This data comes from Gallup’s World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years AidData has data for vary and there are gaps pre-2006 and, in some cases, between 2006-2022. For Vietnam, no data is available for 2014, 2017, and 2020. For more information on the Gallup methodology, see <https://www.gallup.com/178667/gallup-world-poll-work.aspx>

<sup>10</sup>The data for the graph and approval rate is based upon Gallup’s Rating World Leaders’ report and dataset.

# Appendix B: Methodology & definitions

## Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's China Global Loans and Grants 1.0 dataset. For more details regarding the methodology used to assemble the data, please refer to the Tracking Loans and Grants from China to Low-, Middle-, and High-Income Countries: An Application of AidData's TUFF 4.0 Methodology. All financial values reported in this profile represent USD Constant 2023 prices, unless otherwise stated.

## Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA in CLG 1.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF in CLG 1.0).
- Vague: Any official financial flows that could not be reliably categorized as "aid" or "non-concessional loans" because of insufficient information in the underlying source material.

## Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

## Development finance to Vietnam from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD's aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, 'Aid' represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However,

consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members.

## Financial Distress:

This profile includes a measure of “financial distress,” defined as loans that show evidence of principal or interest arrears, default on repayment obligations, borrower bankruptcy, or the renegotiation of loan terms (including suspensions of principal or interest payments). The inclusion of restructured loans in this definition represents a methodological change; as a result, the share of cumulative loan commitments classified as distressed in this version of the profile may be higher than in previous versions.

## Project implementation challenges methodology:

To better understand the implementation challenges within China’s overseas infrastructure portfolio, AidData developed a new coding framework to systematically identify and categorize environmental, social, and governance (ESG) problems associated with Chinese-financed infrastructure projects in low- and middle-income countries. Under this framework, AidData flags projects when there is credible evidence of a significant environmental, social, or governance issue arising before, during, or after the implementation of a Chinese-financed infrastructure project.

Common ESG challenges in infrastructure projects:

- Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
- Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
- Governance: Negative effects related to the infrastructure project’s financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

## Loan Performance Methodology

AidData’s Chinese PPG Loan Performance Dataset 2.0 is a loan-level dataset that tracks the disbursement, repayment, arrears, restructuring, and outstanding debt trajectories of public and publicly guaranteed (PPG) loans issued by Chinese state-owned creditors to low- and middle-income countries. Building off the detailed loan commitment records captured in the 3.1 version of AidData’s Global Chinese Development Finance dataset, the 2.0 version of the Loan Performance dataset tracks 3,100 Chinese PPG loans issued to 124 borrowing countries between 2000-2022. The dataset synthesizes over 11,000 independently-sourced, loan-level performance observations drawn from public debt reports and repositories, stock exchange filings, bond prospectuses, and audited financial statements. These pieces of information are leveraged in conjunction with amortization schedule modeling techniques to create the best approximation of each loan’s financial performance over time.

Each loan is represented through three complementary amortization models. The “planned model” constructs an amortization schedule based only on original commitment terms and assumes full and timely repayment without deviations. The “perfect compliance” model incorporates observed disbursements and time-varying interest rate benchmarks (for floating-rate instruments) while still assuming payments occur as scheduled. The “actual performance” model integrates observed disbursement and repayment behavior, time-stamped debt stock values, and credit events including arrears, missed payments, and restructuring agreements (e.g., DSSI-related deferrals) to reconstruct each loan’s realized trajectory. Together, these models enable comparisons between the repayment burdens implied at signing and the repayment burdens realized over time, and they support consistent aggregation of debt service and debt stock across loans and countries.

The debt stock statistics in this profile are calculated from “actual performance” model outputs and are aggregated across all PPG loans for a given borrower country and calendar year. Figure 1.10 displays the country’s outstanding Chinese PPG debt stock by year. This measure captures the estimated balance of loan amounts outstanding at the end of each calendar year across all Chinese PPG loans to the borrower. The measure combines observed debt stock data with modeled amortization schedules and includes both remaining principal and any unpaid interest charges. Figure 1.11 shows the country’s annual debt service payments on Chinese PPG loans, including both principal and interest payments. These variables include normal debt service as well as altered payments associated with debt service suspensions and restructuring agreements.

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The insights in this profile are primarily derived from the 1.0 version of AidData's China's Global Loans and Grants dataset and the 2.0 version of AidData's Chinese PPG Loan Performance Dataset, although it also draws upon ancillary data from other sources. CLG-Global 1.0 is a uniquely comprehensive and granular dataset that captures 33,580 projects across 217 low-, middle-, and high-income countries supported by loans and grants from official sector institutions in China worth \$2.2 trillion. It tracks projects over 24 commitment years (2000-2023) and provides details on the timing of project implementation over a 26-year period (2000-2025). An accompanying report, [Chasing China: Learning to Play by Beijing's Global Lending Rules](#), analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas finance program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in [AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0](#) (Goodman et al, 2024).

For any questions or feedback on this profile, please email [china@aiddata.org](mailto:china@aiddata.org).

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AidData & William & Mary,  
PO Box 8795, Williamsburg, VA 23185.  
[www.aiddata.org](http://www.aiddata.org) | [@AidData](https://twitter.com/AidData)