



From Population Boom to Birth Rate Decline: Impacts of Vietnam’s Immigration Policies

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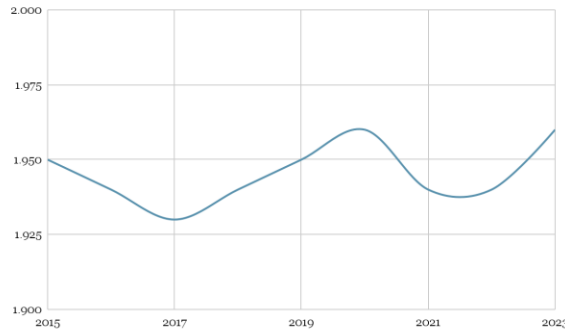
What happens when a nation that once thrived on a population boom faces a birth rate crisis? Vietnam, once among the fastest-growing populations in the world, now grapples with a shrinking workforce and the challenges of an aging society.

Over the last few decades, Vietnam has undergone a remarkable demographic transformation—shifting from an era of rapid population growth to confronting a future where fewer children are born. This shift has profoundly reshaped the economic landscape, prompting the government to reevaluate its immigration policies to address the mounting challenges of an aging population and workforce shortages.

In 1999, Vietnam’s population surpassed 76 million, making it the 13th most populous country in the world. Today, however, the fertility rate has fallen sharply. **The Total Fertility Rate (TFR)** hit a record low of **1.96 children per woman** in 2023, well below the replacement level needed to sustain population stability.¹

¹ VNS, “Couples Should Marry Before Age of 30, Have Children Early: Health Minister,” vietnamnews.vn, August 26, 2024, <https://vietnamnews.vn/society/1661818/couples-should-marry-before-age-of-30-have-children-early-health-minister.html>.

Exhibit 1: Fertility Rate in Vietnam (2015-2023)



Source of Data: https://www.theglobaleconomy.com/Vietnam/Fertility_rate/

Recognizing the urgency of this demographic imbalance, the Vietnamese government implemented **critical revisions to its immigration policies on August 15, 2023**, including extended visa-free stays. This shift marks a stark departure from Vietnam’s earlier restrictive stance during the population boom, signaling a strategic move to relax immigration rules in response to declining birth rates and the economic challenges posed by an aging society.

Population Boom and the Post-War Workforce

Following reunification in 1975, Vietnam experienced a rapid population surge. The first national census in 1979 recorded a youth population (ages 15–24) of over 10.4 million, growing at an average annual rate of 2.3% leading up to the 1989 census. By the 1980s, the **Doi Moi** economic reforms accelerated this boom, pushing the total fertility rate to nearly five children per woman and swelling the youth population to 15 million.¹

This demographic explosion was seen as a strategic asset for post-war recovery. The government viewed population growth as a resource to fuel economic development, particularly in agriculture, which accounted for over 80% of the workforce during the 1980s. Policies at the time prioritized limiting emigration to retain this young and abundant labor force, minimizing the need for foreign

workers. Vietnam's vast, youthful population was critical in rebuilding its war-torn economy, particularly during the agrarian-focused "Restoration period".²

The Decline in Birth Rates: A New Challenge

By the early 2000s, however, Vietnam's fertility rate had steadily declined, falling below the replacement level of 2.1.³ This trend was primarily driven by two key factors:

1. The "**Two Child**" Policy, which encouraged smaller families and successfully reduced the fertility rate to **2.9**.⁴
2. Rapid **urbanization** and socio-economic growth, which brought challenges such as limited housing availability, rising living costs, and the increasing expense of raising children.

This decline in birth rates has far-reaching implications. It signals a long-term shift toward an aging population, creating workforce shortages and increasing pressure on social services like healthcare and pensions. Without intervention, Vietnam risks a shrinking labor force that is unable to sustain its economic growth or support the needs of its elderly population.

Evolving Immigration Policies as a Strategic Solution

The declining birth rate has pushed the Vietnamese government to introduce significant reforms to its immigration policies, focusing on areas like entry, residency, work permits, and family reunification. The **revised Decree No. 70/2023/ND-CP** marks a key milestone by simplifying visa and residency requirements to attract skilled foreign workers, particularly in sectors where expertise is most needed, such as technology, healthcare, education, and manufacturing.⁵ Key adjustments include:

² Do Thanh Huyen and Dezan Shira and Associates, "Vietnam's Labor Market Comparison:," Vietnam Briefing, n.d., <https://www.vietnam-briefing.com/doing-business-guide/vietnam/human-resources-and-payroll/vietnam-labor-market-comparison>.

³ Vietnam+, "Vietnam Faces Population Decline as Birth Rate Falls," May 5, 2024, <https://en.vietnamplus.vn/vietnam-faces-population-decline-as-birth-rate-falls-post285395.vnp#:~:text=However%2C%20statistics%20from.a%20stable%20population>.

⁴ VNS, "Decreasing Birth Rate Poses Challenges to Population and Development Targets," Viet Nam News, April 24, 2024, <https://vietnamnews.vn/society/1654399/decreasing-birth-rate-poses-challenges-to-population-and-development-targets.html>.

⁵ Dezan Shira and Associates, "Foreign Worker Regulations in Vietnam: September 2023 Update," Vietnam Briefing News, September 21, 2023, <https://www.vietnam-briefing.com/news/employing-foreign-workers-in-vietnam-updated-requirements.html/>.

- **Simplified Work Permit Requirements:** Recent amendments allow foreign professionals to qualify for work permits based on experience rather than rigid degree qualifications, making it easier for skilled talent to contribute to Vietnam's economy.⁶
- **Priority Sector Access:** Policies now actively encourage foreign workers to enter critical sectors like technology, healthcare, education, and manufacturing, addressing urgent workforce gaps.⁷
- **Expanded Economic Zones:** The government has reduced bureaucratic barriers for visa applications in border-gate and coastal economic zones, streamlining entry processes and enhancing Vietnam's appeal to global talent.⁸

Target Sectors and Workforce Needs

Vietnam's economic growth has highlighted critical workforce shortages across key industries.⁹ Key industries like information technology (IT), engineering, automation, and digital marketing urgently need skilled professionals, while the manufacturing sector, particularly in electronics and garments, continues to grapple with labor gaps despite Vietnam's traditionally large workforce.¹⁰

For example, Ba Ria Rubber Company in Ba Ria-Vung Tau Province reports a 15–20% labor shortfall, equivalent to 300–350 workers, while Dong Nai Rubber Corporation faces annual shortages of 500–600 workers. Similarly, Duy Anh Foods Company in Ho Chi Minh City can only fill 60–70% of its required workforce, limiting export potential by 30–40%.¹¹

These shortages stem from three converging factors: the rapid expansion of Vietnam's economy, intensifying competition for skilled labor, and demographic challenges such as an aging population

⁶ KPMG, "Alert on Immigration - Decree 70 Amending Articles of Decree 152," September 20, 2023, <https://kpmg.com/vn/en/home/insights/2023/09/decree-70-amending-articles-of-decree-152.html>.

⁷ *ibid.*

⁸ Vietnam Law & Legal Forum, "Legal Tips for Expats: Visas for Foreigners Entering Vietnam via Border-gate or Coastal Economic Zones," August 15, 2020, <https://vietnamlawmagazine.vn/visas-for-foreigners-entering-vietnam-via-border-gate-or-coastal-economic-zones-27314.html>.

⁹ Dezan Shira and Associates, "Vietnam's Hiring Challenges and Incentives for Retaining Employees," Vietnam Briefing News, May 31, 2022, <https://www.vietnam-briefing.com/news/vietnams-hiring-challenges-and-potential-incentives-for-retaining-employees.html/>.

¹⁰ *Ibid.*

¹¹ Kim Thoa and Nguyen Tri, "Vietnamese Companies in Trouble Because of Worker Shortage," *Tuoi Tre News*, July 20, 2022, <https://tuoitrenews.vn/news/business/20220720/vietnamese-companies-in-trouble-because-of-worker-shortage/68171.html>.

and declining birth rates. Specialized roles have become critical to sustaining economic growth, and to bridge this gap, the Vietnamese government has adopted progressive policies to attract foreign talent and investment.

The **amended Labor Code of 2019** (effective 2021) allows foreign workers to qualify for work permits based on experience rather than formal qualifications, opening opportunities for skilled professionals to contribute to Vietnam’s growth. Additionally, the **June 2020 revised law** encourages foreign entrepreneurs and investors with attractive incentives like tax breaks, special economic zones, long-term visas, and streamlined residency options.¹²

By addressing shortages in priority sectors, these policies aim to maintain economic momentum while ensuring long-term sustainability through local reskilling initiatives.

Potential Challenges and Risks of the New Policies

Job Market Competition

Vietnam’s relaxed immigration policies have significantly increased the influx of foreign workers, with over 14,000 positions for foreign employees approved in Ho Chi Minh City alone in 2023.¹³ While this addresses workforce shortages, it also intensifies job competition in high-demand fields like technology, manufacturing, and technical sectors. For local workers—especially those with similar qualifications—the presence of foreign professionals can make it harder to secure jobs. This competition risks resentment among locals, particularly in industries with limited opportunities.

Urbanization and Housing Market Pressures

The increasing presence of foreign workers and rising demand for housing in urban hubs like Hanoi and Ho Chi Minh City have exacerbated the strain on housing availability, pushing prices further out of reach for low- to middle-income Vietnamese families. Exhibit 2 illustrates a

¹² Dezan Shira and Associates, “Why Vietnam,” Vietnam Briefing, n.d., <https://www.vietnam-briefing.com/doing-business-guide/vietnam/why-vietnam#:~:text=Tax%20incentives,tax%20rates%20for%20set%20terms>.

¹³ Thu Hằng, “Hanoi Has High Demand for High-quality Foreign Workers,” *Vietnam Economic Times / VnEconomy*, January 26, 2024, <https://en.vneconomy.vn/hanoi-has-high-demand-for-high-quality-foreign-workers.htm#:~:text=Hanoi%20last%20year%20approved%20recruitment%20demand%20for,Vietnam%20as%20of%20the%20end%20of%202023>.

significant mismatch between the supply of affordable housing units and rising housing prices relative to income levels. Notably, the number of affordable housing units (gray bars) has remained inconsistent, with significant declines after 2011. Simultaneously, the affordable price-to-income ratio (red line) has climbed back to 5.4 in 2020, a level not far from its peak of 5.8 in 2008, indicating increasing unaffordability.¹⁴

Exhibit 2: Vietnam’s Rising House Price



Source of Graph: <https://realestateasia.com/residential/news/what-vietnams-rising-home-price-income-ratio-means-developers>

This upward trend reflects the pressures caused by foreign investment and limited housing stock, as foreign demand—facilitated by policies like **Decree No. 95/2024/ND-CP**—allows foreign entities to own up to 30% of apartments in buildings. While this policy aims to attract foreign investment, it risks widening the housing accessibility gap for Vietnamese residents, especially those in the low- and middle-income brackets. Without careful planning, rising prices and constrained supply could further exacerbate urban housing inequality despite ongoing government efforts under the 2023 Housing Law.¹⁵

¹⁴ ASL Law Firm, “Notable Points About the 2023 Amendment to Vietnam’s Law on Housing,” Lexology, December 25, 2023, <https://www.lexology.com/library/detail.aspx?g=490e3ac1-1544-4ecc-8688-468bb31a01e3>; Staff Reporter, “What Vietnam’s Rising Home Price-to-income Ratio Means for Developers,” *Real Estate Asia*, July 7, 2021, <https://realestateasia.com/residential/news/what-vietnams-rising-home-price-income-ratio-means-developers>.

¹⁵ “New Foreign Ownership Restrictions in Vietnamese Property Market,” Viet Nam News, August 5, 2024, <https://vietnamnews.vn/economy/1660577/new-foreign-ownership-restrictions-in-vietnamese-property-market.html>.

Social and Economic Impacts of Vietnamese Labor Migration

While immigration policies aim to fill domestic workforce gaps, Vietnam simultaneously faces a significant outflow of its own labor force. Approximately 80,000 Vietnamese workers leave the country each year for better employment opportunities abroad, with a total of 450,000 temporary overseas workers.¹⁶

However, these workers often endure social stigma, discrimination, and exploitation, especially those employed through unofficial channels or who overstay migration contracts. The financial burden is considerable—recruitment fees average USD 6,500, which can take up to nine months to recover based on an average overseas wage of USD 800 per month.¹⁷

Looking Ahead

Vietnam's demographic transformation—from a period of rapid population growth to declining birth rates—has created both pressing challenges and unique opportunities for its economic future. The government's progressive immigration reforms, aimed at attracting skilled foreign talent, are a timely response to critical workforce shortages in key sectors like technology, healthcare, and manufacturing. However, these measures bring complex trade-offs, including intensified job competition, housing pressures, and the continued outflow of Vietnamese workers abroad, often facing financial strain and exploitation.

To ensure long-term economic resilience, Vietnam must strike a careful balance between leveraging foreign expertise and empowering its local workforce. Forward-looking strategies such as reskilling programs expanded vocational training, and stronger industry-education partnerships will enable Vietnamese workers to remain competitive and adaptable in a fast-changing economy. Simultaneously, policies addressing affordable housing and protections for laborers abroad will foster greater stability.

¹⁶ Thi Hong Yen Nguyen, "Challenges in Ensuring the Rights of Vietnamese Migrant Workers in the Globalization Context – the Two Sides of the Development Process," in *Brill / Nijhoff eBooks*, 2021, 154–84, https://doi.org/10.1163/9789004501249_008.

¹⁷ ILO Global Business Network on Forced Labour, "Protecting Vietnamese Migrant Workers From Forced Labour," January 18, 2022, <https://flbusiness.network/impact-vietnam/>.

By addressing these challenges, Vietnam can position itself as a global hub for innovation and talent, transforming current demographic and economic hurdles into engines of growth. A balanced approach will sustain economic momentum and create an inclusive, prosperous future for its citizens and global partners, ensuring Vietnam's place as a key player in the global economy.

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