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FINANCE

Government rolls out interest-free loans for companies to pay salaries

The Viet Nam Bank for Social Policies has begun accepting applications from businesses for interest-free loans to fund furlough and salary payments, its deputy director, Bui Van Son, said.



The loans are part of the Government's latest relief package worth VND26 trillion (US\$1.13 billion) for supporting workers and employers struggling to cope with the pandemic. Around VND7.5 trillion will be used for interest-free loans for businesses to pay salaries.

Businesses can obtain a loan to pay workers who have contracts with compulsory social security but are furloughed for 15 consecutive days between May 1, 2021 and March 31 next year. They must not have any bad debts to qualify for the loans, but do not need guarantees.

They are also permitted to borrow to pay workers to resume business. This includes businesses instructed to close down temporarily as a COVID-19 preventive measure in that period, those in transportation, aviation, tourism, and hospitality, and others that send guest workers abroad. The loans are for up to 12 months.

Minister of Labour, War Invalids and Social Affairs Dao Ngoc Dung promised that procedures for the relief package would be simplified and abbreviated as much as possible. While last year the VND62 trillion relief package took up to 40 days for businesses to get loans for work stoppage payment, now it should only take seven to 10 days, he assured.

Dr Vo Tri Thanh, a member of the National Financial and Monetary Policy Advisory Council, said the VND26 trillion package would help businesses that retain their staff or want them to return to work after the pandemic. But Tran Minh Phi, director of An Phi Construction and Design Co., Ltd., said many businesses are struggling to repay their bank loans due to the nearly two-year-long pandemic, and so many might not be able to meet the requirement of having no bad debts.

Dr Nguyen Tri Hieu, an economist and financial expert, agreed with Phi, saying the requirement should be scrapped to better support people working for businesses with bad debts. There could be policies to force businesses to priorities repayment of this loan before others, and businesses with debts overdue for 90-180 days could be given the loan, he added.

A continuing drawback facing the programme is that like last time some businesses are not fully aware of the new relief package. According to the General Department of Statistics, in the first six months of the year 70,200 businesses had to temporarily or permanently close down, a 22.1 per cent increase year-on-year.

There were nearly 1.2 million people of working age unemployed during the second quarter, up 7.8 per cent from the first quarter, according to the Ministry of Labourers, War Invalids and Social Affairs.

HCM City has become the COVID-19 epicentre of the country with more than 28,300 cases.

It has been under social distancing since May 31, affecting the livelihoods of many locals. VNS

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ADB lowers Vietnamese growth forecast for 2021 to 5.8%

The Asian Development Bank (ADB) has just released its growth forecast for the year, with Vietnam's growth revised down to 5.8% from the previous figure of 6.7% put forward in April.

The ADB anticipates that economic growth for developing Asia will stand at 7.2% this year, compared with its forecast of 7.3% made in April. This is due to further COVID-19 outbreaks slowing the recovery in some regional economies, although the growth outlook for 2022 has been upgraded to 5.4% from 5.3%.

According to ADB's assessment, with the global recovery spurring exports, Vietnamese GDP growth surged to 5.6% during the first half of this year from 1.8% in the same period from last year, this is despite disruption caused by a new wave of COVID-19 which broke out in late April.

Most notably, the relatively slow rollout of the nation's vaccination programme, along with the enforcement of prolonged social distancing measures in the country's largest growth regions, have had a significant impact on trade exchange and restrict economic activities this year.

"Asia and the Pacific's recovery from the COVID-19 pandemic continues, although the path remains precarious amid renewed outbreaks, new virus variants, and an uneven vaccine rollout," said Yasuyuki Sawada, chief economist of the ADB.

"On top of containment and vaccination measures, phased and strategic rejuvenation of economic activities, for instance, trade, manufacturing, and tourism will be key to ensure that the recovery is green, inclusive, and resilient," Sawada concluded.

East Asia's growth outlook for the remainder of the year has been raised to 7.5% from 7.4% in April amid a stronger-than-expected recovery by the newly industrialized economies, including Hong Kong (China), the Republic of Korea and Taiwan (China). The sub-regional growth forecast for next year remains at 5.1%, whilst the growth outlook for China is maintained at 8.1% for this year and 5.5% in 2022, amid steady performances by industry, exports, and services.

Furthermore, projections for South Asia, Southeast Asia, and the Pacific for this year have been lowered as recent outbreaks are met with containment measures and restrictions, thereby hampering economic activity. Indeed, South Asia's growth outlook for the fiscal year has been lowered to 8.9% from 9.5%.

The forecast for India has also been downgraded by 1% to 10.0%. In addition, Southeast Asia's outlook for the year has been revised to 4.0% from 4.4%, while the projection for the Pacific has been lowered to 0.3% from 1.4%. However, the 2022 growth forecasts for these sub regions have been upgraded to 7.0%, 5.2%, and 4.0%, respectively. VOV

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E-COMMERCE

Vietnamese top list of most online shoppers in South East Asia

Vietnam has the highest number of people shopping on e-commerce platforms in the Southeast Asia region with some 49.3 million people, according to the E-commerce White Book 2021 released by the Vietnam E-Commerce and Digital Economy Agency.



According to IDEA, the country's e-commerce market, in 2020, reached 11.8 billion USD. In the past two years, Vietnam has seen positive changes in online purchasing with both consumers and firms moving online. The growth rate of e-commerce retail last year was 18 percent.

Another report from Google, Temasek và Bain & Company announced in the beginning of the year also showed that Vietnam has been one of the most dynamic e-commerce markets in Southeast Asia.

The report also revealed that internet users in Vietnam account for 41 percent of the population, the highest in the region. Up to 94 percent of new users plan to continue to use the digital services they used during social distancing after the pandemic ceases to be an issue.

This could form a firm foundation for the development of e-commerce in the country, the IDEA added.

Statistics from the E-commerce White Book showed that the rate of new internet users shopping online had also increased from 77 percent in 2019 to 88 percent in 2020.

The value of goods purchased online also increased from 229 USD in 2019 to 240 USD in 2020 per person. Business-to-customer (B2C) e-commerce revenue now accounts for 5.5 percent of the country's total retail sales.

Essential items such as food and household appliances account for an increasing proportion of online sales. The data showed that 53 percent of users shop for food online; 43 percent shop for shoes, clothes, and cosmetics; and 33 percent shop for household appliances.

Specifically, in 2020, 74 percent of people were shopping on websites and e-commerce platforms. Alternatively, online shoppers buying on forums and social networks reached 33 percent. This was a significant increase from the previous year with 52 percent buying on e-commerce channels and 57 percent on social networks in 2019.

E-commerce platforms continued to see high growth in terms of revenue, users and sellers and sites like Shopee, Lazada, Tiki and Sendo have increased their offering of food and essential goods to meet user demands.

Online e-commerce platform, Lazada, has seen these outcomes first hand. In the second quarter of 2020, they reported the number of people accessing their platform everyday doubled while the number of orders tripled.

In addition, the number of sellers on the platform doubled too and revenue on all products on Lazada has seen growth from the second quarter of last year.

Big brand names have also started to join e-commerce platforms. In the first three months of the year, the number of big brands joining special promotion programmes on Lazada was double that of the same period last year.

However, the IDEA said there are still many challenges for users participating in online shopping.

Up to 44 percent of respondents said they think that price held them back from making a purchase, 42 percent said they were concerned about the quality compared to how they were advertised, and 33 percent said they were concerned about their personal information being disclosed.

In addition, poor shipping, delivery and customer care services were also listed as reasons many consumers were not open to this form of shopping.

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ENERGY

Vietnam NPS received 14.69 billion kWh from the renewable energy projects in first half of 2021

Electricity of Vietnam (EVN) informed that in the first 6 months of 2021, the electricity generation and import of the whole system reached 128.51 billion kWh, increasing 7.4% over the same period in 2020, including 14.69 billion kWh (equal to 11.4%) from the renewable energy projects, 624 million kWh (0.5%) from import.



In the first 6 months of 2021, despite facing many difficulties due to the Covid-19 pandemic, extreme weather leading to many hot-tempered spells, lack of water in hydropower reservoirs, but EVN ensured a safe and uninterrupted electricity supply for the economic development of the country daily life of the people with an increase of sale electricity by 8.36 % compared to that in the same period of 2020.

Among power generation and import of 128.51 billion kWh in the first 6 months of 2021, there were 30.46 billion kWh (23.7%) from hydropower plants, 66.67 billion kWh (51.9%) from coal thermal power plants, 15.66 billion kWh (12.2%) from gas turbine power plants gas fired, 14.69 billion kWh (11.4%) from renewable energy projects, 624 million kWh (0.5%) and 2 million kWh from oil thermal power plants.

According to the forecast of the National Center for Hydro-meteorological prediction, there may be many critical hot-tempered days in July/2021 in the Northern and Central regions of Vietnam. In this situation, EVN forecasted that electricity consumption of the national power system may reach about 785.3 million kWh per day and maximal capacity about 43,000 MW.

In complicated and severe development of the covid-19 pandemic and the weather, EVN commits to continue implementing the double target as covid-19 pandemic protection and optimum exploiting hydro and thermal power plants, especially, reasonable exploiting hydropower plants to ensure the water supply for the lowlands.

EVN will continuously direct and require the power corporations and companies to prepare manpower, facilities for timely coping with happening natural calamity and timely handling the local overloads and grid breakdowns to guarantee electricity supply for customers. VER

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Ninh Thuan shifts towards 'green economy'

Along with the criteria on financial potential and experience, investors looking to develop the \$2 billion Quang Ninh liquefied natural gas (LNG) power project will have to comply with 10 other criteria.

The south-central province of Ninh Thuận saw a strong economic growth rate of more than 12 per cent over the last two years, thanks to advantages in marine economy and renewable energy.

In the past five years, the province's development orientation has shifted to a green economy for sustainable development, and economic competitiveness and efficiency. It prioritizes energy; tourism; agriculture; forestry and fishery; industry; education and training; and construction and real estate. These groups of industries are expected to contribute 91 per cent to the province's GDP and 85 per cent of jobs.

According to the province's Statistics Office, the province's total state budget revenue in the first five months of this year reached about VNĐ1.8 trillion (US\$78.4 million), equivalent to its state budget revenue in 2015. Last year, the province's gross regional domestic product (GRDP) was estimated at 12 per cent. Meanwhile, its total state budget revenue was estimated at VNĐ3.9 trillion (\$169.8 million), exceeding 11.4 per cent of the plan.

The industrial production value reached nearly VNĐ17 trillion (\$740 million) last year, a year-on-year increase of 22.5 per cent. The value of the solar power sector rose by 147.8 per cent and the wind power sector increased by 58.5 per cent.

Provincial tourism has strongly developed in the past five years. The province has advantages in tourism development, with 59 cultural heritage sites, and unspoiled beaches and islands. The 100km-long coast from Thuận Bắc District's Công Hải Commune to Thuận Nam District's Cà Ná Commune offers a charming natural landscape. On one side is the primaeval forest and on the other the blue ocean.

There are popular tourist attractions such as Vĩnh Hy Bay, Rái Cave, Ninh Chữ - Bình Sơn beach, Cà Ná beach, Mũi Dinh (Dinh Headland) and Thái An Vineyard. The province also offers favourable weather for exploiting the potential of marine sports and activities. However, only the Tanyoli Tourist Area in Ninh Phước District's Phước Dinh Commune provides tourists with marine sport tourism services.

Phan Tấn Cảnh, deputy chairman of the provincial People's Committee, said the committee had approved a plan to build a sports complex on the beach along Đông Hải Ward in Phan Rang-Tháp Chàm City. It will serve both locals and tourists, including a sports centre designed for windsurfing, parasailing, flyboarding and scuba diving. It will help Phan Rang - Tháp Chàm City become the first metropolis in experiential tourism in the region.

Nguyễn Đức Chi, the investor of Ninh Chữ Sailing Bay project, said the province was catching up with current tourism development trends.

Phan Rang-Tháp Chàm will be the first locality in the country developing beach resorts combined with experiential tourism services.

Other tourist cities such as Nha Trang, Đà Lạt, and Phan Thiết cities are lacking experiential tourism services. "There will be a great opportunity for the province to become a high-quality experiential tourism hub," he said.

Wind power combined with eco-tourism

Dr Dư Văn Toán from the Việt Nam Institute of Seas and Islands said Ninh Thuận should move toward combining wind power with eco-tourism to boost the local economy. For example, a wind power plant built in a coastal area in southwest France has earned higher revenue from tourism than wind power generation.

According to CBRE Việt Nam's research and consulting department, tourism companies could work with investors of wind power projects on creating tours to wind farms including education on wind power and renewable energy. The provincial People's Committee has urged the Department of Industry and Trade to build a plan to turn Ninh Thuận into the country's renewable energy centre.

The Department of Culture, Sports and Tourism has been assigned to give investment priority to areas with potential for marine tourism development. The province targets 3.5 million visitors by 2025 and six million visitors by 2030.

By 2025, the province's economic growth is expected to rise by 1.9 times compared to 2020.

Its GRDP could reach about VNĐ6.5 trillion (\$282.3 million). The marine economy would account for 42 per cent. VNS

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RETAIL

Vietnamese consumers more likely to recommend local brands

Despite many people being grounded due to the pandemic, Vietnam Airlines tops the list with a score of +89.2. This score is generated from the percentage of customers who would recommend the company to their family and friends.



Vietnam Airlines is one of four local brands to appear in the top ten, indicating that Vietnamese consumers are more likely to recommend local companies. Domestic footwear brand Biti's comes in fifth place (+84.7), followed by e-commerce platform Điện Máy Xanh in eighth (+83.2) and fashion retailer Viettien in ninth (+83.0).

Fashion retailers fare well in the list, with Japanese retailer Uniqlo in joint second place (+85.6). It is joined by lingerie brand Triumph in sixth (+83.9) and denim brand Levi's in seventh (+83.4). White goods also have a strong presence in the top ten. South Korean electronics giant Samsung takes joint second place (+85.6) and its Japanese competitor Panasonic is tenth (+82.8). The top ten is rounded off with Abbott in fourth (+84.9).

YouGov also looked at which brands saw the greatest improvement in Recommend scores. Following the trend of white goods having a strong presence in the top ten, white goods manufacturer Kangaroo comes in as the greatest improver (moving up +7.8 points). It is followed by local low-cost airlines Vietjet Air (up +7.1) and Pacific Airlines (up +6.1).

"Vietnamese consumers are incredibly loyal to local brands, with domestic companies holding their own against huge global players in YouGov's latest rankings.

"Despite international competition heating up, Vietnam's national flag carrier has secured the coveted number one spot. And, with Vietnamese names making up almost half of the top ten, home-advantage is a significant factor for consumers when deciding which brands to recommend to their family and friends." YouGov Vietnam CEO Thue Quist Thomasen said. Vietnaminsider

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LOGISTICS

The Civil Aviation Authority of Vietnam asked Ministry of Transport to deny new air cargo carrier

The Civil Aviation Authority of Vietnam (CAAV) has asked the Ministry of Transport (MoT) to deny a request from Import-Export Pan Pacific Group (IPPG) for permission to establish a new air cargo carrier in Việt Nam.

“This action [to deny the request] is one measure to minimise the possible imbalance in the supply and demand, in the local market and the sustainable development of Vietnam's aviation industry, as a result of the COVID-19 pandemic,” CAAV's deputy director Đinh Việt Sơn said it documents submitted to the ministry.



CAAV said that at present, local airlines were carrying out cargo flights to make up for the low demand for passenger air-transport due to the pandemic.

As of June 28, 2021, local airlines have removed the seats of passenger aircraft to carry cargo. This includes five planes belonging to the national carrier, Vietnam Airlines, and four belonging to VietJet Air. Some aircraft have also been allowed to carry goods in the cabin without removing the seats as long as they have no passengers on the same flight.

According to CAAV, the proportion of revenue from freight transport, as part of total revenue from air transport, during the pandemic, increased three-fold.

Last month, the Import-Export Pan Pacific Group (IPPG), chaired by Johnathan Hạnh Nguyễn, asked for permission to establish the country's first cargo airline at a total cost of VNĐ2.4 trillion (US\$100 million). This cargo carrier would serve to meet the increasing demand for air transport in the Southeast Asian nation.

A representative for IPPG said local logistics firms have not yet reached their full potential. There are 30,000 logistics enterprises operating in Việt Nam and that accounted for less than 20 percent of the market. The remaining 80 per cent is held by just 30 foreign companies.

The representative added that Việt Nam has no carrier specialising in air-cargo. They said that 88 percent of the market is in the hands of international cargo airlines such as UPS, FedEx, DHL, Cathay Cargo and Airbridge Cargo. The cost of transporting goods in Việt Nam is much higher than the global average, which leads to low competitiveness.

If IPPG's proposal is accepted the company hopes to transport about 115,000 tonnes of cargo, generating revenue of US\$71 million in its first year. It aims to turn a profit by its fourth year of operation.

In April 2020, the International Air Transport Association (IATA) forecast market demand would decrease by 80 percent in the near future, threatening 25 million jobs in the aviation sector.

According to the most optimistic scenario, the Vietnamese air transport market in 2022 could only equal the numbers recorded in 2019.

CAAV affirmed it would continue to monitor the market and the impact of the pandemic and report to MoT on the possibility of establishing a new airline in the future. VNS

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Viet Nam Railway launched first freight train from Vietnam to Belgium

The Vietnam Railway Corporation (VNR) today, July 20, launched its first container train from Vietnam to Belgium.



The train with 23 containers transports goods such as garments and footwear. It departed from Yen Vien station and will arrive in the Belgian city of Liege. Its containers will then be transported by road to the final destination in Rotterdam City in the Netherlands, reported VietnamPlus.

During its journey, the train will arrive in China's Zhengzhou and connect to an Asia-Europe train to proceed to its final destination

According to VNR, this is the first container train to be operated in coordination with VNR's affiliate Railway Transport and Trade JSC (Ratraco) and other foreign freight forwarders to offer logistics services to customers from Vietnam to final destinations.

A VNR representative said that the local railway sector offers freight train services between Vietnam and China and freight transit services to Russia, Europe, ASEAN nations and countries in Central Asia.

Nguyen Hoang Thanh, vice general director of Ratraco, told the news outlet that the successful launch of the container train from Vietnam to Belgium will pave the way for more freight train routes to more European countries, aside from the existing routes linking Vietnam with Germany and Poland.

Ratraco and its European business partners are working on plans to operate eight freight trains departing from Vietnam monthly. The total travel time is 25-27 days, Thanh added.

The second container train transporting electronic products will leave Yen Vien station on July 27, and the third one will depart on August 3.

While the sea transport sector is facing a hard time due to the Covid-19 pandemic, many customers have switched to using freight train services from Vietnam to China and then to Europe. Vietnamplus

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INVESTMENT

Kamereo secures \$4.6 million to expand food supply chains in Vietnam

Vietnam-based food-tech startup Kamereo has raised \$4.6 million in a series of funding rounds co-led by conglomerate CPF Group, Quest Ventures, and Genesis Ventures.



The Ho Chi Minh City-based company is the country's first business-to-business (B2B) food platform to use technology to optimise sourcing and purchasing in the burgeoning food and beverage (F&B) industry. The platform quickly connects buyers to farmers, allowing each to speed up the lengthy process of delivering fruit and vegetable supplies to the kitchen.

The company has grown by 15 per cent every month in the last 12 months despite mobility restrictions and temporary closure of some business. Kamereo

attributes its rapid success to the surging local F&B industry which has shown a steady compound annual growth rate of more than 10 per cent, as well as segment players' growing discernment on sustainably and ethically-sourced goods and the country's overall positive management of the coronavirus pandemic.

Long-term Japanese expatriate Taku Tanaka launched Kamereo in 2018 with a clear vision: to redefine the food business by letting chefs and restaurateurs focus on serving the best culinary experiences to customers while leaving the nitty-gritty of supplier negotiations, order processing, and management to the Kamereo team. Currently, Kamereo has about a hundred employees serving more than 400 active customers who buy regularly from the platform. As Kamereo is actively apportioning part of its new funding towards hiring new team members, the company has released an introductory deck to help people learn more should they wish to join the startup's journey.

As well as increasing the company's manpower to better accommodate the growing number of users, Taku is aiming to use the new funding to bring Kamereo to Hanoi next year, build a new Warehouse Management System to optimise daily operations, and continuously upgrade the user experience and service quality of its website and mobile app (available on the App Store and Google Play), as well as expanding tech coverage to allow the in-house engineering team to make fast, data-driven decisions. In the long term, Kamereo aims to become a one-stop procurement platform for F&B businesses.

Goh Yiping, partner of Quest Ventures said, "We are very impressed by Kamereo's execution, in-depth supply chain, and market knowledge in the farm to fork space in Vietnam. Kamereo sits in one of the largest food production hubs of Southeast Asia, and there is much room to grow in solving many of the inefficiencies of the supply chain today, improving farmers' livelihood outcomes and procuring the best products for businesses and homes."

Meanwhile, Takahiro Suzuki, general partner of Genesis Ventures said, "We are proud to be the earliest investor in Vietnam's leading B2B food platform and have seen how Kamereo grew and made a positive impact on the local F&B industry especially in the past year during the pandemic. We will continue to support Taku, Hiroshi, and the Kamereo team in achieving their vision 'Redefine the food business'. Kamereo

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Bac Giang industrial parks to cover 7,840 hectares by 2030

The northern province of Bắc Giang aims to set up 23 new industrial parks (IPs), expand five IPs, and merge six industrial clusters into a 6,518 hectare IP, pushing the total number of local IPs to 29 covering 7,840 hectares by 2030.



A goal has also been set for the gross regional domestic product (GRDP) to grow by 19 per cent annually from 2021 to 2030 and for its value to exceed VNĐ652.15 trillion (US\$28.3 billion) by 2025, hitting VNĐ2.2 quadrillion by 2030.

Meanwhile, 29 new industrial clusters will be established and three others expanded, covering a total area of 1,853 hectares. By 2030, Bắc Giang hopes to house 66 clusters spanning 3,209 hectares.

The local IP development follows a model that consists of an IP and an urban-service area with modern technical and social infrastructure. Prioritised industries include mechanics and manufacturing, farm produce and food processing. Attracting investment, high-quality human resources development, and the transfer and application of new technology are key focal points.

According to the provincial Department of Industry and Trade, to date, Bac Giang has six IPs covering 1,322 hectares. Five of them have become operational. They have attracted 409 projects from domestic and foreign investors worth VNĐ9.4 trillion and nearly \$6 billion, respectively. In 2020, budget collection from the IPs reached over VNĐ2.2 trillion, or 11 per cent of the provincial budget. VNS

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