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FINANCE

The Vietnamese Government inject trillions of VND to support economy

The State Bank of Vietnam (SBV) and the State Treasury of Vietnam have injected hundreds of trillions of Vietnamese dong into the market through foreign currency purchases from commercial banks.



The move is aimed at maintaining good liquidity for commercial banks, helping them lend at low interest rates to support the economy. This month alone, the State Treasury bought US\$900 million from commercial banks. As the purchase was a spot transaction and the buying price was listed at VND22,650 per dollar, an equivalent of VND20.4 trillion was injected into the market.

Counting October and November, the State Treasury has so far bought a total volume of US\$1.3 billion from commercial banks, meaning

more than VND29 trillion was injected into the banking system. The injected value is large, and rarely seen in recent years. Not only the State Treasury, but the SBV also bought large amounts of foreign currency many times in the second half of 2021, thereby injecting hundreds of billions of dong into the banking system. According to data from the Saigon Securities Incorporation's Research Division, in the first three weeks of November alone, the amount injected into the market through the SBV's foreign currency buying channel was more than VND60 trillion. Analysts from the Bao Viet Securities Company said the purchases of the State Bank of Vietnam and the State Treasury of Vietnam showed the Government's goodwill in maintaining abundant market liquidity to support the economy.

The foreign currency purchases of the two agencies have helped commercial banks have a new capital source to maintain liquidity and stabilize interest rates. Despite high capital demands as the country is entering the peak payment season at the end of the year, the interbank interest rate is currently being maintained at a relatively low level against that of 2020 and 2019. According to experts, besides the liquidity support for the banking system, State agencies can also take advantage to buy the dollar at this time, when the buying price of the greenback has hit its lowest since 2018, to build up the nation's foreign currency reserves.

SBV's deputy governor Pham Thanh Ha said the SBV had bought nearly US\$25 billion in the past two years. It means an equivalent amount of VND was injected into the economy. The value has helped maintain good liquidity for banks to help them lend at low interest rates compared to previous years. Experts forecast that in the context of inflation at a low rate, the Government will continue to maintain loose monetary and fiscal policy, such as reducing interest rates and increasing credit growth quotas, to support the recovery of the economy after the pandemic. Vietnam News

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Eight major economy-related laws to be amended

In order to address current issues in investment and manufacturing activities in Vietnam, the National Assembly is now considering the project ‘One Law to Amend 8 Laws’ in its extraordinary session from January 4-11, 2022.

Former Chairman of the Central Institute for Economic Management (CIEM) Nguyen Dinh Cung talked with Saigon Giai Phong regarding this important project.



Discussing the National Assembly’s consideration of this project, Dr. Nguyen Dinh Cung said that such a law to amend many other laws at the same time is a temporary solution to urgently address unexpected difficulties that businesses are facing, to more effectively mobilize and use resources, and to ultimately boost economic growth via

more jobs for citizens. This amendment to improve the investment environment is vital for the allocation of resources in the program for socio-economic recovery and development to be applied soon. That is also the focus of the institutional reform proposed in the 13th Party Congress, which is to develop production factor markets.

Commenting on the content of this project, Dr. Cung mentioned the positive points such as the reduction, and should be deeper in his opinion, of excise tax on electric vehicles to promote mass production. That is an action to implement international commitments on protecting the environment and encourage clean-industry-oriented manufacturing, consummation. As to the automobile industry, he suggested larger and longer-term preferential policies to increase the competitiveness of the domestic industry against its international counterpart while also raise revenues for the state budget in the upcoming time.

Talking about the changes for the Electricity Law, Dr. Cung expressed his agreement with the approval for private enterprises to involve in building the transmission grid in order to remove the bottleneck between the current grid and the power source capacity. However, certain content such as identify the demarcation between the State and private businesses in managing and operating this national transmission grid, the rights and responsibilities of the private sector, or the observance of safety requirements for this grid should be better clarified to reduce any possible risks. Also, the electricity price policy is a sensitive and complicated matter to consider carefully.

Dr. Cung then stressed that encouraging, incentive policies to attract investments should be seen as the nature of the Investment Law, not merely a few changes in some investment principles or procedures. There should not be a ‘List of Conditional Businesses and Investment’ for only conditional businesses since the word ‘investment’ itself includes a huge scope of matters and requires more greenlights from related state units.

That procedure might increase unnecessary time from the first stage of investment criteria evaluation, which should have been only the consideration of conditions when a business goes into operation. This, in turn, harmfully affects the chance that business enters the market and increase its overhead cost. It is also worth mentioning that business conditions have already been regulated, while investment ones are not yet identified. The former Chairman mentioned the necessity to amend the Land Law as well, since serious bottlenecks have been existing for too long.

The 8 amended laws include the Law amending and supplementing a number of articles of the Public Investment Law, the Law on Investment under the public-private partnership mode, the Investment Law, the Bidding Law, the Electricity Law, the Enterprise Law, the Excise Tax Law, and the Civil Judgment Law. Sai Gon Giai Phong

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E-COMMERCE

E-commerce still reigns supreme amid pandemic

With Covid-19 forcing people to stay at home and spend time online, e-commerce has been thriving.

When Tet, the Lunar New Year, was a month and a half away e-commerce platforms had already achieved a strong increase in revenues during their December-12 promotion program.



Lazada said sales doubled from the same period in 2020, while the number of sellers was up by 2.5 times. Shopee also reported a strong rise in sales during the event, with most of the orders being for skincare products and house decorative items.

But Dec. 12 was not the only occasion when e-commerce sites recorded such strong sales: In 2021 they also had major promotions for Oct. 10, Nov. 11, Black Friday, and Cyber Friday. Tiki saw sales soar nine times from normal days on Nov. 11.

According to the 'e-Conomy Southeast Asia' report released last November by Google, Temasek and Bain & Co., Vietnam's Internet economy is expected to grow by 31 percent to \$21 billion in 2022. Tran Tuan Anh, executive director of Shopee Vietnam, said, "the digital transformation process has been shortened thanks to the pandemic."

The report said eight million new digital consumers had been added between the start of the pandemic and the first half of this year, 55 percent of them living in non-metropolitan areas. "Stickiness of adoption remains high as digital consumption has become a way of life," it said, pointing out that 97 percent of new consumers are still using online services and 99 percent said they intend to continue using them in future.

Some 30 percent of digital sellers believe they cannot make it through the pandemic without digital platforms. Lazada Vietnam CEO James Dong said at an event held recently that the pandemic has stimulated millions of new customers to experience online shopping for the first time. "E-commerce has really transformed from a side channel to a core part of the growth strategy of brands and sellers".

Because of the pandemic, e-commerce sites started to sell food and groceries during the social distancing period. According to a study by Malaysia's iPrice Group last September, online groceries are the only category to achieve steady and consistent growth since the beginning of the pandemic. Google searches related to online grocery stores increased by 223 percent in the second quarter of 2021 and 11 times in July compared to May, when stringent social distancing restrictions were in place in some provinces and cities.

iPrice points out three trends in its forecast for Vietnam's e-commerce market this year.

The first is the personalization of the shopper experience, with consumers needing e-commerce businesses to help them find the products they need, offer coupons and streamline the supply chain to shorten delivery times and ensure product quality. The 'Personalization Pulse Check' report in 2018 by Accenture Interactive, an Irish multinational professional services company, had found that 91 percent of consumers were more likely to shop with brands that recognize, remember and provide them with relevant offers and recommendations.

The second trend is the rise of cashless payments. For the first time in 2021 cash payments saw the risk of being dethroned as the most common method of payment in Vietnam after decreasing to only 42 percent of payments from 60 percent in 2020, the 'Southeast Asia, the Home for Digital Transformation' report by Facebook and U.S. consulting firm Bain & Company said in November.

The final trend is that of environment-friendly consumption. Consumers have become aware that the products they use not only need to be of good quality but also safe for health and do not leave negative impacts on the environment.

The report by Facebook and Bain said environmental, social and governance (ESG) factors now count as among the top reasons for consumers to switch brands in Southeast Asia.

"People are willing to pay more for a product that is sustainably and responsibly sourced, although some product categories are more sensitive to ESG factors than others," it said.

According to iPrice, it is hard to predict if sustainability and eco-friendliness will become the main trend in 2022, but it certainly has importance in e-commerce in the future. Vnexpress

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ENERGY

Vietnam strengthens international cooperation to promote renewable energy development

By strengthening international cooperation in energy and completing mechanisms and policies in the field, Vietnam is working to improve the efficiency, sustainability and adapting capacity for the national



energy sector. Recently, Deputy Minister of Science and Technology Tran Van Tung held a meeting with Ann Marie Yastishock, USAID Country Director in Vietnam and BT Tee, General Director of Informa Markets Vietnam to foster cooperation in energy and renewable energy in particular. Tung underlined that the ministry hopes to enhance connection and partnership with domestic and foreign firms in energy development, especially renewable energy.

SAID and Informa Markets representatives highlighted the potential of cooperation between them and Vietnam in the time to come, as Vietnam is prioritizing the growth of energy sector towards sustainability to ensure national energy security and reduce greenhouse gas emissions. They showed interest in working with the ministry to build cooperation programs, focusing on prioritized targets to promote renewable energy development in Vietnam.

Vietnamese Ambassador to Germany Nguyen Minh Vu has recently had a working session with German engineering service supplier Großmann Ingenieur Consult GmbH (GICON®) and the Vietnam Petroleum Institute (VPI) on the promotion of ties in expanding renewable energy in Vietnam. GICON® Chairman Jochen Grossmann said that with the advantage of a coastline of more than 3,200 km, annual average wind speed of more than 6 m/s and at an altitude of 65m in the East Sea, Vietnam has great potential in developing wind power. GICON® will collaborate and support Vietnam in the development of offshore wind power, he said.

VPI and GICON® will also collaborate in the R&D of the state-of-the-art technologies for producing hydrogen from sea water, and using biotechnology and water electrolysis to convert biomass to renewable natural gas. According to the Ministry of Industry and Trade, in the first two quarters of 2021, renewable energy accounted for about 11.4 percent of the total energy output and the ratio tends to accelerate. In terms of wind power, there are nine wind farms currently running in Vietnam with a total capacity of around 304.6 MW, making Vietnam the leading country in the ASEAN in energy transformation.

The power generation and competitive whole sale markets of Vietnam have been shaping, allowing power plants to offer competitive power prices in a transparent and equal market. Meanwhile, the power sector is being restructured to encourage the formation of a competitive power retail market and

provide more choices of suppliers for consumers. At the same time, Vietnam is also undertaking steps towards smart power grid with the use of automation technologies. VNA

Smart grid research to promote renewable energy penetration

The Electricity Regulatory Authority of Vietnam (ERAV) under the Ministry of Industry and Trade, and the German Development Cooperation Agency (GIZ) co-hosted the “Academy Day 2021” virtually on December 23 from Hanoi.

The Academy Day was part of the Smart Grids for Renewable Energy and Energy Efficiency (SGREEE) project, which is jointly implemented by ERAV and GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development. Within the framework of this year’s workshop, close cooperation with the Danish Energy Agency (DEA) was established to achieve the greatest possible benefit for Vietnam.

During the workshop, the speakers, who were from the National Load Dispatch Centre, national and international companies, and universities, presented their research on smart grids, energy efficiency, and the integration of variable renewable energy in Vietnam, Germany, and Denmark.

The main topics were studies on the operation and control of rooftop solar power systems, voltage regulated distribution transformers, protocols of shared data centres, and Danish experiences with energy communities. Discussions focused on how to create a favorable environment for smart grid research and support the authorities to modernize the power grid when more renewable energy sources will be connected.

Loui Algren, advisor to the Danish Energy Partnership Program (DEPP)/ DEA said, “I’m happy that Denmark joined the Academy Day this year and hope that the Danish contribution inspired to solutions on how to reach Vietnam’s ambitious target for net-zero emissions in 2050.”

Markus Bissel, SGREEE project director also said, “I’m pleased that our Academy Day is organised annually, so experts and researchers can discuss and study the latest research on smart grids, promoting innovations and applications of the issue in Vietnam. The event is contributing to the country’s modern power grid and the development of its Smart Grid Road Map when Vietnam witnesses a prompt increase of renewable energy penetration into the power network.”

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RETAIL

Retail to bounce back strongly in 2022

Large retail firms are to gain even more market share this year as smaller competitors have been forced to exit the game after prolonged lockdowns and mobility restrictions during recent years, said industry experts. A forecast by the Ministry of Industry and Commerce said by 2025, domestic sales are to



account for 13.5 per cent of the country's GDP with sales of products and services to increase by 9 to 9.5 per cent annually.

Sales of products and services for 2021 reached nearly VND 4,800 trillion, a 3.8 per cent decrease from the previous year. Sales of non-essentials, including real estate and jewelry, suffered disproportionately while sales of essential

remained strong amid the pandemic.

According to a recent report by the Ministry of Planning and Investment, the number of newly-established firms in November last year saw a sharp decline of 15 per cent compared to the same period the previous year, at just over 105,000. Meanwhile, nearly 40,000 firms were shut down during the period. The figure indicated lower competition overall during 2021's 4th quarter, which in turn gave larger players an advantage in gaining market share.

The majority of firms who left the market were small players who were hit hard by the lockdowns while lacking the resources to sustain themselves, said stockbroker VNDirect. As the country entered another new normal phase with the probability of lockdowns and mobility restrictions remaining low, experts said retail was set to bounce back strongly in 2022.

The industry's three major driving forces have been said to include digital commerce, electronics for work and study from home, and a shift in consumer behavior from traditional shopping to digital shopping.

A recent paper released by Facebook and Bain & Company said consumers had been spending more money on digital commerce, a trend associated with increased time spent on browsing and studying products online before purchases.

According to iPrice, during the third quarter last year, 77.8 million visits were recorded on Shopee and 21.4 million visits on Lazada, two of the most popular digital commerce sites in Vietnam, making them the most effective platforms for retailers to reach consumers, especially those who have well established their online sales.

Phone retailers enjoyed an unexpected boom in sales in 2021 after the market reached a saturation point since 2019 as demand soared and the government introduced stricter regulations on imported devices.

This is a large boon for official distributors for big branches. In the market of personal computers, experts say there is still a lot of room to grow as only 30.7 per cent of Vietnamese households possess a PC, while demand has been on the rise as work and study from home became the norm last year.

The pandemic has also pushed consumers to move away from traditional shopping to online shopping. According to Kantar Worldpanel, an international company dealing in consumer knowledge and insights, market share for brick-and-mortar stores contracted from 6 to 10 per cent between August and September last year.

With the Lunar New Year holiday around the corner, demand for agricultural produce is expected to shoot up.

Dao Van Ho, director of the agricultural product sales and promotion centre under the Ministry of Agriculture and Rural Development, said localities and production centres had been working around the clock to ensure ample supply for the holiday. Vietnam News

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LOGISTICS

First Chinese RCEP train departs for Hanoi

A Chinese freight train departed Nanning International Railway Station in Guangxi Zhuang Autonomous Region (China) on the early morning of January 1 for Hanoi.



This marks the first international freight train leaving China and heading to member countries of the Regional Comprehensive Economic Partnership (RCEP) after the agreement officially came into force.

The train is in charge of transporting 25 containers of goods related to normal trade and cross-border e-commerce, such as electronic components, necessities, and chemical products which have a total weight of more than 800 tonnes and worth more than

US\$10 million. According to the schedule, the train is expected to arrive in Hanoi after a 28-hour journey.

Upon addressing the departure ceremony, the director of the Guangxi Department of Commerce affirmed that, as part of the gateway to China opening and co-operating with ASEAN member states, the enforcement of the RCEP has brought important new opportunities for the stronger development of Guangxi. As a result, co-operation between Guangxi and RCEP member countries will be further consolidated, with the scale of trade and co-operation being continuously enhanced moving forward, he added.

The RCEP consists of 10 ASEAN member states, including China, Japan, the Republic of Korea, Australia, and New Zealand, accounting for roughly 30% of the population, equivalent to 2.7 billion people, and a GDP equivalent to US\$26.2 trillion globally.

The agreement came into effect on January 1 and is expected to offer a new lease of life to promote regional economic recovery following the COVID-19 pandemic, whilst simultaneously being a catalyst that contributes to boosting global economic growth. VOV

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Vietnam Railways would like to upgrade railways to meet international rail freight growth

According to the Vietnam Railways Corporation (VNR), cargo international transportation, especially to Europe, grew well despite the Covid-19 pandemic. It's estimated that international transportation via the two border gates of Lao Cai and Dong Dang (Lang Son) reached 508,000 tons, an increase of 32 percent over the same period last year. The figure was 635,000 tons for imported cargo transport to Vietnam, up by 38 percent.

VNR also focuses on carrying goods with liners, increasing the proportion of cargo container transportation and accelerating the international multimodal transport through carriage between Vietnam and China, and from Vietnam to Europe, Russia and Mongolia with transshipment in China. In 2021, the corporation put into operation a new service – international container transport through carriage to Europe.

Ratraco, specializing in carrying cargo to Europe by railway, said the company has cooperated with large major shipping lines to import and export goods for Vietnamese enterprises. The company reported an increase in international transportation through rail carriage with the total output of 946,000 tons, an increase of 300 percent over the same period last year. This included 11,247 containers transported in the first 11 months of the year, up by 137 percent. The major imports and exports are consumer goods, ore, electronics and industrial woodwork.

According to Hanoi Railway Transport JSC, with solutions to promote cargo transport through train carriage, the international transport output of the company in 2021 increased sharply compared with last year, estimated at 858,000 tons, which meant a 9 percent growth rate. Of this, imports were estimated at 495,000 tons.

Vu Anh Minh, Chair of VNR, said focusing on transporting cargo, liner goods and container goods across the border is the policy the corporation has been pursuing since 2019.

The cross-border transportation output has been growing rapidly with container transportation increasing by 100 percent in October and November alone compared with 2020.

However, he said though railway transportation output across border gates has been growing rapidly, it is not high compared with the going-through demand.

The problem, according to Minh, lies in the poor railway infrastructure, which is not commensurate with infrastructure in other countries. While Vietnam's railway gauge is 1,000mm, China's is 1,435mm.

Also, Vietnam's railway is single track, while the going-through capacity of double-track railway is 20-30 times higher. The railway development plan approved by the PM says that the railways need to be upgraded, and the Hai Phong -Hanoi – Lao Cai/Lang Son will be upgraded to have 1,435mm gauge. Vietnamnet

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INVESTMENT

M&A deals to increase in property industry in 2022

More mergers and acquisitions are imminent in the property market and real estate prices are likely to escalate this year, industry insiders said.



David Jackson, CEO of real estate services provider Colliers Vietnam, said since the Covid-19 pandemic has caused the industry to suffer losses many businesses would no longer be able to complete half-finished projects and be forced to sell out to others with deeper pockets.

Those with strong finances are also likely to opt for M&A deals since little land is available to strike out on their own, and they would especially try to buy out unfinished projects and bring them quickly into the market he said.

In the next 12 months Vietnamese companies would continue to play a key role in real estate M&A thanks to their better understanding of the market than foreign firms, he said. He predicted that most M&A deals would involve projects on the outskirts of large cities or in provinces that have recently emerged as new economic hubs, a trend that has already been seen.

Tran Khanh Quang, CEO of Viet An Hoa Real Estate Investment Joint Stock Company in HCMC, said in 2022 the property market is likely to see prices rise to new highs due to the impact of the auction of four land plots in the Thu Thiem New Urban Area in Thu Duc City recently. They were sold to local bidders on Dec 10, 2021 for a total of more than VND37 trillion (US\$1.6 billion), or four to eight times their reserve prices. The destruction the fourth wave of Covid wreaked on various industries has caused investors to shift their money into houses, lands and other types of real estate as a "safe haven", he said.

Bids for lands in Thu Thiem are expected to continue because there are still many land lots available there, and are likely to drive property prices up, he said.

Nguyen Loc Hanh, CEO of Asia Gem Real Estate Investment JSC, said prices, especially of housing, in the city and its neighboring provinces are likely to increase in 2022 since land prices, construction costs and loan interest would all go up.

Besides, inflation in the coming years are also likely to cause property prices to rise, he warned.

Vnexpress

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Thaigroup to build \$1.3 billion space tourism center in Phu Quoc

Private conglomerate Thaigroup plans to build a rocket launch site for space tourism on Phu Quoc Island at a cost of VND30 trillion (US\$1.3 billion).



The Thai company's property development arm Thaiholdings has finalized plans for construction in 2022-26 to help turn Phu Quoc into an international tourism hub.

The launch pad will be the country's first.

Thaigroup has sought provincial authorities' permission to survey locations for it.

There is demand for space tourism in Southeast Asia, but the region has no rocket launch facilities, the company said.

In Phu Quoc, Thaigroup is building a resort complex at a cost of over VND9.8 trillion.

Formerly known as Xuan Thanh Group, it operates three cement plants and several hydroelectric plants.

In 2019, Phu Quoc, Vietnam's largest island, received over five million visitors, including 541,600 foreigners.

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Head Office	Floor 5 th – A Chau Building No.24 Linh Lang Str., Ba Dinh Dist., Hanoi, Vietnam
Rep. Office	〒220-0012, 8F Wework, Ocean Gate Building 3-7-1 Minatomirai, Nishi ward, Yokohama Kanagawa, Japan
Telephone	+84-24-6275-5246 ; +84-24-6273-6989
Fax	+84-24-6273-6988
URL	www.seiko-ideas.com
PIC	Tram Nguyen (Ms.)
Email	tram.nguyen@seiko-ideas.com

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