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FINANCE

Vietnam targets to control public debt below 60 percent GDP by 2030

Vietnam is targeting to control public debt below 60 per cent of gross domestic product (GDP) by 2030 to ensure debt safety and national financial security.



A public debt strategy is important to ensuring debt safety, national financial security and promoting

The goal was highlighted in the public debt strategy by 2030.

Deputy Minister of Finance Ta Anh Tuan said yesterday at a two-day workshop held in Thanh Hoa that the public debt strategy issued on April 14 played an important role in the socio-economic development in the 2021-30 period, which serves as an important basis for continuing sustainable and efficient public reform management and ensuring debt safety and national financial security.

Under the strategy, public debt would not exceed 60 per cent, government debt 50 per cent and foreign debt 45 per cent of GDP, and the amount for debt repayment would not exceed 25 per cent of the total budget revenue.

The strategy targeted that GDP would expand at an average of seven per cent per year with GDP per capita reaching US\$7,500 by 2030 and a budget deficit at around three per cent of GDP.

The ministry's statistics showed that public debt expansion decreased from an average of 18.1 per cent per year in the 2011-2015 period to 6.7 per cent in 2016-20. Public debt was at 55.9 per cent of unrevised GDP by the end of 2020, compared to the peak of 63.7 per cent in 2016, and 43.1 per cent of revised GDP by the end of 2021.

The structure of public debt had been adjusted in a more sustainable direction with the percentage of external debts falling from 61 per cent of the Government's total debt in 2011 to 33 per cent in 2021.

Debt repayment was always guaranteed on time, which contributed to improving the country's credit rating as S&P recently announced to raise Viet Nam's national credit rating from BB to BB+ with a stable outlook and increasing the fiscal room to strengthen the economy's resilience to macro shocks, the ministry said.

According to Carolyn Turk, World Bank director for Viet Nam, Viet Nam's public debt strategy for 2030 was very important because it related to both fiscal policies as well as public debt management. The strategy also guided the Government's borrowing activities after Viet Nam become a middle-income country with the goal of becoming a high-income country by the end of 2045, which would require a huge investment in infrastructure to maintain economic growth of an average of 5-6 per cent per year in the next 20 years.

She said that attention should be paid to improving the efficiency of local government debt management, pointing out that Viet Nam had not yet developed a medium-term local government debt management strategy and had not assessed risks before borrowing.

Truong Hung Long, director of the ministry's Department for Debt Management and External Finance, said that Viet Nam had graduated from IDA, the World Bank's concessional finance window, meaning that the country no longer had access to high-preferential capitals as before and Viet Nam would have to rely more on market tools to raise capitals.

Therefore, it is important to have prudent and flexible medium and long-term borrowing and debt payment strategies to limit negative long-term consequences, Long said, adding that shocks like the COVID-19 pandemic always required reserve finance in the short and medium terms.

According to the strategy, the focus would be on enhancing and strengthening the management of finance, budget and public debt, improving the efficiency of loan use, ensuring debt repayment capacity and restructuring debt portfolio as well as enhancing digital transformation in public debt management.

VNS

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The State Bank of Vietnam stands ready to pump more foreign currencies to market

The State Bank of Vietnam will increase its interference in the foreign currency market and stay ready to pump money to the market more frequently.

The State Bank of Vietnam (SBV) will increase its interference in the foreign currency market and stay ready to pump money to the market more frequently, thus creating favourable conditions for credit institutions to meet the demand for legal foreign currencies of organisations and individuals, according to Vice Director of the SBV's Monetary Policy Department Pham Chi Quang.

The official said that since the beginning of 2022, the international market has developed complicatedly and unexpectedly, negatively affecting the global economic-financial system.

In this context, central banks have tightened the control over monetary policies and increase operational interest rates to rein in inflation, resulting in strong developments in the financial-monetary market, he noted.

The USD/VND exchange rate has so far increase about 2 percent over that in the end of 2021.

The SBV has managed the interest rate towards the creation of room for the exchange rates to develop flexibly and absorb shocks from the outside, while interfering in the market to minimise the over-fluctuation of the rates, contributing to stabilising the foreign currency market as well as the macro-economy, and controlling inflation, he said.

Since the beginning of this year, the SBV has sold foreign currencies through suitable methods, meeting the demand of the economy and maintaining the VND liquidity to support the VND interest rate stability, thus assisting the socio-economic recovery and development process, said Quang.

According to the bank, the 2 percent rise in USD/VND exchange rate since the end of 2021 is suitable to the conditions and development of the domestic and foreign markets as well as the target of the monetary management policy in stabilising the monetary market and macro-economy as well as reining in inflation.

Quang said that in the time to come, the SBV will coordinate with relevant agencies to make concerted management over VND liquidity to ensure the stability of exchange rates, foreign currency market and interest rates. He revealed that in recent years amid the favourable conditions of the market, the SBV has purchased a large amount of foreign currencies.

The official underlined that the selling of foreign currencies more frequently to the market will help satisfy the requirements for foreign currencies to buy necessary products serving domestic production and export, thus stabilising the market and support the economic recovery. VNA

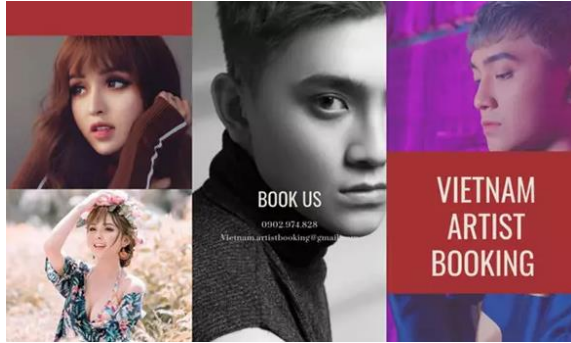
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E-COMMERCE

A new ecommerce platform launched for Vietnamese musicians

The platform, VAB (Vietnam Artist Booking) launched in the middle of June 2022, looks to gather musicians, composers, singers and music producers to introduce, sell and buy their products.

It aims to develop a comprehensive range of services, using a variety of databases and licensing systems that “will satisfy the needs of both copyright owners and music users.”



The platform updates photos of and information about authors, their career and works. This allows copyright organisations nationwide to access relevant information.

“We are working to encourage music artists, listeners and internet users to focus on ecommerce platforms to introduce, promote, sell and buy music products,” said singer- musician Luu Quang Minh, VAB creative director.

Minh said VAB was working with audio streaming platforms and video sharing and social media networks such as Spotify, TikTok, YouTube and Facebook to improve its business.

“We have cooperated with the Vietnam Music Copyright Protection Centre to protect singers, songwriters and composers from copyright infringement,” he said.

The centre is the country’s first organisation of its kind. It has attracted more than 4,600 members nationwide and has signed more than 1,700 contracts with music producers and entertainment companies. It has collected VND37 billion (US\$1.6 million) in royalties for registered composers and songwriters in the second quarter of the year 2022. The amount of royalties collected came mostly from the use of online MVs and CDs, and music websites.

It has also collected and paid royalties to nearly 3 million foreign citizens and foreign organisations through its foreign counterparts.

“The local industry has developed more quickly due to the growth of digital music companies and online music sites,” said Minh. VIR

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ENERGY

Hanoi's waste-to-energy plant still on trial run as garbage piles up on streets

A representative of the Soc Son waste-to-energy Plant affirmed that technically the plant can be put into operation but some administrative procedures are still needed.



Piles of garbage have once again been seen in many places on the streets of Hanoi.

According to the Hanoi Urban Environment Company (Urenco), waste congestion is caused by problems at Nam Son landfill. It takes more time to get into the dumping ground, which has resulted in slow collection of waste in the inner city.

Waste congestion in Hanoi is a burning issue. To solve the problem, Hanoi authorities decided to build a waste-to-energy plant with modern technology. However, it is unclear when the plant can be put into operation.

Hanoi also plans to set up a waste treatment complex in Dong Anh district, with the investment capital of VND768 billion. The project was initially scheduled to become operational from 2017. However, it has not been implemented so far.

Regarding the Soc Son waste-to-energy Plant, Trinh Nhat Cuong, deputy general director of the plant, said after receiving the document from the Hanoi Department of Natural Resources and the Environment, informing that the plant can meet the requirements to become operational, the plant was put into trial operation and began receiving waste on May 6.

“The waste treatment is being implemented on one chain and one incinerator with the capacity of 800 tons per day. Since the plant is on a trial run, it cannot run at full capacity,” he said. During the trial run, some problems were found and the operation had to stop to fix the problems.

“The waste treatment capacity is 800 tons in theory. But in fact, there is no need to run at full capacity. The plant has been running on a trial basis for nearly one month,” he said. Also according to Cuong, though the plant has become operational, it still can't use electricity from the national grid. Since November 2021, the plant has received and helped treat 21,500 tons of waste. “The garbage treatment tank can contain 27,000 tons of waste. After the garbage is put into the tank for several days, it will deflate, so we can receive a maximum of about 30,000 tons of waste,” he said.

At present, Soc Son can treat 800-1,000 tons of waste a day. Cuong went on to say that there are many procedures that need to be followed at the same time. “The plant needs acceptance to get electricity. And we have to satisfy the requirements related to fire prevention and fighting. One procedure has to wait for another one, so it takes a lot of time,” he said. Vietnamnet

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Vietnam's hassles in developing offshore wind power industry

Unclear regulations, low prices and an insufficient grid are hampering efforts to develop offshore wind power, experts and industry insiders have said. By 2030 offshore wind power capacity would be 7,000 megawatts (MW), envisages the Power Development Master Plan VIII for 2021-30.



But Nguyen Thi Thanh Binh, deputy director of conglomerate T&T Group, said at a conference last week that ambiguous regulations are the biggest hurdle to achieving the government's goal. "A policy framework, construction roadmap or pricing mechanism for offshore wind power plants has yet to be drawn up, and there is also a lack of specific, clear instructions." Offshore wind farms usually take six to nine months before commercially operating, and so it is a huge risk for investors if the mechanism is unclear, she added.

Bui Van Thinh, chairman of the Binh Thuan Wind and Solar Energy Association, spoke about another problem: Vietnam's power grid. "The country's grid for renewable sources is already overloaded, and so it cannot benefit from more supply." Upgrading the power system to cope with the targeted load requires a huge investment, and national utility EVN has no incentive to do it as it buys renewable energy at a loss. Meanwhile, the newly amended Law on Electricity allows private investors to fund power grids, but lacks specific instructions for implementation.

Pricing issues

Last October the Ministry of Industry and Trade stopped the feed-in-tariff (FIT) incentive price for wind power projects. It is now seeking feedback on bidding mechanisms for renewable energy prices. But Binh warned against doing that now, saying both investors and the market would be hurt.

"Offshore wind power is a relatively new sector in Vietnam, and some investors are considering them test runs." Bidding in this case will disrupt the market, and investors may decide to forfeit them after

winning bids." Mark Hutchinson of the Global Wind Energy Council pointed to the fact that no country has been able to install 3,000 MW of offshore wind power through bidding in early stages.

Citing the experiences of the UK, the Netherlands and Taiwan, he said investors need to have a buffer time before bidding starts. FIT prices could be offered for the first 4,000 MW, and the next 3,000 MW could be priced through bidding, he said. He also suggested qualification-based selection to fast-track planning and construction.

Doan Ngoc Duong, vice chairman of the Institute of Energy (IEVN) agreed, saying many countries have adopted similar policies to incentivize investors in early phases. "We need a pioneering project as a pilot for choosing investors and mechanisms."

Too many investors

Nguyen Thanh Huyen of the Vietnam Administration of Seas and Islands said the number of companies seeking to invest in offshore wind farms has skyrocketed. "Over the last year and a half 35 firms have asked to explore 41 locations to build wind farms, up from the previous three."

Nguyen Manh Cuong of the IEVN said 22 projects have registered in the north and 74 in the south with a total designed capacity of over 156,000 MW. This is much higher than the government's target of 7,000 MW. In the northern province of Nam Dinh, for instance, only one project is registered, but with a capacity of 12,000 MW. Vnexpress

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RETAIL

US\$7 billion mom and baby market attracts foreign investors

The retail market for mothers and kids is attracting large distributors amid rebounding demand after the pandemic. “This is my first delivery, so I have no experience. I don’t know what to buy and I am afraid that I don’t have enough things to use,” said Nguyen Hoa of Hanoi. She decided to go to a store for mothers and kids and seek advice from saleswomen.



Many mothers in Hanoi and HCM City as well other cities are shopping at these stores. “If you buy products at these specialized big stores, you will be able to save time as you don’t have to go to many shops to find the things you want. Everything is available,” said Do Thi Yen from Cau Giay district in Hanoi. According to Yen, the prices at are higher than at other shops, but the products have high quality. Con Cung, Bibomart, Kids Plaza, Tre Tho and Tuti are the best known brands.

The new shopping tendency of Vietnamese mothers and the large market worth billions of dollars have prompted foreign investors to come to Vietnam. In early 2022, international press reported that Quadria Capital, headquartered in Indonesia, a private investment fund, invested \$90 million in Con Cung with the aim of helping the retail chain open 2,000 more shops by 2025.

Prior to that, two institutions related to Saigon Securities Incorporated (SSI), namely SSI Asset Management (SSIAM) and Daiwa-SSIAM Vietnam Growth Fund II L.P, also invested in Con Cung. SSI helped Con Cung Investment JSC, the owner of Con Cung chain, to issue bonds to serve its expansion.

Vietnamese institutions can see the great potential of the market. The Gioi Di Dong (Mobile World) in late 2021 jumped on the bandwagon with AVA Kids chain which had 290 shops as of the end of April. The investor estimated that it had 50 shops in May and will expand over the next years. A report says there are over 1,000 shops for mothers and kids in Vietnam. The Gioi Di Dong has expressed its ambition to lead the market with 1,000 shops with revenue of VND1-1.5 billion for each shop. According to Quadria Capital, this market has seen a surprisingly high growth rate of 30-40 percent per annum. Vietnamnet

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LOGISTICS

Nearly \$430 million needed for Can Tho-Hau Giang section of North-South Expressway

A proposal has been sent to the Ministry of Transport asking for evaluation of a feasibility report on the construction of the Can Tho – Hau Giang section as part of the eastern route of the North-South Expressway.



Located in the Mekong Delta, the Can Tho – Hau Giang highway comprises of the main route running from the road connecting National Highways 1 and 91 to National Highway 61B, and roads connecting it with the Nam Song Hau route and National Highway 1.

Under the feasibility report, the project has total investment of nearly 9.99 trillion VND (429.86 million USD), of which close to 1.76 trillion VND would be spent on site clearance and over 6.8 trillion VND for construction and design. The amount is up 225.19 billion VND compared to the approved investment policy for the project, due to the addition of a road connecting IC2 intersection with National Highway 1, and updated costs.

Most of the 37.65km main route will be in Hau Giang (37.05km) while the rest (0.6km) in the city of Can Tho, according to the proposal. An Intelligent Transportation System is planned to be installed on the toll road project. If approved, the project would start in the final quarter of 2022 and become operational in 2026.

Along with the Ho Chi Minh City-Trung Luong-My Thuan-Can Tho highway, the new route is expected to create a new development impetus for the Mekong Delta in general and Can Tho and Hau Giang in particular. VNA

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Stagnant transport plans probed at National Assembly

Facing stagnancy for years, transport infrastructure development has been highlighted by the National Assembly, triggering the urgent need to make strong moves to fast-track long-delayed initiatives.



The National Assembly's (NA) June 9 Q&A session focused on discussions on the progress and quality of key national transport infrastructure projects, investment disbursement, and sluggishness, as well as possible solutions to bring back on track. Truong Trong Nghia, NA deputy for Ho Chi Minh City, questioned Transport Minister Nguyen Van The about a lack of expressways in many economic hubs in the southwestern and Central Highlands regions. "They are yet to be developed in line with the huge potential of the southern economic hub. The situation has been the same for years," Nghia said.

In response, the minister said that the government is aware of the inappropriate development of expressways in regions. The government has approved the expressway development plan with the goal of developing 5,000km of expressways to better tap into regional potential, with the development plan of Beltway No.3 in Ho Chi Minh City and Beltway No.4 in Hanoi being examples of this. For the Mekong Delta region, said to have a weak expressway network and difficulties in investment attraction, the Ministry of Transport (MoT) advised building Chau Doc-Can Tho-Tran De Expressway to connect gateway roads to the region and increase international connectivity with Cambodia.

At present, the National Highway No.51 is overloaded. Therefore, an expressway is now being developed using public investment to complete it soon. An expressway to the Nam Van Phong area is also being developed to facilitate regional industrial development.

"This term, the NA and government are heavily supporting national key transport projects. The current development plan is expected to ensure appropriate development of expressways between areas and regions," Minister The added.

Also at the Q&A session, NA deputies were concerned about the scarcity of materials for project development. Specifically, Trinh Lam Sinh from the Mekong Delta province of An Giang was concerned about challenges facing current transport projects to ensure their progress and quality after the government submitted to the NA for approval of five additional projects to expand city space and develop regional connectivity.

Other NA deputies are worried about the possibility of completing 360km of expressway in 2022 as requested by the prime minister amid rising material prices.

Minister The added that the MoT and other relevant ministries and localities had carried out fact-finding trips to construction sites, and will have better solutions for this issue.

The minister also underlined the sluggishness of some national transport projects, including Ho Chi Minh Highway. He explained in the 2000-2010 period, the project was on a good schedule and in 2016-2020, the country focused more on the eastern cluster of the North-South Expressway and many other projects. Therefore, resources became scarce for Ho Chi Minh Highway and other half-done ventures.

The transport sector leader said that the MoT takes the main responsibility for this stagnancy, but added slow site clearance in some cities and provinces is another valid reason. Moreover, Ho Chi Minh Highway has complex geological topography, making it a challenge during project development.

Regarding future developments, Minister The elaborated that expressways are being developed using public investment and the country ensures enough funding for them, so there may not be a lack of funding as in the past. "With strong determination from the government, the MoT, and localities, the Ho Chi Minh Highway and others will have a good development schedule," he insisted.

Along with expressways, many bridges and metro lines in Hanoi and Ho Chi Minh City are lagging behind schedule. End-July 2022 is the deadline for Ben Tre province and Chau Thanh district of Tien Giang province, both in the Mekong Delta, to complete the slow site clearance for construction of the Rach Mieu 2 Bridge project, which was kicked off in March to connect the two localities. Rach Mieu 2 is one of many transport projects in stagnancy. Among 14 transport schemes approved by the NA in 2016-2020, six are currently delayed with investment of nearly \$385 million, of which five are stagnant because of slow site clearance.

In addition, four national railway projects totalling over \$304 million, which were expected to be completed in 2021, are not yet completed. The MoT notes some could be finished by October 2023 instead. Meanwhile, it was revealed last week that construction of Ho Chi Minh's metro line No.2 has been rescheduled to 2025 as the city needs to find a new consultant. Line 2, approved in 2010, had an original price tag of \$1.3 billion, which skyrocketed to \$2.1 billion by the end of 2019 on rising material and construction costs. VIR

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INVESTMENT

Danang Hi-Tech Park courts \$59 million project from US investor

Danang Hi-Tech Park and Industrial Zones Management Authority released a decision on June 20 giving the nod to an investment proposal of US investor Vector Fabrication Inc which wants to land a project valued at around \$59.4 million in the park.

The project engages in manufacturing printed circuit boards and micro electro mechanical systems with a high level of automation and specialisation and covers 40,000sq.m of space.



It is slated to kick off construction within 2022, with the first phase coming on stream by 2025.

In mid-June, Danang Department of Planning and Investment announced the city's foreign investment attraction situation.

Accordingly, in the first five months this year, the central city allured 11 foreign investment projects valued at \$6.06 million, and nine projects asked for capital addition at \$1.26 million.

As of May 15, the city was home to 920 valid projects with a total capital value reaching \$3.87 billion.

Last year, Danang courted more than \$237 million in the total foreign fund volume, in which more than \$150 million came from 42 newly-licensed projects, while 22 existing projects asked for supplemental capital surpassing \$75.2 million.

Danang Hi-Tech Park allured five new projects valued at \$145.4 million, while the remaining 37 projects valued at \$4.78 million were in areas outside high-tech parks and industrial zones.

As Danang is pushing up investment attraction during 2021-2025, the city aims to coax about \$3 billion in foreign investment volume, increasing to \$4 billion during 2026-2030. VIR

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Law-makers greenlight incentive policies on Van Phong Economic Zone

The decree, which will be effective for five years starting Aug. 1, prioritizes investment in building innovative, creative and research and development centers, information technology, oceanic and maritime high-tech research and manufacturing with an investment of at least VND1.5 trillion (\$64.55 million).



Investors are also allowed to operate a trade and finance center with an investment of at least VND12 trillion. Van Phong will also seek to attract investors in construction and urban development with an area of at least 300 hectares or designed for a population of at least 50,000 people.

Other investment categories that will be prioritized are resort, hospitality, golf and entertainment with an investment of at least VND25 trillion. Van Phong will allow special policies for investment in airports and seaports to investors with a charter capital of at least VND10 trillion or a total asset value of at least VND25 trillion.

The investors need to ensure their commitments in national security and environment. The investors will receive many incentives, such as being able to multiply its research and development costs by 1.5 times when calculating corporate income tax. This amount will be deducted from total expenses when taxed. Investors will also be prioritized in customs procedures. Central Khanh Hoa Province will be allowed to get loans by issuing bonds or borrow from local or foreign sources with a value of up to 60 percent of the annual government provision. Vnexpress

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