Highlight

Alibaba and Shopee clash in Vietnam as Asia's ecommerce war rages

VIETNAM BUSINESS REVIEW

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What's in it today?

FINANCE

Stock market turbulence: $35 billion lost

Corporate bond market forecast to be robust this year

E-COMMERCE

Alibaba and Shopee clash in Vietnam as Asia's ecommerce war rages

Local specialties reach global market on e-commerce sites

RETAIL

Vietnam retail sales surge ahead of Lunar New Year

The Vitamin Shoppe to launches stores in Vietnam

Digitalization at Saigon's oldest market

LOGISTICS

Vietjet's shift to cargo earns it a profit in 2020 despite COVID

CEVA Logistics opens new warehouse in Vietnam

New box terminal at Vietnam's Cai Mep already attracting alliance calls

INVESTMENT

Investment in technology in Southeast Asia: focus shifts to Vietnam

$2.5 billion Japanese AI startup taps Vietnam market

Intel pumps additional $475m into Vietnam facility

Apple ups Vietnam production of smart devices

ENERGY

Wind, solar power sees new boom

Foreign investors looking to develop wind farms in Lang Son

FINANCE

Stock market turbulence: $35 billion lost

The stock market continued to decline with another $12 billion lost, following the loss of $23 billion one month before.

Mã	TC	Trần	Sàn	Mua						Khớp lệnh			Bán					
				G3	KL3	G2	KL2	G1	KL1	Giá	KL	+/-	G1	KL1	G2	KL2	G3	KL3
VIC	100	107	93					93	189,300	93	300	-7	93.2	900	93.3	2,000	94.8	4,500
VHM	93.9	100.4	87.4	87.4	275,700	87.5	95,500			87.4	300	-6.5	87.4	231,300	87.5	24,400	87.6	1,600
VRE	34.45	36.85	32.05							32.05	100	-2.4	32.05	2,791,800	32.1	26,400	32.15	20,000
GAS	79	84.5	73.5	73.7	2,600	73.8	113,500	73.9	7,000	74	100	-5	74	24,700	74.1	1,200	74.3	500
PNJ	83.5	89.3	77.7							77.7	300	-5.8	77.7	59,000	77.8	1,300	78	1,500
HDB	23.3	24.9	21.7							21.7	400	-1.6	21.7	393,900	21.75	33,500	21.8	89,300
ROS	5.17	5.53	4.81							4.81	400	-0.36	4.81	25,054,600	4.82	196,400	4.83	83,200
VCB	97.4	104.2	90.6			90.6	89,200			90.6	100	-6.8	90.6	180,300	90.7	1,100	91	5,800
VPB	31.85	34.05	29.65					29.65	301,300	29.65	3,800	-2.2	29.7	209,300	29.75	37,900	29.9	6,200
BID	41.3	44.15	38.45					38.45	25,200	38.45	100	-2.85	38.5	158,900	38.55	21,600	38.6	7,400
CTG	32.6	34.85	30.35	30.35	667,700	30.4	346,200			30.35	3,000	-2.25	30.35	1,858,800	30.4	13,700	30.45	12,600
VJC	130.8	139.9	121.7	121.8	200	121.9	10,000	122	10,200	122.1	2,000	-8.7	122.1	11,000	122.3	1,400	123.1	500
MBB	24	25.65	22.35							22.35	100	-1.65	22.35	1,269,100	22.4	59,000	22.45	25,300
HPG	40.3	43.1	37.5			37.5	2,430,200	37.55	1,511,900	37.55	40,000	-2.75	37.6	450,900	37.65	224,000	37.7	131,400
POW	12.8	13.65	11.95					11.95	238,900	12	400	-0.8	12	2,676,900	12.05	526,800	12.1	105,000
PLX	50.7	54.2	47.2	47.8	7,600	47.9	700	48	32,500	48	2,000	-2.7	48.2	7,100	48.3	9,600	48.4	3,800
TCB	33.5	35.8	31.2						11,300	31.25	100	-2.25	31.2	135,400	31.25	145,500	31.3	188,300
SSI	29.8	31.85	27.75	27.75	570,700					27.75	200	-2.05	27.75	4,331,200	27.8	113,900	27.85	18,200
REE	51.9	55.5	48.3	48.35	24,100	48.4	16,200	48.5	29,900	48.6	3,000	-3.3	48.5	6,300	48.6	1,400	49	4,700

Another turbulent trading session occurred on January 28. This appeared to be the sharpest fall in history with the VN Index losing 70 points, or 6.5. $12 billion was lost within one morning.

After a succession of daily increases, the stock market has declined in the last couple of weeks. The January 28 closing VN Index tumbled to 1,026.27 points, and the HNX Index to 204.77 points (- 16.02 points) and UpCom Index to 69.98 points (- 4.48 points).

On January 19, the stock market witnessed the VN Index decreasing by 75 points in the morning session, which was higher than the decreases in any other trading session in the 20-year history of the market.

As such, the VN Index has lost 15 since January 7, when it nearly hit the 1,200 point threshold. The other indexes have seen similar decreases and the capitalization value of the entire market has decreased by $35 billion.

Prior to that, investors hoped that the market would exceed the record high of 1,204 points seen some years ago and would reach a 1,300 point threshold in the first half of 2021.

Analysts said the stock prices dropped sharply on January 28 morning because of bad news, including information about a number of newly infected Covid-19 cases in the community in Hai Duong and Quang Ninh, the decline of US stocks and the high pressure on call margin.

All the 30 shares in VN30 group saw prices decreasing sharply in this trading session, 20 of which saw prices decreasing to the floor price levels.

However, the demand for bottom fishing has been high in recent sessions. Roughly VND16.5 trillion worth of shares were traded on the three bourses on the morning of January 28.

The downward trend after a succession of days of increases was foreseeable. However, the sharp decreases are a surprise. Many new investors (F0) are surprised about the sharp falls and panicked, trying to sell shares by any means.

The representative of a HCM City-based securities company confirmed that new investors followed the crowd in buying stocks and they tried to sell stock en masse amid the market happenings. A lot of investors incurred a loss of tens of within a short time.

Prior to that, some analysts predicted that the market would see a decline in Q1 before increasing again in Q2, when listed companies will announce their business plans for 2021.

The Vietnamese stock market is expected to increase further in 2021 thanks to the positive factors of the economy. The GDP is predicted to grow by 6-6.8 this year.

Corporate bond market forecast to be robust this year

The corporate bond market in Vietnam is expected to be robust this year as the Government has issued regulations to untie the market but still aimed to ensure transparency and healthy market development.

Hanoi - The corporate bond market in Vietnam is expected to be robust this year as the Government has issued regulations to untie the market but still aimed to ensure transparency and healthy market development.

According to Nguyen Hoang Duong, Deputy Director of the Department of Banking and Financial Institutions under the Ministry of Finance, the corporate bond market had become an increasingly important channel for enterprises to raise capital in recent years, which helped reduce pressure on banking credit.

However, not every enterprise was in a safe enough situation for bond issuance, Duong said, adding that there were many of small scale, especially those operating in real estate development, but issue corporate bonds much higher than their equity, posing risks to the market if these enterprises fell into difficulty and failed to pay debts.

“If investors do not evaluate risks and invest in corporate bonds just because they're lured by high interest rates, it will be very risky,” Duong said.

A recent market report of the VNDirect Securities Company showed that the total corporate bonds issued in 2020 were worth nearly 437.7 trillion VND (18.87 billion USD), an increase of 38.8 percent against the previous year.

Due to the rapid growth of the corporate bond market, measures to minimise risks to the market were applied. The Government's Decree No 81/2020/ND-CP which took effect from September 1 tightened private placement, including caps on the outstanding corporate bonds (not exceeding five times the equity).

According to Duong, the corporate bond market lost momentum in recent months due to tightened regulations.

In that context, Decree No 153/2020/ND-CP dated December 31 which took effect from the beginning of this year and replaced Decree No 81 untied the market to support transparent enterprises in raising capital through bond issuance.

Under Decree No 153, an enterprise could issue bonds if it was a joint stock or limited liability company, paid due debts on time and adequately for three consecutive years, met financial safety ratios, ensured operation safety, had approved bond issuance plan and audited financial report.

Experts expected this would create conditions for the corporate bond market to be robust against in 2021.

Expert Truong Thanh Duc said that tightening regulations on corporate bond issuance was not necessary because this might force small enterprises to turn to unofficial channels to raise capital, even black credit.

It would be better to have a property management mechanism to ensure transparency and fairness in accessing investment opportunities for investors.

For the long term, improving the credit rating service for enterprises was critical as credit rating became mandatory for enterprises in bond issuance, he said.

According to Asian Development Bank (ADB), reforms that drove demand for credit ratings would support the development of the corporate bond market.

The ADB pointed out that after years of sluggish growth, Vietnam's corporate bond market had blossomed. Issuances grew at a compound annual growth rate of 40 percent between 2012 and 2019, and outstanding issuances amounted to around 11.5 percent of Vietnam's GDP – the fourth-highest in ASEAN, and further gains were likely.

"A credible local rating agency is a key missing ingredient in Vietnam's otherwise flourishing corporate bond market. Partnerships with global rating agencies would unlock the market's potential, but these agencies want certainty that the demand for ratings is real," ADB wrote.

Back to top

E-COMMERCE

Local specialties reach global market on e-commerce sites

Displaying local specialties on e-commerce platforms has proven to be the quickest way to increase the value of Vietnam's farm produce and introduce it to international customers.

Vietnam has great advantages for digital transformation, including a population of 100 million, and a high%age of internet and smart device users, accounting for 70% of the population.

Displaying local specialties on e-commerce platforms has proven to be the quickest way to increase the value of Vietnam's farm produce and introduce it to international customers.

With soil and climate conditions suitable for fruit tree development, Luc Ngan district in Bac Giang province is known as a key fruit area in the country. The fruit growing area has been expanding in recent years.

Luc Ngan has 28 hectares of fruit trees of different kinds.

'Bountiful crop, low price' was once a big problem for local farmers. Local agencies and farmers had to think about solutions to the problem.

In 2020, dacsanlucngan.vn, an e-commerce website, was set up, an important step that has helped introduce oranges, pomelos and other local specialties to customers throughout the country.

Businesses, cooperatives and orchard owners take orders via the website and provide products that are clean, and have clear origin, high quality. This has activated selling specialties online, helping improve the prestige of local farm produce.

Prior to that, the Dong Thap Specialty Club opened a booth to sell local specialties on Tiki, an e-commerce platform, introducing nearly 140 specialties of 20 businesses and production workshops in the province. These include lotus leaf tea, dried fruit and fruit jam.

Dong Thap, together with An Giang, Ben Tre and Can Tho have also worked with global e-commerce platforms such as Amazon and Alibaba, and domestic platforms such as Tiki and Shopee to bring local specialties to the world.

OCOP (one commune, one product) Program will be implemented in parallel with the government's digital transformation program. In the immediate time, organic products such as jackfruit, coconut and jiggery will be for sale.

In Ben Tre, the homeland of coconuts, the 'Ngay cua lang dua Ben Tre Online (Day of Ben Tre Village Online) caught special attention from consumers across the country. Businesses took full advantage of the event to advertise products, polish brands and boost sales.

Ben Tre aims to make e-commerce more popular among businesses and the community, thus narrowing the distance between Ben Tre and other localities with strong e-commerce development.

It is expected that 80% of businesses in Ben Tre province will have booths on Dac San Ben Tre (Ben Tre's Specialties) e-commerce website, and businesses will promote e-commerce transactions in Vietnam and abroad.

80% of businesses' e-commerce websites will be integrated with the feature allowing orders online, and 50% of businesses will carry out business activities on e-commerce transaction floors.

Nguyen Thi Bich Phuong, director of Thanh Son Cooperative, said after surveying the market, the cooperative realized that in order to access the majority of consumers, it was necessary to apply traditional advertisements but also introduce products via trading platforms, which allows people to easily access its products.

In 2020, the Covid-19 pandemic seriously affected the consumption and export of farm produce, especially when the border gates to China were temporarily closed.

In such conditions, e-commerce offered an opportunity to local farmers to boost sales. It allowed products to reach out to every corner of domestic and foreign markets, and created favorable conditions for both sellers and consumers.

Cross-border e-commerce is an effective channel for businesses, including small and medium export enterprises, especially in the context of the pandemic.

Pham Thi Ly from the Vietnam Association of Small and Medium Enterprises noted that the sale of most Thanh Ha litchis via tech platforms at the price of VND50,000 per kilogram in 2020 showed the efficiency of using e-commerce.

"With technological platforms, consumers just need to sit at home to watch over the cultivation process and preservation via cameras installed at litchi gardens," she explained.

E-commerce can solve the problem of connections between units in traditional supply chain. It also connects producers and consumers directly, without intermediaries.

According to the E-commerce and Digital Economy Agency under the Ministry of Industry and Trade (MOIT), Vietnam is one of the countries with the highest e-commerce growth rates.

About 53% of the population shopped online last year. Despite Covid-19, Vietnam's e-commerce revenue still grew by 18%, reaching $11.8 billion and accounting for 5.5% of total retail sales of consumer goods and services in Vietnam.

Raz Mohamad from Cisco said that digitization is the way for small and medium enterprises to recover in the post-Covid-19 period. Technology not only helps deal with challenges, but also spurs growth in the long term.

Vietnam has great advantages for digital transformation, including a population of 100 million, and a high percentage of internet and smart device users, accounting for 70% of the population. The dynamic business community and strong support from the government are also favorable factors.

The latest report of DBT Center said that 60% of businesses would be eliminated in the next five to 10 years if they do not digitize.

Alibaba and Shopee clash in Vietnam as Asia's ecommerce war rages

Covid-19 triggers tie-ups and investment as region's tech battleground shifts

Shopee is Vietnam's most-visited ecommerce site, followed by Mobile World, Tiki and Alibaba's Lazada.

For Nguyen Ngoc, a merchant in Ho Chi Minh City selling blouses and wallets, a typical way to reach online customers is through Facebook. But these customers often ask to switch to online marketplace Shopee for payment.

Ngoc understands why: Shopee is known for free deliveries.

"From the beginning, Shopee has been geared toward low fees. People associate it with free shipping," Ngoc told Nikkei Asia.

Free deliveries and low commissions are part of Shopee's aggressive marketing efforts in Vietnam that have helped it to become the country's most popular ecommerce platform and to grow during the Covid-19 pandemic. Shopee, owned by Singapore-based tech group Sea, received 62m monthly visits in Vietnam in the third quarter of 2020, up more than 80 per cent from a year earlier.

Shopee's bullish expansion in Vietnam is part of a new phase of development in south-east Asia's $100bn digital economy. In the post-pandemic era, ecommerce will be the cornerstone of a new range of alliances, and rivals are racing to build entire ecosystems to serve as many customer needs as possible.

The growth of the region's best-known tech start-ups, such as Singapore-based Grab and Indonesia's Gojek, was spurred by services such as ride-hailing. Now the rapid rise of Sea — which has become south-east Asia's most valuable company, worth about $100bn — is triggering fresh tie-ups and acquisitions that are set to redraw the landscape in 2021 and beyond as economies start to recover.

Backed by cash flow from its gaming business, US-listed Sea is investing heavily in ecommerce and digital financial services. In the July-September quarter of 2020, revenues for its ecommerce unit, which covers Vietnam and other countries, rose 2.7 times from a year earlier to $618m, while its operating loss widened from $277m to $338m, mainly as a result of its campaign to gain market share.

The effort seems to be paying off. According to data from iPrice Group, Shopee was the most-visited site in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the third quarter of 2020. Only a year earlier, Lazada (owned since 2016 by China's Alibaba Group Holding) was number one in the

Philippines, Singapore and Thailand, while Indonesia's most-visited site was Tokopedia, the ecommerce group backed by Japan's SoftBank Group.

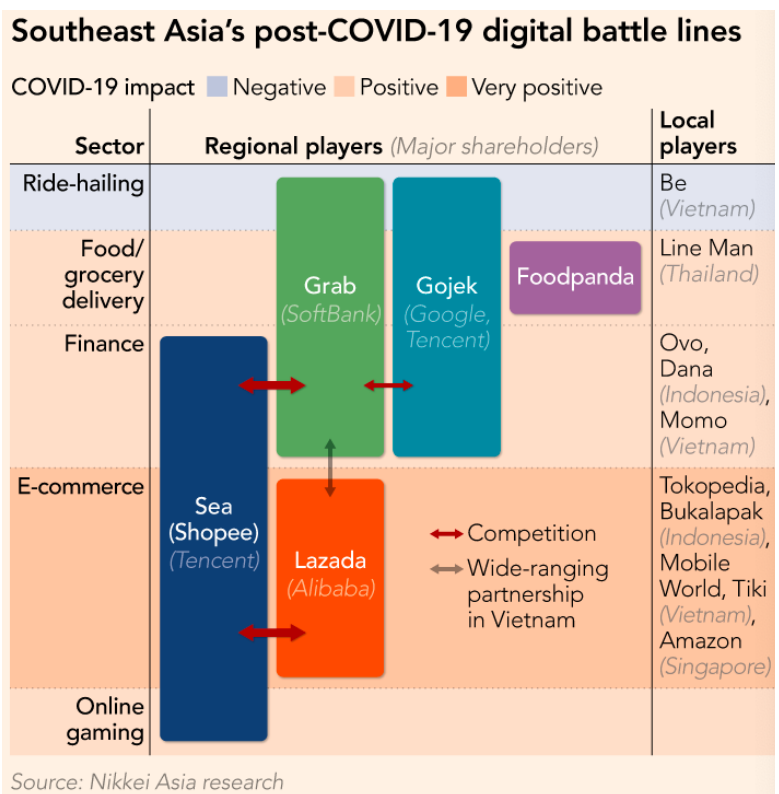
Sea's rise is forcing a response. Lazada has joined with Grab in Vietnam, while Grab and Gojek have made new investments in digital finance businesses.

Until 2015, says Edwin Muljono, an Indonesia-based consultant at YCP Solidiance, south-east Asia's digital economy "was in the growth stage of the industry life cycle, with many new players emerging [and] rapidly increasing demand with relatively low competition".

Now he says the market is in a "shakeout stage" — which he dates to the acquisition by Grab of Uber's regional business in 2018. "Albeit continuing double-digit growth, the market has started to mature, and consolidation seems to be on the horizon," he said.

Emphasising the consolidation agenda, and the shift in priorities, Nikkei Asia learned this month that Gojek is in merger talks with Tokopedia — a potential alliance that would create a huge tech group in Indonesia, south-east Asia's biggest economy. Gojek has also been discussing a possible merger with Grab.

South-east Asia is a hunting ground. Grab and Gojek have become the biggest, last valued at $14bn and $10bn respectively, but the region is home to 12 start-ups valued at $1bn or more, according to a study by Google, Temasek Holdings and Bain & Company. In Tokopedia and Bukalapak, Indonesia has two ecommerce unicorns that are empowering millions of local merchants, including many mom-and-pop shops, to sell online through their platforms.



This landscape is being changed by the pandemic. Ride-hailing was hit hard by the travel curbs and working-from-home trend, with Grab and Gojek cutting 5 per cent and 9 per cent of staff respectively in mid-2020. But demand for ecommerce and food deliveries soared, and this will probably continue in the post-pandemic era.

Investor sentiment chilled early in the pandemic. The total amount of capital invested in south-east Asian start-ups fell 13 per cent in the first half of 2020 from a year earlier, according to data compiled by Singapore's Cento Ventures. Travel curbs made fundraising meetings and due diligence difficult.

But growth trends are expected to remain intact. "The long-term outlook for south-east Asia's digital economy remains more robust than ever," according to Aadarsh Baijal, a partner at Bain & Company, who said factors such as "greater trust in technology" and "market forces creating significantly greater online supply" would give a permanent boost to the digital economy.

Vietnam is a prime example of the new battlefield and the prizes still to be gained. Its digital economies, including ecommerce, food delivery and ride-hailing, grew to $14bn in 2020, up 16 per cent from the previous year, and will expand to $52bn in 2025, according to the Google-led report.

Shopee is now far outperforming its rivals in the country. Next is The Gioi Di Dong, also known as Mobile World, which had 29m monthly visits during the same period. Tiki, a local ecommerce operator, followed with 22m, and Lazada had 20m, according to iPrice data.

Tuan Anh, managing director for Shopee in Vietnam, told Nikkei Asia that Shopee has attracted "users into our ecosystem by ramping up the integration of e-payments".

Milestones in development of Southeast Asia's digital economy

	Events	Size *(In billions of dollars)*
2009	• Sea founded	
2010	• Gojek founded	
2012	• Lazada, Grab founded	
2016	• Alibaba acquires Lazada	
2017	• Sea goes public on New York Stock Exchange	50
	• Amazon launches e-commerce business in Singapore	
2018	• Grab acquires Uber's Southeast Asia business	72
	• Toyota and Microsoft invest in Grab	
	• Gojek starts regional expansion	
2019	• Gojek invests in Philippine fintech startup Coins.ph	100
	• Gojek founder Nadiem Makarim leaves company	
2020	• Grab acquires wealth-management startup Bento	105
	• Facebook and PayPal invest in Gojek	
	• Grab and Gojek lay off staff due to COVID-19	
	• Sea becomes Southeast Asia's most valuable listed company	
	• Grab and Lazada announce wide-ranging partnership in Vietnam	
	• Sea and Grab win digital banking licenses in Singapore	
	• Gojek announces investment in Indonesia's Bank Jago	

Source: Company announcements, SEA e-Conomy reports

To counter Shopee, Singapore-based Lazada in November joined with Grab in Vietnam, a wide-ranging partnership that offers Grab a way to strengthen its focus on ecommerce.

Lazada taps Grab's customer and driver networks, pointing shoppers to Grab's food delivery, and will use Grab's parcel delivery service to ship products. Grab also refers its app users to Lazada. Both Lazada parent Alibaba and Grab are backed by Japan's SoftBank Group.

Meanwhile, Tiki promises two-hour deliveries thanks to the end-to-end supply chain it has with nationwide fulfilment centre systems. It also launched its own credit card with a local bank in 2020, showing that it wants to go beyond ecommerce operations.

The partnerships forged in Vietnam by Lazada and Grab could possibly be replicated in other south-east Asian markets. "I see a lot more that we can be working on together," said Mr Maa. He has already taken the partnership route in Thailand for marketing campaigns around November 11 "Singles Day" sales.

Lazada, together with Google, in November started digital training courses for its online sellers so they can improve their sales, which would help improve Lazada's own performance, too. It has launched what it calls a “sell to China” programme, which provides cross-border ecommerce opportunities for south-east Asian merchants by capitalising on parent Alibaba’s global platform.

Grab and Gojek have also been seeking growth in financial services. In 2020, Grab acquired wealth management start-up Bento and invested in Indonesian state-owned payment company LinkAja.

Like Sea, Grab has acquired a digital banking licence in Singapore through a consortium with Singapore Telecommunications. As for Gojek, it has acquired a 22 per cent stake in local lender Bank Jago, expecting to provide digital banking services on the Gojek superapp.

Other international companies are responding. Amazon.com of the US is increasing its presence in Singapore. In food delivery, Germany’s Delivery Hero is aggressively expanding in south-east Asia through its Foodpanda brand. Japanese messaging app Line has Line Man, which is among the most popular food delivery services in Thailand.

Looking ahead, the global economy is starting to rebound, backed by monetary easing and fiscal stimulus as well as the distribution of coronavirus vaccines. Some unlisted start-ups have started to receive more funds, with Gojek in November bagging $150m from Telkomsel, Indonesia's state-owned mobile operator.

Listed companies such as Sea are already taking advantage of the stock market rally. In December, Sea raised almost $3bn through new share offerings for purposes “including potential strategic investments and acquisitions”. While most start-ups, including Sea, are still making net losses, the fresh capital should allow them to further expand, fuelling competition.

Mr Muljono of YCP Solidiance pointed out that the major digital players in the region such as Grab were rapidly expanding their services to become lifestyle apps, and big investors such as Chinese and US tech giants and local conglomerates preferred to invest in existing big players.

This “would mean the major players in south-east Asia would compete with the existing major players, while at the same time consolidating through various acquisitions”, he said. “Ultimately, this would result in a consolidated market in south-east Asia, led by several players, and backed by investment from across the globe.”

Back to top

LOGISTICS

Vietjet's shift to cargo earns it a profit in 2020 despite COVID

Vietnamese budget airline Vietjet eked out a 2020 profit after tax of 70 billion dong ($3 million) , despite the headwind in the travel industry due to the coronavirus pandemic, thanks to a shift to cargo as Asia's exporters seek alternatives to skyrocketing container costs.

The carrier's full-year profit was less than 2% of the one earned the previous year, and revenue was down 64% to 18.2 trillion dong. Yet in the quarter ended in December, it reported profit of 995 billion dong -- up 84% compared to the fourth quarter in 2019 -- although revenue shrank by a third due to a decline in passengers.

The company was able to increase profit in the fourth quarter after freight revenue jumped 75%. Through deals with UPS and other partners, Vietjet began flying products to Europe and the United States during the pandemic, the company said Sunday, "making it one of the few airlines in the world having no workforce reduction and turning a profit."

Founded by Nguyen Thi Phuong Thao, the communist country's first female billionaire, Vietjet started transporting more products than passengers after COVID-19 halted most cross-border travel last year.

Vietnam's low coronavirus tally allowed the economy to stay open and domestic flights to keep crisscrossing the country in 2020.

But it is now coping with its fastest-spreading outbreak, including a record 91 cases Thursday, casting a pall on the otherwise quick recovery. Hanoi approved a half-billion-dollar bailout for Vietnam Airlines, while local media reported that Vietjet and rival Bamboo Airways have requested state aid.

Shares of both Vietjet and Vietnam Airlines were down roughly 2% in Monday morning trading as the ruling Communist Party, which has just elected its leaders for the next five years, works to limit the impact of the latest virus surge.

Vietjet said it conducted 78,462 flights in 2020, down from 139,000 in 2019.

With fewer travelers on board, the airline reconfigured planes to carry goods instead, pooling shipments around Asia and forwarding them to customers in the West. As Europeans and Americans in lockdown shop more online, companies in Asia have struggled to secure shipping containers to fill orders. The container shortage has caused prices to soar. The rate on a 20-foot container sent from Shanghai to Europe, for example, has shot up fourfold to $4,400.

CEVA Logistics opens new warehouse in Vietnam

The 10,000-sqm facility was designed to provide storage and fulfilment solutions with value-added services for e-commerce logistics.

CEVA Logistics has further expanded its reach in Southeast Asia with the opening of a new warehouse located in Bien Hoa City, Dong Nai Province in Vietnam.

Strategically located near Ho Chi Minh City’s Tan Son Nhat International Airport (SGN), this new facility will provide connections to Vietnam’s eastern economic zone and is expected to address the storage and distribution needs across various industries.

The multiuser distribution centre, spanning 10,000 square metres, was designed to provide storage and fulfilment solutions for with value-added services, such as co-packing, labelling, kitting and consolidation services for B2B and B2C distribution across Vietnam.

The forwarder said the warehouse will serve as its main hub for south and central Vietnam and will leverage on its in-house warehouse management system capabilities and suite of solutions.

“This new facility allows us to continue to expand our capabilities in support of our customers’ growth in Vietnam complementing our air, ocean and ground services,” said Elaine Low, regional managing director, Southeast Asia & Pacific at CEVA Logistics.

“It will provide customers with additional storage and various services to meet their rapidly expanding supply chain needs in the country,” she noted.

Low noted that the warehouse in Bien Hoa City is ideally positioned to take advantage of future transportation infrastructure projects in the area, such as the Cat Lai Bridge connecting Dong Nai to Cat Lai port and the new Long Thanh International Airport scheduled for completion in 2025 with cargo capacity of up to 1.2 million tonnes per year.

New box terminal at Vietnam's Cai Mep already attracting alliance calls

Vietnam’s newest container terminal is open for business – completing a turnaround for the once under-utilised Cai Mep deepwater port.

Gemalink International Port (GIP), the fifth container terminal at Cai Mep, 50km south-east of Ho Chi Minh City, is a joint-venture between homegrown logistics group Gemadept and Terminal Link, a terminal operator part-owned by CMA CGM.

According to Alphaliner, the development of GIP has "quite some backstory": the project was put on hold for a decade when the financial crisis hit in 2009, ending southern Vietnam's credit-fuelled port development frenzy.

As recently as 2015, Cai Mep was heavily underutilised, with too many operators competing with established river terminals within Ho Chi Minh City, most notably Cat Lai.

Recent years have brought rapid volume growth at Cai Mep, however, as Vietnam's rocketing US exports drove more cargo to Ba Ria-Vung Tau province, away from the increasingly congested river terminals.

And as Cai Mep's volumes have grown, so has the number of vessels calling and the number of direct calls to the US.

Last month, for example, Cai Mep International Terminal (CMIT) handled 6,000 containers for the 2M's 19,224 teu capacity *MSC Oliver*, the largest containership to visit Vietnam.

Now, following 4m teu throughput achieved for the first time in 2020, marking double-digit increases for seven years, GIP CEO Benoit Klein believes it is the perfect time to add capacity at Cai Mep, .

"The port of Cai Mep is one of the most dynamic in the world today," he told *The Loadstar*. "GIP is an undeniable asset to relieve congestion in the surrounding terminals and to imagine the arrival of new direct services to the US or Europe.

"We hope to reach the full capacity of our first phase, of 1.5m teu, before the end of the first half," he added.

Mr Klein said it was "too early to say" whether the volume shift from the inner-city terminals to Cai Mep would continue at the same pace, but noted the vessel upsizing trend on intra-Asia lanes and "the difficulty of adapting water access to these river terminals."

He added: "Another accelerating effect would be the development of the industrial zones adjacent to Cai Mep and the arrival of production destined for foreign markets."

As for the competition with adjacent terminals, Mr Klein was confident: "We have important and outstanding competitive advantages, including prime location, deep draught, wide turning basin, dedicated berth and cranes to operate barges and the longest berth, compared with other ports in the same region, capable of receiving the largest tonnage vessels in the world."

GIP has already secured three calls from CMA CGM and its Ocean Alliance partners, which start over the next four months, and "other discussions are ongoing, and not only with the OA alliance members," Mr Klein noted.

Back to top

RETAIL

Vietnam retail sales surge ahead of Lunar New Year

Total retail sales of goods and revenue from consumer services in January are estimated at 479.9 trillion VND (nearly 20.77 billion USD), up 3.7% month-on-month and 6.4% year-on-year, according to the General Statistics Office (GSO).

Goods-retail sales totaled 378.9 trillion VND, accounting for 79% of the total and up 4.1% month-on-month and 8.7% year-on-year.

Revenue from accommodation and food service stood at around 48.7 trillion VND, representing 10.1% of the total. It increased 2.7% against December but was down 4.1% against January 2020.

Tourism revenue was around 1.6 trillion VND, or 0.3% of the total, up 0.7% compared to December but down 62.2% year-on-year.

Earnings from other services were estimated at 50.7 trillion VND, accounting for 10.6% of the total and up 1.1% month-on-month and 7.3% year-on-year.

The GSO said retail sales and consumer services have become more vibrant as the Lunar New Year (Tet) holiday nears.

Most enterprises, shopping centers, supermarkets, and business establishments have readied an abundant supply of goods and offered various promotional programs to stimulate consumption ahead of the lunar new year, the office noted.

The Vitamin Shoppe to launches stores in Vietnam

The Vitamin Shoppe, an omnichannel specialty retailer of nutritional products, today announced a partnership agreement with Kim Lien Group for the Vietnam market. Under the country license agreement, Hanoi-based Kim Lien Group will open and operate The Vitamin Shoppe stores in Vietnam, as well as launch wholesale distribution of The Vitamin Shoppe family of proprietary brands in Vietnam.

The first store under the partnership agreement opened this month in Hanoi. The bi-level, 140 square-meter (1,500 square feet) store is located at 58B Ba Trieu Street in the Hoan Kiem district. The store offers a wide assortment of vitamins, supplements, sports nutrition, and other health and wellness products under The Vitamin Shoppe's proprietary brands, which include The Vitamin Shoppe, Vthrive The Vitamin Shoppe, BodyTech, BodyTech Elite, fitfactor Weight Management System, fitfactor

KETO, plnt, ProBioCare, and True Athlete.

Kim Lien Group will open a second Hanoi location of The Vitamin Shoppe later this month at 49 Phuong Mai Street in the Dong Da district, with additional stores to be announced. A wholesale distribution strategy for the various The Vitamin Shoppe brands will launch in the coming months, with a focus on pharmacies, gyms, and spas throughout Vietnam.

This agreement marks the first country license agreement in Asia for The Vitamin Shoppe. The company currently operates country license agreements in Panama (8 stores), Guatemala (10 stores), and Paraguay (3 stores).

Sharon Leite, CEO of The Vitamin Shoppe, commented: “We are excited to bring our industry-leading expertise and innovation to the Vietnam market, where we see strong interest in our products and increasing demand for high-quality health and wellness brands. Our partners at Kim Lien Group have an exceptional understanding of the Vietnam market and the knowledge and experience to make The Vitamin Shoppe a trusted destination for wellness solutions in Vietnam, as it is throughout the United States. We continue to see additional opportunities with international partners and plan to expand The Vitamin Shoppe into new growth markets.”

Founded in 1994, Kim Lien Group operates a group of automotive, restaurant, and hotel businesses in Vietnam, including 16 auto dealerships across the Honda, Nissan, Mitsubishi, and MG brands.

Mr. Anh Hoang, Vice Chairman of Kim Lien Group, will manage The Vitamin Shoppe business in Vietnam. He commented: “This partnership journey started when I visited one of The Vitamin Shoppe stores in Boston to find health solutions for my mother, Madame Lien, Chairwoman of Kim Lien Group. I was impressed with the customer experience, the knowledge of the Health Enthusiasts, and the product assortment in the store.

Since then, Kim Lien Group realized that the Vietnam market could benefit tremendously from the products and services of The Vitamin Shoppe. During this time, Vietnam was having serious issues with fake supplements from unknown sources distributed here. We wanted to end that fear and bring a trusted, high-quality brand from the United States to Vietnam so that consumers can confidently shop for health and wellness supplements here.”

Kim Lien Group expects key product categories in Vietnam to include vitamins, probiotics and digestion, healthy aging, herbs, omegas, antioxidants, collagen, bone, and children’s health. Each of The Vitamin Shoppe’s proprietary brands is put through 320 rigorous quality assurance steps, and ingredient purity and potency are verified by independent, third-party labs. Consumers can feel confident that all products from The Vitamin Shoppe family of brands meet or exceed industry quality standards.

Digitalization at Saigon's oldest market

Many traders at HCM City's Ben Thanh Market have started to sell online as the number of customers has sharply decreased due to the Covid-19 pandemic.

According to a trader, Ben Thanh Market has about 1,400 stalls. However, because of Covid-19, the market lost a lot of foreign tourists and overseas Vietnamese customers. As a result, half of the stalls have closed in the past months. As demands rise when Tet nears, some traders reopened their stalls and about 20 traders moved their shops online.

Many stalls in Ben Thanh market are closed

"Ben Thanh Market mostly serves high-income customers and foreign tourists so it has various kinds of high-quality products. There are some things that you can only find at Ben Thanh," Oanh, a trader who has been working at Ben Thanh Market for nearly 30 years said.

Tran, who has been selling candies and jams at the market for nearly 30 years, said this was the hardest time as the market was so empty. More stalls may be closed after Tet. "We have not seen many regular customers this time, only a few retail customers and wholesale customers," she said.

Chan, another trader said in order to find more customers, she and several other traders opened online shops. She receives four to five orders each day via shopping apps. An employee was sent to the market to collect goods and bring them to the shipper waiting outside.

"I've started selling online over a month ago and only uploaded the pictures of a few of my goods so I don't have too many customers yet. I'll upload more products to attract more customers," she said.

Oanh also said she had only received small orders online. Most of her income is from restaurants and wholesale customers. She often receives four to five orders a day. During peak times, she would receive 11 orders.

Nguyen Thai Van, director of Grab Vietnam, said by bringing traditional markets online, traders will be able to find more customers while the customers will have more options to choose from. There are some difficulties with several traders who didn't know how to use mobile apps smoothly enough, and how to deal with return goods.

Many traders in other markets like Hoa Hung, Ba Chieu, Tan My and Tan Binh markets have also moved online. The traders in Thanh Cong, Ngoc Khanh, Huu Tiep, Linh Lang, Cong Vi and Buoi markets in Hanoi and the traders in Han and Con markets in Danang have started selling online. The aim is to move at least 20 stalls of each market online.

Many firms have shown interest in Vietnam's traditional markets which are worth an estimated $10 billion.

[Back to top](#)

ENERGY

Wind, solar power sees new boom

Many wind and solar power projects are awaiting approval to be added to the list of projects to be developed under the national power development plan.

The Ministry of Industry and Trade (MOIT) is now collecting opinions for the draft report on Strategic Environmental Assessment of the National Energy Master Plan in 2021-2030, with a vision to 2050.

The draft report says there will be big changes in Vietnam's electricity generation structure: the proportion of coal-fired power sources will be gradually decreasing, while gas-fired and renewable power will be increasing. The proportion of hydraulic power will also decrease as nearly all potential has been exploited.

It is expected that renewable power, including large-scale hydropower (LHP), will account for 49 of total electricity sources by 2020, 48 by 2030 and 53 by 2045.

Investors to develop nearshore wind power

The total onshore wind power potential is high, but it is mostly low-wind potential (4.5-5.5 meters per second) and medium (5.5-6 meters per second), while high-wind (over 6 meters per second) is small.

The total capacity of onshore wind power sources is still not high, about 500 MW. Thanks to preferential pricing, many projects will become operational prior to November 2021 with total capacity of 5GW.

The total offshore wind power potential is about 160 GW. Many investors have registered to develop projects in the southern part of the central region with the total capacity of 15GW.

Of these, the 3.4 GW Thang Long Offshore Wind Power in Ke Ga, Binh Thuan province received the Prime Minister's nod for research and survey. The great potential of offshore wind power is in the southern part of the central region.

Tens of gigwatts of solar power awaiting approval

According to the Electricity of Vietnam (EVN), the total electricity capacity is over 60GW.

The southern region has great potential for solar power development with an average radiation intensity of 1,705-1,910 kwh per square meter per annum, far higher than the northern region with just 1,200 kwh per square meter per annum.

With the preferential pricing mechanism, solar power has seen a boom in Vietnam in recent years. In 2019 alone, the total capacity of grid-connected solar power put into operation was 5GW. Most of the solar power projects were in Ninh Thuan and Binh Thuan provinces (more than 2GW).

Some projects have been added to the national power development plan with total capacity of over 10GW, of which 8GW would be put into operation prior to 2020 and 2GW after 2020.

In addition, there has been another 25GW registered by investors, but have not been added to the national power development plan (12.3GW is expected to become operational prior to 2020 and 12.9GW after 2020).

The total technical potential of solar power us very high, about 1,646GW, but the total potential that can be developed is just 386GW, mostly located in the south, the southern part of the central region and Central Highlands.

Regarding rooftop solar power, the total potential is 48GW, including 22GW in the south. According to MOIT, the investment rate of rooftop power is lower (12) than solar power built on the ground because there is no cost for land use and grid connection, but the maintenance cost is 1.6 higher than large-scale solar power. The number of hours for electricity generation at maximum capacity is 10 lower.

In 2017, the Government issued the first feed-in tariff (FIT) mechanism with the purchase price of solar power for all types of 9.35 cents per kWh, applied until June 30, 2019.

In June 2020, the Government moved to a FIT2 tariff of 7.09- 8.38 cents per kWh for solar power. On December 31, 2020, the decision expired.

Other types of renewable power

The total potential of biomass electricity is relatively high, 13.7GW equivalent, with the biggest potential in the southern region.

However, as it is difficult to collect biomass to develop biomass power plants, the total capacity of biomass power which can be developed is just 5-6GW.

Currently, there are about 378MW of bagasse electricity in operation, about 100 MW of rice husk power, and about 70 MW of wood power under the investment preparation stage.

There is also 10MW of electricity from waste-to-electricity plants, a very small figure of noting that the waste is enough to generate 1,500MW of electricity, including 1,000MW in the south.

Foreign investors looking to develop wind farms in Lang Son

Foreign investors from the US and Singapore are interested in either surveying or implementing wind farms in Lang Son province.

Notably, General Electric (GE) group from the US expressed its interest in surveying two wind farms in this province. One is the 165MW Chi Lang wind power project located in Chi Lang and Loc Binh districts. Covering an area of 1,431 hectares, the project is planned to have a total investment capital of VND6.45 trillion ($280.43 million) and is expected to generate power in the period of 2024-2025.

“We realise that Vietnam is a country with abundant wind potential and Lang Son is one of the provinces with good potential for building wind farms in Vietnam. Research, survey, and development of wind power projects in Lang Son province,” stated the document.

The second one is the 253MW Ai Quoc project. Covering an area of 3,817ha in Loc Binh and Dinh Lap districts, the project would have a total investment capital of VND12.9 trillion ($560.86 million), expected to generate power in the period of 2024-2025.

GE is looking to construct wind farms in Lang Son

Previously, the province approved Singapore-based BayWa r.e Wind Pte., Ltd. to study and survey three wind farms in Chi Lang, Loc Binh, Cao Long, and Van Quan since the third quarter of 2020.

In December, the company submitted a document to propose the province to approve its member company to handle the study and survey on these three projects once its member company is established in Vietnam.

According to BayWa r.e Wind Pte., Ltd., the company completed the procedure to establish BayWa r.e Wind Projects Vietnam Co., Ltd. in August 2020, which has chartered capital of VND232.9 million ($10,126), however, this member company has yet to be established due to the COVID-19 pandemic.

BayWa r.e Wind commits that when the member company is established, it will take over the work relating to these three projects.

Back to top

INVESTMENT

Intel pumps additional $475m into Vietnam facility

Intel Corporation has invested $475 million in its Ho Chi Minh City facility to develop more complex technologies and tap new market opportunities.

The latest investment takes its total in Vietnam to $1.5 billion, the U.S. chipmaker said in a statement.

"As of the end of 2020, Intel Products Vietnam has shipped more than two billion units to customers worldwide," Kim Huat Ooi, its general manager, said.

"We are very proud of this milestone, which shows both how important IPV is to helping Intel meet the needs of its customers all around the world, and why we continue to invest in our facilities and team here in Vietnam."

The money will go into manufacturing 5G products and the 10th-generation Intel Core processors.

One of Intel's 10 manufacturing sites globally, IPV is the company's largest assembly and test manufacturing facility with more than 2,700 employees.

Nguyen Anh Thi, president of the Saigon Hi-Tech Park, where the plant is located, said Intel's decision to increase its investment indicates its confidence in the workforce and Vietnam's reliable investment environment.

The new investment comes amid the expansion by a number of electronics giants in Vietnam as they seek to diversify their supply chains.

Foxconn this month got the license to build a $270-million plant in the north capable of producing eight million laptops and tablets annually. It has so far invested $1.5 billion in Vietnam.

Japan's Panasonic decided to end the production of washing machines and refrigerators in Thailand and move it to a consolidated appliance assembly facility in Vietnam.

Apple ups Vietnam production of smart devices

U.S. tech giant Apple Inc. is increasing its production of smart devices in Vietnam as it diversifies its supply chain outside of China.

It will begin to produce the iPad tablet in Vietnam as early as the middle of this year, a *Nikkei* report says, citing sources.

The company is also mobilizing suppliers to expand production capacity for the latest model of its smart speaker, the HomePod mini, which has been produced in Vietnam since it was introduced last year.

The company is also set to move a part of its Macbook production from China to Vietnam this year, the report adds.

Apple suppliers have also been expanding operations in Vietnam. Taiwanese tech giant Foxconn this month received its license to set up a $270 million plant in northern Vietnam.

Luxshare Precision Industry (Luxshare-ICT) is increasing its capacity in northern Vietnam to make the HomePod mini.

$2.5 billion Japanese AI startup taps Vietnam market

AI Inside, a $2.5-billion Japanese artificial intelligence startup, has entered Vietnam through a partnership with a local company as part of its global expansion strategy.

The company will partner with OCG Technology, a joint venture between a unit of state-owned Vietnam Posts and Telecommunications Group (VNPT) and Japan’s Nippon Telegraph and Telephone, to sell its software to the Vietnam market.

AI Inside’s software converts paper documents into electronic data using artificial intelligence, and its target customers are companies that want to automate manual tasks like typing handwritten forms into spreadsheets.

The five-year-old startup, which claims a 64% market share in Japan’s market for AI-based optical character recognition (OCR) software, has seen its number of contracts for the software double between July and September last year, according to a report.

Its share price has increased fivefold since its initial public offering in December 2019, giving it a market capitalization of $2.5 billion.

The company is also planning to expand to other Asian markets like Thailand and Taiwan.

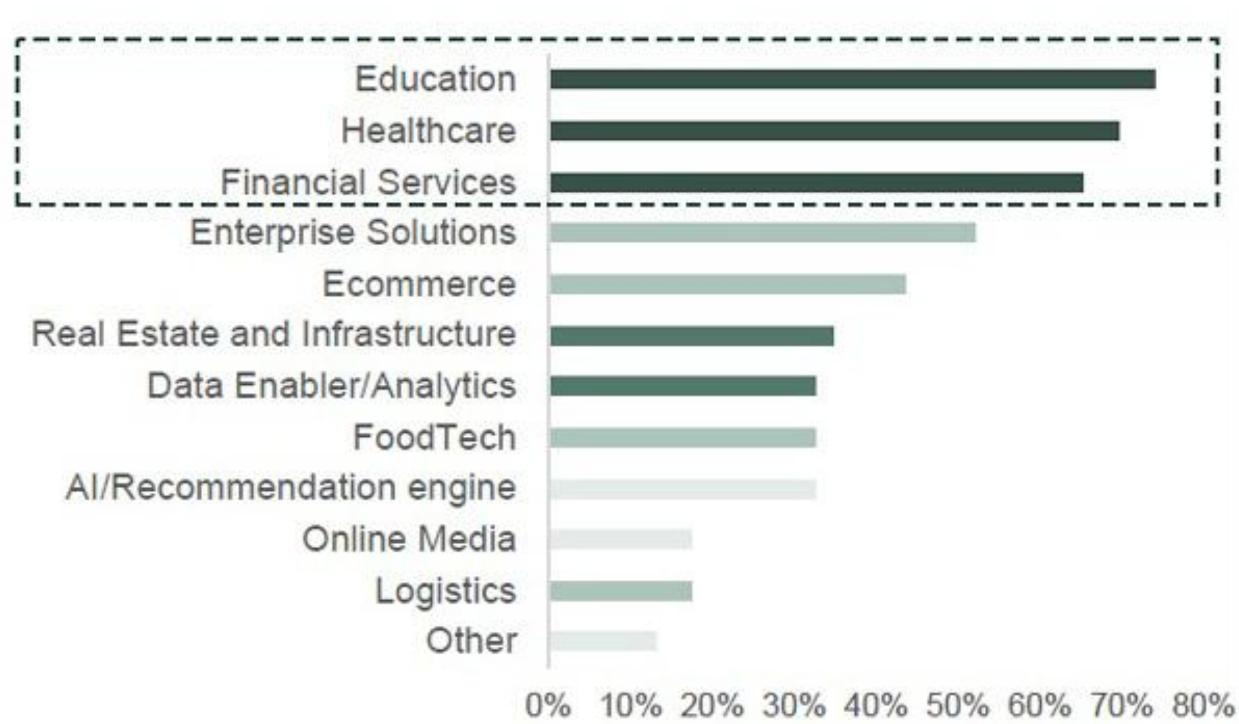
VN gives Foxconn unit licence for $270m plant to produce laptops, tablets

Vietnam on Monday awarded a licence to a unit of Taiwan's Foxconn Technology Co Ltd to build a US$270 million plant to produce laptops and tablets, the Vietnamese government said.

The plant, to be developed by Fukang Technology, will be located in the northern province of Bac Giang and will annually produce eight million units, the government said in a statement on its website.

Investment in technology in Southeast Asia: focus shifts to Vietnam

Vietnam's internet economy will soon have the scale of $43 billion, and new technology unicorns are expected to appear in the country, according to Do Ventures, a venture fund targeting startups in Vietnam and Southeast Asia.



The business fields investors are targeting are education, healthcare and finance

Do Ventures, in its report on the investment potential in Vietnam's technology sector based on data in 2019 and the first months of 2020, noted the rapid expansion of the middle class and the number of internet users. Because of Covid-19, more Vietnamese began to use online services, including non-cash payment methods.

With the rapid development of e-commerce, logistics supply for the business field has also increased rapidly with the appearance of 40 forwarding companies.

In 2019, Vietnam's technology startups received $861 million in capital from 123 investment deals. However, in early 2020, the capital injected into the field fell sharply to $284 million in Q1, a decrease of 22 from one year before.

Vietnam received 109 investors in the technology sector in 2019. In the first half of 2020, only a modest number of new investors joined the market. Instead, the investments last year mostly came from domestic companies and foreign investors who had worked in Vietnam.

In general, the attention paid by technology investors to the Vietnamese market is still high. According to Do Ventures, 50 investment funds in the six strongest economies in Southeast Asia are casting their attention to Vietnam in the next 12 months, and to Indonesia.

The business fields they are targeting are education, healthcare and finance.

Technology investors are choosing Vietnam because they see better opportunities there than in other markets. Besides, they also see favorable macro conditions, demographics, and great growth potential because of the rapid consumption increase and undervaluation during the pandemic.

Vietnam now ranks third in Southeast Asia in the number of internet users, third in mobile penetration rate, and second in average speed of mobile internet.

The Do Ventures report also praised Vietnam’s telecom industry as its three large mobile network operators, namely Viettel, VNPT and MobiFone, are trying to commercialize 5G.

The popularity of the internet helped increase the value of the Vietnam internet economy to $12 billion in 2019, while the figure is expected to reach $43 billion by 2025.

In the 2009-2012 period, Indonesia, the largest economy in the region, had 63 million internet users. This period witnessed the appearance of technology unicorns such as Tokopedia, Bukalapak, GoJek and Traveloka.

With 64 million internet users, Vietnam is expected to be at the same turning point where Indonesia was seven years ago, and is expected to produce new technology unicorns for ASEAN.

Back to top

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