VIETNAM BUSINESS REVIEW

Highlight

Korean investors join Metro Line 5

Vol 07, Feb 24th 2021

What's in it today?

FINANCE

Vietnam cryptocurrency use second highest in the world

Market remains bullish but investors should be cautious, experts warn

E-COMMERCE

Vietnam moves up in e-commerce readiness

Digital economy predicted to reach $43 billion by 2025

RETAIL

How grocery stores can keep their edge over retail chains

Fast Retailing unseats Inditex in terms of market capitalization for the first time

LOGISTICS

Hau Giang plans $99.5m spending on industrial, logistics

Vietnam's logistics service industry is expected to grow 15% -20% by 2025

INVESTMENT

Investor begins building ICT service chain in Da Nang

Korean investors join Metro Line 5

Foreign-invested capital on the rise

START UP

Three Vietnamese entrepreneurs push into Japan's AI industry

HCM City company invents nano bio-technology medical mask that kills 99% of bacteria

Investors pour money into startups, promote unicorns

FINANCE

Vietnam cryptocurrency use second highest in the world

Vietnam has the second-highest rate of in terms of cryptocurrency use among 74 surveyed economies, driven by remittance payments, a new report says.

The report on survey results released by Statista, a global provider of market and consumer data, says 21% of respondents in Vietnam said that they used or owned cryptocurrency in 2020, second after Nigeria (32%).

The Philippines ranked third at 20%, followed by Turkey and Peru, both at 16%, said the survey which covered 1,000-4,000 respondents per country.

The rest of the top 10 comprised Switzerland, China, the U.S., Germany and Japan.

For Vietnam and the Philippines, remittance payments play a role in the widespread use of cryptocurrency," the report said.

The high cost of sending money across borders in conventional ways has caused many to turn to local cryptocurrency exchanges, catering to overseas workers and their families, it added.

However, cryptocurrency has not been recognized as a legitimate means of payment in Vietnam. The State Bank of Vietnam has warned that owning, trading and using cryptocurrency was risky and not protected by laws.

Earlier reports have noted that while the Vietnamese diaspora typically sent remittances to Vietnam to support their families, there has been a shift in recent years. Now, a significant portion of remittances is used as investments for doing business in the country.

Around 580,000 Vietnamese citizens work overseas now, up from 500,000 in 2010, according to the Department of Overseas Labor under the Ministry of Labor, Invalids, and Social Affairs.

Market remains bullish but investors should be cautious, experts warn

Vietnam's stock market recorded a weekly gain despite a decline of the market benchmark in the last session.

Analysts from securities firms expected the market to continue its rally but recommended investors be more cautious and prioritise risk management at this moment.

The VN-Index rose nearly 41% on big stocks' appeal on the first trading day after the Tet holiday. The market reopened last Wednesday after a week off.

The index continued its rally last Thursday despite some corrections during the session. But it reversed course in the last trading session due to selling pressure and finished lower.

On the Ho Chi Minh Stock Exchange (HoSE), the benchmark ended Friday at 1,173.5 points, down 0.07%. Meanwhile, on the Hanoi Stock Exchange (HNX), the HNX-Index climbed 0.1% to 231.18 points.

According to MB Securities Co., the decrease in the last trading session was nothing compared to the plunges in regional markets. Actually, the loss was an effort of recovery after dropping nearly 15 points in the early session.

MB Securities assessed the movements as signs that the market is still relatively strong and the correction of the last session couldn't affect the market's bullish sentiment. The company recommended that investors prioritise managing risks, cut margins, stop using dollar-cost average and rebalance investments' proportion.

Mirae Asset Vietnam Securities said the VN-Index could hit a resistance territory of 1,175 – 1,200 points in the short-term and selling pressure might be stronger at this level.

"However, there is a possibility that the index might soon beat this resistance territory and head to higher levels," Mirae Asset added.

Based on the Elliot Wave principle, analysts from Saigon - Hanoi Securities JSC said the VN-Index was in wave 5 with a target of trading around 1,250 points, so the possibility of gaining points this week would be high.

Under Elliott Wave theory, the most basic pattern of market progress is the motive wave, which is subdivided into five waves and labelled with numbers. Wave 1, wave 3 and wave 5 move in the direction of impulse, while wave 2 and wave 4 act as retracements.

But the market might face fluctuations in the first sessions of the week as the VN-Index ended last session at 1,170 points.

For the week, the VN-Index increased 58.57 points, while the HNX-Index climbed 6.28 points.

The market's liquidity was higher than the week before the Tet holiday, but still under its 20-day moving average. Around VND16.2 trillion in shares was traded on both exchanges per session.

Last week, material stocks group was the biggest gainer with 7.8% capitalisation. The main driving forces for the gain were its main stocks such as Hoa Sen Group (HSG) up 4.8%, Hoa Phat Group (HPG) up 3.9%, Nam Kim Steel JSC (NKG) up 8%, and Petrovietnam Fertilizer & Chemicals Corporation (DPM) up 9.4%.

Other sectors from utilities, banking to information technology (IT) also witnessed great performance after Tet.

Foreign investors returned to the market, buying a net value of nearly VND1.2 trillion in shares last week. They were net sellers in the last two sessions before the market closed for Tet. VNS

Back to top

E-COMMERCE

Vietnam moves up in e-commerce readiness

Vietnam has jumped three places to 63rd in the latest global e-commerce readiness ranking, faring better than several regional peers, a UN report says.

Table 4. Top 10 developing and transition economies in the UNCTAD B2C E-commerce Index 2020, by region

East, South & Southeast Asia	West Asia	Africa	Latin America and the Caribbean	Transition economies
Singapore	United Arab Emirates	Mauritius	Costa Rica	Belarus
China, Hong Kong SAR	Saudi Arabia	South Africa	Chile	Russian Federation
Korea, Republic of	Qatar	Tunisia	Brazil	Serbia
Malaysia	Oman	Algeria	Dominican Republic	Georgia
Thailand	Turkey	Ghana	Colombia	Ukraine
Iran (Islamic Republic of)	Kuwait	Libya	Uruguay	North Macedonia
China	Lebanon	Kenya	Jamaica	Republic of Moldova
Mongolia	Bahrain	Nigeria	Trinidad and Tobago	Kazakhstan
Viet Nam	Jordan	Morocco	Peru	Azerbaijan
India	Iraq	Senegal	Argentina	Bosnia and Herzegovina

With a score of 61.6 points on a scale of 100, Vietnam did much better than Indonesia (83rd), the Philippines (96th), Laos (101st), Cambodia (117th) and Myanmar (130th), according to the B2C (business-to-consumer) E-commerce Index report released this week by the United Nations Conference on Trade and Development.

The ranking measured 152 economies around the world on their readiness to engage in online commerce based on four indicators with a high correlation to online shopping: internet server access; postal service reliability; share of the population who use the internet; and share of the population aged above 15 who have an account with a financial institution or mobile-money-service provider.

According to the report, nearly 70% of Vietnamese people use the internet and 31% of individuals aged 15 and above have bank accounts or mobile bank accounts.

In terms of internet server access and postal reliability, Vietnam scored 64 and 83% respectively.

The report also showed online shoppers in Vietnam account for 36% of internet users and 18.7% of the 96-million population.

Switzerland was on top of the index, followed by the Netherlands and Denmark.

“The Covid-19 pandemic has made it more urgent to ensure countries trailing behind are able to catch up and strengthen their e-trade readiness,” said Shamika Sirimanne, director of UNCTAD’s technology and logistics division, adding that the index underscores the need for governments to do more to ensure more people can avail of e-commerce opportunities.

“Otherwise, their businesses and people will miss out on the opportunities offered by the digital economy, and they will be less prepared to deal with various challenges,” she said.

According to an e-commerce development plan approved by the Vietnamese government last year, the sector’s revenues should reach $35 billion by 2025 and account for 10% of the total. The government also targets 55% of the population shopping online by 2025.

Vietnam’s e-commerce market expanded by 18% last year to $11.8 billion, the only country in Southeast Asia to record double-digit growth in the sector amid the Covid-19 pandemic.

Digital economy predicted to reach $43 billion by 2025

Vietnam’s digital economy is expected to reach $43 billion by 2025, according to the e-Conomy Southeast Asia report from Google, Temasek and new partner Bain & Company.

A customer uses smart phone to scan product code

Nguyen Quang Dong, Director of the Institute for Policy Research and Communication Development, said digital service industry is recording the fastest growth and is suitable with Vietnam’s strengths such as a young population who love technology and social networks.

Digital technology and the digital economy will be key drivers helping Vietnam increase workplace productivity, escape the “middle-income trap”, and realise the objective of becoming a middle-class developed economy by 2040, Dong said.

Vietnam’s internet infrastructure and digital payment services remain limited, however, while the country still lacks a legal framework for digital assets, he said, stressing that the legal model of the 20th century no longer suits the digital economy.

Dong also underlined the need to promote international cooperation, especially in joining the building of new regulations and their enforcement through legal frameworks for the region.

A study by the Institute for Global Leadership under the US-based Tufts University revealed that Vietnam ranks 48th out of 60 countries and territories globally in terms of rapidly switching to a digital economy, and 22nd in digitisation development.

In the last five years, with the boom of smartphones, the internet, and social networks, digital technology and digital transformation have developed rapidly in Vietnam, shaping a fledgling, dynamic digital economy with great potential.

Vietnam’s digital economy is made up of four main groups: e-commerce, online tourism, digital communications, and logistics technology.

The country, together with Indonesia, holds the lead in digital economy growth in Southeast Asia.

The two pacesetters are both posting growth in excess of 40% a year.

Vietnam's internet economy is also booming, reaching 12 billion USD in 2019 and recording a 38% annualised growth rate since 2015.

Another study by Australia's Data 61 forecasts that Vietnam's GDP may add an additional 162 billion USD in 20 years if the country's digital transformation is successful.

Experts said Vietnam possesses strengths in human resources and Government support, so the country could create a dynamic wave to further strengthen the development of its digital economy.

The Party and State have outlined orientations for building policies and programmes to actively join the Fourth Industrial Revolution (Industry 4.0), focusing on applying and developing science and technology, promoting innovation, and improving the quality of human resources.

Prime Minister Nguyen Xuan Phuc on December 30, 2020 issued the National Strategy on the Industry 4.0 by 2030, to fulfil the goals set in Politburo Resolution No 52-NQ/TW, which outlines policies guiding Vietnam's active involvement in Industry 4.0.

The strategy's objectives are to take full advantage of opportunities presented by the Industry 4.0 and fundamentally master and broadly apply new advanced technologies in different social and economic fields.

Under the strategy, Vietnam expects to be named among the top 40 performers in the Global Innovation Index (GII), the top 30 in the International Telecommunication Union (ITU)'s Global Cybersecurity Index (GCI), and the top 50 in the United Nations' e-Government Development Index (EGDI) by 2030.

The country also aims to raise the proportion of the digital economy in national GDP to 30% and boost productivity by 7.5% annually on average. Other targets is to achieve universal access to fibre-optic internet and 5G services, completion of digital government development, and the establishment of smart cities in key economic zones across the north, central, and southern regions, and connection with regional and global networks of smart cities./.VNA

Back to top

LOGISTICS

Hau Giang plans $99.5m spending on industrial, logistics

Setting up an industrial park and a logistics centre this year is part of a development plan for 2021-25 that Hau Giang Province in the Cuu Long (Mekong) Delta has just unveiled.

The plan seeks to maximise the province’s potential and available resources and develop manufacturing, logistics, trading, and, especially, agricultural and aquatic processing.

The plan is focused on building comprehensive infrastructure for industrial parks and clusters, and soliciting investment in environmental treatment projects, projects that use advanced and environment-friendly technologies, processing vegetables and fruits, manufacturing, and energy.

It envisages establishing an industrial park and making zoning plans for industrial parks for completing procedures for setting them up, including for the establishment of two new industrial clusters and expanding one, all this year.

It also aims to efficiently implement national and local trade promotion programmes simultaneously.

A number of renewable energy projects and projects in industrial parks and clusters are expected to start construction this year.

With respect to logistics, the province plans to complete waterway and road transport infrastructure with high connectivity to meet cargo transportation needs and focus on developing supply chains for certain products, making them a driving force for socio-economic development.

It will build a logistics centre and spend the entire amount earmarked for waterway and road transport development projects this year.

The plan is expected to cost VND2.29 trillion (US$99.5 million) this year, with the central and local governments providing VND353.1 billion and VND58.4 billion, and enterprises the rest. — VNS

Vietnam's logistics service industry is expected to grow 15% -20% by 2025

The logistics industry is considered to be the backbone of the economy, accompanying all fields of activity, from production, distribution, circulation to consumption.

Recently, Deputy Prime Minister Trinh Dinh Dung signed a decision amending and supplementing Decision No. 200 / QD-TTg dated February 14, 2017 approving the Action Plan to improve competitiveness and develop Vietnam's logistics services to 2025. In which, striving to 2025, the growth rate of logistics services will reach 15% -20%.

One of the most potential sectors of the economy

Logistics is an important service sector in the overall structure of the national economy, playing the role of supporting, connecting and promoting socio-economic development of the whole country as well as each locality, contributing to competitiveness of the economy.

Developed in the 1990s, within a short time, Vietnam's logistics services have developed strongly, affirming a particularly important role in the Vietnamese economy.

Currently, Vietnam's logistics market has the participation of about 3,000 domestic enterprises and about 30 enterprises providing transnational logistics services, with big names, such as: DHL, FedEx, Maersk Logistics, APL Logistics , CJ logistics, KMTC Logistics, etc.

Small and medium sized logistics enterprises, of which 89% are Vietnamese enterprises, 10% are joint ventures and 1% are 100% foreign owned enterprises.

Currently, Vietnamese logistics companies are providing 2 to 17 different logistics services, focusing on: forwarding, domestic transportation, seaport and airport operations, warehousing, cargo management and transportation. international transport etc. In which, transport is the most important service sector in Vietnam's logistics system.

According to the Vietnam Association of Logistics Services, the growth rate of the logistics industry in Vietnam in recent years is relatively high, reaching about 14% -16%, with a scale of about 40-42 billion USD / year; The rate of businesses outsourcing logistics services is about 60-70%, contributing about 4-5% of GDP.

The World Bank report in 2018 showed that Vietnam's logistics performance index (LPI) ranked 39 out of 60 countries participating in the study, up 25 places compared to 2016 and ranked 3rd in ASEAN countries. Logistics is recognized as one of the industries with the greatest potentials for the economy.

However, besides the achievements, Vietnam's logistics industry still has shortcomings and limitations that need to be overcome. The biggest limitation, according to the Vietnam Association of Logistics Services, is that Vietnam's logistics costs are still quite high compared to other countries, such as China, Thailand, Japan and the EU.

The reason is due to limitation of seaport infrastructure associated with post-port services; Logistics infrastructure planning, including seaports, dry ports, logistics centers, depots, parking lots for trucks, container trucks ... are ineffective. In addition, the ratio of logistics costs to the national GDP of Vietnam is also high, accounting for 18% of GDP, while this figure in developed countries is only 9-14%.

Back to top

RETAIL

How grocery stores can keep their edge over retail chains

Despite being on the same street as three convenience stores, the grocery store owned by Nguyen Ngoc Dung on Yen The Street in HCM City’s Tan Binh District is always crowded, especially during peak hours.

A convenience store in HCM City’s Tan Binh District

Tran Hanh Huong, who lives nearby, says she buys most items her family needs everyday like soap, cooking oil, instant noodles, shampoo, and tissue from this store.

Asked why she prefers to shop there instead of the convenience stores or supermarkets that are nearby, she says: “It takes me little time to buy there while prices are a little lower than at convenience stores and supermarkets.

“My family also goes shopping to the supermarket during weekends and we buy fresh food there since we believe such products may be safer there than at wet markets.”

There is also another reason for many housewives like her to patronise the corner grocery store instead of modern retail outlets that are mushrooming and offering convenience to shoppers.

Dung explains, “Most of my shoppers are regular customers so I am always ready to let them buy something on credit when they forget to bring or do not have money.”

Vu Vinh Phu, former deputy director of the Hanoi Department of Trade, said grocery stores have for decades enabled producers to distribute their products in the quickest and most convenient manner.

“Buying at the grocery store has become a part of popular culture, especially in remote areas like islands and mountainous regions where modern retail has yet to make an appearance.”

According to Nielsen data, Vietnam has more than 1.4 million grocery stores and 9,000 traditional markets which generate revenues of around US$10 billion, or 75% of the country’s retail market share.

In recent years many supermarkets have been forced out of business while small grocery stores have been growing in popularity.

According to analysts the latter have begun to use technology, which has given them a further fillip.

Many use technology for selling online, which enables them to sell not only dry goods but also fresh foods and deliver them efficiently.

Realising the potential of grocery stores, conglomerate Vingroup recently returned to the retail market with the launch of the VinShop mobile app.

It is a B2B app that connects traditional grocery stores with suppliers. It allows store owners to get hundreds of products from suppliers in one order within a day.

It is also connected to VinID, making it Vietnam's first B2B2C channel.

The app has already been downloaded by more than 20,000 grocery store owners in Hanoi and Ho Chi Minh City, and the number is expected to climb to 300,000 by next year.

Analysts said there were signs the adoption of technology by grocery stores would take away business from big box stores, supermarkets and convenience stores.

Currently supermarkets are faced with certain limitations, which affect their competitiveness.

They include high discount rates and the cost for commodity codes, now estimated at VND10-20 million for a batch of goods to be sold at the supermarket. With many other expenses on top, supermarkets are forced to sell at higher prices than grocery stores.

Owners of small shops have a good understanding of local consumers' needs especially at a time when the country is integrating globally.

Their small scale makes them agile and adopt product changes quicker than chain stores and supermarkets.

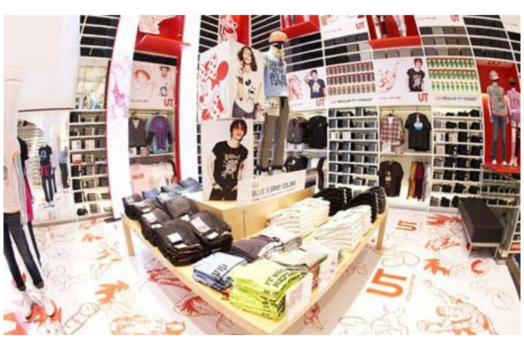
Experts however stressed the need for grocery stores to continue to modernise quickly.

To continue dominating the retail market, they said traditional retail models like wet markets and grocery stores need to take full use of their existing advantages while enhancing the use of new technology.

Besides, they should not compete with the large chains' stores on price alone but also sell private label and high-quality products and provide good customers with good service, they added.

Fast Retailing unseats Inditex in terms of market capitalization for the first time

The parent group of Uniqlo has unseated Inditex for the first time in history, rising to the title of the world's largest retailer by market capitalization after closing the sessions on Monday and Tuesday, exceeding 100 billion dollars in value on the stock market.



The value of Fast Retailing, the Japanese company that owns the fast fashion chain Uniqlo, reached 10.87 trillion yen (about 103 billion dollars) at the close of the stock market on Tuesday. It should be noted that this is the first time that Fast Retailing has surpassed Spanish Inditex, which had a market capitalisation of approximately 99,000 million dollars at the close of Tuesday's trading session.

Fast Retailing stock surpasses 100,000 yen for the first time

Fast Retailing's stock has only appreciated since last August, gaining seven consecutive sessions to close this Tuesday at 102,500 yen per share, 3% more than the previous session. Additionally, Fast Retailing has broken another record this week, surpassing 100,000 yen per share for the first time.

This closure places the group at the top of the global garment industry in terms of market capitalisation, according to 'Asia Nikkei'. From the financial publication, they point out that the profitability of Fast Retailing's capital stands at 9% for the fiscal year ended last August, while Inditex enjoys a 24% return for the comparable period. In terms of inventory turnover, Fast Retailing's three-month index is below 1.5, while Inditex's is 2%.

Tie in digital sales, Inditex gains in revenue

Fast Retailing and Inditex lead the fast fashion segment in terms of online sales, an area that will determine the growth of both companies and in which they currently compete for the first and second place. Specifically, last year the Japanese company raised the contribution of its online sales from 11.3% to the current 15.6%. By comparison, e-commerce accounted for 14% of Inditex's revenue in 2019; the Spanish group plans to raise that figure to 25% by next year.

The Japanese retailer's share price has risen steadily since last August 2020. The market has repeatedly applauded Fast Retailing's focus on Asian markets, especially China. In the last fiscal year, Fast Retailing's operating margin in China - a region that includes the Hong Kong and Taiwan territories - stood at 14.4%, up from 13% in Japan. Although it has been consolidating its growth in Asia in recent years (Zara has approximately 20% of its stores in the region), 70% of Zara's outlets are in the United States and Europe, markets that have been affected by multiple locks.

It is in revenue generation where the Japanese group has to step on the accelerator: Fast Retailing remains in third place with approximately 2 trillion yen (18.9 billion dollars) for the previous fiscal year. Inditex leads the way with 28.2 billion euros (34.1 billion dollars) for the year ending January 2020. H&M Group takes second place with 187,000 million Swedish krona (22,5 million dollars) for the financial year that ended last november. According to its latest quarterly results report, Inditex reported revenues of 866 million euros (60% more than Fast Retailing in the same time frame).

Back to top

START UP

Three Vietnamese entrepreneurs push into Japan's AI industry

Nagoya startup finds niche selling low-cost services to small manufacturers

A software development startup founded by three young Vietnamese in Japan intends to grab big opportunities by catering to details that Japanese companies often overlook.

"We would like to offer systems that are easy to use even by small and mid-size companies," Hachix President Nguyen Cong Thanh said in fluent Japanese.

Hachix President Nguyen Cong Thanh intends to take his startup to Hanoi and Da Nang, and expand into medical services for older adults.

Hachix was founded in July 2017 in Nagoya, Aichi Prefecture, with capital of 5 million yen (about $43,600 at the time). Half of the capital was put up by Thanh and two other co-founders, and the rest by a businessperson they are acquainted with. The company develops and markets artificial intelligence and data analysis systems for retailers, manufacturers and information technology vendors.

Hachix delivers software that predicts and analyzes stationery sales. It offers an Internet of Things system to factories that uses sensors to monitor production lines. It also provides sensor-derived data to optimize the arrangement of plant workers.

"We strive to meet customer needs as inexpensively as possible," Thanh said.

Hachix cuts the cost of developing made-to-order systems by using free software, general-purpose sensors and other devices.

The orders it receives range from 1 million yen to 2.5 million yen. Clients are mostly small and mid-size manufacturers with 50 to 100 workers. Since many such companies have yet to computerize their systems, Hachix believes it has a lot of growth potential.

Its first order came from a Vietnamese restaurant operator in need of a food ticket vending system. Hachix created a tablet-based program for processing orders and payments. Hachix learned that it could win orders only among new restaurants since the market was already crowded with competitors.

The first year of business was "terrible," Thanh said.

The bitter experience led Hachix to begin targeting manufacturers and IT vendors, and in the year through June 2018, Hachix logged some 3 million yen in sales. the following year its sales were worth 16 million yen.

The pandemic has since dampened Hachix's growth, though the company nevertheless expects sales to expand 50% for the current business year.

Foreigners rarely start IT or other cutting-edge businesses in and around Nagoya, according to the Organization for Small and Medium Enterprises and Regional Innovation, Japan.

Praising Hachix's overseas network, Yutaka Matsuyama, a manager at the organization's Nagoya Life Science Incubator said the startup needs to "improve its quality guarantee and maintenance services, and accumulate experience by winning large-lot orders."

Work visas have often hindered foreigners trying to start businesses in Japan. There have been cases of foreigners running out of funds while waiting for their visas. But new startup visas that are easier to qualify for can now be obtained through programs like the National Strategic Special Zone system, under the supervision of the Ministry of Economy, Trade and Industry.

The central and local governments are encouraging foreigners to launch IT and other cutting-edge technology businesses as they prioritize the revitalization of domestic industries. Japan remains attractive to foreign entrepreneurs because of its public security and other standards it has maintained throughout the pandemic.

"I leisurely began to think of starting a business when I was a junior high school student," said Thanh, who was born in the northern Vietnamese city of Nam Dinh. Watching Sony TVs and riding Honda Motor motorcycles, he gained an affinity for the made-in-Japan brand.

Despite passing an entrance examination for a Vietnamese university and opposition from his family, Thanh decided to go to Japan.

While studying at a Japanese-language school in the city of Hiroshima, Thanh washed dishes at a hotel and took other menial jobs to get by. He entered Osaka University in 2005 and eventually received a master's degree in information networks.

Thanh then joined Brother Industries, an electronic and electrical equipment maker based in Nagoya, and developed programs for use in multifunction copiers for six years. After quitting Brother, he began to prepare for launching his own business while attending startup seminars and other programs.

"I'm lucky if one out of every 100 people I meet agrees to hold talks about our business," Thanh said, adding that his emails often receive no replies and that once in a while he hears derogatory remarks during business talks because of his ethnicity.

Hachix has eight full- and part-time workers, all of whom are Vietnamese and experts in AI and others, embedded networks and other cutting-edge fields. "The presence of many experts is one reason why we can quickly develop systems and deliver them at low cost," Thanh said.

The company, which is considering Japanese hirers, is also planning to set up branches in the Vietnamese cities of Hanoi and Da Nang. "We want to help older adults and people close to them in

Vietnam," Thanh said, adding that he is considering the development of medical systems, such as a combination of face authentication and body temperature measurement programs, and new diapers.

HCM City company invents nano bio-technology medical mask that kills 99% of bacteria

HCM CITY— Wakamono, a HCM City company that specialises in producing nano biotech materials, has invented a medical mask that is capable of killing more than 99% of both gram-negative and -positive bacteria, and enveloped and non-enveloped virus.

Wakamono has used nano bio-technology to invent a medical mask that kills more than 99% of both gram-negative and -positive bacteria, and enveloped and non-enveloped virus.

It has been approved by the European CE and allowed to be labelled on boxes. The company has also registered it in the US.

It is already sold in Italy, Portugal, Australia, New Zealand, and the UAE besides Vietnam through official distributors. The company is planning to soon enter Germany, France and Spain after applying for testing licences in those countries since despite the common CE certification, it has to retest and apply for licences in individual EU countries.

In the healthcare industry alone, according to Fortune business insights, the global market for medical clothing was worth $63.3 billion in 2019 and is forecast to reach $99.9 billion by 2027.

Covid-19 has created new opportunities in the market.

Medical protective clothing used in medical facilities including surgical gowns, towels, nets, protective masks, aprons, boots, coats, eye wear, and caps.

Factors such as the increasing number of surgeries and increasing rate of hospital infections are also those that drive this market. — VNS

Investors pour money into startups, promote unicorns

Vietnam tops the list of destinations for venture investors for the next 12 months.

Beta Cinemas, which has sought investment capital, had to suspend operation for a few weeks because of Covid-19. The cinema chain called for investment capital in the first half of 2019 and saw results at the end of the year, but it became nearly impossible to implement the plan.

Finally, in June 2020, Daiwa PI Partners signed an agreement on investing $8 million in Beta Cinemas. With the agreement, Beta Media was valued at VND1 trillion.

Beta Media's CEO Bui Quang Minh said Japanese investors are extremely careful about every detail and are very strict in matters of principle.

According to Minh, it takes more time to deal with Japanese investors than investors of other nationalities. US investment funds, for example, make decisions more quickly, which is attributed to the difference in risk acceptance and the principles pursued by investment funds.

Nguyen Xuan Dong, co-founder of Ecomobi, said startups need to prepare documents for different situations. The meetings with investors may last 10 minutes, two or three hours, or just 30 seconds in an elevator, so startups need to be ready all the time and need to be able to brief their situation concisely.

Despite a tough year in 2020, Vietnam's innovative startup ecosystem is still on the rise. There are 100 venture investment funds, including 20 Vietnamese funds, according to the Ministry of Science and Technology.

Foreign and Vietnamese funds are joining forces to invest in Vietnam's startups, which is a great opportunity for startups to call for capital. The total value of investment deals in Vietnam's startups in 2020 reached $290.43 million, and 56 investment deals were reported.

Nurturing unicorns

"It's now the time for investors to set foot in the Vietnamese market," said Le Han Hue Tam from Nextrans in Vietnam.

Many investment fund directors have said they expect to see a shift in the capital flow direction in the time to come. Vietnam will replace Indonesia to become the next destination for foreign investment funds.

Hoang Thi Kim Dung from Genesia Ventures in Vietnam commented that investors have high confidence in Vietnam's innovative startup ecosystem and believe that Vietnam will become a significant investment market in the region and the world.

Eddie Thai, of 500 Startups, said venture funds choose Vietnam instead of other emerging markets because Vietnam is a young and fast growing economy with technology indexes (such as internet and smartphone users) at high levels. The first-generation founders have succeeded, which has proved the potential of Vietnam's market and its professionals.

Vietnam's advantages lie in the labor force, energy, resources and growth potential of the market.

Le Diep Kieu Trang, co-founder of the Alabaster fund, noted that Indonesia has six unicorns, while Vietnam only has one, VNG, though it has great potential, including talented engineers and more favorable logistics conditions. She believes that Vietnam's development is still not commensurate to its potential and there is still much space for Vietnam to further develop.

Nguyen Manh Dung from CyberAgent Vietnam said Vietnam is now the destination for many investors. He believes that Indonesia is witnessing overly hot development with stiff competition and high risks. So, Vietnam is at a point when early investors have many opportunities.

"Vietnam is the next excellent destination. There are many reasons for investors to come to Vietnam right now, including the vast market with nearly 100 million people," Dung said.

He went on to say that while it was only a dream for Vietnam's startups to call for over $15 million worth of capital two to three years ago, it is now realistic. The fund will seek opportunities to invest in technology startups that develop products and services that bring convenience and improve consumers' living standards.

10 technology unicorns by 2030

Do Ventures' survey found that Vietnam tops the list of destination points for investors for the next 12 months. The excitement about making investments in Vietnam is still at a high level. It is expected that 117-200 deals will be made in the next 12 months. Around 80% of investors plan to make one to five deals. Education, healthcare and finance are the business fields that catch investors' attention the most.

The government of Vietnam has set the goals of having 10 technology unicorns by 2030 and becoming a technology startup center in Southeast Asia.

Hoang Thi Kim Dung from Genesia Ventures in Vietnam said investors consider Vietnam the top priority market in Southeast Asia in 2021.

Meanwhile, Nguyen Thai Hai Van, CEO of Grab Vietnam, believes that at this time, calling for capital is one of the big challenges Vietnam's startups are facing.

The challenges are not a lack of capital or investors' lack of attention to the Vietnamese market. In 2019, the total investment capital in Vietnam's technology startups even exceeded Singapore.

The real challenge lies in the capability and vision of startup founders. Vietnamese are strong in seeking ideas but weak in the implementation of the ideas.

Back to top

INVESTMENT

Investor begins building ICT service chain in Da Nang

Trung Nam Group has started construction of five factories at the Information Technology and Communication (ICT) Service Zone in Da Nang to host the moves of global supply chains.

The general director of Trung Nam Group, Nguyen Tam Tien said the factory chain would be built on 9.3ha at Da Nang Information Technology Park with an investment of VND1.5 trillion (US$65.2 million).

The group would also develop an apartment and villa zone for expert and engineers and an eco-park project on 26ha with a total of VN

Tiến said the group planned to build 23 more ICT factories and R&D zones to meet increasing demand from global partners

“We debuted the first surface-mount technology (SMT) factory with a capacity of 6.2 million electronic products per year at the Da Nang Hi-tech Park last year after three months of research,” he said.

A corner of an eco park at Da Nang Information Technology Park. The park will be developed as the first Silicon Valley'.in Vietnam. Photo courtesy of Trung Nam Group

He said the operation of the SMT factories chain will be a key step in building the Da Nang IT Park as central Vietnam's 'Silicon Valley’, and call for investors from Silicon Valley and the US to invest in high-tech industries, artificial Intelligence (AI) and automation.

Trung Nam completed the first investment phase on 131ha at Da Nang IT Park with an investment of $47 million. It plans to develop the second phase on another 210ha with estimated funds of $74 million.

Universal Alloy Corporation – a leading global manufacturer of aircraft components for aerospace companies – from the US launched its factory for aircraft components worth $170 million, at the city’s Hi-Tech Park last March.

Alton Industry from the US also plans to build a robot manufacturing project in the city’s Hi-tech Park.

In 2019, two of the first Silicon Valley-based businesses – Meritronics AMT Inc and Ai20X Silicon Valley – agreed with Trung Nam Group to develop the Da Nang IT Park.

Last year, South Korea’s LG Electronics and Trung Nam Land JSC inked an agreement with a vision to transform Da Nang into the centre of technology and R&D in Vietnam. — VNS

Korean investors join Metro Line 5

Export-Import Bank of Korea (Kexim Bank) proposed investing in phase 2 of Metro Line 5 under the form of public-private partnership (PPP).

Metro Line 5, phase 2, has a total length of about 14.5km, from Bay Hien intersection to the new Can Giuoc bus station

In a letter sent to the Management Authority for Urban Railways of Ho Chi Minh City (MAUR) and Ho Chi Minh City People's Committee, Soun-young Chung, general manager of Kexim Bank's Global Business Cooperation Division said that the bank will soon finance the pre-feasibility study.

The project will transform from official development assistance (ODA) to the public-private partnership (PPP) model.

The study is implemented on three specific aspects: engineering, financing, and legality.

Members of the research team and participating investors have extensive experience in the construction and operation of urban railway lines, including Metro Line 9 of Seoul, Korea, built under the PPP model.

On January 19, the MAUR worked with a group of investors and consulting companies from Korea.

The group consists of Kexim Bank, Hyundai Engineering Co., Ltd., Lotte Corporation, Samil PwC (finance consultant), Dohwa Engineering (engineering consultant), Sejong Corporation, and Shearman & Sterling (legal advisory), among others.

It is anticipated that the pre-feasibility study will be summited by the end of 2020.

The pre-feasibility study of phase 2 of Metro Line 5 was previously funded by the Korea International Cooperation Agency (KOICA). However, due to objective reasons, the ODA form cannot be implemented and is being replaced by the PPP format.

At present, KOICA is funding an urban planning research technical assistance project based on transit-oriented development (TOD) on this section.

Metro Line 5 has a total length of 23.4km separated into two phases. Phase 1, from Bay Hien intersection to Saigon Bridge, has a total length of about 8.89km and a total investment value of about $1.66 billion. Phase 2, from Bay Hien intersection to the new Can Giuoc bus station, has a total length of about 14.5km.

Funding for this project comes from the Spanish government, the Asian Development Bank (ADB), European Investment Bank (EIB), and German Reconstruction Bank (KfW).

Ho Chi Minh City is planning to construct eight metro lines with a total length of about 220km, with the total investment of nearly $25 billion. Currently, Metro Line 1 (Ben Thanh-Suoi Tien) and Line 2 (Ben Thanh-Tham Luong) have been invested in the form of ODA.

In addition to phase 2 of Metro Line 5, which is calling for investment, Ho Chi Minh City is also calling for investment in four other metro lines, including Line 2 (phase 2), 3A, 4, and 5 (phase 1).

Foreign-invested capital on the rise

A series of large-scale foreign-invested projects worth hundreds of millions of US dollars are flocking to Vietnam, promising a bright outlook in attracting this type of capital inflow this year.

While not yet reaching the dizzy heights of the $4-billion Bac Lieu LNG-gas-to-power project welcomed into the country a year ago from the United States, Vietnam continues to see a wave of billion-dollar ventures converge within the early months of the year despite the ongoing pandemic complexities worldwide.

Foxconn Singapore is considering three locations offered by Thanh Hoa People's Committee to develop a $1.3-billion project to produce electronic parts for Apple. The locations include Nghi Son Economic Zone, an industrial park in the west of the north-central province, and another one in Thieu Hoa district. Once complete, the plant will generate 100,000-150,000 jobs and generate $10 billion in export revenue per year.

According to Do Minh Tuan, Chairman of Thanh Hoa People's Committee, the investor is waiting for the opinions of the parent companies overseas before issuing a final decision. Foxconn representatives in recent times have visited Thanh Hoa on several occasions in order to work with the provincial leadership to promote investment activities.

“The province has committed to creating favourable conditions to shorten the timeline for project approval. Once the group has made its final decision, the province will establish a steering committee headed by the chairman to accompany the investor to develop the project,” Tuan said

Along with Foxconn, numerous large-scale foreign-invested projects worth hundreds of millions of US dollars have already been licensed in the first two months of 2021.

Haiphong People's Committee awarded an investment certificate for a LG Display Haiphong project to increase capital by $750 million. The project now has total capital of $3.25 billion, becoming the largest foreign-invested project in the northern port city so far.

LG has plans to start implementation of the expanded project in March and take it into operation in May this year. The expanded factory will generate 5,000 labourers and arrange accommodation for 10,000 experts and other workers, simultaneously contributing $5 million to the state budget.

Elsewhere, an investment registration certificate was presented to developers of the 1,050MW O Mon II thermal power plant project on February 8. The plant is a joint venture between Vietnam Trading

Engineering Construction JSC (Vietracimex) and Marubeni Corporation from Japan, with initial capital of VND30.56 trillion ($1.33 billion).

Bac Giang People's Committee has also granted investment registration certificates for four projects with the total registered capital of $570 million – $270 million of which is Foxconn Singapore's initiative to produce laptops and tablets.

Do Nhat Hoang, director of the Foreign Investment Agency under the Ministry of Planning and Investment said, "Nearly 300 enterprises from many nations are planning to expand their existing investment or explore opportunities in the country. Of this, over 60 groups have reaped initial results in new and expanded projects here. Initial information shows that the total registered capital of these projects will likely be over $60 billion," Hoang said.

The achievements are stemming from efforts to reform policies and legal frameworks, especially through implementation of the Politburo's Resolution No.50-NQ/TW issued in 2019 on orientations to perfect mechanisms, policies, raise quality and efficiency of foreign investment by 2030. Furthermore, three amended laws that came into effect at the same time are also strongly pushing the potential of attracting foreign-invested capital.

After the government's Resolution No.02/NQ-CP on the continued implementation of major tasks and solutions for improving the business environment and national competitiveness in 2021 came into effect at the start of the year, the country immediately saw positive signs from foreign-invested capital inflow.

In cities and provinces, leaders are also making efforts to reform administrative procedures and shorten the time for granting licenses, while ensuring they are available to deal with problems that arise during the investment process.

Meanwhile, Le Trung Kien, director of Haiphong Economic Zones Management Authority, said that the LG Display project is a large-scale foreign-invested project in which the managing board, departments, and relevant authorities focused their power to appraise the investment registration procedure and grant the license within only five days. The achievement showed the determination in reforming administrative procedures, improving the business environment, and turning Haiphong into an ideal destination for investors.

Minister of Planning and Investment Nguyen Chi Dung said that in 2021, in order to improve the quality of foreign-invested capital inflow, the authority will review foreign-invested enterprises relating to their legal compliance, responsibility to the environment, and checking for signs of transfer pricing, among other issues.2.1 trillion ($91.3 million) for accommodation facilities for investors and their families in the near future, he said.

Back to top

For more information, please contact us:

SEIKO IDEAS

Research & Consulting Division

Our services	Marketing Research Business Matching Investment Consulting Translation - Interpretation Training (Language & Soft skills)
Our clients	Think tanks, Universities Japanese & Vietnamese Government Organizations Manufacturers, Retail companies Advertisement agencies, Mass media
Head Office	Floor 5th – 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

**You are receiving this because you subscribed to our weekly business newsletter or you gave us your address via name card.*