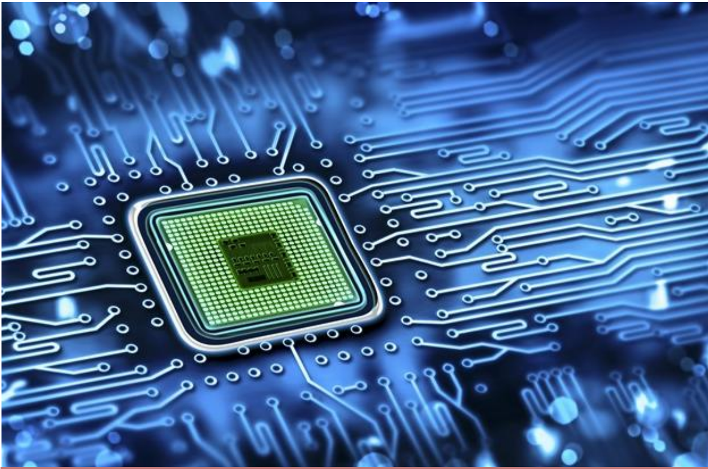


SEIKO ideas
Success with you

VIETNAM BUSINESS REVIEW

Highlight

Vietnam becomes destination for technology giants

Vol 08, Mar 03rd 2021

What's in it today?

FINANCE

Fundraising on the up in consumer finance
ETFs net attracts $130 million so far this year

E-COMMERCE

E-commerce to continue booming in 2021
Bright future tipped for Vietnam's e-commerce market

RETAIL

Big C renamed to GO! and Tops Market in Vietnam
Bulgari enters Vietnam with a comeback
Harsh reality sets in for fashion retail brands

LOGISTICS

Vietnam aviation is among fastest growing markets
Strengthening digital transformation in logistics essential to improve competitiveness
Logistics services to make up 5-6% of GDP by 2025

INVESTMENT

Foreign investment tops $5.46b in Jan-Feb
Vietnam becomes destination for technology giants

ENERGY

Grand opening of 10MWp Song Binh rooftop solar farm in Binh Thuan
Can Tho waste-to-power plant adds 113 million kWh to national grid

FINANCE

Fundraising on the up in consumer finance

Consumer finance companies are taking different approaches to raise cash and gain a bigger slice of the landscape.

Black credits, such as from loan sharks, could be reduced significantly by promoting consumer finance.

SSI Research has cited information from VPBank's Board of Management that the due diligence process for FE Credit sale has been conducted. FE Credit, Vietnam's largest consumer finance firm, is in negotiation with its potential partners, though the discussion progress is somewhat interrupted due to the pandemic.

However, VPBank expects the negotiation to be completed in the second quarter of 2021. If the two sides cannot reach a mutual agreement, VPBank would consider an initial public offering (IPO) for FE Credit by the end of this year.

Based on the two scenarios, SSI's analysis team gave some assessment on the impact of the sale of FE Credit on VPBank's consolidated financial statements. If VPBank sells a 49-per-cent-stake in FE Credit at a valuation of around four times compared to the book value, the bank can record an after-tax profit of VND21 trillion ($913 million).

According to Vietnamese accounting standards, if VPBank's control over FE Credit is maintained by holding 51 % of stakes, profit from the above capital sale will not be recognised as revenue. Instead, it will be directly recognised in the retained earnings on the bank's balance sheet.

With an additional $913 million in capital, VPBank will reduce the dependence on customer deposits, thereby reducing the average cost of capital. After the deal is completed, VPBank's consolidated pre-tax profit is estimated to increase by VND800 billion ($34.8 million) compared to the scenario where there is no capital sale at FE Credit.

In 2020, FE Credit's pre-tax profwas estimated to reach VND3.713 trillion ($161.43 million), down 16.3 % on-year, according to the latest report by VPBank.

Meanwhile, HD Saison – the consumer finance arm of HDBank and Japan's Credit Saison – was previously greenlit to switch from a limited liability to a joint-stock company format. The firm is reportedly preparing for an upcoming IPO.

Last December, Credit Saison signalled its intention to expand its investment in Southeast Asia, especially Vietnam and Indonesia, with an initial commitment of around $9.6 million for local lenders.

Credit Saison will finance such projects as lending to low-income borrowers and microenterprises in a practice known as impact investing.

Elsewhere, SHB Finance is actively promoting the non-cash payment economy by co-operating with MasterCard. By partnering with SHB Finance, MasterCard wants to provide the most up-to-date digitalised user experiences to customers. Simultaneously, the company would bolster access to modest-income earners. Do Quang Hien, chairman of SHB's Board, also revealed that the consumer finance company is in the middle of negotiations with a foreign partner.

Hoang The Hung, deputy general director of Electricity Finance JSC, said that the company's consumer loan disbursement balance in the past year reached VND1 trillion ($23 million), which failed to meet its target. The major reason lies in its strict loan disbursement to facilitate a better risk management mechanism.

Elsewhere, foreign-invested consumer finance companies are laying focus on diversifying disbursement loans approaches. New products introduced over the past year are presenting alternative options for a wider swath of both Vietnamese and foreign customers.

For example, Lotte Finance introduces credit cards in cooperation with other foreign banks such as NHB and KB. The firm also boasts several loans such as for cars and learning English with Jaxtina English Center.

Mirae Asset Finance, on the other hand, decided to follow through on a broad diversification strategy. The South Korean company offers cash and electronics loan for education and beauty purposes. The loan package for beauty purposes would capitalise on clients who want to undergo plastic surgery.

Home Credit, meanwhile, is creating new ways for the consumer finance industry by bolstering its insurance business to help customers alleviate the risks of permanent disability or death.

According to the State Bank of Vietnam (SBV), by the end of 2020, the scale of Vietnam's consumer finance market came to around VND1.8 quadrillion (over $77.25 billion), accounting for over 20 % of outstanding loans in the economy, up 7.4 % compared to the end of 2019.

Dao Minh Tu, Deputy Governor of the SBV, emphasised in a conference in last month that promoting consumer finance and simplifying procedures for loan applications would be placed as top priority to abolish black credit.

In recent years, the SBV and credit institutions in localities have been coordinating with the Ministry of Public Security and local authorities in implementing drastic measures to limit black credit. The SBV will continue improving the awareness of locals about credit policies, loan packages, and procedures for loan applications so that people could easily access bank loans.

Meanwhile, the central bank will study and soon complete legal documents to deploy mobile money services in Vietnam while making loans from microfinance institutions easily accessible to citizens and then gradually limit black credit.

ETFs net attracts $130 million so far this year

Exchange-traded funds (ETFs) on Vietnam's stock market have attracted a net total of US$130 million so far this year.

Capital inflows into ETFs from the beginning of the year have made an important contribution to help offset the net selling from foreign investors, valued at more than VND2.7 trillion ($117.1 million).

Exchange-traded funds (ETFs) on Vietnam's stock market have net attracted a total of US$130 million so far this year

Among the ETFs, VFMVN Diamond ETF attracted the largest capital since the beginning of the year with $113.7 million. With a current portfolio size of nearly VND9 trillion, VFMVN Diamond ETF has surpassed VFMVN30 ETF to become the largest domestic fund in the market.

Besides VFMVN Diamond ETF, the pair of foreign ETF funds VNM ETF and FTSE Vietnam ETF also attracted a total net value of about $30 million.

On the other side, KIM Kindex VN30 ETF saw a strong net recession of nearly $52 million, equivalent to VND1.2 trillion and was the only ETF witnessing net withdrawal in the first two months of the year.

In the last trading week of February, ETFs on Vietnam's stock market saw strong net withdrawal.

VFMVN30 ETF was the fund seeing the strongest withdrawal, with VND345 billion.

Another ETF that also saw withdrawal was KIM Kindex VN30 ETF, with a value of $4.53 million in the past week.

In the opposite direction, VFMVN Diamond ETF net attracted VND112 billion in the past week. Besides, SSIAM VNFinLead ETF also net attracted VND7.6 billion, S&P Select Frontier ETF net attracted nearly $1 million. — VNS

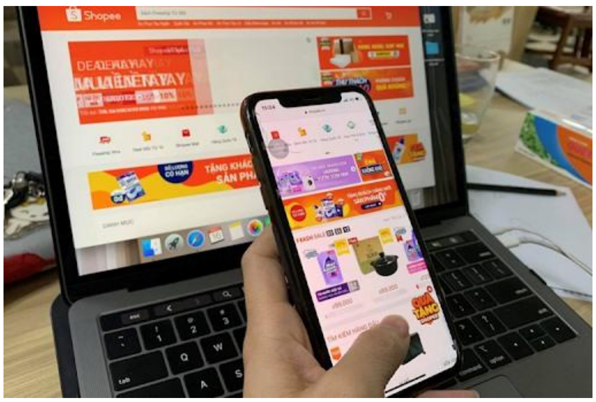
Back to top

E-COMMERCE

E-commerce to continue booming in 2021

The Vietnamese e-commerce market is forecast to continue to boom in 2021, with revenue surpassing last year's figure.

A report by the Vietnam e-Commerce and Digital Economy Agency (iDEA) under the Ministry of Industry and Trade showed that with 53% of the population participating in online shopping, the e-commerce market in Vietnam grew 18%, reaching $11.8 billion last year, accounting for 5.5% of total retail sales of consumer goods and services nationwide.



Shopping on Shopee e-commerce platform

Nguyen The Quang, the agency's deputy director, said e-commerce had had an impressive year of growth and would continue to explode this year and beyond.

According to the national master plan on e-commerce development in 2021-2025, by 2025, up to 55% of the population will participate in online shopping, with the average value of online purchases of goods and services reaching US$600 per person annually.

The revenue of the B2C e-commerce model increases by 25% each year, reaching $35 billion, accounting for 10% of the total retail sales of goods and services in the whole country.

Vietnam has a growth rate of retail market share among the top three countries in the region.

From 2015 up to now, the growth rates of the three largest internet economies in the region have averaged 35 - 36%, of which, Vietnam grew by 36%, Indonesia 41%, and the Philippines 30%.

Nielsen research shows that, since the COVID-19 pandemic broke out, the demand for shopping on e-commerce floors has increased sharply.

Last year, 70% of Vietnamese people had access to the internet and 53% of e-wallet users made payments when buying online, up 28% compared to 2019.

According to Amazon Vietnam, Vietnamese sellers exceeded $1 million in sales on Amazon last year, a three-fold increase from 2019.

Experts predicted e-commerce would continue to thrive in this year and created a new impetus for economic growth, at the same time, this was also an opportunity for Vietnamese businesses to build new business strategies and approach modern distribution channels, helping to expand markets and recover from the pandemic.

Amid digital transformation and the development of the online shopping market, iDEA has implemented the Online Vietnamese Store programme on three major e-commerce floors in Vietnam, including Tiki, Sendo and Voso.

Promoting e-commerce in parallel with perfecting the electronic payment system and improving the quality of shipping activities would create a very exciting and potential shopping and trading environment. — VNS

Bright future tipped for Vietnam’s e-commerce market

Vietnam’s e-commerce market is forecast to continue growing strongly in the time to come thanks to a big population with high rates of young people and internet users.

According to the Ministry of Industry and Trade, Vietnam is currently considered one of the fastest-growing e-commerce markets in Southeast Asia.

The ministry this year will focus on developing e-commerce infrastructure, building and completing institutions and legal framework relating to e-commerce, and creating a transparent and favourable legal environment for Vietnamese businesses and consumers.

It will also submit to the Government a decree amending and supplementing a number of articles in Government Decree No 52/2013/ND-CP dated May 16, 2013 on e-commerce, and enhance the integration and sharing of electronic data on the handling of administrative procedures between the MoIT and the People’s Committees of cities and provinces via the National Public Service Portal and the National Government Service Platform (NGSP).

Attention will be given to promoting the application of information technology (IT) and digital transformation in managing, operating, and finalising platforms for e-Government at the ministry. The ministry is responsible for building training programmes for managers and other intensive programmes for those in charge of e-commerce.

Inspection and examination for any violations regarding e-commerce will be strengthened, especially for businesses and the owners of e-commerce trading floors, in order to ensure the origin and intellectual property rights of goods sold via online platforms.

E-commerce activities were improved last year, contributing to driving its development nationwide. The ministry arranged for the application of blockchain technology in goods traceability for certain agricultural products in order to promote the export of farm produce in the context of the EU-Vietnam Free Trade Agreement (EVFTA) being ratified and coming into effect.

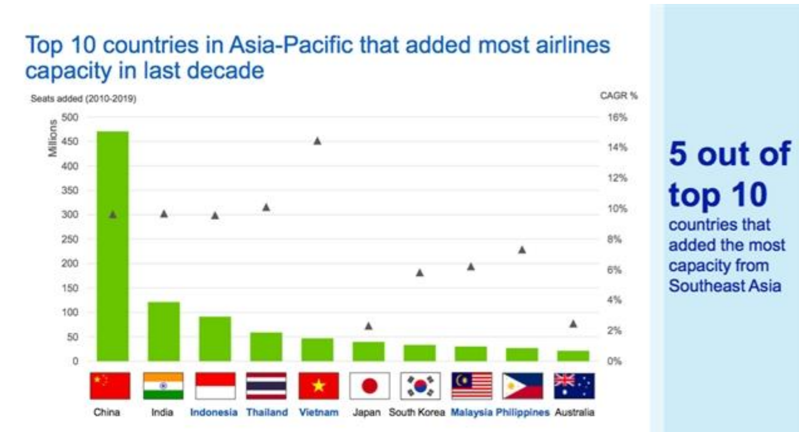
The MoIT has exerted every effort to improve consumer confidence in e-commerce, strengthened the capacity of infrastructure systems and supporting services for e-commerce, promoted the application of e-commerce in key export industries, and developed e-commerce in localities./.

Back to top

LOGISTICS

Vietnam aviation is among fastest growing markets

Southeast Asia will need 4,400 new airplanes valued at US$700 billion to support expanding demand for air travel over the next 20 years, said Darren Hulst, Boeing vice president of Commercial Marketing.



One slide from Boeing's 2020 Commercial Market Outlook (CMO) ranks Vietnam in the top 5 countries which add the most airlines capacity between 2010-19

With low-cost carriers providing affordable service and added capacity, CMO estimated traffic growth in Southeast Asia to grow by 5.7% annually in the next 20 years, making the region the second largest aviation market in the Asia-Pacific region after China.

Boeing, at the same time, projected the region's commercial airplane fleet to grow 5.3% annually during the period while the demand for aftermarket commercial services could reach US$790 billion.

Boeing's vice president said: "Indonesia, Thailand, Vietnam, Malaysia and the Philippines are the markets that most contribute to the growth in the global aviation market. They are also places with more room for expansion because of the emerging middle class, which could be 60 million new passengers in the next 15 years."

Hulst also considered Vietnam as the fastest growing market in terms of growth of air travel in the region with the advantage of a strong domestic market and the recent control of the pandemic.

Mentioning the demand for airplanes in the region, he said though the near-term airplane deliveries were impacted as a result of the pandemic, Boeing estimated operators would need more than 3,500 new single-aisle airplanes in the region by 2039 as the low-cost-carriers have the highest market penetration globally.

The airplane maker said twin-aisle airplanes such as the 777X and 787 Dreamliner still remain foundational to Southeast Asia's air travel industry, adding one in four twin-aisle airplanes delivered to the broader Asia-Pacific region would go to a carrier operating in Southeast Asia. It forecast the region would need 760 new widebodies by 2039.

As the region's commercial aviation services growth remained promising in the long term, said the CMO, Southeast Asia commercial services were valued at $790 billion over the next 20 years, a slight increase from last year's projection, driven largely by growth in freighter conversions and digital solutions and analytics. With such estimation, Southeast Asia expected to require 183,000 more commercial pilots, cabin crew members and aviation technicians.

Globally, Boeing forecast the demand for 43,110 new commercial airplanes and the demand for aftermarket services to be equivalent to US$9 trillion over the next two decades when world air cargo traffic was projected to grow 4% annually due to solid industrial production and world trade. The CMO said freighters would remain the backbone of the cargo industry with the need for 930 new and 1,500 converted freighters during the same span. — VNS

Strengthening digital transformation in logistics essential to improve competitiveness

Strengthening digital transformation in the logistics industry was an important solution to enhance capacity and competitiveness of logistics companies as well as service quality in Vietnam. This solution was highlighted in the recent adjusted action plan to improve the competitiveness and develop logistics services in Vietnam by 2025.

A logistics centre of Viettel Post which applies technology in operation and supervision.

Accordingly, the contribution of logistics services to the country's gross domestic product (GDP) would be around 5-6% in 2025, compared to the target of 8-19% set in the action plant approved in 2017.

The logitics services in Vietnam were expected to grow at around 15-20% annually with the logistics services to be cut to 16-20% of GDP.

The adjusted action plan also targeted that Vietnam ranked at least 50th in the world by the logistics performance index.

Vietnam's logistics industry was currently expanding at around 12-14% per year and contributed some 4-5% to GDP.

The World Bank's 2018 report ranked Vietnam 39th out of 160 countries by LPI, a jump of 25 spots against 2016. Vietnam came just behind Singapore and Thailand by logistics performance in ASEAN.

However, the logistics cost remained high, which was undermining the competitiveness of Vietnam's logistics industry.

A logistics report by the Ministry of Industry and Trade showed that logistics cost averaged around 17% of the total revenue of enterprises in Vietnam in 2020, a significant drop compared to the previous figure of 25%, but still higher than many countries.

Statistics from the Vietnam Logistics Business Association showed that logistics costs were equivalent to 17% of GDP. A study by the US' Armstrong & Associates showed that logistics costs were equivalent to 20.9% of GDP, much higher than other countries in the region and more than the global average of 14%.

According to the Vietnam Chamber of Commerce and Industry, it was necessary to promote the application of technology and digital transformation in the logistics industry which would be the key for Vietnamese logistics companies to lower operation costs, improve competitiveness and create breakthroughs in the context of rapid international integration.

Under the Government's adjusted action plan for logistics development, focus would be placed on research and development of new technology in managing and operating the logistics supply chains as well as logistics services.

Other important solutions were developing logistics trading platforms and improving the logistics infrastructure system in association with the development of e-commerce.

According to the Vietnam Logistics Business Association, there were around 4,000 logitics companies in Vietnam, more than 90% of them were of small and medium size.— VNS

Logistics services to make up 5-6% of GDP by 2025

Vietnam is planning to raise the contribution of logistics services to its gross domestic product (GDP) to 5-6% by 2025, according to a recent decision signed by the Prime Minister.

Vietnam is planning to raise the contribution of logistics services to its gross domestic product (GDP) to 5-6% by 2025, according to a recent decision signed by the Prime Minister.

Logistics services are expected to grow 15-20% within the next five years and the country will secure 50th position or higher in the Logistics Performance Index.

The PM's Decision No 221/QD-TTg, which took effect on February 22, amended and supplemented a decision issued on February 14, 2017 that approved the action plan for improving the competitiveness of and developing Vietnam's logistics services to 2025.

It also supplements the roadmap for carrying out the action plan.

From 2023, relevant agencies are set to review the action plan's implementation and prepare the foundation for building a strategy for logistics services development in 2025-2035, with a vision to 2045.

In 2024, they will continue taking measures to promote the competitiveness of and develop such services in Vietnam while preparing a development strategy for 2025-2035.

Implementation of the action plan will be assessed in 2025 and the strategy for 2025-2035 carried out from the same year./.

Back to top

RETAIL

Big C renamed to GO! and Tops Market in Vietnam

Thailand's Central Group announced plans to rename Big C Vietnam to GO! and Tops Market.

Several Big C supermarkets have been renamed to Tops Market in Vietnam

Since March 1, three Big C supermarkets in Ho Chi Minh City (Big C An Phu, Big C Thao Dien, and Big C Au Co) were officially rebranded to Tops Market. Meanwhile, four Big C supermarkets in Hanoi (Big C The Garden, Big C Hadong, Big C Nguyen Xien, and Big C Le Trong Tan) will be renamed in the third quarter of this year.

From December 2020 to January 2021, five Big C hypermarkets located in shopping malls have been rebranded to GO in Nha Trang, Di An, Can Tho, Halong, and Vinh Phuc.

In addition to the rebranding, Central Retail will also develop new GO! hypermarkets in My Tho, Ben Tre, Tra Vinh, Buon Ma Thuot, and Quang Ngai. The retailer has upgraded its retail space to bring a new and modern retail experience to customers.

In 2016, Central Group became the new owner of Groupe Casino's Big C Vietnam chain after forking out $1.14 billion. This was one of the mergers and acquisitions mega-deals shaping Vietnam's retail space at the time.

Intentions to change the name of the outlets were first made known in 2017 but it has not been until now, five years after the takeover that the change is implemented.

Bulgari enters Vietnam with a comeback

Italian luxury house Bulgari has opened its first brick-and-mortar store in Ho Chi Minh City, marking its comeback in the country.

Spanning 194sqm, the Bulgari Vietnam store is located at Union Square shopping centre, featuring the brand's full range of jewelry, including its famous Serpenti rings, bracelets and necklaces.

Bulgari first entered Vietnam in 2014 via local distributor Imex Pan Pacific Group and operated until March 2019. In this comeback, the brand set up a member company named Bulgari Vietnam in the country for direct import and distribution.

According to the brand's spokesperson, Vietnam is considered as a potential market for the luxury sector due to stable economy and rapid growth. According to data company Statista, Vietnam's luxury goods market is estimated to reach US$1.14 billion this year and achieve 7.17 % growth annually until 2025.

Due to the on-going Covid-19 situation in the country, the brand operated without any launching event.

Harsh reality sets in for fashion retail brands

While fashion fanatics will welcome the ever-increasing presence of international brands like UNIQLO, H&M, and Zara, the domestic consumer base has already lost a significant portion of its purchasing power amid the influence of the global health crisis on the economy, forcing domestic brands to face increased competition with new strategies to retain their business.

Well-known brand names such as UNIQLO have increased their presence in Vietnam in recent years

While most fashion brands in the world are shrinking as fashion followers have to stay away from shopping malls and stores during social restrictions caused by COVID-19, Fast Retailing Group, which owns UNIQLO, has already opened seven stores in Hanoi and Ho Chi Minh City since its first appearance at the end of 2019.

Osamu Ikezoe, general director of UNIQLO Vietnam said, "The opening of our chain's stores in Vietnam is part of UNIQLO's business expansion plan in Southeast Asia, based on market survey results, the economic growth rate, population size, and proportion of young people. We also have been preparing well to ensure that our new business in Vietnam runs as smooth as any other of our locations."

Up to now, the production proportion of each UNIQLO factory around the world has remained secret, but according to Ikezoe, the company's production is "mainly concentrated in China", with only a small part being located in Vietnam, India, and some other countries. The general director of UNIQLO Vietnam also did not disclose the total investment in the Vietnamese market.

Changes in consumer preferences, such as from durable attire to fashionable pieces of self-expression, have pushed the fashion market in Vietnam to absorb many imported products. Foreign brands are almost not in direct competition as their directions are mostly different, focusing on diverse target groups.

However, Zara and H&M – the two brands with the earliest and most successful presence in the Vietnamese market – are still seen in some ways as rivals of UNIQLO. Spanish fashion brand Zara entered Vietnam in 2016 but has so far only sold products through its two stores in Hanoi and Ho Chi Minh City. Sweden's H&M, which entered the Vietnamese market in 2017, has distributed products through eight stores in all major cities.

Only fashion brands with great financial potential can expand their business in Vietnam. At present, UNIQLO has a wide network of partners in Vietnam implementing its orders in the form of outsourcing.

This has also helped UNIQLO to gain advantages not only over other global competitors but also Vietnamese fashion brands. In particular, the rapid and early production in the domestic market of Vietnam allows the company to reduce costs and time, and bring in greater profits.

However, UNIQLO's performance in Vietnam is not solely meant to provide goods to the local market but also fuel the brands' expansion plans in other markets. At the beginning of the company's presence in Vietnam, Tadashi Yanai, founder and president of Fast Retailing, told media that UNIQLO exports $3 billion worth of products from Vietnam annually.

Thus, the goal of expanding the UNIQLO brand in Vietnam is not only making an important contribution to the sales of Fast Retailing in East and Southeast Asia but also a step to realise the company's ambition to catapult Fast Retailing towards the number one position in the global clothing industry.

Unequal race

The pandemic and market domination through foreign brands' retail channels, which UNIQLO is deploying the most, are pushing some of the leading Vietnamese brands such as An Phuoc, Viet Tien, Nha Be, and Garment 10 further away, and a series of major brands such as Ninomaxx, N&M, Blue Exchange, Ha Gattini, and others had to narrow their presence and change their business approach.

Even Foci, a formerly successful brand with a chain of 60 stores across the country, has disappeared after it entered the market nearly 10 years ago.

COVID-19 has been forcing many local exporters to return to the domestic market, and focus on production and sales options through domestic channels to reduce inventory, but competing with imported high-quality products is not easy. Nguyen An, general director of Garmex Saigon, said that the volume of the domestic market only accounts for 10 per cent of the company's production, though it has linked with domestic retailers to sell their goods.

Although entering the Vietnamese market and launching a retail system is a difficult endeavour and can take a long time, factors like successful pandemic prevention and a large population still motivated UNIQLO to try conquering the market.

However, Pham Xuan Hong, general director of Saigon 3 Garment JSC, described that the situation for local brands is challenging. "Increasing the market share from 10 to 30 per cent in the domestic market is very difficult for Vietnamese textile and garment brands," he said.

Data from German data analyst and provider Statista shows that the size of the Vietnamese clothing market in 2019 was estimated at $5.6 billion with an expected growth rate of 8.8 per cent per year for the 2019-2023 period.

The Vietnam Textile and Apparel Association's (VITAS) assessment of the country's market potential also estimates the domestic fashion consumption at around $3.5-4 billion.

Fashion is inherently more than just a product keeping people covered and warm, and can also serve people's needs of individuality, self-expression, and even spirituality.

VITAS' chairman Vu Duc Giang is thus concerned about the market share of domestic brands amid the increasing presence of some of the world's leading apparel retailers, such as UNIQLO and H&M, even if Vietnam is one of the top textile exporting countries in the world.

Reacting to change

Giang pointed out that the impact of many free trade agreements that Vietnam has signed in recent years is slowly showing. As import tax has decreased and the retail market opened for foreign investors and businesses, many global fashion brands such as Zara, H&M, Topshop, UNIQLO, and Old Navy have entered direct competition with Vietnamese brands, sometimes generating revenue of hundreds of millions of US dollars per year.

As a result, the revenue of many domestic fashion brands is gradually decreasing, and marketing remains ineffective and cannot keep customers closely attached to the brands. Some companies that have reported better business results are still struggling to find new development directions, especially since their business plans have been constantly delayed by the global health crisis.

Many businesses have had to change their production and business strategies, shifting to medium and low-end products. This transition has cost businesses a lot of money for equipment, technology, and labour re-training.

The good news is that domestic textile enterprises, for many years, have continuously invested in and boosted production of new fashion lines to supply the domestic market.

Some of them have built their brands with increasingly high product quality, reasonable prices, and a more suitable approach that meets the needs of society, while at the same time developing a nationwide distribution system.

The cycle of launching new collections, fresh looks, running ads, sharing feedback, special discounts, and cooperation with other businesses to reach new heights has become a cumbersome marketing act. For some this means that they have become somewhat passive, with a lack of creativity. Giang believed that this makes local brands lose their identity amid a market with too much competition.

The negative effects of the health crisis may last for another year or two, according to Giang. "Despite successfully controlling the spread of the pandemic several times now, local purchasing power will most likely stall in 2021, and the market share of domestic brands may continue shrinking," he said.

Thus, domestic fashion brands do not only have to compete with other local competitors and constantly reinvent their unique selling points but also have to pay attention to the rapid development of foreign fashion brands like UNIQLO which are taking advantage of the Vietnamese market's potential.

As the competition is fiercer than ever, fashion businesses will likely need to implement new strategies and change development directions.

Back to top

ENERGY

Grand opening of 10MWp Song Binh rooftop solar farm in Binh Thuan

Song Binh rooftop solar farm was officially put into operation in late January, adding a total power output of about 20 million kWh, or 10MWp a year to the national grid.

With work officially started from early November 2020, the solar farm is run by Edge VN with consultation in financial investment and management from Edge Plus Singapore.

The plant is based in Song Binh commune, Bac Binh district in the central province of Binh Thuan, the area with the highest solar power potential in the country based on average sunshine hours and stable heat radiation, according to Vietnam Energy journal under Vietnam Energy Association.

Building and developing rooftop solar farms like Song Binh not only pushes up the country's economic development but also contributes to raising the efficiency of the fight against climate change by promoting clean energy.

The solar farm employs cutting-edge technologies, including Sun Power solar panels from the United States and solar optimisers from Woss Corporation. The solar optimisers are integrated with AI technology and Edge Computing to maximise power production.

Song Binh rooftop solar farm is proud to be an IoT-enabled solar farm leading the Vietnamese renewable energy industry.

Present at Song Binh solar farm's recent grand opening ceremony, Do Van Loc, deputy chairman of the national high-tech programme, praised Woss Corporation for using benchmark-setting technologies in this rooftop solar farm project and hoped to see more of this from other solar farms.

The introduction of Song Binh Rooftop Solar Farm aims to match the rising demand for clean energy in Vietnam.

According to state power authority Electricity of Vietnam, the total installed capacity of rooftop solar power projects connected to the national grid is estimated at 9,296MWp currently, accounting for 25 % of total installed power sources.

Building and developing rooftop solar farms like Song Binh not only pushes up the country's economic development but also contributes to raising the efficiency of the fight against climate change by promoting clean energy.

At the grand opening, Edge Vietnam signed a co-operation agreement with Woss Corporation to provide smart battery systems to safely and efficiently store solar power, providing its clients with consistent electrical supply when sunlight is limited or unavailable.

In addition, Edge VN and Edge Plus Singapore are looking for opportunities to develop more smart solar power plants in Vietnam in the near future.

Can Tho waste-to-power plant adds 113 million kWh to national grid

The Can Tho waste-to-power plant in the Mekong Delta city of Can Tho has treated over 400,000 tonnes of household waste and contributed more than 113 million kWh to the national grid since its operation in December 2018.

At the Can Tho waste-to-power plant in Thoi Lai district

Can Tho is now home to four solid waste treatment sites in suburban Co Do and Thoi Lai districts, and urban O Mon and Thot Not districts.

About 70% of the city's daily household waste, or nearly 350 tonnes, are burned using international-standard technology by China Everbright Group.

The plant is operated by Can Tho EB Environmental Energy Co. Ltd, a subsidiary of the investor – the China Everbright Group.

General Director of the Can Tho EB Environmental Energy Co. Ltd Chen Wei said the project is the first in Vietnam invested by the China Everbright Group to receive an environment protection certificate.

The municipal Department of Natural Resources and Environment reported that as of late 2020, 98 percent of household waste in urban areas were collected, 75% of them were classified in households.

Deputy Director of the department Nguyen Chi Kien said the department will continue working with the Can Tho EB Environmental Energy, and the districts of Co Do, Thoi Lai, O Mon and Thot Not to collect, transport and treat wastes. It will also periodically review and update the master plan on household solid waste transportation in the city till 2025 with a vision to 2050.

At a conference to launch the department's tasks in 2021, Vice Chairman of the municipal People's Committee Nguyen Thuc Hien asked the department to continue inspecting waste treatment plants to raise their sense of responsibility and deal with problems at the O Mon and Co Do landfills./.

Back to top

INVESTMENT

Foreign investment tops $5.46b in Jan-Feb

Foreign investors poured US$5.46 billion into Vietnam in the first two months of this year, a year-on-year decrease of 15.6%, according to the Foreign Investment Agency (FIA).

Up to 126 new projects were granted investment licences during the period, down 75% year-on-year while the registered capital topped $3.31 billion, plunging 34% compared to the same period last year which saw the $4 billion Bạc Liêu LNG-to-power project from Singapore licensed.

However, if the project was excluded, total investment this month would be 83% higher than last year, the FIA said.

It added 115 existing projects were allowed to add capital totaling $1.62 billion, representing a yearly slump of 24% in the number of projects but 2.5 times higher in level of capital.

Meanwhile, capital contributions and shares purchased by foreign investors stood at over $543 million, down 34.4%.

The resurgence of COVID-19 in many countries including Vietnam has affected investors' travel as well as their decisions in making new investments and in project expansion.

Therefore, the number of new projects, the level of capital added into operating projects and their capital contributions and share purchases in two months of 2021 both decreased over last year's corresponding period, the FIA noted.

In a bright spot, however, FDI disbursement saw a slight increase of 2% to an estimated $2.5 billion, it said, attributing this encouraging figure to business recovery of foreign companies and their efforts in ensuring production amid the impact of the COVID-19 pandemic.

Foreign investors pumped capital into 17 sectors in the period, with processing and manufacturing holding the lead at nearly $3 billion, representing 56% of the total.

Electricity production and distribution ranked second with $1.44 billion or 26.5%, followed by real estate and science and technology with $485 million and nearly $153 million, respectively.

Japan surpassed Singapore to become Vietnam's largest source of FDI with $1.64 billion, accounting for 30% of the total.

Singapore came next with $1.07 billion or 19.6% while South Korea was third with $1.05 billion or 19.3%, followed by mainland China, Hong Kong and the US.

As of February 20, the country is home to 33,215 valid foreign-invested projects, worth $388.8 billion. Over half of the total has been disbursed.— VNS

Some large-scale projects in January-February period

1. The Japanese Ô Môn II Thermal Power Plant, worth $1.3 billion in Cửu Long Delta City of Cần Thơ. Once operational, the plant is expected to meet the needs of power for the regional grid and the national electricity system in Cần Thơ.

2. The addition of $750 million pumped by the South Korean LG Display Vietnam into its project in the northern port city of Hải Phòng. The additional amount brought the investment capital of the entire project to $3.25 billion in total, making it the foreign-invested project with the highest value in the city.

3. Capital expansion was made by China's radian tyre manufacturing project in the southern province of Tây Ninh which has added $312 million.

4. The project of Singapore's Vietnam Kodi New Material Co., valued at $270 million in northern Bắc Giang Province with the goal of manufacturing and processing tablets and laptops.

5. China's $210 million JA Solar PV Vietnam which will manufacture photovoltaic cells in Bắc Giang Province.

Vietnam becomes destination for technology giants

Foreign media and international institutions say that Vietnam is an attractive choice for manufacturers and investors who are seeking to diversify supply chains in Asia.

According to Nikkei, Intel has invested $475 million in its Intel Products Vietnam (IPV), the largest chip assembling and testing center in the world.

The additional investment was made in the second half of 2020. It aims to produce 5G products and Intel Core processors with Intel Hybrid technology, and the 10th Intel Core processor.

IPV's CEO Kim Huat Ooi said IPV had manufactured more than 2 billion products to provide to clients all over the world as of the end of 2020. The figure showed the important role played by IPV in helping Intel satisfy customer requirements. This also explains why Intel continues to develop facilities and staff in Vietnam.

IPV is one of Intel's 10 production facilities in the globe. The plant in the HCMC High-Tech Park (SHTP), with 2,700 workers, is an ATM (assembly, test and manufacturing) plant with the largest cleanroom in Intel's system. Its export value has reached $50.2 billion in the last 10 years.

Export turnover reached a record high of $13.1 billion in 2020, which accounted for 68% of export turnover of SHTP.

Intel is the biggest hi-tech investor in Vietnam. The American company has poured $1 billion into Vietnam since 2006 and another $475 million in the last 17 months.

Vietnam is becoming an increasingly important link in the global technology supply chain with the presence of many manufacturers, from Samsung to Pegatron, in the country.

Nikkei reported that Apple is speeding up the diversification of production activities with two major destinations, namely Vietnam and India. The US technology giant will make iPads in Vietnam, slated for mid-2021.

It will also expand the production line of HomePod mini smart speakers. The product has been made in Vietnam since the day it hit the market last year. AirPod output is also expected to increase in 2021.

In late 2020, Foxconn, an Apple vendor, spent $270 million to build a plant in Vietnam. Luxshare Precision Industry, which assembles iPhone and AirPods, is also moving ahead with the plan to make HomePods in the north of Vietnam.

According to Savills Vietnam, the Taiwanese electronics manufacturer Pegatron has invested $19 million in Hai Phong for the first phase of its expansion plan in Vietnam.

When the Covid-19 pandemic broke out, some multinationals announced plans to relocate to Vietnam or scale up production in Vietnam. These included Sharp, Nintendo and Komatsu from Japan and Lenovo from Hong Kong.

Multi-billion dollar investment wave

In its report titled "Rising star: Vietnam's role in Asia's shifting supply chains", EIU commented that Vietnam remains an attractive option for manufacturers and those who seek to diversify supply chains in Asia.

The 2020 Vietnam Real Estate Market Report also says foreign enterprises are stepping up investment relocation and Vietnam is one of the alternative destinations.

The Vietnamese industrial real estate market has favorable conditions to develop, including the stable growth of the economy, Vietnam's membership in many FTAs, and investment incentives offered by the government.

CEO of JLL Vietnam Stephen Wyatt commented that Covid-19 is a catalyst accelerating the relocation process. He said Southeast Asia in general and Vietnam in particular will become more attractive in the future.

JETRO (Japan External Trade Origanization) affirmed that the shift will improve supply chain efficiency, fill the gap created by pandemic effects, and strengthen economic relations with ASEAN countries.

According to John Campbell from Savills, in order to attract investors, some factors need to be improved, including infrastructure, logistics and land prices. Land prices have been escalating in recent years as many foreign investors have been heading for Vietnam.

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