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FINANCE

Banking sector of Vietnam is one of the fastest growing in the world

With an overall brand value growth of 49%, Vietnam's banking sector is one of the fastest growing in the world, according to Brand Finance's latest report on the most valuable and strongest banking brands globally.

Brand Finance's list of the 500 banks with the largest brand value globally in 2022 released recently has the presence of 11 Vietnamese banks, including two new faces compared to 2021: HD Bank and SHB. The nine banks that continue to be in the rankings are Vietcombank, BIDV, VietinBank, VPBank, Agribank, Techcombank, MBBank, ACB and Sacombank. According to the report, all Vietnamese brands in the Brand Finance Banking 500 2022 ranking have experienced growth or added to the country's total as new entrants.

It has been a very fruitful year for Vietnamese banks, which have observed continuous growth in their balance sheets and income statements, with both deposits and loans issued growing. This has been bolstered by the nation's recovery from the pandemic, which was well-managed by the Government, resulting in strong economic growth, the report stated.

Among the brands, MBBank is one of the fastest-growing in the Brand Finance Banking 500 2022 ranking, up by a staggering 113% to US\$642 million. The brand has continued to innovate, particularly in the digital space by partnering with leading tech company, Software AG, to provide high speed online services for its customers. Similarly, Techcombank (up 80% to US\$945 million) has invested heavily in cloud infrastructure as part of its strategy to nurture long-term relationships with clients. In addition, the strong growth in the Vietnamese banking sector is also thanks to two new entrants to the top 500 this year, namely HD Bank (up 53% to US\$248 million) and SHB (up 63% to US\$211 million).

According to the report, the world's top 500 banking brands have turned the tide on brand value contraction for the first time in three years, observing a 9% year-on-year brand value growth to reach an all-time high of US\$1.38 trillion.

Every year, leading brand valuation consultancy Brand Finance puts 5,000 of the biggest brands to the test, and publishes nearly 100 reports, ranking brands across all sectors and countries. The world's top 500 most valuable and strongest banking brands are included in the annual Brand Finance Banking 500 ranking. The brand value of the world's largest banks shrunk by 2% by the beginning of 2020 (US\$1.33 trillion) and a further 4% by 2021 (US\$1.27 trillion). Initially caused by economic uncertainty and interest rate movements, the situation was exacerbated by the pandemic, which saw profit and interest rates take a hit. However, as nations continued to adapt to COVID-19 and economies rebounded over the past year, loan loss provisions were much less significant than initially forecast by industry experts. Furthermore, improved digitalisation by banking brands, coupled with strong government intervention and economic recovery around the world resulted in a higher-than-expected industry profitability in 2021. VNA/VNS

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Vietnam inflation to increase but with negligible risk

In a recent report, HSBC adjusted its prediction for Vietnam's inflation this year from 2.7 per cent to 3 per cent, a slight increase but with negligible risk as the economy has shown signs of a strong rebound in the making.



While the number of cases has continued to climb since before Tet (Lunar New Year), the Government has so far refused to reimpose stringent social and mobility restrictions.

"Policymakers have made clear that they intend to stick with the new strategy of living together with the virus thanks to the success of the country's mass vaccination programme. This has

resulted in higher confidence among consumers and more robust economical activities in the domestic market," said the report.

Retail has recorded a positive 1.3 per cent in growth year-on-year in January alone after losing nearly 4 per cent in 2021. While the 1.3 per cent figure may not appear as impressive, it should be taken into consideration that January 2021's number was especially high because 2021's Tet fell in early February, giving retail a huge demand boost during the entire month.

Firms have been able to address labour shortage issues with most vacant positions filled after the holidays, setting the stage for an economic recovery. In addition, the country's manufacturing PMI last month recorded the largest gain in the last nine months, showing a fast rebound of the industrial sector with a vast majority of indicators pointing to a strong possibility of achieving pre-pandemic industrial production levels. Despite a slight uptick in inflation, the price for foodstuffs remained stable due to weak demand, said the report. "A small increase in inflation (from 2.7 per cent to 3 per cent) for 2022 in our forecast indicates negligible risk for the State Bank of Vietnam as it remained significantly lower than the government's inflation target (4 per cent)," said HSBC researchers.

"This is especially true while put in comparison with inflation forecasts for ASEAN economies such as Thailand and Singapore, where higher inflation has started to raise concerns.", they said. Nguyen Ba Minh, head of the Institute of Economics - Finance under the Academy of Finance in Hanoi, said inflationary pressure is likely to stay moderate throughout 2022 as the global economy slowly recovers while dealing with a disrupted supply chain as a result of the pandemic. However, checking the spread of the virus still remains a top priority for the Government to ensure economic recovery, a stable macroeconomic environment and effective inflation control.

The Government, in the meantime, must tighten control over prices of key commodities to support the business sector as a whole as well as consumers, especially petro products. A Viet Dragon Securities' report said the biggest threat is likely inflation due to increases in the prices of imports as the economy continues to rely heavily on imports of raw materials, up to 37 per cent of overall material cost according to the Ministry of Planning and Investment. VNS

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E-COMMERCE

E-commerce to thrive and create a momentum for economic growth in 2022

E-commerce is projected to continue thriving and creating a momentum for economic growth in 2022, according to experts.



It also opens up chances for Vietnamese firms to build new business strategies and access modern distribution channels in a bid to expand market and recover in the post-pandemic period.

To facilitate e-commerce’s development, Dang Hoang Hai, Director of the Vietnam E-Commerce and Digital Economy Agency (IDEA) under the Ministry of Industry and Trade, said the IDEA will expand the virtual programme promoting Vietnamese products and arrange training on e-

commerce for firms nationwide.

The agency will work to complete an e-payment system and improve quality of transport and delivery services, strengthening consumers’ trust in e-commerce in the 2022-25 period. Consumers have become familiar and favoured cashless payment over the past two years, with the number of payments made via e-wallets surging 10-fold. It is noteworthy that half of Vietnam’s population are using e-commerce.

Purchase volume on major online marketplaces like Tiki and Lazada surged 40-100 percent on the threshold of the Tet (Lunar New Year) holiday.

Experts in the field also hope for policies conducive for e-commerce’s development. They also stressed the need to reduce inconsistent and overlapping regulations stipulated by different ministries and sectors. VNA

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ENERGY

Action plan to help with implementation of national green growth strategy

To help carry out the national green growth strategy, the Ministry of Planning and Investment is making a national action plan on green growth for 2021 - 2030 to be submitted to the Prime Minister this April.

The plan is critical to ensuring the targets, orientations, and tasks set in the national strategy are feasible and implemented effectively.



Le Viet Anh, Director of the ministry's Department of Science, Education, Natural Resources and Environment, cited the PM's decision which approved the national green growth strategy for 2021 - 2030 with a vision to 2050 as stating that green growth helps promote economic restructuring in tandem with the growth model reform and improvement of the country's

competitiveness and resilience to external shocks. It is also useful to implementing the socio-economic development strategy for 2021 - 2030, the national planning system, and sectoral development strategies.

Besides, green growth is important to achieving sustainable development, directly contributes to the reduction of greenhouse gas emissions towards an economy of carbon neutrality in the long term, centres on the people, and helps ease human vulnerability to climate change.

Green growth encourages a responsible lifestyle, the formation of a civilised and modern society in harmony with the nature, along with investment in advanced technology, digital transformation, and smart and sustainable infrastructure. It also creates momentum for private investment to play an increasing role in a green economy, according to the PM's decision.

Anh noted the action plan drafting board and compilation group have been working together on the approach and orientation for making the plan so as to carry out green growth solutions and tasks while ensuring feasibility in the monitoring and assessment of the strategy implementation. VNA

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Ninh Thuan to become renewable energy hub

The south central coastal province of Ninh Thuan has worked to turn itself among leading localities of Vietnam in renewable energy, with a total installed capacity of 3,475 MW as of late 2021.



Most of renewable energy projects in the province are invested by the private sector, contributing to ensuring national energy security. The sector is among three economic pillars alongside tourism and agriculture that bring Ninh Thuan into top five localities posting the fastest economic growth rate in the past five years.

The province was also the first to allow private investment in the 500kV transmission line to transfer renewable energy to the national grid. A lack of synchronisation in developing power projects, particularly wind and solar power ones, pose the greatest challenge for renewable energy at present.

To address bottlenecks and realise the target to turn the province into an energy hub of the country, Ninh Thuan aims to develop the electricity generation and distribution and support industries in a concerted manner, ensuring suitable resources, mechanisms and policies.

It will step up human resources training and development, State management, digital transformation, and science-technology application in the energy sector. Credit policies will be carried out flexibly and effectively, creating optimal conditions for firms' access to capital.

Vice Chairman of the provincial People's Committee Phan Tan Canh said Ninh Thuan aims to raise extra capacity of renewable energy projects to about 3,000 MW so as to reach an accumulation capacity of 6,500 MW by 2025.

The province also targets to set up a renewable energy research and development centre and attract investment projects in manufacturing main devices of the energy sector, and those that consume a large amount of electrical energy. VNA

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RETAIL

Foreign retailers to expand Viet Nam operations despite pandemic impacts

Foreign retail businesses are adopting a multi-channel sales strategy as well as improved operations and delivery services to expand Viet Nam operations despite pandemic impacts.



The Tan Phu Celadon shopping mall in HCM City. Pandemic impacts have prompted foreign retail businesses in Vietnam to diversify the sales channels and improve customer service. - Photo courtesy of AEON Vietnam

Huynh Le Minh Tu, deputy director of the HCM City Department of Industry and Trade, said that with a population of more than 90 million and increasing living standards, the

retail market will remain very attractive for foreign investors in Vietnam.

“Foreign retailers optimising the shopping experience for customer retention and applying multiple sales process metrics will have a better edge to dominate the market,” he said.

Given the digital transformation trend in the retail sector, many foreign retail businesses are constantly improving their technological applications for collection, storage, management and comprehensive data analysis, based on a solid, secure, flexible and self-operating cloud computing infrastructure, he said.

Other observers have also remarked that the fourth wave of COVID-19 has pushed foreign retailers to diversify their sales channels instead of the usual primary focus on providing goods onsite to consumers.

Last year, major retailers like MM Mega Market Vietnam, Central, Aeon, LOTTE Mart and Emart implemented cashless payment methods for both online and offline shopping.

MM Mega Market Vietnam has started a multi-channel sales development strategy alongside completing its online sales solutions: website MM Click & Get; Zalo and Telesales.

It also plans to launch an online shopping website for professionals with product prices and solutions designed for each specific customer.

With the pandemic situation remaining unpredictable this year, foreign retail businesses will need to be well prepared so they can keep pace with the nation’s economic recovery, experts have said.

MM said it will continue to invest and develop multi-channel sales, with its wholesale supermarket system implementing the Pick & Go software soon.

Multiple outlets

Meanwhile, AEON Vietnam has said it would open more outlets in different locations with a variety of retail models, including shopping malls, department stores, supermarkets, convenience stores and specialised stores.

As it does this, it will maintain its digital transformation process, especially focusing on promoting O2O (offline-to-online); developing products to meet customer needs and do more to boost sustainable development by promoting environmental protection and social responsibility.

Furusawa Yasuyuki, general director of AEON Vietnam, said they aim to open 30 shopping centres by 2030 along with other models.

South Korean Emart Vietnam Co., Ltd. (acquired by the Thaco Group) will put into operation two new shopping centres.

Hirai Shinji, chief representative of the Japan External Trade Organisation (JETRO) in Vietnam, said the Vietnamese retail market remains very attractive for Japanese investors.

Despite the impacts of the pandemic, retailers and non-manufacturing enterprises from Japan are expanding their business in Vietnam to take advantage of its young population and an increase in per capita income, he added.

A recent JETRO survey found more than 55 per cent of Japanese firms intend to expand their business in Vietnam.

According to the survey, conducted from August to September last year, more than 56 per cent of the firms expect higher profits this year, and only 9.6 per cent think their profit will reduce.

Modern retail distribution has faced huge hurdles over the last two years due to the pandemic impacts (changes in customer trends, human resources, warehouse operations and supply chain disruptions).

Although the Vietnam retail market experienced a low growth rate due to the pandemic last year, it remains a market with high long-term potential, experts have said.

They have noted that over the next five to 10 years, the country will be a leader in Southeast Asia in terms of an expanding middle class, which is expected to grow by around 9.2 per cent every year. VNA

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Home appliance chains incur big losses amid business suspension

Sales have fallen sharply despite attractive price discounts and inventories have soared as home appliance distributors experience their toughest days ever.



Retailers estimate that their home appliance inventories are 30 percent higher than the same period last year, up to millions of products. This is attributed to social distancing imposed in many localities. Stores selling home appliances, which are not listed as essential goods, gave to suspend operations. In other localities, stores are still open, but they have poor patronage.

A report found that TV prices have decreased by 30-50 percent, washing machines by 30 percent, air conditioners 15 percent, refrigerators 10-30 percent, audio appliances 20 percent and cameras 35-41 percent. Duong Quang Duc, marketing director of Pico, a large home appliance distribution chain, said that since people are tightening their purse strings, home appliances have been selling very slowly since May. TVs have seen the sharpest fall. The situation worsened when Hanoi began imposing social distancing and home appliance stores had to suspend operation. Revenue has dropped dramatically by 70 percent.

Inventories are high in Hanoi, but products cannot be carried to other provinces because home appliances do not qualify for priority transport. People still have demand for laptops, air conditioners and freezers, but delivering the products is difficult. Many workers have had to take unpaid leave. In some localities, where these stores are still open, the workforce was cut as sales had dropped.

The general director of another home appliance distribution chain in Hanoi said they face low sales, high inventories, and big losses. "There are no worries about the expiry dates of home appliances, but the life cycle of many products is short. New models are launched every year. Old generation models will not sell," he said. "I hope we can break even this year, but this is not realistic. Taking a loss is a more likely scenario as we have to still pay for operation costs," he said, adding that he is considering reducing the workforce. Vietnamnet

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LOGISTICS

Attractive online food delivery market in Vietnam

Grab, ShopeeFood, Baemin and Gojek are sharing the Vietnamese online food delivery market, which is becoming more attractive amid the pandemic.



up 62% 12 months ago.

The pandemic has changed many habits of Vietnamese consumers. Food delivery services have become increasingly popular, especially the mobile delivery applications.

A report updating trends in the past 12 months on the popularity of delivery apps in Vietnam made by Market Research Company Q&Me shows that the penetration of food apps in Vietnam is increasing. Up to 83% of Vietnamese respondents used food/drink delivery services,

Of these customers, 77% used at least one mobile goods delivery app. The app saves time and has many promo codes. Accordingly, 85% of users used applications to order food/drinks at least once a week. The frequency of ordering food also increased strongly during the pandemic, up 80%. However, online food orders in Vietnam are usually small value as up to 51% of the orders are priced below 100,000 VND. However, the average purchase price increased slightly in the past year.

Grab, ShopeeFood, Baemin and Gojek are the most popular food delivery apps in the Vietnamese market. According to the report from Q&Me, Grab is still the most used app, but Baemin was the app with the highest growth rate in the past year. This food delivery app has increased in popularity and maintained a good level of customer satisfaction, based on criteria such as "easy to order", "staff attitude", "speed of delivery". ShopeeFood and GoFood (Gojek) followed.

According to the research, discount codes and shipping costs are major influencing factors on consumers' purchasing decisions. Specifically, 30% of users are always looking for discount codes; and 28% of users will order food delivery if there is no shipping fee.

The revenue of Vietnam's online food delivery market in 2018 reached about 148 million USD with an average growth rate of 28.6%/year.

Most of the online food delivery platforms in Vietnam are foreign businesses. Grab and ShopeeFood (formerly Now) are the two apps that hold the most market share. However, there'd is stiff competition from latecomers such as Gojek and Baemin. Vietnamnet

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Vietnam reopened International flights from February 15

The CAAV has asked the Vietnam Air Traffic Management Corporation to issue a Notice to Airmen on the lifting of all restrictions on international flights from February 15, returning to the normal situation as before the outbreak of COVID-19.



According to the Civil Aviation Authority of Vietnam (CAAV), limits on the number of inbound and outbound international flights in Vietnam will be removed. Meanwhile, regulations on entry and pandemic prevention and control for passengers entering Vietnam will continue to be implemented in line with guidelines of the Ministry of Public Security, the Ministry of Foreign Affairs, and the Ministry of Health, the authority said.

Except China, all the countries receiving Vietnam's proposal have agreed to restore the aviation links with Vietnam, it said.

Currently, air routes linking Vietnam and European countries, Australia and the US have been resumed. However, Japan and the Republic of Korea have still applied restrictions on passengers from Vietnam as part of their efforts to prevent COVID-19 spreading.

Deputy Minister of Transport Le Anh Tuan has directed the CAAV to discuss with foreign aviation authorities on the resumption of regular flights with markets that had direct air routes to Vietnam before the pandemic, except those that have been re-opened to Vietnam since January.

The frequency of flights on the routes will be gradually increased in a roadmap to ensure the principle of safety, flexibly adapting to and effectively controlling COVID-19, creating favourable conditions for travelling activities with strict implementation of guidelines on medical supervision on passengers entering Vietnam.

Tuan also asked the CAAV to report to the Transport Ministry on the results of the re-operation of international flights in February so that the ministry can submit a report to the Prime Minister.

The Vietnamese aviation industry is currently ready in all aspects to operate the entire international flight network like before the COVID-19 outbreak, the Civil Aviation Authority of Vietnam (CAAV) has told Deputy Transport Minister Le Anh Tuan.

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Deputy Minister Tuan assigned the CAAV to discuss with aviation management agencies of partner countries on the resumption of regular international flights to markets that had already opened direct flights to Vietnam before the COVID-19 outbreak, in addition to those launched in January.

The frequency of these routes will increase gradually to ensure the principles of safe and flexible adaptation to and effective control of the pandemic.

The CAAV must report to the Ministry of Transport on the results of the resumption of international routes in February so that the ministry can summarise and report it to the Prime Minister, the official requested.

Regarding this issue, a CAAV leading official said that the authority has just worked with the Thai aviation authorities, and this country has also agreed to reopen air routes and with no limit of the number of flights.

Thus, to date, except for China, all countries that Vietnam proposed to restore air routes have shown their agreement.

Notably, in the near future, international flights to new markets such as the Middle East, Turkey will be opened, the CAAV leader added.

He cited the direction of the Prime Minister as saying that the reopening of international routes as normal is not later than March 30. VNA

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INVESTMENT

Indian investors plan US\$ 10 billion pharmaceutical park project in Hai Duong

The authorities of Hai Duong Province in February 15 worked with Indian investors on a plan to develop a pharmaceutical park in this Northern Province, with a total investment of US\$10-12 billion.

Through Vietnamese Ambassador to India Pham Sanh Chau, representatives of India's Sri Avantika Company on January 26 this year visited Hai Duong and worked with the provincial government to conduct a survey to develop the project, reported Lao Dong newspaper.

Sri Avantika Contractors Limited Company is among India's leading developers of pharmaceutical and hi-tech parks. It, along with the Dai An Urban-Industrial Zone Development Corporation, signed a deal to build and establish pharmaceutical firms in Vietnam.

After surveying a number of locations in Vietnam and considering the advantages of each place, the Indian investors decided to develop the pharmaceutical park in Hai Duong. They suggested building the facility in the districts of Gia Loc, Thanh Mien and Binh Giang, with the total project area reaching some 960 hectares.

According to the investors, the proposed location is convenient as it is connected with the Hanoi-Haiphong Expressway and is close to the capital city of Hanoi and the Haiphong Port. The project is located in a zoned area that can be approved by the government and developed into a specialized economic zone with many investment incentives.

Speaking at the working session, Pham Xuan Thang, secretary of the provincial Party Committee and chairman of the provincial government, said the project fits the province's development orientations. The province pledged to provide optimal support to the investor to execute the project. Saigontimes

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Samsung injected \$920 million for operation expansion in Vietnam

The People's Committee of the northern province of Thai Nguyen in February 16 awarded the modified investment license for Samsung Electro-Mechanics Vietnam to inject an addition of \$920 million into the upgrade of its factory in the province.



The move would take Samsung investment into the Samsung Electro-Mechanics plant in Thai Nguyen to over \$2.27 billion.

Samsung Electro-Mechanics plant manufacture electronic and mechanical components for smartphones, telecom equipment, and hi-tech products.

The South Korean tech corporation started investing in Thai Nguyen Industrial Park in

2013 with an initial registered capital of \$1.2 billion, which was later raised to \$1.35 billion and has now been fully disbursed.

By late 2021, Samsung Vietnam's total accumulated investment capital in Vietnam stood at \$18 billion. The latest move would bring the total capital commitment of the South Korean giant to \$19.2 billion, reaffirming its status as the largest foreign investor in Vietnam.

Samsung Vietnam currently has six manufacturing plants in Bac Ninh, Thai Nguyen, Ho Chi Minh City, and one R&D center in Hanoi.

This investment would help Samsung better meet the market's growing demands for electronics components.

Samsung Vietnam General Director Choi Joo Ho previously stated the company's commitment to Vietnam as the country has been poised to become not only Samsung's global production hub but also a key R&D center soon.

The firm is in the process of building an R&D center in the West of Hanoi with an investment capital of \$220 million. As the largest of its kind by a foreign-invested business in Vietnam and Southeast Asia, the center is scheduled to complete by late 2022 and will focus on researching new technologies such as AI, Big Data, or IoT. Hanoitimes

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