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# VIETNAM BUSINESS REVIEW

Vol 16, Apr 27<sup>th</sup> 2022

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## FINANCE

### The Government targets to ensure the stock market transparency and sustainability

The prospects of the local stock market remain bright and will become a key capital mobilization channel for businesses and the economy, said the finance minister.



Strict measures to address fraud in the stock market may impact investors’ sentiment in the short term but eventually benefit the stock market in the medium and long term, Minister of Finance Ho Duc Phoc told the local media regarding recent movements in the stock market.

“The main goal of the Government is to ensure the development of the stock market towards safety, transparency, and sustainability,” Phoc said, adding that its efforts to cleanse the market would help protect the lawful rights of compliant investors and businesses, as well as to enhance the market attractiveness.

Referring to sharp drops of the Vn-Index in recent sessions, Phoc attributed it to the combination of both external and internal factors.

He said rising inflationary pressure in the global market is forcing key central banks to tighten monetary policies, including the FED’s decision of raising its policy rates for the first time after three years. In addition, the ongoing Russia-Ukraine conflict has increased risks against global economic recovery as it has caused hikes in the prices of energy and input materials.

“Many stock exchanges have suffered from a negative economic environment, and Vietnam is no exception,” he said. Meanwhile, the Government’s crackdown on fraud cases in the stock and corporate bond markets has also impacted investors’ sentiments.

“But deceits in the stock market are only occasional and expected to have a short-term impact, and the recent moves show the determination of the Government in ensuring the market’s healthy development,” Phoc stressed. “In every course of development, there are always necessary changes to improve the market for sustainable growth,” he continued.

Phoc remains adamant about the bright prospects of the market thanks to Vietnam’s solid economic fundamentals and the market’s strengths. “We have reasons to believe in a bright future for Vietnam’s market that would only grow stronger and become a key capital mobilization channel in the medium and long term for businesses, investors, and the economy,” he said.

On April 25, the Ministry of Finance (MoF) held a meeting with the Ministry of Public Security and agreed on not criminalizing offenses in civil economic transactions. At the meeting, a representative of

the MoF said it would provide the utmost support for compliant businesses and investors while taking strict measures to address fraud. “We respect the market mechanism with ups and downs based on the supply-demand relations, but at the same time to supervise and intervene, if needed, in compliance with the law,” Phoc said.

In the coming time, the MoF would continue to finalize the legal framework to support the market development, including the revision of the Securities Law and the Business Law to better reflect the development of the stock market. Hanoitimes

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## Vietnam inflation to exceed 4% in 2022

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The consumer price surge triggered by the Russia-Ukraine military conflict will certainly cause inflation to exceed 4% this year, Associate Professor Dr. To Trung Thanh said at a seminar yesterday.

Speaking at the seminar, which looked into Vietnam's economic performance in 2021 and prospects in 2022, the head of the National Economics University's Science Management Division said rising global inflation is putting a strain on Vietnam's economy.

As of March 11, fuel prices had surged 45.2% over 2021, exposing the economy to greater inflationary pressure. Thanh said the fourth wave of Covid induced by the Delta variant had caused unprecedented difficulties and challenges for Vietnam last year as its economy expanded a mere 2.58%.

This year, the Vietnamese economy is facing three key challenges. The Covid pandemic with new variants, the increasing global geopolitical instability and the oil price surge will affect hinder the recovery of Vietnam's major trade and investment partners, such as the United States, the European Union and China. The central banks of developed economies, especially the United States, have tightened monetary policies due to their concerns over inflation, which will in turn affect Vietnam's economic recovery progress.

Furthermore, the risks of the property and stock markets remain high. These risks may affect the nation's growth pace and quality. However, Vietnam's economic growth target of 6.5% is achievable, Thanh noted.

The processing, manufacturing and export sectors will remain the driving forces of economic development this year. In addition, the enhancement of public investment will contribute significantly to growth.

The manufacturing and service sectors will have more opportunities to recover thanks to the reopening of the economy. Saigontimes

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## E-COMMERCE

### Fintech and e-commerce remain magnets for venture capital

Fintech and e-commerce accounted for 70% of total venture capital in the country last year, and this trend is predicted to continue in 2022, Vietnam Investment Review reported.



Capital poured into startups reached US\$1.4 billion in 2021, rising three-fold from the US\$451 million in the previous year. Up to 70% of the investment was channeled into fintech and e-commerce, according to the Vietnam Innovation & Tech Investment Report recently released by the Vietnam National Innovation Centre and venture capital firm Do Ventures.

Five transactions worth over US\$100 million were recorded in payment, e-commerce, and gaming last

year.

In fintech, the MoMo e-wallet app succeeded in raising about US\$200 million in the Series E funding round, bringing its parent firm's value to over US\$2 billion. Another major transaction is that VNLife, which owns the VNPAY payment service, attracted more than US\$250 million in the Series B round.

In e-commerce, Tiki raised US\$258 million in Series E, which was led by AIA, while KiotViet received US\$45 million in the Series B funding led by KKR.

The gaming industry emerged as the third biggest recipient of venture capital thanks to the global success of Sky Mavis with its Axie Infinity. Sky Mavis successfully raised US\$152 million in Series B, led by the US-headquartered Andreessen Horowitz.

In 2021, Vietnam saw the appearance of two new tech unicorns (technology-based startup companies with value of over US\$1 billion) - MoMo and Sky Mavis. So far, the country has had four tech unicorns, namely VNG, VNLife, MoMo, and Sky Mavis, along with 11 startups valued at over US\$100 million, including Tiki and EQuest.

Aside from those sectors, others also witnessed a boom in transactions due to impacts of the COVID-19 pandemic, leading to a surge in investment. Among them, health care, education, and enterprise digital transformation posted breakthrough growth last year, at 1,016%, 526%, and 205%, respectively.

Le Hoang Uyen Vy, CEO of Do Ventures, forecast e-commerce and fintech will remain the leading sectors in attracting venture capital as more and more consumers are using online services.

Investors will also continue paying attention to new and potential areas like the creator economy, upskilling platforms, and Web 3.0 with the increasing presence of cryptocurrency and blockchain technology.

KPMG, a global network of professional firms providing audit, tax and advisory services, forecast investment in the tech industry will shoot up 150% to hit US\$2 billion in 2022, and e-commerce and fintech will remain magnets to investors' attractions.

Online transactions are also expected to keep developing even when the pandemic is over thanks to the Government's resolve to boost digital transformation and the growth of tech-savvy youngsters.

Some of the biggest Vietnamese beneficiaries from this trend include VNG, VNPAY, Sky Mavis, MoMo, and Tiki, according to KPMG.

In 2021, the capital raised in the over-US\$10 million funding rounds hit a record of nearly US\$1.2 billion, making up more than 82% of the total. The sum raised in the under-US\$10 million funding rounds also reached a new level - US\$256 million, soaring 118% year on year, the Vietnam Innovation & Tech Investment Report pointed out. VNA

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## ENERGY

### Vietnam eyes transition to green production for sustainable value

Economic sectors, localities and businesses should be considered the drivers of the nation's green growth and sustainable development strategy, experts have said.



Economic sectors, localities and businesses should be considered the drivers of the nation's green growth and sustainable development strategy, experts have said.

According to Phan Xuan Dung, President of the Vietnam Union of Science and Technology Associations, foreign-invested enterprises and multinational corporations can lead the trend of green transformation, thus helping Vietnam

integrate with the global market.

Taking advantage of support from the FDI business community is extremely important for Vietnam in the context of limited domestic resources, and the digital and green transformation in Vietnamese small and medium-sized enterprises still remains slow, Dung said.

He added that the support from international partners and the pioneering of FDI enterprises in the trend of green transformation will contribute to helping Vietnamese businesses and localities speed up green transformation towards realising sustainable development goals.

Vietnam's economy is set to develop quickly, sustainably and harmoniously between economy, culture, society, environmental protection and adaptation to climate change in the next 10 years.

Last year, the Prime Minister approved a national strategy on green growth for 2021-2030, with a vision to 2050, which aims to help promote economic restructuring in tandem with a growth model reform, and achieve economic prosperity, environmental sustainability, and social equality.

Vietnam strongly committed to net zero emissions by 2050 at the 26th United Nations Climate Change Conference of the Parties (COP26). In addition, the Government's Socio-Economic Development and Recovery Programme promulgated on January 30, 2022 also demonstrates the determination to develop a "green and circular economy associated with sustainable development".

Experts said to realise these goals, it is necessary to make three strategic breakthroughs in institutions, human resources and infrastructure, focusing on innovation and science and technology development.

With the above bases, Vietnam will effectively use resources, strengthen its management and coordination capabilities in finance and technology, and promote the participation of the community, businesses and international organisations in realising its sustainable development goals, said experts.

Science and technology will be an effective lever for a green transition in Vietnam and the world, they noted.

Accordingly, this is the time to converge necessary and urgent factors for Vietnam, as well as localities and businesses to make breakthroughs in thinking and strong actions to promote green transformation towards achieving sustainable values, they stressed. According to Bruce Delteil from McKinsey & Company, decarbonisation is a priority for Vietnam, because climate change has been affecting the country's socio-economic development.

Vietnam has a roadmap towards achieving net-zero emissions by 2050 through an interdisciplinary effort with the involvement of the whole society. Sharing Delteil's opinion, Alain Cany, Chairman of the European Chamber of Commerce in Vietnam (EuroCham) in Vietnam, said that the nation needs to find ways to promote efficient and economical use of energy, and convert waste into energy. VNA

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## Netherlands to support Vietnam offshore wind

The Netherlands hopes that its expertise will help develop Vietnam's offshore wind to fulfill the Southeast Asian country's net-zero strategy by 2050.



The Netherlands has pledged to assist Vietnam's journey of developing offshore wind, the sector that Vietnam is believed to be the next gigawatt-size market in Asia.

The Netherlands stands ready to support Vietnam in improving the necessary legislative environment, in particular, a framework to facilitate offshore wind and direct power purchasing agreements by private companies, according to the Dutch Embassy in Hanoi.

The commitment was made during the ongoing visit paid to Vietnam by Netherlands Vice Minister for Foreign Economic Relations Hanneke Schuiling.

On this occasion, Vice Minister Schuiling compliments Vietnam on its commitment to the green transformation of the economy and to net-zero emissions in 2050. The offshore wind appears to be the most potential energy alternative contributing to the low carbon route in the country of a long coastline and vast area of waters.

Clean energy together with the circular economy are among key areas on agenda along with agriculture, water, logistics, and high tech during Schuiling's two-day visit to Vietnam concluded on April 26. Hanoitimes

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## RETAIL

### The food and beverage firms to boost recovery

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Major firms in the food and beverage (F&B) industry are taking different steps to recover and expand their operations after two years of struggling against the COVID-19 pandemic.



Patricia Marques, General Manager of Starbucks Vietnam, told Vietnam Investment Review that facing pandemic-caused difficulties for more than two years, consumers are still tightening the string of their purse. Therefore, Starbucks has shut down some stores in prime locations but also opened new ones.

The coffeehouse chain is now running 78 stores in six provinces and cities and working to adapt to the new normal, she said, expressing her belief in the recovery of Vietnam's economy and that everything will return to the pre-pandemic status.

As F&B is one of the three hardest-hit sectors in the pandemic, as soon as Vietnam began easing social distancing to enter the new normal last October, Starbucks has been ramping up efforts.

It closed the store at Rex Hotel, which had one of the best locations in Ho Chi Minh City, in 2021 after years of lower-than-expected performance. Meanwhile, the store at VivoCity in the city's District 7 has had its design changed to become more attractive to families with young children who spend their weekends and holidays at this shopping mall. Besides, online selling has helped Starbucks retain its market share, and revenue from this activity is still growing, even when restaurants have reopened. The number of orders placed online has soared even 20- or 50-fold. Like Starbucks, Golden Gate is also accelerating recovery steps. Hoang Quoc Khanh, an executive at Golden Gate, said this restaurant chain will focus on diversifying revenue sources, optimising costs, and enhancing operational efficiency.

Despite the pandemic's adverse impacts on the entire restaurant sector in Vietnam last year and the shutdown of its restaurants for one-third of the year, Golden Gate still recorded 3.32 trillion VND (144.5 million USD) in revenue, equivalent to 73 percent of the figure in 2020. Its revenue has rebounded, especially since the fourth quarter of 2021 when restaurants began reopening.

Last year, it opened 44 new restaurants while closing and converting 37 others. The firm ran over 400 restaurants as of late February 2022 and plans another 600 in the next few years. Most of its chains have also upgraded their space since late 2020. In the time ahead, Golden Gate will focus on hotpot and BBQ restaurants, serve more dishes imbued with the Japanese culture at Japanese-style restaurants, expand presence at shopping malls and big cities other than Hanoi and HCM City, and step up investment in digital transformation in the next three years to improve customers' experience. VNA

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## LOGISTICS

### Vietnam logistics must keep up with international standards

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There has been great pressure on Vietnam's logistics industry to train, retrain and upgrade workers' knowledge as well as to keep up-to-date with international standards and measures, according to the Vietnam Logistics Business Association (VLA).



In a recent survey by VLA, 59 per cent of businesses asked said they need to train their workers on modern quality management systems such as ISO 9001, ISO 14001, ISO 17025, HACCP, and ISO 22000.

Meanwhile, industry experts have said it's high time Vietnam established its own quality management system that is tailor-made to include small-and-medium-sized businesses,

the country's infrastructure characteristics, means of transportation, and energy consumption.

VLA President Lê Duy Hiệp said the Government has started working on an occupational standard for the industry's jobs. Once completed, the standard will be the foundation of the industry's recruitment and training process.

According to a report by World Bank, Vietnam's logistics industry has made much progress in the last three decades. The country's criteria including customs, infrastructure, and logistical capacity have improved significantly. The Southeast Asian economy's Logistics Performance Index (LPI) ranked 3/10 among the bloc's member countries in 2018, after Singapore and Thailand. The industry was said to account for 5-6 per cent of the country's GDP by 2025 with a growth rate of 15-20 per cent. Meanwhile, the industry has set an objective to bring costs down by 16-20 per cent and join the world's top 50 in LPI ranking.

In order to realise the vision, it's crucial for the industry to introduce a quality management system and standard, which help ensure the flow of goods to and from the country. Standardisation is said to play an important part in bringing down costs and improving the industry's ability to compete internationally as well as a focus on human resources and a skilled workforce. The business association advised firms to start building their own quality monitor and control systems, adopt international practices and models, and improve their internal capacity to inspect and adjust operations.

It also placed great importance on communicating with the workforce to raise morale and personal commitment to the success of the organisations. VLA said from now, with the modernisation of logistics, industry workers should expect greater responsibility and demand to perform highly complex tasks. VNS

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## Ten new ports have been added to the list of Vietnamese seaports

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Ten new ports have been added to the list of Vietnamese seaports, bringing the total number nationwide to 296. The Ministry of Transport has just issued Decision No 552/QĐ-BGTVT announcing the list of ports belonging to Vietnamese seaports.



Newly-added ports are Nosco port in Quang Ninh seaport; Long Son general port belongs to Nghi Son seaport; Hai Ha – Quang Tri petroleum port; Pacific Petro international petroleum port in Tien Giang Province; Tan Cang Giao Long port in Ben Tre province; Duyen Hai 2 thermal power plant port in Tra Vinh province.

In addition, two ports of Vung Tau seaport have also been added, Cai Mep Gemadep - Terminal Link port and Cai Mep general port.

In Hai Phong, VIMC Đinh Vu wharf and FGG specialised wharf are also added to this list. Some seaport areas have a large number of ports, including Hai Phong with 52 berths and Vung Tuu with 48 berths.

The Vietnam Maritime Administration said that the port system stretching from the North to the South have been promoting their role as a hub for goods trade in the context of the country's deep integration.

Data from the Vietnam Maritime Administration has just been released showing that the volume of goods through the seaports maintained its upward momentum in the first three months of this year, reaching nearly 180 million tonnes, up 4 per cent over the same period last year, container cargo maintained a steady increase of 6 per cent over the same period, reaching 6.2 million TEUs (tonne equivalent unit). VNS

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## INVESTMENT

### US & Europe investors seek investment opportunities in Hue and Da Nang

Businesses from the US and Europe have been seeking investment opportunities and cooperation in tourism, agriculture, energy, environment for green growth in Thua Thien Hue Province and Da Nang City, two key economic destinations and tourism hubs in central Vietnam.



While the Foreign Agricultural Service (FAS) of the US Department of Agriculture (USDA), in partnership with the American Chamber of Commerce (AMCHAM) Da Nang, organised the ‘US Food and Beverage Showcase’ to promote US products to the Da Nang business community, Thua Thien Hue also hosted the Meet Green event with the participation of 70 businesses from the US last weekend.

The F&B exhibition in Da Nang, which featured 21 exhibitors who are USDA Cooperators, state representatives, distributors, and manufacturers, was seen as an opportunity to expand the reach of US food products in a key hospitality market as international tourism resumes.

The diverse exhibitors introduced a wide range of US products, including beef, pork, chicken, seafood, potatoes, cheese, raisins, pulses, soy products, apples and more to potential customers in the region.

During his keynote remarks, Ambassador Marc Knapper stated: “Vietnam is now the 8th largest export market for US food and agricultural products, while the US is Vietnam’s 39 largest export market. Our total bilateral agricultural trade has more than doubled from over US\$4 billion in 2011 to over \$9 billion in 2021.”

“This growth in our bilateral agricultural trade also reflects the increasing importance of the overall economic and trade relations between the US and Vietnam.”

FAS’s Agricultural Counselor, Robert Hanson, emphasised that the event was an excellent example of how FAS and USDA Cooperators promote high-quality US food products to Vietnamese consumers. He also highlighted the ‘United Tastes’ digital marketing campaign introduced last year. Hanson stated that the ‘United Tastes brand aims to connect, educate, and inspire Vietnamese consumers about the US’s wide range of high-value, high-quality, safe, and healthy products.

AMCHAM and Thua Thien Hue also agreed to boost ties between business from the US and the province to promote Hue as a key economic power in central Vietnam.

The cooperation deal will help businesses from the province approach technology, investment fund and advanced industries from the US and fund the trend of future green economic growth. It will focus on creating business meets among the US investors and partners from the province and introducing investment information and a list of possible investment projects in Thua Thien Hue.

The province took chances to offer potential projects and preferential policies for investing in the Chan May Lang Co Economic Zone and industrial parks in Hue, while an image of the tourism hub will be promoted as a 'green' and 'smart' urban and a world heritage destination. Chairman of AMCHAM, John Rockhold, said: "We're very happy to have this event here today and we're very happy that the authority of Thua Thiên Hue invited foreign investors from not just the US, but Europe and everywhere to come here."

"It's straightforward for investors to come here once they heard of Hue going green. Going green and reaching zero carbon is so important now to new companies to set up and establish a business in Vietnam, which means that they have already set up a policy to reach zero carbon. Going green is so important now for international companies to establish their images. That's why we had no problem bringing a lot of investors here today."

Despite being badly impacted by COVID-19, Thua Thien Hue maintained Gross Regional Domestic Products growth of 4.36 per cent, earning an export turnover of \$1 billion in 2021.

Hue, once the imperial capital in Vietnam for over 100 years, has been a unique destination in central Vietnam with its five UNESCO heritage offerings: the ancient citadel relic complex, Hue royal court music, Nguyen Dynasty's wooden blocks, Nguyen Dynasty's royal administrative documents, and literature on Hue royal architecture.

The tourism hub in central Vietnam aims to be a 'zero plastic waste' destination by 2030. VNS

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## Total foreign investment inflows decreased by 11.7 per cent in the first months of 2022

Additionally-registered and purchasing shares of FDI capital kept rising at 92.5 and 74.5 per cent on-year, respectively, while the total foreign investment (FDI) inflows in the first four months decreased by 11.7 per cent.



According to the Ministry of Planning and Investment's Foreign Investment Agency, Vietnam counted FDI inflows of about \$10.8 billion in the first four months, equivalent to a rise of 88.3 per cent on-year.

Of this, \$3.7 billion were poured into 454 newly-licensed projects, an increase of 0.7 per cent in the number of projects, but a sharp decrease of 56.3 per cent in value.

Besides this, \$5.29 billion were added to 323 projects currently underway, a rise of 92.5 per cent in value and 22.8 per cent more in the number of projects. Overseas investors also poured \$1.83 billion into 1,026 share purchase deals, an increase of 74.5 per cent on-year. In April, Singapore's Fujifilm Business Innovation Vietnam Co., Ltd. (in Ho Chi Minh City) has just registered to raise the capital by \$494.2 million, which is one of the notable projects this month. FDI disbursement went slightly up by 7.6 per cent on-year, to \$5.92 billion. Accumulated to the end of this month, there were 34,891 valid FDI projects across the country with total registered capital of \$424.59 billion, and their disbursement was almost \$257.52 billion, equivalent to 60.7 per cent of valid registered capital.

Among the 18 sectors receiving funds in the first four months, processing and manufacturing took the lead with \$6.2 billion, accounting for 57.2 per cent of total FDI. It was followed by real estate with over \$2.8 billion, making up 26.1 per cent, followed by wholesales and retail (\$667.8 million), science technology and professional activities (\$357.5 million). Singapore led the 72 countries and territories investing in Vietnam in the first four months with a total investment capital of nearly \$3.1 billion, followed by South Korea (\$1.82 billion) and Denmark (\$1.32 billion). Binh Duong has attracted the highest amount of FDI in these four months with over \$2.35 billion, followed by Bac Ninh (\$1.57 billion), Ho Chi Minh City (\$1.28 billion), Thai Nguyen (\$944 million), and Hanoi (\$656 million).

In the first four months, the export turnover of the foreign-invested enterprises (FIEs) continued increasing by 15.4 per cent on-year to nearly \$91.4 billion (including crude oil) or \$90.36 billion (excluding crude oil), making up about 74 per cent of the country's total export value. Their import turnover was estimated at \$80.39 billion, up 18.7 per cent on-year and accounting for 65.8 per cent of the total. Generally, the trade surplus of FIEs was \$10.75 billion (including crude oil) and about \$10 billion (excluding crude oil), while local businesses reported a trade deficit of \$9.79 billion. VIR

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