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## FINANCE

### Three economic growth scenarios for Vietnam to 2023

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The Ministry of Planning and Investment (MPI) has developed three forecast scenarios for the last six months of this year and next year.



Following the Government's regular meeting in June, the MPI developed a draft project to ensure macroeconomic stability, control inflation and secure large trade balances.

The draft will be reported to the Government Standing Committee within this month.

Last month, CPI grew by 3.18 per cent compared to the end of last year. In the first six months of the year, the price index of raw materials used for production increased by 6.04 per cent compared to the same period last year. Prices of many imported inputs also soared.

Petrol prices and input materials increased with the recovery of domestic consumption, which created inflationary pressure and high production costs, which in turn reduces production and slows down the recovery of production.

On the basis of the forecast of the domestic and international situation, the Ministry of Planning and Investment has developed three forecast scenarios for the last six months of this year and next year.

In the best scenario, the macro economy is stable, inflation is controlled at about four per cent, major trade balances are guaranteed, and economic growth this year will reach the set target and next year will reach the average target in the 2021-2025 period at between 6.5-7 per cent.

In the medium scenario, the macro economy is basically stable, inflation is higher than 4 per cent, but still under control, economic growth this year will reach the set target, and next year's growth only approaches the average target in the 2021-2025 period.

With the low scenario, the macro economy will face many difficulties, inflation will increase, economic growth this year will reach the set target, and next year's growth will be lower than the average target of the 2021-2025 period. VNS

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## Non-cash payments to change status of Vietnamese digital economy

From Q1 2021 to Q1 2022, the number of online transactions in Vietnam increased twofold, and transaction value increased by three times. These are important factors that help develop the digital economy.



Lai Viet Anh, deputy head of the E-commerce and Digital Economy Agency under MOIT, said that while many business fields faced difficulties because of the Covid-19 pandemic, non-cash payments still witnessed a two-digit growth rate.

In the first four months of 2022, non-cash payments increased in both quantity (69 percent) and value (27.5 percent), maintaining growth during the pandemic.

Anh believes there is still much space for cashless payments. In Vietnam, the number of clients using COD (cash on delivery) in e-commerce remains high, at 71 percent.

Among cashless payment methods, transferring via bank accounts prevails, while payments via e-wallets and intermediary service providers remain low, which means more room for them to develop services.

Nguyen Ba Diep, founder of MoMo e-wallet, said users are not only using apps for payments, but also for entertainment. That is why MoMo has developed new features or games to attract more customers.

In addition to promoting non-cash payments, e-wallets also act as a digital transformation service provider to petty merchants and businesses. MoMo is running a mini app model which allows partners to embed their apps on MoMo's app.

After three months of using the model for 7Eleven, the number of transactions has increased by five times. Just within three months, 90,000 users registered for membership, and 90 percent of them were new customers brought by the app. The transactions by new users have helped increase revenue by 50 percent. Dang Thi Huong Giang from NAPAS (National Payment Services), said that 66 percent of Vietnamese adults have bank accounts. As of the end of 2021, 120 million bank cards had been issued in Vietnam, and 1.3 million cards had been opened under the eKYC mode. Vietnam now has 40 licensed intermediary payment service providers with 20 million e-wallet accounts.

Non-cash payments have witnessed impressive growth. The inter-bank electronic payment system in Q4 2021 increased by 32 percent in transaction value compared with the same period in the previous year.

Payments on the internet increased by 48.4 percent in the number of transactions and 32.7 percent in value. Meanwhile, mobile payments saw the highest growth rate (97.7 percent in number of transactions and 86.7 percent in value) and the number of transactions with QR codes by 56.6 percent. Vietnamnet

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## E-COMMERCE

### A programme boosting e-commerce development in Central Highlands

A programme to promote development of e-commerce in the Central Highlands will take place from mid-July to late August, 2022 as part of activities to push the application of e-commerce in Vietnam.



The E-Commerce Department under the Ministry of Industry and Trade (MoIT) is always ready to accompany businesses and related organisations to carry out training and e-commerce training and connection, Dang Hoang Hai, Director of the department, said at a press conference on July 19.

The programme will start a series of intensive support activities from human resource development, knowledge training, to consulting and implementation of e-commerce development activities, Hai noted. The department expects that training programmes with the best and most effective solutions on e-commerce will reach businesses and individuals who are in need of commercial development in the Central Highlands, he added.

E-commerce is a rare bright spot in the global gloomy economic picture in the context that the world is fighting the COVID-19 pandemic along with supply chain disruption. The department has worked hard to support businesses to successfully conduct e-commerce models. According to the latest data of Amazon Global Selling, Vietnam's e-commerce growth in many fields, especially the Home Decor industry, has increased by nearly 500% in the 2020 to 2021 period.

Data from domestic e-commerce platforms such as Shopee, Tiki, and Lazada show that the e-commerce transaction value in 2021 and 2022 rose by 15% and 20%, respectively. The numbers demonstrate the development and interest of businesses and individuals in this form of commerce.

Nguyen Van Thanh, Director of E-Commerce Development Center (Ecomviet) - the unit assigned to organise the programme, said the programme will provide online training courses for more than 1,500 small- and medium-sized enterprises (MSMEs) and business households in the Central Highlands.

In addition to training sessions, seminars on building a business in the e-commerce environment; e-commerce floor and social media platform, will be organised in the framework of the programme.

It is hoped to help connect goods producers and distributors in the Central Highlands with reputable e-commerce service and solution providers across the country, Thanh said. VNA

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## ENERGY

### Vietnam approves an action programme for green energy transition

On July 22, Deputy Prime Minister Le Van Thanh signed Decision No.876/QD-TTg approving an action programme on the green energy transition and the reduction of carbon and methane emissions in the transport sector. The move aims to develop a green transport system in the push for net-zero emission by 2050.



The transport sector will develop modes of transport, facilities, equipment, and infrastructure that focus on green energy.

The green energy transition roadmap for 2022-2030 highlights enhancements in manufacturing, assembly, import, and the use of electric vehicles. It aims to expand the use of E5 petrol and develop charging infrastructure, new car parks, and rest

stops that meet green development standards.

In the railway industry, there will be studies and pilots on the use of electricity and green energy with investments in new modernised routes, a roadmap for replacing old railway vehicles, and upgrades to facilities and stations.

Inland waterways will implement policies to encourage investment in the manufacturing of new vehicles, the replacement of fossil fuels, and the development of green ports and transport routes.

By 2025, the country aims to have 100 per cent of its buses using electricity and green energy. Public transport in Hanoi is planned to increase to 45-50 per cent, with the threshold in Ho Chi Minh City set at 25 per cent, Danang at 25-35 per cent, Can Tho at 20 per cent, and Haiphong at 10-15 per cent.

By 2030, the use of electricity and green energy for all transportation will be at least 50 per cent and 100 per cent for taxis.

By 2050, the rate of public transport in special urban areas and tier-one urban areas will be at least 40 per cent and 10 per cent respectively. VIR

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## LNG power developers in troubled waters

Liquefied natural gas (LNG) power has been considered a major part of Vietnam's solutions for reducing carbon emission, but the country is facing several hurdles in using it.



*A liquefied natural gas (LNG) tanker is tugged towards a thermal power station in Futtsu, east of Tokyo, Japan, November 13, 2017. Photo by Reuters/Issei Kato*

LNG emits half the amount of carbon compared to coal in electricity production, therefore several experts recommended that Vietnam focuses on it alongside renewable sources to achieve net zero carbon emissions by 2050, as Prime Minister Pham Minh Chinh committed at the COP26 late last year.

Vietnam's Power Development Master Plan 8 targets converting 18 gigawatts (GW) of coal-fired power into 14 GW generated from LNG and 12-15 GW from renewable sources.

But for this, the country will have to import all of the LNG for generation – around 14-18 billion cubic meters in 2030 – at a time prices have it record highs following the Russia-Ukraine crisis.

LNG prices have tripled in a year, according to the Institute for Energy Economics and Financial Analysis.

In Europe, S&P Global Commodity Insights assessed LNG prices on a delivered ex-ship (DES) basis into north-west Europe (NWE) at \$38.233/mmBtu on July 21.

The competition between Europe and Asia at a time when global LNG supply is tight has recently pushed Asian LNG prices to a four-month high and close to record level seen in December at \$44.35/mmBtu, according to Reuters.

Nguyen Ngoc Hung, head of Energy Economics at the Vietnam Institute for Energy, cited international sources as saying prices would peak in 2023 before settling down.

"LNG power plants will start operating in 2026-2030. Prices will be stable, and fall in the long term due to lower demand," he said. The average LNG price for September delivery into north-east Asia was estimated at \$38 per million British thermal units (mmBtu), down \$2.5 or 6.2 percent, from the previous week, industry sources said.

The Ministry of Industry and Trade has said the price rise would be manageable, with a 10-percent price hike only causing a 1.1-1.5 percent cost overrun. Determining prices to reach a power purchase agreement (PPA) is one of the key steps in developing a LNG power plant, but the unpredictability of prices is muddling the process. Half of the LNG projects under consideration in Vietnam are being delayed by unfinished PPAs. Responding to this situation, the Ministry of Industry and Trade said a few requests by LNG power developers are not in alignment with current regulations.

It cited as an example the Bac Lieu gas plant, invested in by Singapore's Delta Offshore Energy, which wants the state-owned utility Vietnam Electricity (EVN) to buy all the energy generated, apart from other incentives. Several LNG project developers have also said they are finding it difficult to mobilize capital with lenders focused on minimizing risks.

Investors of the Hai Lang LNG power plant said the credit crunch was happening because projects implemented by independent power producers can only sell a limited output to EVN, making them less appealing in terms of profitability.

Vietnam, a manufacturing powerhouse that currently generates most of its electricity from coal, is drafting a new national power development plan that includes 22 LNG-fired power plants. These will have a huge combined potential capacity of up to 108.5 gigawatts. Vnexpress

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## RETAIL

### Prices rise as people tighten purse strings, retailers warned of difficulties

Retailers are facing difficulties as high inflation has affected consumer spending. Cao Thi Ngoc Dung's PNJ and Truong Gia Binh's FRT, for example, have seen their capitalization value drop by trillions of dong.

Unlike May and early June, PNJ shares of PhuNhuan Jewelry fell considerably in price recently despite a good business performance. PNJ share prices fell from VND130,000 per share in late June to VND113,000. Analysts believe that the prices may fall further because of negative predictions about the retail industry in general and jewelry retail in particular.



According to SSI Research, high inflation will negatively affect consumer spending and therefore the growth rates of retailers may not be as high as expected. DigiWorld (DGW) and FPT Retail (FRT) reached their peaks in Q4 2021, while PNJ is believed to reach its peak in Q3 2022.

The share prices of many retailers have been falling since early this month, causing the market capitalization value to decrease sharply. As of July 15, the capitalization value of TheGioiDiDong (MWG) and Masan (which owns WinMart) has dropped to a one-year low.

Just within half a month, TheGioiDiDong's capitalization value lost VND15 trillion and a similar decrease was reported for Masan, or 10-14 percent. Meanwhile, FPT Retail owned by Truong Gia Binh dropped more sharply, by nearly 20 percent. PNJ's capitalization value lost VND3.6 trillion, or 12 percent, within two weeks, though the business reported a sharp increase in profit in May to VND141 billion, up 66 percent over the same period last year. Its revenue also increased sharply by 68 percent compared with May 2021.

Leading retailers in the stock market continue to make a breakthrough in their business amid the purchasing power decrease. This reflects the recovery of demand after Covid-19. The increase in selling price (such as gold) and efforts to expand retail networks helped to increase retailers' revenue and profits.

The recent decline in retail share prices, which was sharper than the decrease of the whole stock market, shows a negative outlook about these shares. For MWG and FRT, the growth space for home appliance retail is small, while laptops no longer are selling as well as they did during the pandemic. At that time, many people rushed to buy laptops for online work and study.

However, according to SSI Research, inflation may continue to increase in upcoming quarters, which will affect businesses, including retailers, but leading retailers will still have long-term stable growth thanks to market share expansion.



In theory, high inflation will affect purchasing power and force consumers to cut expenses on non-essential goods. In Vietnam, this has occurred since Q2 2022.

In terms of ICT&CE (information communication technology and consumer electronics), Digiworld showed a net profit growth of 20 percent only in Q2, which was much lower than the 97 percent in Q1. As for Mobile World, the revenue growth rate of ICT&CE in May was 2 percent, much lower than the growth rate of 20-22 percent in January-April 2022. It is expected that the growth rate in H2 2022 will be higher than H1 because of the low levels in H2 2021. In terms of jewelry retail, though inflation may affect demand in H2 2022, businesses will still get benefits from the recovery after Covid-19 because of the low comparative low levels in H2 2021 caused by social distancing.

High inflation and recession would have a negative impact on spending on non-essential goods. Low-income earners would be the first to suffer, while spending on non-essential goods of high income earners would still be stable. However, analysts said if the inflation and recession last a long time the spending of high income earners would also be impacted.

In such circumstances, raising capital would be a factor to support retailers because the money could be used for expansion in the future, or for reduction of D/E (debt to equity ratio) to lower levels amid interest rate hikes.

In the time to come, retailers may also be affected by changes of policies. The demand for mobile phones may increase if the Government decides to deploy 5G technology, or stop 2G. The deployment has been delayed because of the lack of policies. In addition, the changes in ENT (economic needs test) policy may affect the network expansion plans of foreign retailers (7-eleven, Family Mart, Circle K). Vietnamnet

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## LOGISTICS

### Binh Thuan to build a new general port with capacity to receive ships of up to 150,000 DWT

A new general port with capacity to receive ships of up to 150,000 DWT will be built in the south-central coastal province of Binh Thuan.



The Vietnam Maritime Administration has written a statement asking the Ministry of Transport for approval of Son My Industrial Park Infrastructure Investment and Construction Company Limited's proposal to invest in building the general port with the aim of serving Son My 1 Industrial Park.

The proposed port will be located in Son My commune in the province's Ham Tan district, covering an area of more than 160 hectares.

It will have a port harbor with three general wharves and three specialised wharves. General wharves can handle ships of 30,000-50,000 tonnes and specialised wharves can receive ships of 50,000-150,000 tonnes. Construction of the port is divided into two phases and is expected to be completed by 2026. Building a breakwater and an embankment, renovating the yards and warehouses, dredging the channels and canals, and setting up navigation signals will also be done.

According to the master plan of the development of Vietnam's seaport system in the period of 2021-2030, with a vision to 2050, Binh Thuan will develop port areas in Vinh Tan, Son My, Ke Ga, and Phan Thiet, and offshore terminals.

The general port in Son My is expected to directly serve the Son My Industrial Park, LNG warehouse and Son My electricity centre, including general wharves and passenger berths. It is designed to serve ships transporting gas, oil and other liquids, with a total capacity of 4.5-6 million tonnes a year.

The Vietnam Maritime Administration has also proposed that the Ministry of Transport direct local authorities to coordinate with the investor to ensure the implementation progress of the port is in line with local good transportation demand. This requires ensuring the port does not negatively impact the ground, water surface and coastal areas.

The investor also needs to work with local authorities for instructions on construction-related administrative procedures and other related regulations to expedite the work, it said. VNA

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## Transport ministry approves North-South Expressway sub-projects in 2021-2025

The Ministry of Transport (MoT) has approved 12 sub-projects of a mega project to build the eastern section of the North-South Expressway in the 2021-2025 period.



These sub-projects will cover a total length of 723.7km, including sections of Ha Tinh – Quang Tri (260.9km), Quang Ngai – Nha Trang (352.06km), and Can Tho – Ca Mau (110.9km).

Their total investment is estimated at about 147 trillion VND (6.27 billion USD).

According to the Ministry of Transport, the approval of the sub-projects is a key milestone that concludes the project preparation and leads to the implementation phase. Earlier on January 11, the National Assembly approved the investment plan for the Eastern North-South Expressway project in the 2021-2025 period, paving the way for the Government to start the preparatory process. Localities are working to speed up site clearance, striving to hand over 70% of the cleared sites to contractors before November 20 so that construction can kick off before year-end.

The country currently has 1,163km of expressways. Some 916km are expected to be completed by 2023, bringing the total length to 2,079km, according to the ministry. That figure should grow to 3,000km and 5,000km in 2025 and 2030, respectively, it said. NDO/VNA

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## INVESTMENT

### Vietnam's process manufacturing attracted US\$ 252 billion in foreign direct investment

Vietnam's process manufacturing sector has to date attracted 252 billion USD in foreign direct investment (FDI), accounting for nearly 60 percent of the total foreign capital poured into the Southeast Asian country.



According to the Foreign Investment Agency under the Ministry of Planning and Investment, there are currently 34,898 valid FDI projects worth 426.14 billion USD in Vietnam.

In the first half of this year, the country lured 16.03 billion USD in FDI, of which the sector accounted for 8.84 billion USD, or 63% of the total.

The sector has been attractive to the world's major groups such as Samsung, LG, Canon, Honda, and Toyota, reflected through their continuous expansion of investment in Vietnam.

Notably, the Republic of Korea (RoK)'s Samsung Group, which was officially licensed to invest in Vietnam with the Samsung Electronics Vietnam factory in Bac Ninh province, has expanded their operations to other localities, including Hanoi, Thai Nguyen province, and Ho Chi Minh City.

Andrew Lee, Korean Desk Manager at Savills Vietnam, said that the Korean business community appreciates Vietnam's process manufacturing sector thanks to the country's advantages in labour force, political stability, and inclusive and extensive international integration.

To make FDI projects in the sector effective, economists are advising Vietnam to be stricter in selecting projects to attract those with good financial potential, less labour intensive, and bringing about high added value. VIR

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## Sharp Corporation wants to build another large-scale project in Binh Duong

Japan's Sharp Corporation would build another large-scale project in the southern province of Binh Duong, specialising in smart, high-tech products, its Senior Executive Managing Officer Yoshihiro Hashimoto has said.



The electronics giant is running two projects in Binh Duong, one at the Vietnam-Singapore Industrial Park I (VSIP I) and another at the expanded VSIP II, contributing to the global supply chain, Hashimoto added.

At a recent working session with provincial leaders, Hashimoto commended Binh Duong's attractive investment environment, which, he said, satisfies Sharp's requirements.

He called on Binh Duong to help with land, workforce and transport infrastructure for the new project.

Standing Vice Chairman of the provincial People's Committee Mai Hung Dung expressed his delight at the group's investment expansion.

Binh Duong now counts 29 concentrated industrial parks, with a combined area of 12,662 hectares. The locality has increased investments in infrastructure, covering transport, water and electricity, to attract more investors.

It is also working to streamline administrative procedures, while paying more heed to personnel training and housing for workers. In the first half of this year, the province lured more than US\$2.5 billion in foreign direct investment.VNA

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