



Highlight

Apple suppliers to produce Apple Watch and MacBook in Vietnam

VIETNAM BUSINESS REVIEW

Vol 32, Aug 17th 2022

What's in it today?



FINANCE

A positive outlook for buy now, pay later services in Vietnam

Finance Ministry targets modern, transparent digital financial ecosystem by 2030



INVESTMENT

Vietnam seeks foreign investment in medical devices production

Apple suppliers to produce Apple Watch and MacBook in Vietnam



RETAIL

Tech-product distributors, retailers reported good revenue and profit in July



E-COMMERCE

Foreign e-commerce floors must supplement business licenses before 1st January 2022

Online shopping is driving cross-border e-commerce



ENERGY

Japan's Jera acquires 35 per cent of Gia Lai Electricity JSC, a listed entity under Vietnam's conglomerate Thanh Thanh Cong Group



LOGISTICS

Vietnam Airlines expands partnerships to boot multi-sector business

The Vietnam Maritime Administration is gathering comments on a proposed set of criteria for recognising green ports

FINANCE

A positive outlook for buy now, pay later services in Vietnam

Many buy now, pay later services have launched or expanded operations to meet the burgeoning demand.



"Cash is necessary for daily expenses, so I choose to pay later whenever possible," Minh Tien, 33, of HCMC said. He bought braces and a motorbike using pay later services.

The braces cost him VND35 million (\$1,495.92) but he needed to pay only VND5 million upfront, and can pay the rest over three years. The bike cost him VND25 million, and he paid VND10 and the rest will

be paid over six months.

Thu of HCMC bought a VND10-million TV two months ago for her daughter. "My salary goes really quickly since prices are rising, so I decided on a six-month installment scheme." Buy now, pay later provides customers and sellers "a convenient and budget-friendly payment option," Nguyen Hoang Long, director of online commerce platform Sendo, said.

Demand for it is skyrocketing as it serves those who cannot access traditional loans, Moin Uddin, CEO of fintech platform SmartPay, said. Vietnam presents a positive outlook for buy now, pay later services thanks to the popularity of cashless payment and low credit card ownership here, Krishnadas, senior vice president of business development at digital credit platform Kredivo, said. Kredivo expects the market to reach \$4.6 billion in value. "Buy now, pay later will be a popular payment method in Vietnam over the next three years." Vnexpress

[Back to top](#)

Finance Ministry targets modern, transparent digital financial ecosystem by 2030

The Ministry of Finance is set to develop a modern and transparent digital financial ecosystem based on big data and open data by 2025, according to the ministry's digital transformation plan to 2025 with orientation to 2030 newly-signed by Minister Ho Duc Phoc.



The ministry is poised to set up a developed digital financial ecosystem with cyber security and efficiency by 2030.

The overall target is to promote digital transformation along with building a sustainable, advanced and globally-integrated national financial system in an effort to enhance growth and resilience of the economy, and maintain macro-economic stability and financial security.

The ministry aims to apply Fourth Industrial Revolution technologies and inherit what has been done in building an e-Government in a bid to step-by-step digitally transform the finance sector, provide digital financial services and play a part in developing a digital economy and society.

It will cut down the number of public administrative procedures, and reform, simplify and standardise public financial services to reduce costs and improve service quality and productivity by 2025. Accordingly, public administrative services will be done online, providing citizens with paperless and more convenient experience.

The ministry will accelerate the implementation of the National Single Window and the ASEAN Single Window to boost trade facilitation. VOV

[Back to top](#)

E-COMMERCE

Foreign e-commerce floors must supplement business licenses before 1st January 2022

Foreign-invested e-commerce floors doing business in Vietnam must supplement their business licenses before January 1 next year if they have not provided enough according to regulations. The update is done online through portal online.gov.vn.



The Vietnam E-commerce and Digital Economy Agency has just announced the addition of business licenses for foreign-invested economic organisations operating in the field of e-commerce.

Decree 85 issued last year, which amends and supplements a number of articles of the Government's Decree 52 (2013) on e-commerce, has specific provisions on supplementing business licenses for foreign investors, and economic organisations with foreign investment capital. Decree 85 adds many new regulations in the field of e-commerce.

Specifically, foreign traders and organisations that have websites providing e-commerce services in Vietnam must register for e-commerce activities and set up representative offices in the country according to the provisions of law or appoint a representative according to regulations of authorisation in Vietnam.

Accordingly, the representative office or the content of authorisation must ensure the responsibility to co-ordinate with State management agencies in preventing transactions of goods and services in violation of Vietnamese law; perform obligations on protecting the interests of consumers, product and goods quality according to the provisions of Vietnamese law; and make reports as required.

To provide e-commerce services in the country, foreign traders and organisations must carry out registration procedures with the Ministry of Industry and Trade within 12 months from the effective date of the Decree.

Vietnamese e-commerce trading floors must be responsible for verifying the identities of foreign traders and organisations selling goods on their e-commerce trading floor. Previously, the Vietnam E-commerce and Digital Economy Agency also had a document requesting foreign traders and organisations that have e-commerce activities in the country to comply with regulations of the management agency, which took effect from the beginning of this year.

[Back to top](#)

Online shopping is driving cross-border e-commerce

The explosion of online shopping and the increasing numbers of internet and smartphone users have contributed to market growth in Asia-Pacific, including Vietnam.

The region has also seen strong development of e-commerce logistics, helping create breakthroughs in cross-border e-commerce.



The "E-Commerce Logistics Market by Service and Geography - Forecast and Analysis 2021-2025" report by Technavio expects the market size to grow to US\$355.79 billion between 2020 and 2025.

Although the increase in cross-border e-commerce activities, rise in social commerce, and the growth of e-commerce startups will offer immense growth opportunities, high logistics costs, infrastructural issues in emerging economies, and stringent regulations for e-commerce logistics will challenge the growth of the market participants, according to the report. To make the most of the opportunities, market vendors should focus more on growth prospects in fast-growing segments, while maintaining their positions in the slow-growing segments, it said.

Pham Binh, Director of J&T Express Vietnam, noted that delivery and shipping firms should be competitive enough to conquer cross-border e-commerce. That is the reason why J&T Express has invested in technology and its workforce, and worked to enrich its international delivery experience, he said. In Southeast Asia, cross-border e-commerce has experienced outstanding developments, and is expected to rake in nearly US\$90 billion this year, doubling that in 2021.

Mordor Intelligence that provides market research estimated that the Southeast Asian cross-border e-commerce market will reach US\$12 billion in 2023, accounting for more than 40% of the region's market value. In order to deploy added value services, express delivery businesses need an infrastructure platform - transit centres - across Vietnam. VNA

[Back to top](#)

ENERGY

Japan's Jera acquires 35 per cent of Gia Lai Electricity JSC, a listed entity under Vietnam's conglomerate Thanh Thanh Cong Group

In order to enhance Vietnam's renewable energy capacity by 2025, Vietnam's conglomerate Thanh Thanh Cong Group (TTC Group) partnered up with Japan's Jera Co., the largest power generation company in Japan, producing one-third of Japan's electricity



Jera supplies electricity, gas, and heat, as well as conducts the development, mining, processing, trading, and transportation of energy resources.

Dang Van Thanh, chairman of TTC Group, has confirmed that Jera had bought a 35.09 per cent stake in Gia Lai Electricity JSC, a listed entity under TTC Group.

Jera paid an unknown sum to International Finance Corporation (under the World Bank Group) and Armstrong Asset Management of Singapore for the majority ownership in Gia Lai Electricity, making it the biggest foreign shareholder in the firm, cited Bloomberg.

Accordingly, TTC Group and its subsidiary Gia Lai Electricity plan to invest \$1 billion to further boost its renewables capacity to more than 2,000 MWG. Meanwhile, Jera is expected to provide international expertise and technology to aid in this endeavour. Moreover, it is projected that by the year 2025, wind power will account for almost two-thirds of that mix, up from the current 25 per cent.

TTC Group said it and Gia Lai Electricity shareholders will finance 30 per cent of the planned \$1 billion investment. For the remaining 70 per cent, TTC Group plans to deploy a variety of financial tools, including funding from contractors, according to Bloomberg. The chairman of TTC Group also revealed that the organisation is also showing interest in delving into liquefied natural gas (LNG) with Jera, an area where the Japanese firm is a significant leader.

Besides TTC Group, Jera also inked a collaboration agreement in May with Vietnam's Sovico Group, the parent holding firm of Vietjet and HDBank, to explore the potential for Jera to provide LNG power in this market. Since 1999, when it initially took part in the Phu My 2-2 gas-fired thermal power plant project, Jera has maintained a presence in Vietnam's market.

Through the development of LNG power projects as well as renewable energy and hydrogen/ammonia power projects, Jera targets to aid Vietnam's robust expansion of its power infrastructure. VIR

[Back to top](#)

RETAIL

Tech-product distributors, retailers reported good revenue and profit in July

Mobile phone and laptop distributors and retailers reported good revenue and profit in July, showing that the business activity of companies operating in this field is on the rebound from the COVID-19 pandemic.



However, analysts said that the increase in inflation will negatively affect consumer spending, and the sales growth of distribution and retail businesses of phone and laptop products may not be as high as per initial expectations.

According to surveys by Bao Viet Securities JSC (BVSC), leaders of Digital World JSC (DGW) and PetroVietnam General Services JSC Corporation (PET) - the two big laptop and mobile phone distributors in Vietnam, they all saw signs of recovery in the

demand for laptops and mobile phones in July.

The revenue from laptop sales of DGW in the month increased by 5 per cent over the same period last year, and is forecast to continue recovering in August and September. Meanwhile, mobile phone revenue surged 105 per cent year on year as consumption last year was heavily affected by pandemic-induced restrictions. PET also confirmed the same trend although it has not yet released its preliminary business data for July.

According to BVSC's estimates, mobile phone revenue in the second quarter of 2022 in Vietnam increased by 15.2 per cent year-on-year, reaching VND 26.8 trillion (US\$1.145 billion), but was down VND 4.2 trillion compared to that reported in the first quarter. Vietnam's mobile phone revenue is estimated to grow 13.4 per cent year-on-year in the first half of 2022 to VND 57.9 trillion.

However, according to SSI Securities JSC (SSI), inflation has affected purchasing power, forcing consumers to cut spending on non-essential items from the second quarter of 2022. SSI forecasts that big companies will gain more market share thanks to their strong bargaining power with suppliers, allowing them to mitigate the impact of the higher cost of goods and thereby offer more discounts to customers in the context of inflationary pressure.

After the sharp increase in the first quarter of 2022, laptop sales in the second quarter of 2022 weakened due to a decline in demand. The revenue of Digital World Joint Stock Company in Q2 reached VND 1.13 trillion, down 15 per cent over the same period last year and down 49.8 per cent compared to the first quarter of 2022.

PetroVietnam General Services Joint Stock Company reported revenue in the second quarter of 2022 reached only VND 434 billion, down 51.9 per cent over the same period last year and down 68.4 per cent compared to the first quarter.

Laptop sales in Q2 of FPT Digital Retail Joint Stock Company (FRT) decreased by 0.9 per cent over the same period last year to VND 879 billion. This number also decreased by 38.1 per cent compared to the first quarter of 2022. Profit of Digital World Joint Stock Company (DGW) peaked in the fourth quarter of 2021 thanks to unusually high laptop sales.

In 2023, corporate profits may still increase due to more contributions from newly signed contracts and revenue from existing contracts may still gain. The profit of FPT Digital Retail Joint Stock Company (FRT) also peaked in the fourth quarter of 2021, thanks to unusually high revenue from notebook computers, hence Q4 profit of 2022 may decline from last year's high.

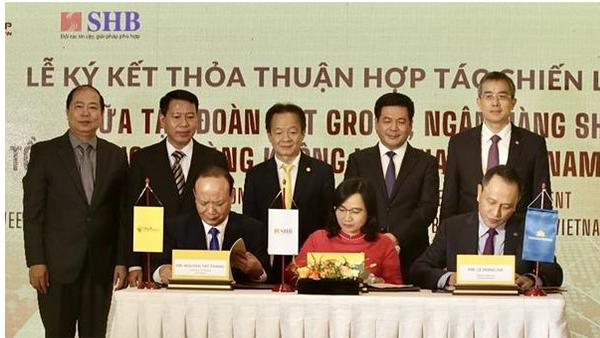
Businesses can still see increased profits in 2023 thanks to increased market share in the information and communication technology (ICT) retail industry. Mobile World Investment Joint Stock Company (MWG) can also see increased profits thanks to increasing market share in information technology and consumer electronics (ICT and CE).

[Back to top](#)

LOGISTICS

Vietnam Airlines expands partnerships to boot multi-sector business

The national flag carrier Vietnam Airlines has recently signed a strategic cooperation agreement with T&T Group and SHB Bank, and a Memorandum of Understanding (MoU) with T&Y SuperPortTM - a joint venture between T&T Group and YCH Group of Singapore.



Under the deals, the parties pledged to use each other's products and services and unlock each other's potential to add value to Vietnam's economy.

"The agreement is an important milestone, acting as the catalyst for business improvements and contributing to the recovery of the market and supply chains," said Do Quang Hien, Chairman of the Board of Directors and CEO of T&T Group.

Dang Ngoc Hoa, Chairman of the Board of Directors of Vietnam Airlines, shared this view, saying that the partnership would give fresh impetus to the carrier's aviation ecosystem, which currently has a fleet of over 100 aircraft and a network of more than 100 air routes globally. The agreements are expected to boost the signatories' operational efficiency, improve their position and competitiveness, and strengthen the strategic cooperation between Viet Nam and Singapore. VNS

[Back to top](#)

The Vietnam Maritime Administration is gathering comments on a proposed set of criteria for recognising green ports

The Vietnam Maritime Administration is gathering comments on a proposed set of criteria for recognising green ports. The criteria are expected to push port-managing firms to embrace green development, improving their competitiveness and ensuring sustainability. A green assessment will be carried out every three years.

The first criterion is that the firms strictly comply with environmental regulations specified in Vietnam's legal documents and international agreements of which Vietnam is a member. Additionally, the firms must closely monitor their port construction and operation and make frequent reports on their environmental impacts. The second criterion comprises three sub-criteria with specific max points assigned to each. Under the Commitment sub-criterion, port-managing firms get 0.75 points once they have a 'Strategy for Green Ports,' finance for the strategy and annual reports on its development. The firms get an additional 0.5 points if they launch campaigns to raise awareness about green ports and promote their popularity. The maximum points for the sub-criterion is 1.25 points.

The Action sub-criterion assigns 0.375 points to firms that commit themselves to clean energy, including solar and wind energy, 0.5 points to their efficient use of power and electricity, and 0.25 points to their switch to environment-friendly materials. Their efforts to reduce air and noise pollution and improve waste treatment will earn 0.625 points. Green management, which involves an Environmental Management System and an ISO-certified Occupational Health and Safety System, brings another 0.375 points.

Their incorporation of information technology into ports' operation, including online payments, e-invoices, e-port and mobile apps, would add 0.375 points to their score. The maximum points for Action are 2.5 points. Under the Outcome sub-criterion, port-managing firms earn a maximum of 1.25 points if their efforts at environmental protection and efficient use of energy produce exceptional outcomes.

After the green assessment, the firms are classified according to their total points into bad, poor, average, good and excellent. Firms under the bad category are believed to "make no efforts to develop green ports" whereas those under the poor category "make little efforts" to do so. The average category comprises firms that "adequately engage in green ports development." Meanwhile, the good category involves firms that "systematically promote green ports" and the excellent category involves ones that "incorporate management systems and technologies into green ports development." Tan Cang Cat Lai is the first port in Vietnam to be recognised as a green port by the APEC Port Services Network.

The port has replaced its diesel-powered lifting equipment with electricity-powered equipment to cut fuel costs by US\$2 million per year. The use of e-documents has also allowed it to cut queuing time from 13 to 6 mins for each vehicle and saved its employees dealing with around 50,000 papers per day. The authorities expect that all ports in Vietnam will compulsorily go green from 2030. VNS

[Back to top](#)

INVESTMENT

Vietnam seeks foreign investment in medical devices production

The Vietnamese medical devices market, which is growing annually at more than 18%, relies heavily on imports, representing significant opportunities for foreign businesses, according to the Ho Chi Minh City Medical Equipment Association.

Visitors to the 20th International Medical, Hospital & Pharmaceutical Exhibition that opened on August 11 in HCM City. The market is now worth US\$1.5 billion, up from US\$1.1 billion in 2017, Hua Phu Doan, deputy chairman of the association, said. Domestic medical devices manufacturers make mostly basic stuff and meet only 10% of demand while the remaining 90% is imported, he told a meeting held recently in HCM City.

The number of foreign manufacturers in Vietnam remains modest due to the lack of development of supporting industries and the absence of an industrial cluster in this sector, he said. In Doan's opinion, foreign investment in the production of medical devices is vital to reduce reliance on imports and facilitate development of supporting industries serving the healthcare sector.

The 20th International Medical, Hospital & Pharmaceutical Exhibition, which opened in HCM City on August 11, serves as a platform for foreign businesses to explore partnerships and investments in Vietnam, he said at the inaugural ceremony. Vietnam Medi-pharm Expo 2022, with its larger scale and exhibitor portfolio, is also a great opportunity for local businesses to access advanced technologies and specialised equipment in the pharmaceutical and medical device sectors, Doan added.

The expo brought together 260 exhibitors from 20 countries and territories, with businesses making pharmaceuticals and functional foods accounting for half of them. The expo at the Saigon Exhibition and Convention Centre, organised by Vinexad JSC in collaboration with the association, wrapped up on August 13. VNS/VNA

[Back to top](#)

Apple suppliers to produce Apple Watch and MacBook in Vietnam

Apple Inc's suppliers are in talks to produce Apple Watch and MacBook in Vietnam for the first time, Nikkei Asia reported on 16 August 2022, citing people familiar with the matter.



Photo: <https://www.apple.com/vn/watch/>

Apple's Chinese supplier Luxshare Precision Industry (002475.SZ) and Taiwan-based Foxconn (2317.TW) have started test production of Apple Watch in northern Vietnam, the report added. Apple has asked suppliers to set up a test production line in Vietnam for the MacBook, the report said, adding that progress in moving mass production to the country has been slow partly due to pandemic-related disruptions but also because notebook computer production involves a larger supply chain.

Apple has been shifting some areas of iPhone production from China to other markets, including India, where it started manufacturing iPhone 13 earlier this year, and is also planning to assemble iPad tablets. India, the world's second-biggest smartphone market, along with countries such as Mexico and Vietnam, is becoming increasingly important to contract manufacturers supplying American brands, as they try to diversify production away from China. Apple, Foxconn and Luxshare Precision did not immediately respond to a Reuters request for comment.

Last week, Taiwanese contract manufacturer Foxconn gave a cautious outlook for the current quarter after posting results that exceeded expectations, citing slowing smartphone demand after a pandemic-fuelled boom. Like other global manufacturers, Foxconn - formally called Hon Hai Precision Industry Co Ltd - has dealt with a severe shortage of chips that hurt production, as bottlenecks from the pandemic lingered and the Ukraine war further strained logistical channels. Reuters

[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 5 th – 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
Email	newsletter@seiko-ideas.com

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