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Highlight

World Bank forecast Vietnamese economy to expand 7.2% in 2022

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What's in it today?

FINANCE

Vietnam inflation still under control

Economists have forecast Vietnam's inflation will be kept at around 3.3-3.8% this year, similar to the National Assembly-set target of below 4%, adding that the pressure for 2023, however, remains huge and requires appropriate response solutions.

According to Deputy Director of the Vietnam Institute for Economic and Policy Research (VEPR) Nguyen Quoc Viet, inflation in many countries over the world posted a record high in the first months of 2022. Global inflation is projected from 7.25-9.4% this year and 4-6.5% next year.

The inflation pressure has forced central banks to tighten their monetary policies, which poses a risk of increasing economic recession.

In Vietnam, to control inflation under 4%, the Government and relevant agencies have taken flexible measures, from controlling market liquidity to flexibly combining fiscal policies and exempting or reducing taxes and fees of essential and strategic commodities.

Thanks to these measures, the country's inflation in the first eight months of 2022 was 2.58% year-on-year, higher than the 1.67% of the same period last year but lower than the average of the similar period of the 2018-2020 period.

Economist Le Xuan Nghia pointed to five solutions that need to be carried out in the remaining months of this year, namely persisting measures to stabilise macro-economy, prices and curb inflation; maintaining those to boost sustainable growth; providing support in terms of capital and market access for people and businesses; solving shortcomings of the business environment and labour shortage problems; and better forecast and policy assessment works. VNA

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World Bank forecast Vietnamese economy to expand 7.2% in 2022

Vietnam's economy is expected to grow by 7.2% in 2022, on the back of a strong rebound in domestic demand and continued solid performance by export-oriented manufacturing, according to the World Bank East Asia and Pacific Economic Update, October 2022.

The economy rebounded strongly from COVID-19-related lockdowns in the third quarter of 2021, expanding by 6.4% in the first half of 2022, the report said.

The WB attributed the rebound to a recovery of exports and the release of pent-up demand following the removal of COVID-19-related mobility restrictions and, more recently, the gradual return of foreign tourists.

In the medium to long term, achieving Vietnam's goal to become an upper-middle income economy will depend on transitioning to a productivity and innovation-led growth model based on a more efficient use of productive, human, and natural capital, the bank said.

The WB forecast that growth in the region is projected to decelerate from 7.2 percent in 2021 to 3.2 percent in 2022, which is about two percentage points slower than was expected in April 2022.

Potential output in the region is now projected to expand 4.6% year-on-year over the 2022-2030 period, down from 6.5% in the decade preceding the pandemic.

According to a forecast by the WB in April, East Asian and Pacific countries can achieve an economic growth of 5% in 2022.VNA

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E-COMMERCE

E-commerce to become a pillar in the digital economy

In recent years, Vietnam's e-commerce market has expanded and become a popular business method for people and businesses.

Thanks to the diversity of operating models, objects and thesupply processes of goods and services, along with the support from internet infrastructure and modern technology, e-commerce has become an important pillar for the development of the digital economy.

In 2021, when the COVID-19 pandemic made severe impacts on the trade and service activities of Vietnam when the wholesale and retail industry index decreased by 0.21% over the previous year, the e-commerce industry maintained a stable growth rateof 16% and retail revenue reached 13.7 billion USD. Vietnam's e-commerce has continued to grow rapidly and strongly since the beginning of 2022, accounting for an increasingly large proportion of the domestic trade system.

Legal framework completed

According to the Vietnam E-commerce White book 2022, which has been announced by the Vietnam E-Commerce and Digital Economy Agency (IDEA) under the Ministry of Industry and Trade, the size of Vietnam's e-commerce retail market was forecast to grow by 20% this year, reaching about 16.4 billion USD. Besides, it is estimated that about 57-60 million Vietnamese people participate in online shopping with the value of goods purchased online at about 260-285 USD.

The achieved result was thanks to the good use of the development trend of e-commerce and the gradual supplement and completion of a legal framework for online shopping activities. Le Thi Ha from the IDEA said since the Government’s Decree 52/2013/ND-CP on e-commerce was issued, the growth rate of e-commerce in Vietnam has witnessed a strong development with retail e-commerce revenue increasing from 2.2 billion USD in 2013 to 16.4 billion USD in 2022.

However, in the face of rapid changes in technology, as well as online business forms, the Government continued to issueDecree No.85/2021/ND-CP amending and supplementing several articles of Decree No.52/2013/ND-CP to meet new requirements on state management. This Decree has many newfeatures including the narrowing of subjects in carrying out administrative procedures and promoting the transparency of information about goods and services on the e-commerce market.

The Decree also contains many regulations to strengthen the responsibilities of traders and organisations’ trading floors.Specifically, the Decree requires that sellers on e-commerce trading floors need to provide information by regulations when they register to use the service. Especially for foreign sellers,proper names must be transliterated into Vietnamese or Latin characters. Traders must promptly take settlement measures when detecting or receiving reports on illegal business acts on the floor, as well as support state management agencies in investigating and handling law violations and settling disputes and complaints.

The Department of E-commerce and Digital Economy assessed that after Decree 85/2021/ND-CP took effect, the legal framework for e-commerce activities has been gradually perfected to meet development requirements, especially in the context that Vietnam's e-commerce has grown rapidly and strongly over recent years and accounted for an increasingly large proportion in the domestic trade system.

Anti-counterfeiting measures strengthened

The fast growth of the e-commerce market has opened up opportunities for businesses to quickly and easily reach customers. Notably, amid the impacts of the recent COVID-19 pandemic, e-commerce has acted as a "lifebuoy" to help businesses overcome difficulties to survive.

However, when the value and number of transactions increase, there are also many arising problems such as fake goods and frauds in the online environment, because buyers and sellers do not actually meet. In addition, illegal acts via e-commerce tend to increase sharply. In just two years of the COVID-19 outbreak, the General Department of Market Surveillance under the Ministry of Industry and Trade and the Department of E-commerce and Digital Economy jointly inspected 3,000 cases and handled administrative violations in the field of e-commerce, with an amount of up to 20 billion VND.

The fraud rate via e-commerce is forecast to account for 50-60% of all forms of commercial fraud in the next 2-3 years, said Director General of the General Department for Market Surveillance Tran Huu Linh. Therefore, the prevention and combat of counterfeiting and commercial fraud in the e-commerce environment will be enhanced by the functional forces.

The General Department of Market Surveillance has also been coordinating with the Department of E-commerce and Digital Economy, to develop a project on anti-counterfeiting and consumer protection in the e-commerce environment for the 2020-2025 period, with many synchronous solutions and the participation of relevant units.

The prevention and combat of counterfeit goods in the online environment is a big “front” with many difficulties, however many businesses have not focused on protecting their brandswhile doing business in the online environment, said official Nguyen Huu Tuan from the Department of E-commerce and Digital Economy.

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ENERGY

Quang Ninh moves to develop renewable energy

Mong Cai city, the northern province of Quang Ninh, is planning to develop renewable energy on Vinh Thuc and Vinh Trung islands in the near future.

Chairman of the municipal People's Committee Ho Quang Huy said Mong Cai is working to carry out the announced strategies and plans to gradually modernise infrastructure, especially in coastal areas.

Among those strategies and plans, the city will boost the development of renewable energy to switch from traditional energy sources such as coal, oil, and natural gas to green and safer ones like wind, solar, hydrological, and biological energy in line with the common orientations set up by central and provincial agencies, he noted.

According to an adjusted general planning for the Mong Cai Border Gate Economic Zone approved by the Prime Minister, the zone has a total area of about 121,197 hectares, including 66,197 hectares on land and 55,000 hectares on water that includes such islands as Vinh Trung and Vinh Thuc of Mong Cai city and Cai Chien of Hai Ha district.

Mong Cai city and the Mong Cai Border Gate Economic Zone boast a long coastline, favourable weather conditions for developing renewable energy like solar and wind power, as well as resilience to storms, making them ideal places for long-term and stable power generation.

Huy said municipal authorities are moving to adjust the planning of Division D1 in the vicinity of Vinh Trung and Vinh Thuc islands to suit the clean and renewable energy development directions issued by the Quang Ninh administration and central agencies.

After the planning is finalised, Mong Cai will invite capable and experienced investors to develop a wind power system, the official went on, adding that the development of clean and renewable energy will help create an impulse for the local economy to grow, natural values to be upheld, the city's standing in the common development trend to be elevated, and related policies and resolutions of central and provincial administrations to be implemented.

He added that his city will maximise maritime potential while enhancing the monitoring and protection of the marine environment to help sustainably develop sea-based economic activities.

As a coastal city with rich potential for economic development, Mong Cai holds a strategic position in Quang Ninh province and Vietnam as a whole. Over the past years, it has always attached importance to preserving and bringing into play natural values and promoting renewable energy, Huy said.

In March this year, the Quang Ninh People's Committee issued a document on studying the potential of offshore and land-based wind power in the province. It assigned the provincial Department of Industry and Trade to coordinate with some units to survey areas for wind power development, including Vinh Trung and Vinh Thuc islands.

Meanwhile, in a draft planning of Quang Ninh by 2030 submitted to the Prime Minister, the province identified several focuses, including developing an environmentally friendly energy industry, maintaining its role as an energy centre of Vietnam and a wind and LNG-fired power centre in the northern region, gradually switching to clean and renewable energy, and developing land-based, inshore, and offshore wind power with total initial capacity of about 2,500 MW.

On February 11, 2020, the Politburo issued Resolution No 55-NQ/TW on orientations for the national energy development strategy by 2030, with a vision to 2045, which gives priority to the capitalisation of renewable, new, and clean energy sources. On October 2 the same year, the Government released Resolution No 140/NQ-CP on an action plan for implementing the Politburo's resolution. VIR

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Solar and wind power prices still problematic

The electricity prices of many wind and solar power projects have yet to be determined following the expiration of the FIT (feed in tariff) policy, worrying investors.

The Electricity Regulatory Authority (ERA) has sent a document to the Electricity and Renewable Energy Authority (EREA) on a proposal by EVN about pricing for transitional wind and solar power projects and projects in the future.

Earlier, the Electricity of Vietnam (EVN) proposed that in the immediate time, transitional projects be allowed to join the electricity market to enjoy spot delivery prices that do not exceed the electricity generation price framework of corresponding power types approved by the Ministry of Industry and Trade (MOIT) (the price offering and announcement of capacity for transaction cycles will comply with electricity market regulations).

EVN also proposed that MOIT not ask EVN to negotiate the electricity price and electricity procurement contracts for these projects, because this is not feasible.

The view of ERA on this issue is that EVN, as the buyer in the electricity market, has to take responsibility for negotiating with electricity generators in the electricity market so as to reach agreements about prices and output stipulated in the electricity procurement form in Circular 57 of the Minister of MOIT.

According to ERA, the legal foundation for the units generating renewable power to join the electricity market is Clause 2, Article 4, Circular 45. It says that power plants using renewable energy (not hydraulic power) with a capacity of over 30 MW have the right to join the electricity market.

MOIT reported that there are many solar and wind power projects which have been implemented, but could not meet the requirements in time to enjoy the FIT scheme.

These include 62 wind power projects with a total capacity of 3,479 MW which have signed contracts on selling electricity to EVN. The electricity selling prices have not been determined because FIT has expired.

Five projects or parts of solar power projects with total capacity of 452.62 MW are also awaiting the determination of selling prices, while other projects are still under execution.

In late August, the Power Trading Company belonging to EVN released a document saying that it would stop using electricity of a part of the 450MW Trung Nam-Thuan Nam that has no pricing mechanism (172.12 MW), beginning on September 1.

Trung Nam Group, the developer of the project, then sent a disprenewable energy, FIT, electricity generation, atch to the government, MOIT and EVN, asking to continue mobilizing capacity even without pricing mechanism.

The 450 MW solar project is a conditional investment project selected by Ninh Thuan province under bidding. The investor has built transformer stations and 500KV transmission lines for a total cost of VND2 trillion. Vietnamnet

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RETAIL

Wholesale and retail industries took the lead in new foreign-invested projects

The wholesale and retail industries took the lead in new foreign-invested projects in the January-September period, according to the Ministry of Planning and Investment.

A report from the Ministry of Planning and Investment showed that Vietnam had 1,355 new foreign-invested projects licensed with total registered capital of US$7.12 billion. The number of projects in the wholesale and retail industries accounted for 30% of those.

Vietnam's retail market had grown at a double-digit rate for years prior to 2019. Even when affected by the pandemic, total retail sales reached more than US$172 billion in 2020, up 10.6%, and US$173 billion in 2021, up 0.2% year-on-year.

According to the General Statistics Office, the total retail sales of consumer goods and services in the first eight months of this year reached over VND 3,679 trillion, equivalent to about US$155 billion, up 19.3% over the same period last year.

Thanks to those positive signs, many enterprises decided to join the market and increase their investment. Many large corporations such as AEON, Central Retail and Uniqlo have been seeking opportunities to open more branches throughout the country.

Regarding foreign investment approvals in the first nine months, the total registered capital of new projects fell 43% compared to the same period last year at US$ 7.12 billion.

However, nearly 770 projects with foreign investments registered to adjust their investment capital, up 13.4% over the same period last year. The total additional capital registered was more than US$8.3 billion, up nearly 30%.

According to the Ministry of Planning and Investment, the total newly registered capital, adjusted capital and share acquisitions by foreign investors from January to September totaled more than US$18.7 billion, down 15.3% over the same period last year. Saigon times

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LOGISTICS

Roadmap to develop green ports in Vietnam

A roadmap for a green port system in Vietnam is being put forward to reduce the impact on the environment as well as greenhouse gas (GHG) emissions, and promote energy efficiency.

The Vietnam Maritime Administration (VMA) cited statistics from the International Maritime Organisation (IMO) showing that GHG emissions of the maritime shipping industry increased nearly 9.6% between 2012 and 2018 (from 977 million tonnes to 1,076 million tonnes). CO2 emissions alone climbed from 962 million to 1,056 million tonnes.

It is forecast that until 2050, GHG emissions in the ndustry will increase 50% over 2018.

According to information released at the International Transport Forum 2020, emissions from maritime shipping activities cost an additional EUR12 billion a year in the 50 largest ports in the world. Approximately 230 million people have been directly exposed to emissions at 100 seaports around the world in terms of shipping emissions.

Acting Director of the VMA Nguyen Dinh Viet said that on the foundation of the Transport Ministry's approval, the administration has issued a plan to develop green ports in Vietnam.

Under the roadmap, a set of criteria for green ports has been set. From 2023, the green port model will be applied at some domestic ports.

In the 2023-2025 period, relevant regulations will be adjusted and supplemented to suit the criteria, Viet said, adding that national technical standards and criteria for “green ports” will be built and issued within 2025-2030.

Tran Thi Tu Anh, deputy head of the Science, Technology and Environment Office under the VMA, said that green ports in Vietnam will be constructed according to six main criteria - green port perception; resources usage; environmental quality management; energy use; information technology application; and emission reduction and response to climate change and rising sea levels. VOV

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INVESTMENT

Vietnam attracts over US$ 18.7 billion in FDI over nine months

Vietnam has attracted more than US$18.7 billion in foreign direct investment (FDI) during the initial nine months of the year, an annual decline of 15.3%, according to detail compiled by the Foreign Investment Agency (FIA).

Despite this drop, FDI disbursement continued to increase sharply, reaching US$15.4 billion in the reviewed period, a rise of 16.2% compared to the same period from last year.

This high disbursement rate can be viewed as a positive sign as FDI firms have resumed and expanded post-pandemic production, noted the FIA.

Although newly-registered capital has yet to fully recover due to global supply disruptions and geo-political fluctuations, the adjusted capital and capital contribution and share purchase by foreign financiers inched up by 29.9% and 1.9%, respectively.

These impressive figures affirm the confidence of foreign investors in the Vietnamese economy and the local investment climate, a factor which has made them not hesitate to expand investment in the country.

Throughout the reviewed period, 1,355 new projects capitalised at US$7.12 billion were granted investment registration certificates, an increase of 11.8% in project numbers compared to the same period from last year, despite being a drop of 43% in capital.

This sharp fall in newly-registered capital can largely be attributed to policies implemented in order to contain the COVID-19 pandemic, a factor which have made it difficult for foreign investors to move to Vietnam and explore investment opportunities, as well as challenges in carrying out procedures related to investment registration.

Meanwhile, the global market has recently experienced sharp fluctuations as a result of the geo-political conflict in Europe, high inflation pressure, and supply chain disruptions, all of which have combined to negatively affect the investment capital outflow of major economies, especially Vietnamese investment partners.

FIA statistics also show foreign financiers have invested in a total of 18 out of 21 national economic sectors in the country. The processing and manufacturing industry continued to take the lead by attracting over US$12.1 billion, or 64.6% of the total registered investment capital.

The real estate sector ranked second with total investment capital of over US$3.5 billion, followed by science and technology with US$ 676.9 million, and wholesale and retail industries with US$617.9 million, respectively.

Singapore remained Vietnam's leading foreign investors with over US$4.75 billion, representing a year-on-year fall of 24.3%, trailed by the Republic of Korea with over US$3.8 billion and Japan with over US$1.9 billion. VOV

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Vingroup injects US$270 million into LFP battery line in central Vietnam

VinES Energy Solutions Joint Stock Company, an affiliate of Vingroup – the largest private conglomerate in Vietnam, has decided to pour $270 million (VND 6,329 billion) into a Lithium Iron Phosphate (LFP) battery factory in Ha Tinh province.

VinES of Vingroup has decided to inject more than VND 6.3 trillion into another LFP battery factory in Vung Ang economic zone in Ha Tinh province, central Vietnam. VinES' investment plan has been approved by the Ha Tinh Economic Zone Management Board.

The factory will be built on an area of more than 14ha in Vung Ang economic zone. The project will have a total investment capital of VND 6,329 billion, including VND2,405 billion sourced from VinES and the remainder from stakeholders. The facility is designed to produce approximately 30 million LFP rechargeable battery cells mainly used for electric cars batteries and energy storage systems (ESS). The production line is expected to churn out first commercial products in the third quarter of 2024.

In December 2021, Vingroup broke ground for the first VinES Battery Factory in Vung Ang Economic Zone. In the first phase, the factory is being on an area of 8ha with a total investment of VND 4,000 billion. The factory is designed to supply LFP batteries to electric cars and electric buses of VinFast. VOV

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