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FINANCE

Vietnam's trade value has hit US\$700 billion for the first time this year

For the first time in history Vietnam's 2022 import-export value has surpassed the US\$700 billion mark, up 15% year on year.



By noon December 15, Vietnam's import-export value reached more than US\$700 billion, the General Department of Vietnam Customs announced.

Experts attributed the good result to Vietnam's efforts in joining and implementing many new generation free trade agreements over the past five years. The country has continuously made strong strides in the import and export of goods in terms of scale and growth in recent years.

In 2007, after Vietnam officially joined the World Trade Organization (WTO), its total import-export value hit US\$100 billion. Four years later, this figure doubled, reaching US\$200 billion.

The country's foreign trade exceeded US\$400 billion in 2017 and US\$600 billion last year.

"Over the past five years, Vietnam's import and export turnover has increased by 1.5 times, and the tax collected from import and export activities has increased by 1.4 times. Notably, the tax collected in 2022 has increased by more than 10% compared to 2021. This revenue has greatly contributed to the economy's big balances and support business activities", said Mai Xuan Thanh, deputy general director of the General Department of Vietnam Customs.

In 2022, Vietnam was ranked 23rd by the World Trade Organization in terms of goods exports and 20th in terms of imports. In Southeast Asia, Vietnam's import-export value came in second, only after Singapore. With the 2022 trade value at a record high, the country's ranking is projected to be higher on a global scale.

The enforcement of a range of free trade agreements over the years has created a favourable environment for businesses to promote import and export activities. The export turnover higher than the import turnover has also helped Vietnam produce a trade surplus of more than US\$9.2 billion, 2.3 times higher than the whole of last year.

The high trade growth shows Vietnam has stabilized its macroeconomy, maintained business production and promoted investment attraction, creating the prerequisite for the economy to sustain its growth momentum next year. VOV

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Mobile Money services fell below expectations

After one year of trial operation, the results of Mobile Money services fell below expectations owing to a number of factors, including customer hesitation and legal impediments.

The Vietnam Telecommunications Authority targeted all mobile phone users to have Mobile Money accounts by the end of 2022. But after one year of trial deployment, Vietnam reports just 2.34 million Mobile Money accounts, including 1.62 million accounts open in rural and island areas, accounting for 69.23 per cent of the total. Three Mobile Money operators – military-run Viettel, state-owned post and telecom group VNPT, and MobiFone – have developed more than 82,200 transaction points connected with over 14,500 card acceptance units. Customer hesitation is part of the reasons behind Mobile Money's below-expected performance. The number of Mobile Money transactions is around 15 million so far, valued at about \$41.3 million.

Pham Anh Tuan, head of the Payment Department under the State Bank of Vietnam, said that despite several initial encouraging results in promoting cashless payment in rural, remote and island areas, Mobile Money deployment had encountered scores of obstacles. From the user's angle, hesitation in using new tech services with privacy impediments is still common. Meanwhile, service provider networks and payment infrastructure are mainly based in urban areas. The speed of service deployment in rural areas fell below expectations. From an enterprise angle, there are limited cashless payment services tailored to the diverse needs of customers, therefore failing to stimulate users. According to Truong Quang Viet, deputy CEO of Viettel Digital, the company is expected to serve 2 million Mobile Money customers, with more than 60 per cent living in rural and remote areas, developing over 3,000 transaction points serving people in rural and remote areas.

“These results still prove modest compared to Mobile Money’s vast potential, especially when Viettel has several dozen million subscribers. There are many reasons to blame the situation, such as customer’s habit of cash payment, privacy impediments, or monthly spending limits,” said Viet. To facilitate the service, from October 2022, National Payment Corporation of Vietnam (NAPAS) and the aforesaid telcos began money transfers between Mobile Money accounts and bank accounts.

“Connection between Mobile Money and NAPAS is a success to the service we offer on Viettel Money. The customers can now conduct money transfers to over 50 banks connected to Viettel Digital,” said Viet, adding that after three months of deployment, the number of transactions and transaction value had doubled. More solutions are needed to reach the target of three-digit growth in the number of Mobile Money users in 2023, equal to about 10 million users.

Pham Tien Duing, deputy governor of SBV, stressed the importance of raising the number of payment acceptance points and linking Mobile Money to essential products and service providers. Pham Minh Tu, deputy director of MobiFone Digital Service Centre, asked for permission to allow the relevant services to be connected to the national database on population to verify the data, connect to each other to form Vietnam’s Mobile Money ecosystem, as well as for the provision of several novel services on Money Money to attract users. VIR

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E-COMMERCE

E-Grocery Shopping Platform Cooky Secures US\$4.5M backing from Nextrans and Do Ventures

Cooky, a Vietnam-based e-grocery shopping platform, recently announced the success of the \$4.5 million investment led by South Korean firm Nextrans and local VC Do Ventures. The goal is to accelerate its R&D to create more diverse and healthy meal kits that could be sold at affordable prices, their founders said in the media statement.



Moreover, the funding will also be allocated to focus on maximizing customer satisfaction by improving personalized services based on their needs.

Cooky is the perfect app for those who don't have much time to cook — it provides excellent ready-to-cook meals with better pricing and a pioneering system built for farm-to-table distribution. Their meal kits, all of which come with portioned ingredients, contain everything needed to create healthy dishes at home.

Not only that, every single ingredient are selected carefully from reliable farms and brands in the country. Cooky chefs take care of every aspect of cooking preparation, from getting the right ingredients, weighing out exactly what you need, and providing the recipe, which means your meal will come together in 30 minutes or less.

When everything's set, the orders will be delivered within one hour of order placement or at the customer's preferred time frame. And as the COVID-19 pandemic changed consumers' shopping habits, consumers have been buying more products and services from online markets. Similarly, risk perception associated with COVID-19 may influence people's food purchase and consumption behaviors.

Founded by the duo who launched food delivery app Foody, Minh Dang and Dai Nguyen, Cooky app currently has over 1 million downloads after 1.5 years of operation.

Cooky CEO Minh Dang, said they want to provide easy-to-make, delicious, and healthy meals for everyone who wants to eat well but does not have time to cook. “Our customers can leave behind the hassle of grocery shopping and cook whenever they want with no food waste.”

Nextrans believes that Cooky’s innovative model will make meal preparations more convenient as well as give Vietnamese people a healthier lifestyle. Seung-Ho Chae, managing director at Nextrans, sees the value in improving the grocery retail market in the country and make it more efficient and transparent.

Vy Le, general partner at Do Ventures, said that “with our busy schedules, Cooky is there to provide us with a comfortable way to prepare our meals without planning recipes and going to the supermarket.”

In a press release by Do Ventures, Le said she is thrilled to support a team with a proven track record and profound experience in FoodTech and supply chain operations. In addition, Le also expressed her trust in the track record of the founders in redefining the food delivery service in the country.

With the rapid adoption of online delivery solutions, Vietnam’s e-grocery market is expected to reach \$1.5B by 2025, according to Cooky. Vietcetera

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ENERGY

ADB finances 107 million USD to develop wind power in Vietnam

The Asian Development Bank (ADB) has signed a 107 million USD financing project with BIM Wind Power Joint Stock Company (BIM Wind) to assist the operation of an 88 MW wind farm in the south central province of Ninh Thuan.



According to a press release by the bank, the power plant will help Vietnam reach its clean energy and climate action targets by offsetting about 215,000 tonnes of carbon dioxide annually.

The project financing is arranged and syndicated by ADB as mandated lead arranger and bookrunner, comprises 25 million USD from the bank's ordinary capital resources, 25 million USD from Japan

International Cooperation Agency, 13 million USD from Hong Kong Mortgage Corporation Limited, 17 million USD from Sumitomo Mitsui Banking Corporation, 18 million USD from ING Bank, and 9 million USD from Cathay United Bank.

“Energy demand in Vietnam has grown rapidly even during the pandemic, and it is crucial that this demand be met through clean energy that will drive sustainable economic growth,” said ADB Private Sector Operations Department Infrastructure Finance Division Director for East Asia, Southeast Asia, and the Pacific Jackie B. Surtani. “This project is a crucial step toward Vietnam’s resilience and ongoing recovery by further expanding the country’s renewable energy mix and contributing to its net-zero targets.”

BIM Wind is jointly owned by ACEN Corporation through its subsidiary, ACEN Vietnam Investments Pte. Ltd., and the BIM Group through its subsidiary, BIM Energy Holding Corporation (BIMEH). ACEN and BIM Group have been developing renewable energy projects since 2019. BIMEH is among the top five renewable platforms in Vietnam with a gross operation capacity of close to 800 MW.VNA

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RETAIL

IFC eyes \$20M investment in convenience store chain GS25

The International Finance Corporation (IFC), a member of the World Bank Group, is considering pouring VND460 billion (\$20 million) into Vietnamese convenience store chain GS25.



IFC conducted a review of the proposed investment in February and March 2022 by visiting five stores and a warehouse in Thu Duc City, the global lender said in a disclosure.

The funds would go to expand the presence of local operator GS25, a subsidiary of Vietnam's Son Kim Retail and South Korea's GS Retail in which Son Kim owns a 70% stake.

The chain's full expansion plan is set to cost a total of VND1.056 trillion (\$46 million), which includes the costs of construction, equipment, tools, supplies and store rental deposits.

GS25 was launched in Vietnam in 2017. It is based on the GS25 convenience store concept from South Korea, which was introduced to Vietnam by JV partners GS Retail Co. Ltd.

Typical GS25 store formats include about 150-square-meters of shop space, including an area for dine-in seating. The stores offer fresh food and fresh groceries as well as ready-to-eat and ready-to-cook products. The chain prominently features Korean-made goods.

By early November, the retailer had 200 stores in Ho Chi Minh City and neighboring localities.

Its expansion plan was announced amid a post-pandemic recovery in retail and domestic consumption.

Total 2022 retail and services revenue have surged 20.5% year-on-year to VND5,180 trillion in the first 11 months, according to the General Statistics Office. The figure is nearly 15% higher than 2019 – before the Covid-19 pandemic.

Vietnam was home to 674,000 convenience stores and minimarts by the end of May, GSO said.

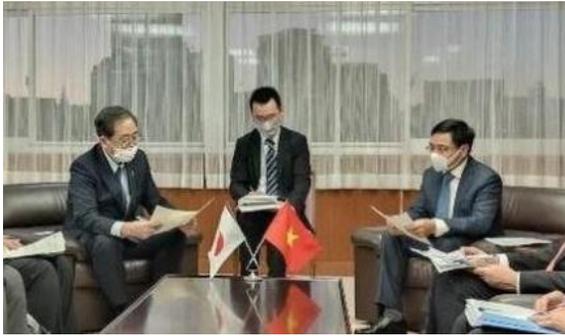
GS25 is facing strong competition from other retail chains. Circle K has 413 outlets here, while FamilyMart boasts 150 and Ministop has launched 136. Vnexpress

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LOGISTICS

Vietnam and Japan promote cooperation in transport

Vietnamese Minister of Transport Nguyen Van Thang paid a visit to Japan from December 12-15 to promote bilateral cooperation in transport as the two countries look towards the 50th anniversary of diplomatic ties in 2023.



The working session between Vietnamese Minister of Transport Nguyen Van Thang and Japanese Minister of Land, Infrastructure, Transport and Tourism Saito Tetsuo.

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At the working session with Japanese Minister of Land, Infrastructure, Transport and Tourism Saito Tetsuo, the two sides expressed delight at the growth in transport cooperation along with the deepening ties between Vietnam and Japan.

Minister Thang suggested that the two sides sign a new memorandum of understanding on comprehensive cooperation to replace the one signed in 2010.

He also asked the Japanese side to share its experience in developing a synchronous and modern transport system and work together to address obstacles for infrastructure projects funded by Japanese official development assistance.

Japanese Minister Saito Tetsuo said he agrees with Vietnam's suggestions and called on the two sides to continue promoting closer cooperation to achieve more substantive results in celebration of 50 years of diplomatic ties.

As part of his working visit to Japan, Minister Thanh also met with JICA Senior Vice President Keiichiro Nakazawa, surveyed a number of high-quality infrastructure projects in Japan, and worked with several Japanese agencies in infrastructure development. NDO

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CMA CGM Air Cargo of France to file for flight licence in Vietnam

CMA CGM Air Cargo – the cargo airline division of the CMA CGM shipping group from France – is reportedly seeking a flight licence in Vietnam.



Last week, the carrier's vice president of business development Patric Bergamini reportedly revealed the information during the Asean-EU Business Summit in Brussels as part of Vietnamese Prime Minister Pham Minh Chinh's official visit to the EU.

Bergamini said that CMA CGM was dedicated to continuing to help Vietnam's economic growth by expanding Gemalink and providing logistics solutions via Ceva Logistics and CMA CGM Air Cargo.

The French corporation has invested in Vietnam's seaports since 1994 through its joint-venture partnership with Sowatco and Mitsui for the VICT Terminal in Ho Chi Minh City. CMA CGM also partnered with Gemadept to launch the Gemalink Container Terminals at the Cai Mep deepwater port in the south and Lach Huyen port in Hai Phong in the north. CMA CGM Vietnam has over 250 staff and five offices and offers 30 services throughout the country, including six at APM Terminals' Cai Mep International Terminal (50 km southeast of Ho Chi Minh City).

In May this year, CMA CGM Air Cargo announced a ten-year partnership with Air France KLM covering the operation of freighters. Meanwhile, Vietnam's IPP Air Cargo JSC – whose chairman is billionaire Johnathan Hanh Nguyen – proposed withdrawing its application for an air cargo transport licence last month. The company cited various reasons for its suspension, such as increasing inflation, interest rate hikes, and fuel price fluctuations. VIR

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INVESTMENT

Vietnam rising star attracting investment in startup ecosystem

Vietnam is a jewel in Southeast Asia in terms of attracting global investment into its startup ecosystem, according to participants at the Vietnam Venture Summit 2022.

According to the Vietnam National Innovation Centre (NIC), Vietnamese startups raised a record \$1.4 billion across 165 deals in 2021. This represented a 1.6-fold growth, up from \$894 million and 126 deals in 2019, indicating that dealmaking in the market has regained momentum following a drop due to the pandemic. The momentum will continue into 2023 with anticipated GDP growth of 6.7 per cent in 2023.



“The growth we are seeing now in Vietnam comes from a strong foundation that has been years in the making. We are building for the long-term and poised not only for quick wins today, but sustainable

growth,” said Vu Quoc Huy, general director of the NIC.

He added that a thriving startup ecosystem in Vietnam was an important pillar for driving the country’s wider innovation and digital transformation agenda - to continue to strengthen the economy and achieve long-term sustainable growth. The Vietnam Venture Summit is one of the cornerstones for bringing together the ecosystem players and the Vietnamese government to set the growth agenda for a sophisticated startup ecosystem, and learn lessons from the global community. This year’s summit is the largest yet and reflects the growing interest and partnership with the global investment community.

The Vietnam Venture Summit 2022 is hosted by Vietnam’s Ministry of Planning and Investment and co-organised by the NIC and Golden Gate Ventures, a venture capital fund in Southeast Asia (SEA) founded by Silicon Valley natives.

“In the first decade of SEA’s startup ecosystem, Singapore and Indonesia were the leading growth drivers, with Singapore bringing financial and human capital to the table, and Indonesia bringing a huge domestic market. Fast forward to 2022, Vietnam is the third pillar of this golden triangle, bringing a lethal combination of top tech talent, a Vietnamese culture of entrepreneurship and a fast-growing domestic market,” said Vinnie Lauria, founding partner at Golden Gate Ventures. “When you put all these elements together, it’s not hard to see why more global investors are betting big on SEA. In fact, we’re seeing that the global economic environment is working in the region’s favour.”

He further noted that Vietnam is at a critical inflection point in its economic development. The global macroeconomic environment, Vietnam’s position in the region and the tailwinds of COVID-19 had created the optimal context for the country to finally capitalise on its top tech talent, highly educated population and openness to international trade. It is time for Vietnam to take its place in the spotlight.

Vietnam's development mirrors China's and Indonesia's development years ago, with domestic consumption forecast to increase 20 per cent per year and rising digital demand post-pandemic with internet users accounting for nearly 70 per cent of Vietnam's population in 2020.

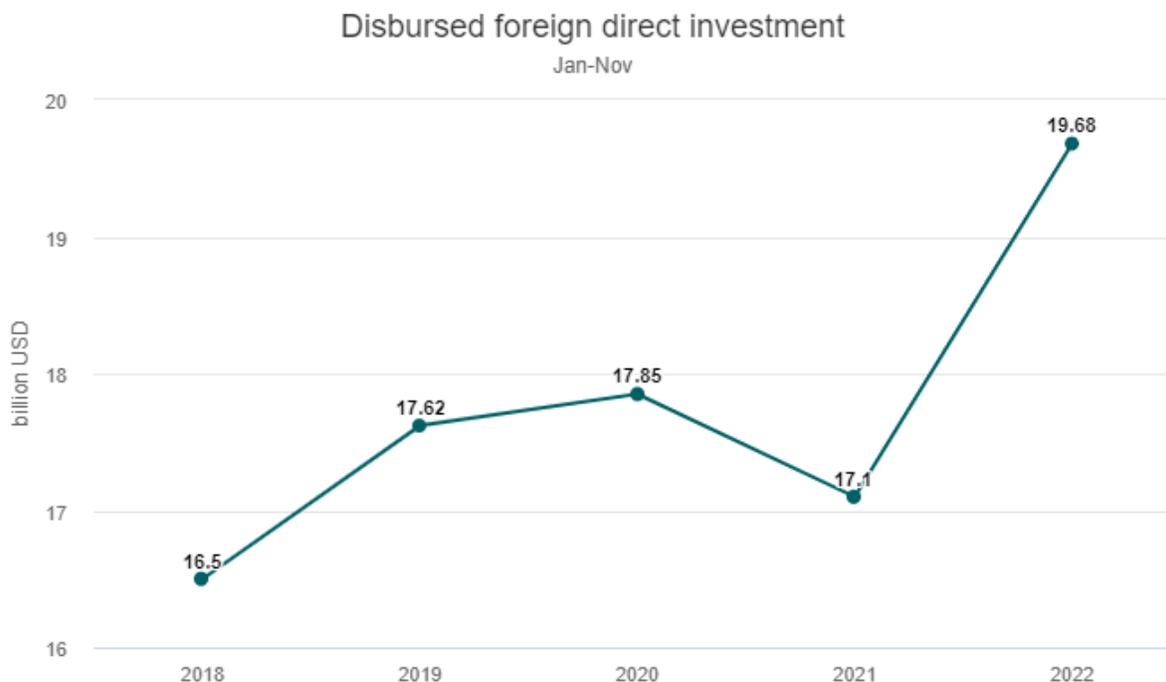
Meanwhile, the government is making efforts to create a more favourable environment for venture investment and innovation. The country already started with preliminary steps to draft the Venture Investment Law and aim to have a more concrete regulation framework for the venture market in Vietnam. The initiatives aim to support the venture capital and startup community not only in Vietnam but also across the region. VIR

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Foreign investors continue to pump investment into Vietnam

Many global companies have invested or announced plans to invest billions of dollars in Vietnam this year as they show continued interest in making the country a manufacturing hub.

South Korea's Samsung Electronics earlier this month said it would increase its investment in the country from \$18 billion to \$20 billion. Its vice chairman and CEO, Han Jong-hee, said during a meeting with visiting Vietnamese President Nguyen Xuan Phuc in Seoul: "Samsung has clear goals to implement projects in Vietnam effectively. We want to invest in developing new, young human resources, and promote research in artificial intelligence and big data."



Earlier this year the conglomerate invested an additional \$920 million in Samsung Electro-Mechanics Vietnam in the northern province of Thai Nguyen, taking the total to nearly \$2.3 billion. The company is building a research and development center in Hanoi that is scheduled to be completed this month.

Another South Korean giant, LG, said it would invest another \$4 billion in Vietnam, wants to partner with the country in various and hopes to make Vietnam a phone camera manufacturing hub in future. LG has invested \$5.3 billion since 1995 in making electronics, household equipment and auto parts, and employs 27,000 workers.

Denmark's LEGO in November started constructing a \$1-billion plant in the southern province of Binh Duong, its sixth globally and second in Asia. The plant is set to begin operations in 2024. Heineken recently completed its \$381-million brewery in the southern province of Ba Ria – Vung Tau, its biggest in Southeast Asia.

It plans to invest another \$142 million in the next three years. Earlier this year Foxconn leased another 50.5 hectares in the northern province of Bac Giang to build a new 30,000-worker plant at a cost of \$300 million. The foreign direct investment that actually came in in the first 11 months rose by 15.1% year-on-year to \$19.68 billion.

"Foreign enterprises continue to recover, maintain and expand their activities in Vietnam," director of the Foreign Investment Department, Do Nhat Hoang, said recently. Japanese firms have been eyeing to scale up in Vietnam. Over 55% of Japanese companies want to expand their business in Vietnam this year and next, a survey by the Japan External Trade Organization found.

Vietnam ranks second in the list of countries in which Japanese firms want to expand behind the U.S., it said. China's strict zero-Covid policy almost throughout this year has been causing foreign investors to look for other destinations to set up their manufacturing chains, and Vietnam has risen as a capable candidate, economist Nguyen Tri Hieu said. It has proved it is capable of producing complex electronics, and its abundant labor resource is another advantage, he told VnExpress International. Nguyen Quoc Viet, deputy head of the Vietnam institute for Economics and Policy Research, told Thanh Nien newspaper that the growing disbursement by foreign investors in Vietnam amid a decline in Asia shows that investors have confidence in its business environment and stability. Vnexpress

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