



## Highlight

*Vietnam records best-ever performance in digital economic development*

# VIETNAM BUSINESS REVIEW

## What's in it today?

Vol 01, Jan 04<sup>th</sup> 2023



### FINANCE

Vietnam records best-ever performance in digital economic development

Vietnam faces pressure on capital market forecast to ease in 2023



### INVESTMENT

MARD promotes measures to attract investment in agriculture

Vietnam eyes policies to attract FDI in chip production



### RETAIL

Strong growth recorded in revenue from retail



### E-COMMERCE

E-commerce revenue grows by 15% in 2022



### ENERGY

Vietnam's US\$ 15.5 Billion just energy transition partnership explained



### LOGISTICS

Vietnam aviation market posts annual 3.7-fold increase

Vietnamese shipping fleet ranks third in Asean

## FINANCE

### Vietnam records best-ever performance in digital economic development

Vietnam is speeding up the development of the digital economy, considering this a "breakthrough" step to promote the country's economic growth in the context of the 4th industrial revolution.



Vietnam is viewed as a country with high potential for fast digital economic development and digital transformation trend across all fields.

It has set a target to post 31% growth in gross merchandise value (GMV) from 23 billion USD in 2022 to 49 billion USD in 2025, the highest growth in the region, according to the "e-Economy SEA 2022"

report released by Google, Temasek and Bain & Company in October.

Data from the Ministry of Information and Communications (MIC) showed that the ICT economy's revenue reached an estimated 148 billion USD in 2022, representing a year-on-year increase of 8.7%.

The contribution of the digital economy to national GDP in 2022 accounted for about 14.26% of the total, with 7.18% contributed by the ICT digital economy. The information and communications sector has hosted a national digital transformation scheme with the dual goals of developing digital government, digital economy and digital society; and forming strong digital technology enterprises. According to the MIC's Department of Digital Economy and Digital Society, the scale of Vietnam's digital economy has recorded growth in ICT digital economy, platform digital economy, and sectoral digital economy.

IT services contributed the most to the digital economy, accounting for about 30% of the total value. It was followed by e-commerce (14.3%), and hardware production (12.83%). Meanwhile, the digital content field recorded the strongest growth, up nearly 104% compared to the first quarter of 2022. In 2022, Vietnamese digital businesses made inroads into foreign markets, including developed countries such as the US and Japan.

Notably, the total revenue of Viettel Military Industry and Telecoms Group (Viettel) in foreign markets hit 3 billion USD, and the revenue of FPT Group reached 1 billion USD. The MIC has developed a strategy for digital technology industry development to 2025 with a vision to 2030. As of March 2022, the ministry had announced 35 national digital platforms serving digital transformation and the development of digital government, digital economy, and digital society, including 21 developed by domestic digital technology enterprises such as VNPT, Viettel, CMC and FPT. These have contributed to facilitating state management and public services.

Attention has been paid to upgrading digital infrastructure, smartphones, broadband internet, and cloud computing. According to Minister of Information and Communications Nguyen Manh Hung, ministries, sectors and localities have issued digital transformation programmes. As many as 500 million accounts have been registered so far for using made-in-Vietnam digital platforms - the largest-ever figure. VNA

[Back to top](#)

## Vietnam faces pressure on capital market forecast to ease in 2023

---

Citing forecast data of financial institutions, financial expert Dr Dinh The Hien said Vietnam's GDP growth rate in 2023 will slow to below 7%, but it is still a good growth rate compared to that of ASEAN region (4.9%), Asia-Pacific (4.6%), and the world (2%). The National Assembly has recently also approved the country's GDP in 2023 at about 6.5%, which is also close to the above forecasts.

Hien said both international financial institutions and Vietnamese experts forecast the difficulties and challenges of the Vietnamese economy in 2023 will come from external factors, especially the decline in consumption of developed countries and disruption of the global supply chain. However, Vietnam still has certain advantages and opportunities besides the pessimism on interest rates and inflation. According to Hien, Vietnamese management authorities have gradually controlled high interest rates and restricted credit, which will help the country avoid shocks like in the 2011-12 period. Therefore, concerns about the banking system and corporate bonds have been gradually removed.

Hien predicts difficulties related interest rates and credit will be resolved next year. Interest rates will cool down in the first quarter of 2023 and stabilise by the end of the second quarter of 2023. Credit sources with reasonable interest rates for production and business enterprises will increase gradually from the second quarter of 2023. Meanwhile, exports will continue to decline in the first two quarters of 2023, but will rebound in the third quarter of 2023.

"The difficulties for the domestic economy will ease from the second quarter of 2023 and gain positive growth from the third quarter of 2023, buoyed by upbeat impacts from public investment, and financial and monetary stability. At the same time, the real estate market is also expected to recover slightly from the fourth quarter of 2023, mainly in urban areas, industrial parks and other areas with strong infrastructure investment," Hien forecast.

Tran Ngoc Bau, CEO of financial data provider WiGroup Data Company, is also upbeat about market liquidity in 2023. According to Bau, though the economic forecast in 2023 is more difficult than in 2022, with initial signals such as export order decline, the cause will be a factor for the Government to partly loose the monetary market to stimulate economic development. Therefore, the market liquidity is likely to be more positive in the second half of 2023.

Nguyen Quang Thuan, chairman of financial data provider FiinGroup, expects the corporate bond market in 2023 will be more active as credit institutions increase to issue bonds after policies are changed. The market also expects many businesses in 2023 will issue bonds to the public after being rated. In addition, other capital channels such as issuing green bonds and borrowing/issuing international bonds are also forecast to be further improved, helping businesses have more opportunities to access capital.

However, experts also recommend in the difficult context, businesses need to review their investment portfolios and limit high risk projects. The businesses should review current debt obligations, proactively make public transparent information and improve credit profile for a longer-term capital strategy. VNA

[Back to top](#)

## E-COMMERCE

### E-commerce revenue grows by 15% in 2022

Vietnam's e-commerce revenue in 2022 maintained an increase of about 15% compared to last year, according to the Vietnam E-commerce Association (Vecom).



Vietnam's e-commerce market is forecast to see a fast and stable growth rate at double digits during 2016-2025. Last year, revenue saw on-year growth of 16% to 13.7 billion USD, the association said.

Vietnam's e-commerce market has been forecast to see a fast and stable growth rate at double digits during the 2016-25 period. Although Vietnam's economy was heavily impacted by the COVID-19 pandemic in 2020, its

e-commerce revenue still grew by about 15% to 13.2 billion USD compared to 2019.

The Vietnam E-commerce White Paper in 2022 said that in 2021, Vietnam's economic growth was only 2.58%, the lowest in the past 30 years. In that context, the country's e-commerce revenue still maintained a growth rate of 6% to 13.7 billion USD. With the rapid change in online shopping habits in Vietnam, its e-commerce activities as well as trade promotion activities in the online environment continue to maintain rapid and sustainable development.

However, many enterprises with quality goods and products now still do not know how to use information technology as well as e-commerce or are not ready to carry out trade promotion activities on different online platforms. This is a weakness of many Vietnamese enterprises.

Using information technology and e-commerce in business activities is an urgent requirement for all enterprises to achieve the goal of national digital transformation. Therefore, a fair on connecting trade and promoting trade in e-commerce applications (Ecommerce Expo 2022) is held by the Vietnam E-commerce Association from December 16, 2022 until January 1, 2023. At the one-month fair, online exhibitions are combined with traditional exhibitions to create opportunities for manufacturing and service enterprises in expanding their business activities.

Ecommerce Expo 2022 is held to promote the introduction of products and services of e-commerce businesses to domestic manufacturing enterprises. This event also creates opportunities for bilateral or multilateral exchanges and cooperation among enterprises in providing e-commerce promotion solutions to manufacturing enterprises. During the fair, a forum on digital transformation activities is organised to attract the participation of about 150-200 guests. vietnamplus

[Back to top](#)

## ENERGY

### Vietnam's US\$ 15.5 Billion just energy transition partnership explained

---

In December, Vietnam and a coalition of international partners including the United Kingdom, the United States, the European Union, and Japan announced a \$15.5 billion Just Energy Transition



Partnership designed to accelerate the reduction of carbon emissions and increase the uptake of renewable energy. The plan calls for Vietnam to reach peak emissions in 2030 and net zero emissions by 2050. According to the official policy statement released by the U.K. government, the transition will be implemented “with the cooperation and support of the international

community, including developed countries, both in terms of finance and technology transfer.”

This follows closely on the heels of a Just Energy Transition plan announced at the G-20 between Indonesia and a similar international coalition led by Europe, the United States and Japan. It's still early days but the basic structure of Vietnam's plan hews closely to the Indonesian version. \$7.75 billion, or half of the total package, will come from public sector finance. The document specifies that this public sector finance “should be on more attractive terms than Viet Nam could secure in the capital markets.” I don't believe similar language was included in Indonesia's plan.

As in the Indonesian plan, Vietnam's Just Energy Transition Partnership envisions the remaining half of the package coming from a group of commercial banks which will “work to mobilize and facilitate at least \$7.75 billion in private finance, subject to mobilization of the catalytic public sector finance.” This means the basic structure between the two plans is largely the same: public sector finance – such as grants and concessional loans from governments, state-owned banks and multilateral development banks – will serve to jump-start investment in green energy projects, and for early retirement of existing coal-fired plants. The Diplomat

[Back to top](#)

## RETAIL

### Strong growth recorded in revenue from retail

Revenue from retail sales of goods and services totalled about VND515.8 trillion (US\$21.87 billion) in December and over VND1.54 quadrillion (US\$65.3 billion) in the fourth quarter of 2022, a year on year rise of 17.1%, reported the General Statistics Office (GSO).



Of the total, retail sales of goods reach VND1.18 quadrillion (US\$50.05 billion), a rise of 11.1% over the same period in previous year. Revenue from accommodation, catering and tourism services is VND154.2 trillion, and that from other services VND180 trillion, up 41.2% year on year.

For the whole year, total revenue from retail sales of goods and services hits VND5.67 quadrillion (US\$240.5 billion), up 19.8% year on year, and 15% compared to 2019, the year before COVID-19 broke out.

The highest rise was seen in retail sales of cultural and education products at 22.9%, followed by garment and textile products at 19.1%, and travel means 13.8%, food and foodstuff 10%, and household appliances 7%.

Localities enjoying strong growth in the revenue include HCM City (26.4%), Da Nang (14.7), Can Tho (14.2%), Dong Nai (13.7%), Quang Ninh (12.1%), Hanoi (12%), and Hai Phong (10.4%).

According to the GSO, the goods market has been stable, the same as the supply and prices of goods.

In order to keep the market stable from now through the Lunar New Year (Tet) Festival, the Ministry of Industry and Trade (MoIT) will continue to coordinate closely with relevant ministries, sectors and localities to keep a close eye on market developments and ensure supply sources of necessities and launch market stabilisation programmes, thus preventing the shortage of goods or hike in prices.

Hoang Anh Duong, Vice Director of the Market Management Department under the MoIT said that inspections will be strengthened to combat smuggling, trade frauds and fake commodities and ensure food safety. VNA

[Back to top](#)

## LOGISTICS

### Vietnam aviation market posts annual 3.7-fold increase

The aviation market recorded roughly 55 million passengers in 2022, marking 3.7-fold increase from the previous year and equivalent to 69.6% of that in the pre-pandemic period back in 2019, according to the Civil Aviation Authority of Vietnam (CAAV).



Most notably, approximately 43.2 million passengers were transported domestically, increasing 3.5-fold from 2021 and 15.6% from 2019, while 11 million passengers arrived internationally, up 22-fold from 2021 and equivalent to 27% of the figure from 2019.

About 1.25 million tonnes of cargo were transported by air last year, duly accounting for 95% of the figure from 2021 and equivalent to the volume in 2019.

This includes 152,000 tonnes carried domestically and 1.1 million tonnes internationally, statistics show.

The CAAV noted that aviation activities, especially in the domestic market, have recovered since the end of last year's first quarter. In line with this, April saw the domestic market comparable to the same period of 2019. Driven by a boom in summer travel demand, it completely recovered and grew by over 30% in July and August compared to the same months in 2019.

Moreover, authorities have actively discussed with the International Civil Aviation Organization (ICAO) and foreign aviation agencies, including those of Russia, Germany, the UK, Laos, Cambodia, Taiwan (China), Australia, Thailand, the Republic of Korea, Japan, Singapore, Poland, Romania, and China, as part of efforts to reopen international air routes.

Particularly, the Vietnamese side has maintained contact with the aviation authorities of China and India in a bid to increase flight frequency and the number of destinations available.

However, the recovery of international flights remains slow, despite Vietnam having lifted restrictions on foreign arrivals on March 15 and resuming visa exemption for citizens from 25 countries in May, according to information given by the CAAV.VOV

[Back to top](#)



## Vietnamese shipping fleet ranks third in Asean

Vietnam's shipping fleet has recently undergone an increase in its performance to rank third in Southeast Asia and 22nd in the world overall, according to the UN Conference on Trade and Development (UNCTAD).



Back in 2019 the Vietnamese fleet was ranked fourth in ASEAN and 30th globally. According to information given by the Vietnam Maritime Administration, the country had 1,477 ships as of December, with a total tonnage of approximately 11.6 million DWT and capacity of roughly seven million GT.

The transport fleet alone reached 1,009 ships with a total tonnage of about 10.7 million DWT and a total capacity of some 6.4 million GT. In addition, the number of bulk carriers stands at 709 ships, accounting for 70.3% of the overall figure. Currently, the average age of the Vietnamese fleet stands at 16.5 years old, while the average age of the global fleet is 21.9 years old.

This year has seen the total volume of cargo by the Vietnamese shipping fleet estimated at 128.7 million tonnes, a decline of 13% compared to 2021. The volume of import and export goods by the Vietnamese shipping fleet for international transport increased by 10%, equivalent to about 1.29 million tonnes, compared to 2021, with this mainly occurring on major transport routes such as China, Japan, the Republic of Korea, Southeast Asia, and some European routes. VOV

[Back to top](#)

## INVESTMENT

### MARD promotes measures to attract investment in agriculture

---

The US\$220-million Samsung R&D Center in Hanoi, the Korean conglomerate's biggest research facility in Southeast Asia, was inaugurated 23 December 2022. With the new facility, Vietnam has now gone beyond its role as a global production hub for Samsung and become a strategic base for major research and development, the company said at the opening ceremony.

The Ministry of Agriculture and Rural Development (MARD) will continue to implement solutions to attract investment in agriculture and rural areas next year, Nguyen Truong Thang, deputy head of MARD's Enterprise Management Department, has confirmed.

Speaking at a forum on enterprises in the development of agriculture and rural areas held in Ha Noi on December 28, Thang said the ministry would continue to implement solutions to innovate the mechanism to support businesses in expanding markets.

It will coordinate with the Ministry of Industry and Trade to develop a project on promoting the application of information technology and market forecasts and build brands of products.

As the global COVID-19 pandemic is still complicated, the ministry will continue to support enterprises exploiting the domestic market and gradually overcoming difficulties to resume normal production and business.

At the same time, it continues to restructure State-owned enterprises and agricultural and forestry companies to attract investment from all economic sectors in agricultural and rural development.

MARD will develop a project to build the Vietnam Agricultural Product Supply Center by 2030.

In 2022, the State issued many major policies on agriculture, rural areas and farmers to attract investment in the agricultural sector and officially export farm produce with high value. Agriculture continues to maintain its role as the backbone of the economy, said Ho Xuan Hung, chairman of the Vietnam General Association of Agriculture and Rural Development.

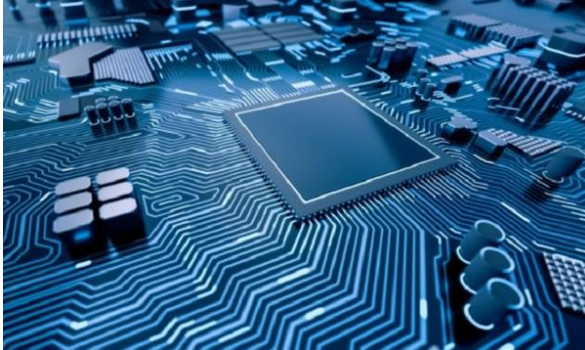
According to MARD, it has implemented solutions to encourage businesses to invest in agriculture and rural areas this year.

The ministry had documents guiding the implementation of Decree 57/2018/ND-CP on mechanisms and policies to encourage enterprises to invest in agriculture and rural areas, Decree 109/2018/ND-CP on organic agriculture and Decree 98/2018/ND-CP on policies to encourage cooperation and association in the agriculture. VNN

[Back to top](#)

## Vietnam eyes policies to attract FDI in chip production

Vietnam plans to encourage foreign direct investment (FDI) in chip production through various mechanisms and policies next year.



The Ministry of Planning and Investment has been assigned to draft these mechanisms and policies, which will be submitted to the Government for approval in the first quarter of 2023. This move, which responded to a request by Prime Minister Pham Minh Chinh, aims to encourage existing high-tech FDI projects to expand investment in the Southeast Asian country, one of the manufacturing bases of Samsung, the world's largest chipmaker.

The South Korean giant plans to open the first semiconductor component fab with an investment capital of \$920 million in the northern province of Thai Nguyen in the second quarter of 2023. Attending the opening ceremony for its research and development center this month, the Prime Minister is confident the South Korean investor will conduct chip production in Vietnam next year.

Another South Korean, Amkor Technology, will build a \$1.6 billion plant to manufacture, assemble and test semiconductor products in the Yen Phong II-C Industrial Park in the northern province of Bac Ninh until 2035. Meanwhile, Japan's Kyocera Corporation announced this month that it would double its three-year investment in semiconductor manufacturing and other industries in Vietnam and other countries. Earlier, Vietnam successfully attracted US-based Intel Corporation's investment in a large chip assembly and testing fab. With the advantages of investment policies, a talented workforce, and a stable environment, the country has gradually developed into a semiconductor manufacturing hub with a view to setting foot in the chip manufacturing sector.

According to Fitch Solutions, Vietnamese industrial parks continue to attract considerable foreign investment amid the resurgence of Covid-19 outbreaks, especially in the electronics industry. The country's semiconductor industry is projected to grow by \$6.16 billion, progressing at a nearly 19% compound annual growth rate (CAGR) in the 2020-2024 period, according to the market research firm Technavio. Nguyen Le Huy from the School of Science, Engineering & Technology said that joining the global R&D, the design, production, and distribution of semiconductor chips will bring enormous economic advantages to Vietnam. Given the country's position and capabilities, medium- and long-term strategies are needed to develop the semiconductor industry.

He suggested that, in the medium term, Vietnam needs to engage in R&D phases that rely heavily on the human factor. The Government needs to continue to invest and offer preferential policies to attract large companies such as Samsung, Intel, Synopsys, and Cadence to establish or expand their semiconductor R&D centers in Vietnam. VNN

[Back to top](#)

For more information, please contact us:

## **SEIKO IDEAS**

### *Research & Consulting Division*

<b>Our services</b>	Marketing Research Business Matching Investment Consulting Translation - Interpretation Training (Language & Soft skills)
<b>Our clients</b>	Think tanks, Universities Japanese & Vietnamese Government Organizations Manufacturers, Retail companies Advertisement agencies, Mass media
<b>Head Office</b>	Floor 5 <sup>th</sup> – A Chau Building No.24 Linh Lang Str., Ba Dinh Dist., Hanoi, Vietnam
<b>Rep. Office</b>	〒220-0012, 8F Wework, Ocean Gate Building 3-7-1 Minatomirai, Nishi ward, Yokohama Kanagawa, Japan
<b>Telephone</b>	+84-24-6275-5246 ; +84-24-6273-6989
<b>Fax</b>	+84-24-6273-6988
<b>URL</b>	<a href="http://www.seiko-ideas.com">www.seiko-ideas.com</a>
<b>Email</b>	<a href="mailto:newsletter@seiko-ideas.com">newsletter@seiko-ideas.com</a>

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

---