



Highlight

Vietnam's retail market to rise by US\$ 163.5 billion over next five years

VIETNAM BUSINESS REVIEW

Vol 02, Jan 11th 2023

What's in it today?



FINANCE

Vietnam eyes US\$32,000 GDP per capita by 2050
Data from Blockchain is the key to promote digital economic growth in Vietnam



INVESTMENT

Vietnam attractive destination for foreign manufacturing
Nearly US\$ 900 million in FDI registered in Bac Giang



RETAIL

Vietnam's retail market to rise by US\$ 163.5 billion over next five years



E-COMMERCE

Booming e-commerce sales provides opportunities for cooperatives



ENERGY

HDF Energy inks MoU with PetroVietnam Technical Services Corporation to build hydrogen power plants



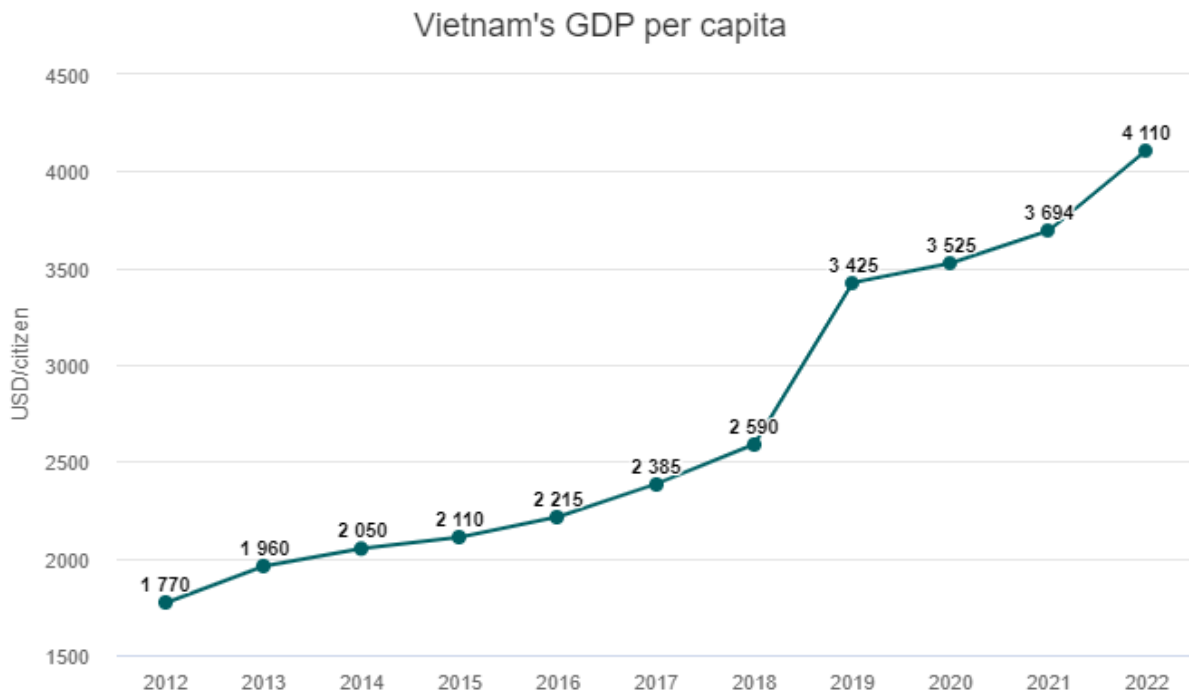
LOGISTICS

Vietnam boosts logistics industry's competitiveness

FINANCE

Vietnam eyes US\$32,000 GDP per capita by 2050

The Vietnamese government expects to nearly double the country's GDP per capita by 2030 and increase it eightfold to \$32,000 by 2050.



The country recorded a per capita GDP of VND95.6 million (\$4,100) last year, up 10.8% from 2021. The government wants to boost this figure to \$27,000-\$32,000 by 2050, Nguyen Chi Dung, Minister of Planning and Investment, said in a proposed nationwide development plan that was presented to the National Assembly on Thursday.

This means Vietnam needs to achieve an average GDP growth of 6.5-7.5% annually between 2030 and 2050.

Dung said that according to the plan, by 2030, Vietnam will prioritize the North-South economic corridor and two East-West economic corridors, (namely Lao Cai - Hanoi - Hai Phong - Quang Ninh and Moc Bai - Ho Chi Minh City - Vung Tau).

The country will focus on key industrial sectors and prioritize high-technology and digital transformation, with plans to build regional and global financial centers.

Lawmakers, however, said that the proposed plan has not identified specific strategies to achieve growth.

"The proposed policies are general and there are no breakthroughs," said Vu Hong Thanh, chairman of the National Assembly's Economic Committee.

The committee said that more clarification is needed concerning the resources required to achieve the high growth targets.

The plan said that VND4,830 trillion will be needed to achieve an average growth of 7% between 2021 and 2030, which would triple the investment required in the 2011-2022 period, which was around VND1,500 trillion.

The plan requires the government to mobilize around VND9,700 trillion for the 2021-2030 period, or 20% of the total investment needed, even though the National Assembly has already decided that only VND2,870 trillion be used for the 2021-2025 period.

Thanh said that according to the proposal a lot of money will be needed for infrastructure investment but he added that the country's resources are limited.

He said that more strategies concerning education, training and improving people's healthcare should be added to the plan. VNE

[Back to top](#)

Data from Blockchain is the key to promote digital economic growth in Vietnam

The wide applicability and huge connected data store created from blockchain have made this technology increasingly important in the progress of realising the goal of bringing the digital economy to 20% of GDP, as set by the government.



In one of the proudest and most impactful events in Vietnam's technology sector last year, the Vietnam Blockchain Summit became the first major blockchain festival in the country, with the participation of more than 2,000 experts from top domestic and international blockchain tech companies.

It not only helped to reflect a vibrant blockchain market in Vietnam, but also demonstrated that the technology is having a strong influence on the economy, especially in economic fields based on public applications. Hoang Van Huay, former deputy Minister of Science and Technology and now chairman of the Vietnam Blockchain Association, said, "Blockchain is a special technology for the digital era. It is not only a tool to solve technical problems, but also contributes to creating relationships between partners through the connection of information, especially in the economy and finance."

He added that most of the world's major economies have come up with digital tech development strategies associated with economic growth, and Vietnam is no exception. According to statistics from the Ministry of Information and Communications, Vietnam boasts more than 70,000 digital technology businesses, with revenues from IT reaching more than US\$152 billion by the end of 2022. Vietnam is also forecasted to achieve the leading digital economic growth in Southeast Asia with a scale of about US\$52 billion by 2025, according to the e-Conomy SEA 2022 report by Google, Temasek, and Bain & Company.

Last March, the government issued Decision No.411/QD-TTg approving the national strategy for development of the digital economy and society to 2025, with orientation to 2030.

“The government set a target that the digital economy will account for 20% of GDP by 2025,” said Huay. “Blockchain technology must also participate in this process and needs to contribute more to promote the development of the digital economy.” Currently, blockchain technology is being applied in more than 60 different fields, not only in finance but also in aspects of science and technology, education, and personnel organisation.

Nguyen Bach Viet, strategy director of Microtec Vietnam, said that blockchain will contribute to the digital economy with the role of providing traceability data of stages in the production process, automating the application of technologies like AI and e-identification, and contributing to the reduction of human control. In addition, blockchain also helps to speed up transactions between parties, simplifying cross-border payments. “The technology will be extremely useful in the car rental business, for example. The lessor and lessee will not need to carry out the same direct procedures as before, but only need a few steps through their phones,” said Viet.

In the medical field, blockchain is also used in electronic records while in education, information and lessons can be transmitted through a digital platform for students to access knowledge, saving time and travel costs. And in e-commerce, blockchain will also help store and own digital assets.

However, according to many experts, one of the reasons hindering the application of blockchain technology to the digital economy is that knowledge about the potential and the tech itself has not yet been widely disseminated.

Mai Ngo, a blockchain expert from digital asset exchange platform Gate Learn, said that research is not only the job of banks and businesses, but users also need to actively participate in its process.

“Improving users’ digital skills is always a challenge when new technology appears because user behaviour changes as technology changes. Vietnam still does not have many experts in this field,” Nho said. “Many local leaders and even businesses have not been able to access and disseminate the knowledge. Therefore, we need to promote training on blockchain technology and research to apply it more widely.”

Tran Quang Chien, founder of ONUSChain, assessed that blockchain tech platforms will help large enterprises reduce operating costs and increase customer trust. In contrast, small businesses with poor financial conditions need to find a smarter way to approach it if they do not want to spend too much money.

“Misunderstandings about blockchain associated with crypto also make the widespread application of technology in digital economy industries difficult, even though Vietnam is also one of the countries with the highest rate of blockchain adoption in the world,” said Chien. In Vietnam, research by MarketsandMarkets shows that the blockchain-related market is expected to reach a value of nearly US\$2.5 billion by 2026. Currently, there are more than 10 Vietnamese innovative startups in the blockchain field with a market capitalisation of over US\$100 million. VIR

[Back to top](#)

E-COMMERCE

Booming e-commerce sales provides opportunities for cooperatives

Booming e-commerce in Vietnam is providing significant opportunities to promote sales while cooperatives are trying to improve the quality of their products to meet consumers' demands better.



According to the Ministry of Industry and Trade, made-in-Vietnam goods accounted for more than 90% of products on shelves of domestic distribution companies and 60-95% of foreign supermarket chains.

According to a survey by e-commerce aggregator platform iPrice Group, the percentage of shopping through online channels more than doubled over the same period last year.

Seeing the trend of booming e-commerce, highlighted after the COVID-19 pandemic, cooperatives were making moves to promote sales via this channel.

Many cooperatives improve their products in terms of quality, packaging, and origin to better meet the demand of consumers, which would help improve consumers' trust in shopping online.

Quyét Thanh Agriculture Cooperative had arranged their dried mango pieces into a brilliant yellow rose and packed it in a round plastic box instead of a zip bag. According to the cooperative, this helped attract the attention of many consumers in both online and offline channels.

Cooperatives also cooperated with e-commerce platforms to improve the production and distribution process.

Nguyen Thi Hoan, Director of Tai Hoan Vermicelli Cooperative in Bac Kan province, said that in the past, customers were concerned about the quality and origin of products which were sold online. Still, many cooperatives opened official kiosks on e-commerce platforms where customers could be assured of the product quality and a clear origin.

Luu Thi Hoa, Director of Po My Cooperative in Ha Giang province, said that e-commerce platforms helped cooperatives to reach more customers. Moreover, the consumer information file of e-commerce platforms was diverse, which would help cooperatives to improve their adaptation to the market demand and increase revenue.

According to Nguyen Thi My Hanh, Deputy Director of Grab Vietnam, if the cooperatives across the country knew how to take advantage of support tools and features on e-commerce platforms and online sites to reach target customers, cooperatives could grow strongly in revenue and reap many sweet fruits in the year-end shopping season.

The application of digital technology was considered an important factor in creating breakthroughs in developing cooperatives.

Director of Tam Dao Mushroom Cooperative Nguyen Quoc Huy said that the cooperative installed an automatic irrigation system, net house, greenhouses, a semi-automatic control system, accounting software, online tax declaration, email, data storage, digital signature and camera system to ensure the quality of products for exports. The cooperative's products were also sold on e-commerce platforms such as Postmart.vn and Voso.vn.

According to the Ministry of Agriculture and Rural Development, there are more than 17,770 agricultural cooperatives in Vietnam; 1,718 of these have applied high technology in farming and preservation, automation technology and biotechnology.

Of them, 21% have plans for e-commerce sales, 23% sell their products on e-commerce platforms, 21% have created simple websites, 7% have websites that appear on Google and 7% advertise on Facebook.

VNS/VNA

[Back to top](#)

ENERGY

HDF Energy inks MoU with PetroVietnam Technical Services Corporation to build hydrogen power plants

Hydrogène de France SA (HDF Energy) has signed an MoU with PetroVietnam Technical Services Corporation (PTSC) to jointly develop, finance, and build HDF's hydrogen power plants in Vietnam.

Vietnam's rapid economic growth has resulted in a considerable increase in energy demand over the



past 10 years, with fossil fuels currently providing the majority. In response to the rise, the Vietnamese government has made a considerable effort to promote renewable energy sources and has demonstrated a specific commitment to decarbonising its electrical infrastructure.

However, in some parts of the country, this has caused grid integration problems due to the intermittent nature of renewables. PTSC, a subsidiary of the Vietnamese oil and gas group PetroVietnam, is a leading company providing technical services for offshore oil and gas, industrial plants, and renewable energy in Vietnam and across the region.

PTSC has partnered with HDF Energy whose Renewstable (power to power) and HyPower (gas to power) multi-megawatt hydrogen power plants can deliver firm, non-intermittent, and non-polluting power to the grid. Under this MoU, the two parties will collaborate to develop, fund, and put HDF's multi-megawatt hydrogen power plant projects into operation.

In addition, HDF and PTSC will investigate how green hydrogen could be produced in Vietnam as well as in other regional markets like South Korea, Japan, and Singapore. They will focus mostly on offshore wind farms, which can be used to generate green hydrogen to decarbonise local industries.

HDF's director for Asia Mathieu Geze declared, "We are glad to collaborate with PTSC and explore synergies with the PetroVietnam group to develop green hydrogen projects in Vietnam. PTSC has demonstrated its technical leadership in managing complex projects in Vietnam and abroad.

Combined with HDF Energy's experience in hydrogen projects, we can offer unique expertise to hydrogen off-takers. HDF Energy started addressing the Asian market in 2021 and this MoU with PTSC will accelerate our developments in the region."

On the same note, PTSC President and CEO Le Manh Cuong stated, "Entering into this MoU is an important milestone for PTSC's strategic business plan, which includes investment in and the development of renewable energy projects.

With HDF's proven hydrogen technology and expertise, I believe that PTSC and HDF together can promote green hydrogen projects in our country and contribute to the Vietnamese government's commitment to zero carbon emissions by 2050."

The goals of both companies are consistent with the PDP8, Vietnam's main energy planning instrument for the years 2021-2030, which outlines the contribution hydrogen could make to the nation's goal of achieving net-zero emissions. VIR

[Back to top](#)

RETAIL

Vietnam's retail market to rise by US\$ 163.5 billion over next five years

The retail market in Vietnam is estimated to increase by \$163.5 billion at a compound annual growth rate of 11.4 per cent between 2022 and 2027, according to a report by market research company Technavio.



Amidst the intensifying competition in Vietnam's fragmented retail industry, more mergers and acquisitions are taking place with major players scooping up or merging with smaller retailers.

Vietnam's retail market is dominated by a number of large retailers. However, small- and medium-sized enterprises are growing their footprint by securing new contracts and breaking into new markets as a result of technological advances and product innovations. As a result, there will likely be fierce competition and significant room for expansion in the Vietnamese retail market.

Local and foreign retailers in Vietnam are vying for market share by offering a variety of shop formats, including commercial centres, supermarkets, groceries, and convenience stores.

The report pointed out that the growth of the local retail market is being driven by the rising demand for convenience food. Compared to home-cooked meals that require extensive preparation, convenience food items like processed beef and poultry products are becoming increasingly popular. During the projected period, this is anticipated to boost consumer demand for convenience goods and, in turn, support the expansion of Vietnam's retail industry.

The rapid pace of urbanisation and the shifting shopping preferences of young urban consumers have led to important changes in modern retail channels, including convenience stores and e-commerce. Online sales are becoming a bigger priority for market leaders and independent merchants alike. Retailers are taking advantage of favourable indicators like high internet penetration and smartphone ownership to offer their products online. These factors will encourage market expansion over the course of the projection. VIR

[Back to top](#)

LOGISTICS

Vietnam boosts logistics industry's competitiveness

Deputy Prime Minister Le Minh Khai has just signed Resolution No.163/NQ-CP on promoting the synchronous implementation of key tasks and solutions to enhance competitiveness and boost the logistics industry in the country.



The Government will direct Ministers, heads of ministerial-level agencies, governmental agencies, and Chairmen of People's Committees of provinces and centrally-run cities to focus on the synchronous implementation of solutions to improve the competitiveness and develop Vietnam's logistics services.

The Government's viewpoint is to develop logistics services into an industry with high added value, linking them with the development of goods production, import-export and domestic trade, the development of transportation infrastructure and information technology. The Government aims to develop the logistics service market, focusing on improving the competitiveness of logistics service enterprises. It would also focus on making the most of the country's geographical advantages and strengthening connectivity to make Vietnam an important logistics hub in the region, and developing logistics in association with sustainable supply chains. Attention will also be paid to improving the quality of human resources, and promoting digital transformation and technology application.

Accordingly, ministers, heads of ministerial-level agencies, Governmental agencies and Chairpersons of People's Committees of provinces and centrally-run cities are required to focus resources on and urgently implement the tasks assigned in Decision No. 221/ QD-TTg. They should proactively handle arising problems according to their competence or report them to competent authorities as prescribed, take full responsibility before the Government and the Prime Minister for ensuring the progress and quality according to the set requirements.

The Ministries of Industry and Trade, Transport, Finance, and related agencies should closely monitor the international and regional situation and promptly analyze and assess the impacts affecting the country's economy. On that basis, they should proactively build scenarios and response plans, direct and operate logistics activities to well serve production, domestic goods circulation, and import and export activities.

Ministries, sectors, and localities are responsible for firmly grasping the situation, promptly detecting and immediately handling problems arising in logistics activities that could adversely affect the socio-economic situation within the scope and field of state management.

Towards the development of green logistics

The Ministry of Transport will take charge of and coordinate with ministries, branches, and localities in implementing transport components in national and regional master plans and provincial plans, so as to ensure the synchronization of transport infrastructure and logistics development goals, including logistics centres, inland depots, and bonded warehouses.

The resolution also looks to strengthen connectivity among different modes of transport, and maximize multimodal and cross-border transport to reduce costs and improve the quality of transport services. Goods trading floor will be developed in association with e-commerce toward green logistics development.

The Ministry of Finance is required to continue to review and remove obstacles in terms of tax policies, fees and service costs to facilitate the provision of logistics services. The ministry is tasked with coordinating with other ministries and branches in promoting trade facilitation activities, reforming customs procedures, reducing and simplifying specialized inspection procedures, standardizing dossiers, and implementing commitments in the WTO Trade Facilitation Agreement. VNA

[Back to top](#)

INVESTMENT

Vietnam attractive destination for foreign manufacturing

Vietnam has witnessed an increasing wave of foreign companies shifting production to the country in the past year, and growth in the area is expected to continue.



Samsung Vietnam opened the largest new R&D Center in Southeast Asia in the presence of Prime Minister Pham Minh Chinh in the Tay Ho Tay urban area, Hanoi, last month.

With the new facility, Samsung plans to make Vietnam overcome its role as a global production hub for Samsung to become a strategic base for major research and development, thereby contributing to improving the industrial competitiveness of Vietnam in

the Industry 4.0 era. Nikkei Asia in December reported that Apple plans to move some MacBook production to Vietnam for the first time next year as the US tech group continues diversifying its production base away from China amid escalating tech tensions between Washington and Beijing.

On December 8, 2022, Lego Group signed an MoU with Vietnam Singapore Industrial Park (VSIP) to build a new factory in Binh Duong province. The project has the total investment of more than \$1 billion, is expected to be deployed in the second half of 2022, and put in operation in 2024, creating about 4,000 jobs. This is the project with the largest investment capital by a Danish enterprise in Vietnam. It will be Lego's sixth factory in the world and second in Asia, helping the group expand its global supply chain network, thereby flexibly and quickly responding to changing consumer demand.

Vietnam has witnessed an increasing wave of foreign companies shifting production in our country in the past year, which is expected to rise. Ho Quoc Tuan, a lecturer at the University of Bristol (UK), said that Vietnam had benefited significantly from foreign manufacturers diversifying production. The process of shifting production out of China by foreign manufacturers will continue, no matter how China eases its COVID policy. Vietnam is expected to benefit greatly.

There are many reasons why large corporations shift electronic manufacturing plants to Vietnam, including lower labour costs, simpler supply chain integration, and better access to free trade, due to Vietnam's participation in 15 free trade agreements (FTAs). Many experts also believe Vietnam is an attractive destination for foreign electronics manufacturing projects.

Le Hong Hiep, a senior fellow at the ISEAS - Yusof Ishak Institute, said that international companies had started to find ways to shift production to Vietnam. Vietnam is an important partner in many FTAs, with more than 10 agreements signed, including with the major economies such as the EU with the EVFTA and the UK in the UVFTA.

So companies shifting to Vietnam benefit from continued exports to not only the United States but also other markets. According to Burkhard Schrage, head of the Management and MBA programme, at RMIT University Vietnam, the strong commitment of technology firms and suppliers to pour in the capital shows growing confidence in Vietnam's ability to upskill the workforce, comply with global production standards, and implementing good governance in the supply chain.

“Many observers commented that foreign investment in complex manufacturing or R&D projects is a sign that Vietnam is capturing an increasingly large part of the global value-added production chain,” Burkhard said. VIR

[Back to top](#)

Nearly US\$ 900 million in FDI registered in Bac Giang

Nearly 900 million USD in foreign direct investment (FDI) has been registered in the northern province of Bac Giang since the beginning of 2023.

Most recently, China's Yadea Group will invest 100 million USD in a factory to manufacture and assemble electric motorcycles with an expected capacity of about 2 million vehicles per year in Tan Hung Industrial Park, Lang Giang district.

Covering an area of 23.2 ha, the project will be implemented in the second quarter of 2023. At a ceremony on January 7 to hand over an MoU on investment to Yadea and Lideco 1, the investor of Tan Hung IP, Chairman of Bac Giang's People's Committee Le Anh Duong said the province will create the most favourable conditions for foreign investors, who have made great contributions to the socio-economic development of Bac Giang province.

Earlier on January 2, Bac Giang province granted an investment certificate to Singapore's Ingrasys Pte. Ltd, the investor of the Fulian precision technology factory project and signed an MoU with Chinese investor Hainan Longi Green Energy Technology Co Ltd on a project to produce solar panels.

Both projects will be conducted from the first quarter of 2023, with combined registered capital of about 761 million USD. Bac Giang currently is home to more than 480 FDI projects, with total investment capital of over 8.2 billion USD. The province posted an all-time high economic growth rate of 19.3% in 2022. Vietnamnet

[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.*
