



Highlight

Singapore emerges as major investor in Vietnam's growing economy

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What's in it today?



FINANCE

Vietnamese economy keep growing track
KBank targets over US\$1 billion investment in Vietnam's lucrative market



INVESTMENT

Sumitomo's considerable investment focus on Nam Dinh
Singapore emerges as major investor in Vietnam's growing economy



RETAIL

Foreign retail distributors select Vietnam as a strategic location



E-COMMERCE

Vietnam's policy approach to facilitate cross-border trade



ENERGY

Contractual challenges threaten progress of Vietnam's LNG power initiatives
Vietnamese and Singaporean enterprises granted permission to undertake offshore renewable energy initiatives



LOGISTICS

Ba Ria-Vung Tau strives to become regional-scale logistics centre

FINANCE

Vietnamese economy keep growing track

In a recent interview with Lao Dong (Labour) newspaper, Stoffers highlighted Vietnam's economy expanding by 3.72% in H1, remaining a positive outcome amidst global economic challenges. The consumer price index (CPI) moderately increased by 3.12% year-on-year from January to July, showing a declining trend that aligns with the inflation control goal of below 4.5% for 2023.



H1 growth was primarily propelled by a 10.4% yearly rise in goods and services retail. July's industrial production index also marked an uptick from earlier in the year. Stoffers attributed these encouraging results to the State Bank of Vietnam's (SBV) fiscal and monetary policies, including lowered interest rates, stimulating credit demand and liquidity, especially in the credit sector.

Anticipating GDP growth surpassing 5% this year, he emphasized the need for additional momentum from increased public investment and personal consumption, alongside FDI contributions. He acknowledged external headwinds like the Russia-Ukraine conflict, EU difficulties, slow market recovery, and global inflation, necessitating comprehensive strategies to drive development and manage risks effectively.

Stoffers suggested holistic financial sector improvement, including establishing a financial center in Ho Chi Minh City and fostering public-private sector collaboration. He highlighted financial education to aid wise investment decisions and institutional enhancements in finance.

To meet targets, he recommended government support in accelerating institutional reform, modernizing legal frameworks, and coordinating policies. Addressing administrative decision-making shortcomings is crucial. Sustainability, circular economy promotion, digitized administrative processes, and environmental protection are essential. Streamlining public investment and rectifying inefficiencies in State-owned enterprises are vital.

He proposed cautious interest rate reductions to stimulate investment and liquidity, with adjustments during substantial economic recovery. Additionally, he urged enhancing domestic consumption demand to bolster the economy. Vietnamnet

[Back to top](#)

KBank targets over US\$1 billion investment in Vietnam's lucrative market

Kasikornbank (KBank), Thailand's second-largest bank, has announced its intention to invest over \$1 billion in Vietnam by 2027, aiming to tap into the lucrative market of over 100 million consumers, as revealed by Pipit Aneaknithi, KBank's president.



The investment plan outlines that a substantial portion, around \$735 million, will be directed towards banking operations, while the remaining funds will be allocated to KBank's two Vietnamese subsidiaries. The KVision investment fund is set to receive \$336 million, and \$7 million will be injected into the KBTG technology company.

Presently, KBank operates a representative office in Hanoi and a branch in Ho Chi Minh City, which obtained operational approval in 2021 with an initial charter capital of \$80 million. In May 2023, the bank increased its charter capital to \$285 million, making it the foreign bank branch with the second-highest capital in Vietnam.

KBank views Vietnam as a pivotal development hub within Southeast Asia, given its young population and a substantial number of engineering graduates, enabling deeper integration into the global supply chain. Aneaknithi also highlighted the Vietnamese government's efforts to boost economic growth and support local businesses.

The bank's representative indicated that with the expanded investment in Vietnam, KBank intends to focus on serving small and medium-sized enterprises (SMEs), which constitute over 97% of the country's enterprises but hold only 20% of the credit capital market share. The Ho Chi Minh City branch aims to disburse \$40 million to SMEs and business households through an online platform by the end of the year. Vietnamnet

[Back to top](#)

E-COMMERCE

Vietnam's policy approach to facilitate cross-border trade

Vietnam must formulate well-suited strategies, particularly concerning customs, to foster the sustainable advancement of cross-border e-commerce, as discussed in a seminar organized by Customs Magazine in Ho Chi Minh City on August 11.

Vu Thi Anh Hong, Editor-in-Chief of Customs Magazine, emphasized that challenges persist for enterprises in cross-border e-commerce, encompassing legal considerations, transport oversight, customs protocols, taxation, and international trade guidelines.

Despite the remarkable expansion of e-commerce, Vietnam has yet to establish precise regulations for managing policies and customs procedures applicable to goods exchanged via e-commerce, noted Nguyen Bac Hai, Deputy Director of the Customs Supervision and Management Department within the General Department of Customs.

Robbin Hou, Vice President of the Guangdong Chamber of Commerce of Importers and Exporters in China, highlighted Vietnam's position as the fastest-growing e-commerce market in Southeast Asia. In order to stimulate its development, enhancements are essential in logistics efficiency, e-commerce platform maturation, thorough training of local workforce, and the expeditious creation of novel e-commerce models.

Participants at the event recommended finalizing the Government's decree regarding customs management for e-commerce imports and exports as a fundamental measure to refine customs policies.

A survey conducted by the Vietnam E-commerce Association (VECOM) unveiled an annual 25% growth in e-commerce, amassing a valuation exceeding 20 billion USD. This growth trajectory is projected to persist during the 2023-2025 timeframe. Vietnamnet

[Back to top](#)

ENERGY

Contractual challenges threaten progress of Vietnam's LNG power initiatives

Vietnam's ambitious push into liquefied natural gas (LNG) power projects is encountering obstacles as prolonged contract negotiations jeopardize key initiatives.



Challenges surrounding projects like Nhon Trach 3&4 LNG power plants are primarily attributed to protracted power purchase agreement (PPA) talks between PV Power and Vietnam Electricity (EVN).

The impasse centers on EVN's commitment to annual electricity volume. PV Power's proposal of a guaranteed 90% annual electricity output for 15 years faces complications and requires government support. Other concerns include pricing, annual power outputs, and

high imported LNG costs.

Vietnam's commitment to net-zero emissions by 2050 adds urgency to LNG-based electricity projects. EVN notes declining gas supply, prompting the need for imported LNG for power plants. However, incorporating LNG faces challenges due to higher costs compared to domestic gas. Imported LNG prices are expected to be 50% higher than domestic gas, leading to elevated power generation expenses for plants and increased electricity costs for EVN.

Contractual risks arising from volatile fuel prices and pipeline operations further compound the situation. EVN suggests aligning fuel offtake commitments with plant capacities to minimize risks and reevaluating transportation tariffs for operational pipelines. As Vietnam aims for a cleaner energy future, addressing these obstacles in its LNG power projects is crucial for achieving sustainable and reliable energy sources. VIR

[Back to top](#)

Vietnamese and Singaporean enterprises granted permission to undertake offshore renewable energy initiatives

The Petrovietnam Technical Services Corporation (PTSC) and its Singaporean partner Sembcorp Utilities Pte Ltd have been granted a survey license and a letter of content to carry out the steps related to a project on developing offshore renewable energy in Vietnam and exporting clean electricity to Singapore.

PTSC and its Singaporean partner Sembcorp are granted the survey license and letter of content in Hanoi on August 29. The granting, in the presence of Prime Ministers Pham Minh Chinh and Lee Hsien Loong, was part of a conference held in Hanoi on August 29 to promote investment cooperation projects between the two countries.

There, the Vietnamese Ministry of Natural Resources and Environment (MoNRE) handed over a decision approving the monitoring, investigation, surveying, and assessment of marine resources to PTSC, a member of the Vietnam Oil and Gas Group (Petrovietnam). Meanwhile, the Singaporean Ministry of Trade and Industry presented a letter of intent approving this project to Sembcorp.

The moves enabled the two enterprises to take the next steps in their offshore renewable energy project in Vietnam to export clean electricity to Singapore. With this license, PTSC is currently the first and only investor in Vietnam to have been permitted by the MoNRE to monitor, investigate, survey, and assess marine resources to develop offshore wind power.

In February 2023, PTSC and Sembcorp signed a joint development agreement on the cooperation in investing in and exporting electricity produced from offshore renewable energy in Vietnam to the city state.

Accordingly, their project will turn out some 2.3GW of power and export to Singapore through a submarine cable system to meet the country's clean electricity demand from 2030.

It is expected to help realise the two countries' memorandum of understanding on building the partnerships in green economy and digital economy.

[Back to top](#)

RETAIL

Foreign retail distributors select Vietnam as a strategic location

Foreign retail distributors are increasingly selecting Vietnam as a strategic location in their global supply chains due to its potential for diversifying supply and ensuring resilience, as noted by Ta Hoang Linh, Director of the European-American Market Department at the Ministry of Industry and Trade (MoIT).



The upcoming Vietnam International Sourcing 2023 event will provide Vietnamese businesses a platform to engage with leading global distributors and importers, fostering cooperation and knowledge sharing. This interaction will help Vietnamese goods access international distribution networks more effectively.

Linh suggests that Vietnamese companies seeking to meet the demands of major distributors and expand into diverse export markets should focus on market research, tailored product development, and systematic production and export planning. Emphasizing sustainable practices, including green production, transparency, traceability, social responsibility, environmental protection, and labor rights, is crucial.

Building and promoting brands is another key aspect highlighted by Linh. The MoIT is committed to conducting activities to raise awareness among businesses regarding sustainable development, green production, and branding. The ministry will also collaborate with various stakeholders to advocate for policies that facilitate market access and minimize costs for local manufacturers and exporters. This includes trade promotion and support for domestic and international sales.

The Vietnam International Sourcing 2023 event, scheduled for September 13 to 15 in Ho Chi Minh City, is anticipated to attract around 8,000 visitors and nearly 200 business delegations from 30 countries and territories worldwide. VNA

[Back to top](#)

LOGISTICS

Ba Ria-Vung Tau strives to become regional-scale logistics centre

The Ba Ria-Vung Tau province in the southern region of Vietnam has outlined its intention to expand the Cai Mep Ha Logistics Centre to cover an expansive 2,204 hectares. This ambitious plan aims to establish the province as a key logistics hub within the region, as detailed in the action plan designed to enhance the area's logistics competitiveness and development until 2025.



This newly approved action plan replaces the previous 2017 version and has been developed to align with the evolving demands of the logistics service sector. The plan's objectives include elevating logistics services into a sector with substantial added value. This strategy involves integrating logistics services with the expansion of goods production, import-export activities, and the development of transport and information

technology infrastructure, both within the province and on a broader national scale.

By the year 2025, the province envisions becoming a significant focal point for logistics services in the southeastern region, fostering robust growth within the logistics service market. The goal is to attract domestic and foreign investment, ultimately contributing to the province's transformation into a dynamic port urban area in the future.

Specific targets for 2025 encompass a 4.4% contribution from the logistics sector to the province's gross regional domestic product (GRDP), an 8% growth rate, and handling a total volume of 100 million tonnes of goods annually through the local port system.

Ba Ria-Vung Tau's strategy will concentrate on inviting investment to advance the development of the logistics infrastructure within Phu My township and Vung Tau city. This endeavor aims to enhance connectivity among various localities within the northern key economic region, the Mekong Delta region, and neighboring countries in the development triangle.

The province will actively promote the establishment of logistics service businesses, adopt new technologies, and invest in the training of skilled human resources within the logistics field.

The Cai Mep Ha Logistics Centre, as per the approved planning in September 2020, encompasses a land area of 1,763 hectares, including both a logistics center and the Cai Mep Ha downstream port covering over 984 hectares. The functional areas include clean energy storage, potential water surface, and land for various services. This center plays a pivotal role as a transshipment hub on both regional and global scales, facilitating the movement of goods via sea, inland waterway, and road.

To accommodate vessels with increased capacity, the center's planning from 2020 has been adjusted, expanding its total area to 2,204 hectares. The Cai Mep Ha downstream port will occupy 1,485 hectares,

with 202 hectares allocated to water surface area. Clean energy storage land will transition into logistics and port areas, while the remaining space will be dedicated to potential water surface use.

Ba Ria-Vung Tau boasts an extensive system of deep-water seaports spanning nearly 20km, holding national special status and serving as a vital gateway to the East Sea for the southern region. Notably, the Cai Mep-Thi Vai port cluster is uniquely equipped to accommodate container ships bound for Europe and America directly, bypassing the need for transshipment through intermediary countries.

Additionally, the province has identified tourism development as a cornerstone of its economic growth strategy, aiming to establish itself as a top-tier, high-quality tourism hub. Presently, tourism activities predominantly focus on areas such as Vung Tau, Long Hai, Phuoc Hai, Binh Chau national tourist areas, and Con Dao Island. VIR

[Back to top](#)

INVESTMENT

Sumitomo's considerable investment focus on Nam Dinh

Sumitomo Corporation has indicated its intention to invest in a new industrial complex spanning 300 hectares in Nam Dinh, following a constructive meeting with the Nam Dinh Party Committee on August 24.



During the meeting, Akito Shiraishi, the representative of Sumitomo Corporation, expressed his gratitude for the warm reception by the Nam Dinh Party Committee and its leaders. He hinted at Sumitomo's strong interest in establishing a new industrial complex in Nam Dinh, covering an expansive area of over 300 hectares.

Shiraishi stated, "Our primary objective is to develop industrial parks (IPs) while addressing the business aspirations of investors. Vietnam, and particularly Nam Dinh, has attracted numerous domestic and international investors. However, Sumitomo stands out with its unique investment approach, emphasizing long-term customer relationships to ensure meaningful contributions to the province's growth, local businesses, and surrounding regions."

Post the meeting, Shiraishi confirmed that a comprehensive feasibility study would commence in collaboration with Thang Long IP Co., Ltd. to finalize investment decisions in Nam Dinh.

Secretary of the Nam Dinh Party Committee, Pham Gia Tuc, shared, "We hold an optimistic view that Sumitomo, with its extensive global experience, will establish an advanced, environmentally sustainable IP in Nam Dinh. Such an initiative would greatly enhance the province's sustainable socioeconomic progress."

Tuc also urged the Nam Dinh Industrial Park Management Authority to cooperate and provide essential information to support the corporation's research.

Founded in 1919, Sumitomo Corporation is a worldwide business conglomerate that has maintained a position within the Fortune Global 500 for 28 consecutive years. Valued at \$26.6 billion, the group manages an impressive portfolio comprising 883 subsidiaries and affiliate companies, employing over 75,000 individuals globally. Presently, the corporation oversees nine IPs across six countries.

Sumitomo has been present in Vietnam since 1997, establishing the Thang Long IP. Since then, the corporation has invested in developing Thang Long II in Hung Yen province and Thang Long Vinh Phuc in Vinh Phuc province. These parks collectively cover an area exceeding 1,000 hectares, with a total investment of approximately \$404 million. VIR

[Back to top](#)

Singapore emerges as major investor in Vietnam's growing economy

Singapore stands as the second-largest source of foreign investment in Vietnam, contributing to the country's economic growth with 3,274 active projects valued at \$73.5 billion. Singaporean Prime Minister Lee Hsien Loong's three-day official visit to Vietnam aims to bolster their strategic partnership, focusing on the digital and green economy sectors.



Over time, bilateral relations have flourished, reflected in the \$9.15 billion two-way trade in 2022, compared to \$8.3 billion in 2021. While Vietnam experienced a \$500 million trade deficit with Singapore, the nations continue to deepen their economic ties.

Singapore's investments span various sectors in Vietnam, particularly manufacturing and processing, which accounts for 775 projects worth \$28.6 billion. Additionally, real estate and power generation sectors attract Singaporean investors, involving 214 property projects valued at \$19.1 billion and 47 power projects at \$11.8 billion. Singapore's investments reach 51 of Vietnam's provinces, with Ho Chi Minh City leading, followed by Hanoi and Bac Ninh Province.

Vietnam reciprocates with investments in Singapore, contributing over \$690 million across various sectors, including science and technology, retail, telecommunications, real estate, and manufacturing. The Saigon Times

[Back to top](#)

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