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FINANCE

Vietnam makes strides in economic freedom rankings

Vietnam's performance was acknowledged in various aspects of the economic freedom index. In terms of government size, the country ranked 83rd, with a marginal score dip from 6.56 to 6.53. For the legal system and property rights category, Vietnam secured the 77th position, marking an increase from 4.96 to 5.15. This marks the first time that Vietnam's score in this category has exceeded five.



Regarding sound money, Vietnam attained the 128th position, with its score rising from 6.96 to 7.02. However, challenges persist due to restrictions on foreign currency ownership.

Vietnam also made strides in international trade freedom, ranking 98th, with a score increase from 6.4 to 6.52. In the regulation of the credit market, labor market, and business, Vietnam ranked 103rd, with a minor score

improvement from 6.08 to 6.10.

In 2020 and early 2023, the Fraser Institute collaborated with Vietnam's National Economics University and the Market Solutions Research Center for Economic and Social Issues (MASSEI) to evaluate the nation's market economy based on the index. Following the assessment, experts could propose policy recommendations to further enhance Vietnam's economic freedom.

In the regional context, Singapore led the index, with other Southeast Asian countries' rankings including Malaysia at 56th, Thailand at 64th, the Philippines at 70th, Indonesia at 74th, Cambodia at 78th, and Laos at 107th.

A notable change in the report was Hong Kong's position. For the first time, Hong Kong did not top the economic freedom chart, signaling a potential decline in the coming years. The top positions were occupied by Singapore, followed by Hong Kong, Switzerland, New Zealand, and the U.S.

The annual Economic Freedom of the World Index evaluates the economic freedom of individuals—their ability to make their own economic decisions—by analyzing the policies and institutions of 165 jurisdictions. The Saigontimes

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Vietnam's financial sector paves the way for digital transformation

The financial sector is vigorously pushing for digital transformation, recognizing it as a crucial element in the country's broader digital transition. Officials assert that this shift will not only reshape the financial landscape but also catalyze digital transformation across various industries.



At the "Vietnam Digital Finance 2023" event held in Hanoi, themed 'Digital data: a driver for sustainable digital transformation in the financial sector,' Nguyen Duc Hien, Deputy Head of the Party Central Committee's Economic Commission, highlighted the explosive growth of digital finance worldwide, encompassing a wide array of services.

Numerous studies emphasize how digital finance enhances financial system stability and delivers benefits to service users, providers, the government, and the economy as a whole. It is also instrumental in improving access to financial services, particularly for underserved populations, contributing significantly to financial inclusion. Within the financial sector, the Ministry of Finance has been actively promoting digital transformation, issuing strategies and operational plans for the digital shift. Prime Minister Pham Minh Chinh, who chairs the National Committee on Digital Transformation, signed Decision No 17/QĐ-UBQGCDs earlier this year, outlining the committee's action plan for 2023. This plan places a strong emphasis on directing and coordinating various sectors to drive meaningful and sustainable digital transformation.

Considered the 'lifeblood' of the economy, digital transformation in the financial sector is poised to be a linchpin for the national digital transformation strategy, subsequently propelling digitalization in other industries. In 2023, the digital transformation tasks for the entire nation, especially the financial sector, are substantial, necessitating unwavering determination, intensive effort, decisive steps, and effective measures. For consecutive years, the Ministry of Finance has consistently ranked at the forefront in terms of ICT readiness and the Digital Transformation Index (DTI).

Notably, the tax, customs, and treasury sectors have been at the vanguard of digital transformation, with significant achievements such as electronic tax processes and over 250 administrative procedures streamlined through the national single window system.

The development of data platforms and effective sharing of financial sector data among state agencies, organizations, and individuals have streamlined transactions and ensured compatibility, thereby facilitating the ongoing digital transformation. To maintain these achievements and advance financial and budgetary digital transformation goals, Hien underlined the Ministry's responsibility in guiding its affiliates and promoting digital transformation, ultimately reducing costs, enhancing business conditions, and ensuring public satisfaction. VOV

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E-COMMERCE

E-commerce businesses leveraging technology to win customers

An international workshop focused on enhancing opportunities for Vietnamese exports through cross-border e-commerce collaboration with Amazon was jointly organized by the Ministry of Industry and Trade (MoIT) and the People's Committee of Ho Chi Minh City on September 14.

Part of the Vietnam International Sourcing 2023 event, this workshop provided a platform for e-commerce experts and businesses to exchange insights and experiences. Its aim was to facilitate Vietnamese entrepreneurs and young talents in quickly gaining knowledge and actively participating in presenting and marketing Vietnamese products on global cross-border e-commerce platforms.



Ta Hoang Linh, Director of the European-American Market Department at MoIT, emphasized the growing significance of cross-border e-commerce in the global market. He highlighted Amazon's role as a modern e-commerce model and a global retail leader with extensive experience in connecting producers and consumers worldwide.

Gijae Seong, CEO of Amazon Global Selling Vietnam, acknowledged the pivotal role of exports in Vietnam's economy and the opportunity to boost exports through digitalization and e-commerce in export activities. Amazon Global Selling Vietnam is actively promoting and supporting SMEs in cross-border e-commerce.

Vietnam is becoming a global manufacturing and supply hub, offering internationally standardized products at competitive prices, as recognized by Access Partnership's report estimating that Vietnam's B2C e-commerce retail exports reached \$3.5 billion in 2022.

The MoIT reported that Vietnam's retail e-commerce market is projected to reach \$16.4 billion, accounting for 7.5% of the country's total consumer goods and services revenue, with a 20% annual growth rate. This growth has positioned Vietnam among the top five countries with the world's highest e-commerce growth, according to eMarketer. VNA

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ENERGY

Norwegian energy firms join forces with Vietnam for a sustainable future

The energy sector in Vietnam is on the cusp of significant transformation, and private sector involvement is pivotal in this transition. Power Development Plan VIII (PDP8) is at the forefront of this shift, aiming to propel Vietnam towards clean and sustainable energy sources while reducing greenhouse gas emissions.

The recent Energy Transition seminar, hosted in partnership with Norwegian entities and the Vietnamese Ministry of Industry and Trade, underscored the importance of this transition. PDP8 represents an opportunity for both domestic and foreign businesses, particularly Norwegian energy firms, to leverage their expertise and technology in the pursuit of cleaner energy.

Vietnam's commitment to energy development in line with its socio-economic needs is unwavering. However, the energy sector faces challenges such as supply shortages and adapting to unpredictable global energy dynamics.

PDP8 charts an equitable transition plan, setting specific targets like achieving 15-20 percent renewable energy by 2030 and 80-85 percent by 2050. These targets align with global efforts to combat climate change by reducing emissions.

Norwegian energy companies have a crucial role to play. They excel in diverse areas, including offshore wind power, clean hydrogen, carbon capture and storage, and liquefied natural gas. Their innovation and technological advancements are integral to decarbonizing industries and improving energy efficiency.

Several Norwegian companies, like Equinor, Mainstream, VARD, and Scatec, have been operating in Vietnam for years. Moreover, numerous others are eager to collaborate with local partners on future projects.

Mette Møglestue, Deputy Head of the Norwegian Mission, emphasized the shared goal of Norway and Vietnam to become low-emission societies by 2050. PDP8 provides a roadmap for energy infrastructure development and seeks international support to achieve Vietnam's net-zero emissions target by 2050.

The private sector's involvement is crucial in this transition. Their innovation, strategic planning, and investments are key to driving sustainable business models. Norway's expertise in offshore wind and clean energy technologies further strengthens this transition effort.

As energy resources become scarcer, sustainable and responsible management is paramount. Vietnam's energy transformation aims to align with global climate goals while ensuring long-term energy security and sustainability. VIR

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Energy China eyes expansion in Vietnam with increased investment in renewable projects

Energy China, a Fortune 500 energy conglomerate, has unveiled plans to expand its investments in Vietnam. According to local newspaper Nhandan, the announcement came during Vietnamese Prime Minister Pham Minh Chinh's recent visit to Guangxi, China, where he met with vice president of Energy China Zhang Manping on September 16.

The discussions centered on ramping up the company's footprint in Vietnam, particularly in terms of wind power projects spread across provinces such as Ha Tinh, Ninh Thuan, and Quang Tri.



This engagement coincided with PM Chinh's attendance at the 20th China-ASEAN Expo and Business and Investment Summit held in Nanning. It gave the Vietnamese leader an opportunity to emphasise the nation's focus on green and digital transition.

He stated, "Our partnerships with investors, especially in the green sector, mirror Vietnam's broader development goals." Renowned as a multifaceted conglomerate, Energy China has cemented its place in the prestigious Fortune 500 list, demonstrating unparalleled expertise in delivering intricate technical solutions across the energy and infrastructure domains.

With an expansive footprint boasting 256 branches across 147 countries and territories, the group oversees 416 ventures and employs over 100,000 personnel. During his presentation, Manping shed light on Energy China's corporate landscape, articulating its vision for prospective projects in Vietnam.

He stated, "Our expansion plans underscore our commitment to renewable energy, spotlighted by our initiatives in wind power across Ha Tinh, Ninh Thuan, Quang Tri, and other provinces."

PM Chinh lauded Energy China's forthcoming investment strategies, urging the conglomerate to explore digital and sustainable projects. He emphasised adherence to the rule of law, ethical business practices, healthy competition, and the prioritisation of socio-cultural values.

"The success of our investors aligns with Vietnam's aspirations, fostering a spirit of harmonious benefit and shared risks," noted the PM. Addressing Energy China's partnership proposals, PM Chinh has entrusted the Ministry of Industry and Trade to collaborate with the group's representatives. The ministry will take the lead, liaising with relevant departments and regional bodies to ensure the smooth progress of Energy China's exploration into new ventures and investment opportunities in Vietnam. VIR

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RETAIL

Vietnam's retail industry aims for US\$350 billion growth amid challenges

The retail industry in Vietnam, currently valued at \$142 billion, is poised to reach \$350 billion in the coming years, as projected. However, the sector is grappling with notable challenges, as highlighted in Vietnam Report's annual list of the Top 10 Credible Retail Companies for 2023.



Starting in the fourth quarter of 2022, Vietnam's retail sector has experienced subdued growth. This slowdown is attributed to weakened demand resulting from reduced public incomes due to export difficulties. Additionally, retailers are contending with the complexities of high interest rates and stringent credit conditions imposed by consumer finance entities.

According to Vietnam Report's recent survey, all businesses (100%) expressed concerns about weak consumer demand, with 92.9% noting the ongoing economic slowdown. In early 2023, retailers faced intense price competition, further impacting their profits.

To address declining consumer spending, nearly 64% of retailers intend to launch consumer incentive programs, implement competitive pricing strategies, and introduce loyalty schemes in the coming months. Nevertheless, the success of these promotions is not guaranteed.

Many businesses are responding by prioritizing market research, leveraging technology and data to align their marketing strategies with consumer preferences.

Despite the prevailing challenges, Vietnam's retail sector retains significant growth potential. Businesses believe that the solutions lie in deepening market penetration, streamlining operational costs, and reducing expenses related to underperforming outlets.

Looking ahead, the retail landscape appears promising. The current market valuation stands at \$142 billion, with forecasts anticipating substantial growth to \$350 billion in the near future.

One positive factor for the sector is the return of international tourism to Vietnam. As global travel restrictions ease, the influx of tourists is expected to provide a much-needed boost to retailers.

Furthermore, Vietnam's demographic advantage, characterized by its youthful and sizable population, further enhances the sector's growth prospects. VIR

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LOGISTICS

Foreign capital floods in as Vietnam expands super-port projects

Leading maritime corporations are set to invest heavily in super-ports in Vietnam, with the potential for significant foreign capital inflow. SSA Marine in Seattle and Vietnam's Gemadept, for instance, are exploring a partnership to develop strategic seaports in southern Vietnam, including the Cai Mep Ha Logistics Center valued at approximately \$296 million.



The project will make Cai Mep Ha the largest logistics center in Vietnam, boosting its status as an international transshipment port. The plan covers an area of approximately 96,800 acres to accommodate large-tonnage vessels, positioning it as a major transshipment port. Other major players, such as Geleximco-ITC, Besix-Boskalis-Hateco, and Sun Group, are also eyeing the project.

HCM City People's Committee is seeking investment for the Can Gio international transshipment port, designed to accommodate mother vessels of up to 250,000 tons and 16.9 million TEU. The project's total investment is estimated at around \$239.5 billion, with seven phases planned for completion by 2045. The port's strategic location along international maritime routes offers cost-saving advantages over Singapore.

Soc Trang province aims to develop Tran De Port, a project spanning approximately 210,000 acres with expected investments of around \$2.2 billion by 2030 and around \$6.2 billion by 2050. The port will have the capacity to receive container ships over 100,000 tons and is poised to become the Mekong River Delta's gateway.

These investments underscore the attractiveness of Vietnam's seaport sector. The Ministry of Transport's (MOT) report estimates total investment capital for the seaport system up to 2030 at approximately \$13.7 billion, with approximately \$3 billion allocated for public maritime infrastructure and approximately \$11.2 billion for harbors. Foreign interest is also growing, with corporations like DP World, SSA Marine, APMT, MOL, and NYK exploring opportunities in various Vietnamese harbors. Vietnamnet

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INVESTMENT

South Korea's SK group continues its investment in Vietnam

The SK Group, one of South Korea's largest conglomerates, and its subsidiaries are actively expanding their investments in various sectors in Vietnam.



One of SK Group's subsidiaries, SKC Co. Ltd., has been granted an investment certificate to develop a high-tech biodegradable materials factory in the northern port city of Hai Phong. This factory, with a total investment of \$500 million, specializes in the production of biodegradable materials such as polybutylene adipate terephthalate and polybutylene succinate.

The project will cover an area of 32,089 square meters within the Haiphong I DEEP C Industrial Zone, located in the Dinh Vu-Cat Hai Economic Zone. In the initial phase, construction is scheduled to commence in mid-December 2023, with completion expected within nine months. The factory aims to achieve an output of 35,000 tonnes by the end of the year. In the second phase, the annual output will be increased to 70,000 tonnes.

Woncheo Park, CEO of SKC under SK Group, emphasized that SK Group has invested around \$3 billion in Vietnam over the past five years. Hai Phong, known for its modern infrastructure and strong investment appeal, was chosen as the location for this significant investment. He further stated that SKC would introduce advanced technology for biodegradable materials production in Hai Phong, marking the group's initial investment in the region. The company intends to encourage more South Korean businesses to invest in Hai Phong.

Earlier in June, SKC signed a Memorandum of Understanding (MoU) with the leadership of the Haiphong People's Committee to explore potential investments in advanced materials for secondary batteries, semiconductors, and other environmentally friendly sectors. This project by SKC represents the first direct investment by SK Group in Vietnam, despite its active involvement in Vietnam's merger and acquisition market.

The group has diversified its investments across various sectors, including retail, consumer goods, pharmacy retail, pharmaceuticals, and more. Notably, SK Group invested approximately \$470 million in 2018 to acquire 110 million Masan treasury shares. In April 2021, it acquired a 16.26 percent stake in Masan Group's VinCommerce for \$410 million. During the same year, SK invested \$340 million to acquire a 4.9 percent stake in Crown X, a consumer retail platform of Masan Group. Furthermore, SK invested \$100 million in Vietnam's pharmacy retail chain Pharmacy. As of the first quarter of 2023, the group holds a 64.79 percent stake in the pharmaceutical firm Imexpharm.

In addition to SKC, another SK Group subsidiary, SK Energy, possesses over a 5 percent stake in PV Oil, with an approximate value of \$30 million.

These expanding investments by SK and its subsidiaries underscore the significance of the Vietnamese market. In 2018, SK invested \$500 million to establish SK Southeast Asia Investment with the objective of becoming a potential growth engine in Southeast Asian countries, including Vietnam. VIR

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SpaceX plans US\$500 million investment for Starlink in Vietnam

SpaceX is preparing for a substantial venture into Vietnam, unveiling plans for a proposed \$500 million investment aimed at introducing its Starlink services in the country.

The announcement came during a meeting between Vietnamese Prime Minister Pham Minh Chinh and senior executives from global technology giant SpaceX, including Tim Hughes, the Senior Vice President overseeing Global Business and Government Affairs. Hughes shared that SpaceX is actively considering a \$500 million investment in Vietnam, with a keen interest in obtaining the necessary licenses to bring Starlink services to the nation.



Prime Minister Chinh warmly welcomed SpaceX's proactive investment proposal and encouraged the company to collaborate closely with Vietnamese government agencies and relevant entities to expedite the project's implementation. Chinh also emphasized the importance of competitive pricing strategies aligned with Vietnam's developmental goals and legal framework.

Furthermore, the Prime Minister highlighted the necessity for SpaceX to work alongside Vietnam's Ministry of Planning and Investment. This collaboration is seen as instrumental in fostering stronger connections with potential Vietnamese partners in the IT sector. It will also drive innovation, facilitate research initiatives, and explore opportunities for establishing telecommunication equipment production facilities in Vietnam in partnership with Original Equipment Manufacturer (OEM) associates.

In a significant gesture underscoring the importance of this partnership, Prime Minister Chinh extended an invitation to SpaceX's CEO, Elon Musk, to participate in the upcoming International Technology Exhibition in Vietnam later this year. Chinh expressed his hope that Musk's presence would serve as an inspiration to Vietnamese youth, fostering innovation and driving greater utilization of SpaceX's offerings in the country. VIR

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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

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