



Highlight

US \$28.85 billion has been poured into Vietnam over the past 11 months

VIETNAM BUSINESS REVIEW

Vol 47, Nov 29th 2023

What's in it today?



FINANCE

Vietnam aims for a GDP growth target of 6-6.5% in 2024

Experts point to 2024 economic growth engines



INVESTMENT

Sustainable development on the horizon for Vietnam's M&A

US \$28.85 billion has been poured into Vietnam over the past 11 months



RETAIL

Over half of the country's population engaging in online shopping



E-COMMERCE

Vietnam's E-Commerce prioritizes digital trust for consumers



ENERGY

Vietnam races against time for offshore wind power
Vietnam establishes committee for strategic energy development



LOGISTICS

Three scenarios for North-South high-speed railway project

FINANCE

Vietnam aims for a GDP growth target of 6-6.5% in 2024

Vietnam aims for a GDP growth target of 6-6.5% and a per capita income of \$4,700-\$4,730 in 2024, as outlined in a newly-approved resolution by the National Assembly (NA).



The resolution, signed by NA Chairman Vuong Dinh Hue, received 90.49% approval votes on November 9. Key goals for 2024 include the manufacturing-processing sector contributing 24.1-24.2% to GDP and a productivity growth rate of 4.8-5.3%.

The agricultural labor force is anticipated to constitute 26.5% of the total workforce, with 69% being trained workers. Targets also include reducing the multidimensional poverty rate by over 1%, achieving a health insurance coverage of 94.1%, and accelerating strategic national infrastructure projects.

The overarching socio-economic development goals emphasize economic growth, macroeconomic stability, inflation control, and maintaining major economic balances. The resolution prioritizes fostering positive changes through strategic breakthroughs, economic restructuring, innovative growth models, enhanced productivity, quality, efficiency, competitiveness, and internal strength. Vietnam plans to address institutional and policy bottlenecks, unlock resources, and focus on market development.

Administrative reform, improvement of the business investment climate, and comprehensive inclusive development across various sectors are highlighted. The resolution underscores the acceleration of key national infrastructure projects and calls for the active engagement of people, soldiers, and overseas Vietnamese to achieve the socio-economic development plan for 2024, fostering momentum for the broader five-year development plan from 2021 to 2025. VNA

[Back to top](#)

Experts point to 2024 economic growth engines

Vietnam's economic growth in 2024 is anticipated to be driven by key factors such as production, export, real estate, and private investment.



According to Dinh Quang Hinh, head of the Macro and Market Strategy Department at VNDirect Securities Corporation, the strong recovery in production and export is attributed to increasing orders, with export revenue expected to rise by 7.5-8.0%. The recovery in production is set to stimulate demand for imported materials, machinery, and equipment.

Foreign direct investment (FDI) is also expected to play a crucial role in the economic recovery, with improvements anticipated in FDI in the second half of the current year and throughout 2024. Positive signs in industry, employment, and wages are predicted to boost domestic consumption, supported by a new salary policy and significant investments in pensions and social insurance benefits.

The real estate sector is rebounding as legal and financial obstacles are addressed, and lowered lending interest rates along with a buoyant corporate bond market are helping alleviate capital challenges for developers. Hopes are high for a recovery in private investment in 2024, driven by new projects and increased production to meet growing domestic demand and new orders.

Despite these positive prospects, there are major risks to the economy, both intrinsic and extrinsic. The recovery of Vietnam's major economic partners remains uncertain, and there are concerns about high international interest rates. The domestic real estate market may experience a more prolonged period of stagnation than expected, with forecasts indicating a potential reboot in mid-2024.

Various financial institutions, including the United Overseas Bank, the Asian Development Bank, and Standard Chartered Bank, have provided differing economic growth forecasts for Vietnam in 2023 and 2024, ranging from 5.2% to 6.7%, reflecting diverse perspectives on the country's economic outlook.

VNA

[Back to top](#)

E-COMMERCE

Vietnam's E-Commerce prioritizes digital trust for consumers

The Ministry of Industry and Trade is set to host its annual e-commerce week later this month, aiming to boost e-commerce services and safeguard consumer rights within the Vietnamese market.



Scheduled from November 27 to December 3, the 2023 E-commerce Week, the largest of its kind in Vietnam, will witness the participation of prominent local e-commerce service providers, including TikTokShop, Shopee, Lazada, Tiki, VnPay, ZaloPay, and Viettel Post.

Focused on consumer protection, this year's event will encompass diverse activities such as a Vietnam e-commerce development conference, 60 hours of online shopping across platforms in Vietnam, and an e-commerce festival in Hanoi. Nguyen Lam Thanh, a representative of TikTok Vietnam, emphasized the importance of consumer safety in driving e-commerce progress. Thanh stated, "If consumers feel safe, e-commerce will not only develop as it has done over the past 10 years but will also create a breakthrough in the coming time."

In a bid to enhance the management and oversight of e-commerce activities, the E-Commerce and Digital Economy Department under the Ministry of Industry and Trade is implementing comprehensive solutions. These include communication campaigns, increased responsibility of e-commerce platforms, applications, and websites, and heightened international cooperation in monitoring and managing e-commerce activities.

The department is collaborating with the General Department of Market Management on a project to combat counterfeit goods and protect consumers in e-commerce until 2025. Plans are underway to establish a centralized database system capable of managing and monitoring e-commerce activities in the country. Nguyen Thi Minh Huyen, deputy director of the E-Commerce and Digital Economy Department, highlighted the development of a digital ecosystem to safeguard consumers in e-commerce. Huyen stated, "With the application of digital technology, the management and supervision of e-commerce activities will be increasingly promoted, helping to ensure consumer trust in e-commerce."

Nguyen Quynh Anh, deputy head of the National Competition Commission under the Ministry of Industry and Trade, affirmed the commission's commitment to protecting consumers in online product purchases. She highlighted the 2023 Law on Protection of Consumer Rights, focusing on the responsibility of e-commerce platforms and the role of key opinion leaders (KoL). Anh emphasized the importance of providing consumers with comprehensive information about products, payments, delivery, and product returns to facilitate informed decision-making. VOV

[Back to top](#)

ENERGY

Vietnam races against time for offshore wind Power

The potential for Vietnam to capitalize on offshore wind power exports may slip away unless the country finalizes the regulatory framework for developing this renewable energy sector within the next year, caution industry experts.



Recently, the Singaporean government provisionally approved the sale of 1.2GW from a 2.3GW offshore wind farm managed by PetroVietnam Technical Services Corporation (PTSC), a member of the Vietnam Oil and Gas Group, to Singapore via a high-voltage undersea cable. This marks Vietnam's first approved wind power sale to Singapore, with support from the Vietnamese Ministry of Natural Resources and Environment and a letter of intent

from Singapore's Ministry of Trade and Industry.

PTSC, collaborating with Sembcorp Utilities, is spearheading Vietnam's first offshore wind farm project, aiming to export 1.2GW to Singapore. The Singaporean government's commitment to importing 4GW of low-carbon electricity by 2035 aligns with its carbon reduction targets, positioning the deal favorably. PTSC's experience, having secured contracts for over 10 offshore wind projects totaling 5.2GW and \$1.2 billion in contract value, adds credibility to the venture.

The successful implementation of this initiative could establish Vietnam as a regional hub for offshore wind power services, strengthen ASEAN collaboration, and contribute to interconnected power grids in the region. Additionally, the undersea power transmission cable might serve dual purposes by facilitating a fiber optic connection to Singapore, offering economic benefits.

However, the Energy Market Authority of Singapore may explore other options if Vietnam fails to establish the necessary regulatory framework within the next year. Competing interests emerge as Ca Mau province proposes exporting up to 5,000MW of renewable energy by 2040. Chairman of Vietnam Oil and Gas Group, Nguyen Quoc Thap, underscores the complexity of offshore wind projects, emphasizing the need for substantial incentives to attract investors. Drawing from international case studies, Thap advocates timely policy establishment to avoid unnecessary project delays, as offshore wind projects typically take 6-8 years for full implementation. VNS

[Back to top](#)

Vietnam establishes committee for strategic energy development

Prime Minister Pham Minh Chinh has issued a decision to establish the State Steering Committee responsible for overseeing critical national energy programs, projects, and initiatives. Led by Deputy Prime Minister Tran Hong Ha, this committee is tasked with providing guidance, supervision, coordination, and encouragement to relevant ministries, sectors, and localities in fulfilling their responsibilities related to the investment, construction, and development of vital energy initiatives.



The committee's mandate includes directing and facilitating the resolution of jurisdictional challenges and obstacles related to land clearance. It also has the authority to monitor and compel project investors, consultants, and contractors to adhere to approved plans, ensuring the timely and high-quality implementation of national energy projects.

The leadership of the committee includes Minister of Industry and Trade Nguyen Hong Dien and Nguyen Hoang Anh, chairman of the Commission for the Management of State Capital at Enterprises, along with officials from various ministries and government bodies. Representatives from the State Bank of Vietnam, the Government Office, and the National Assembly's Committee on Science, Technology, and the Environment also contribute to this initiative.

Furthermore, provincial People's Committee chairpersons overseeing nationally significant energy projects are integrated into the committee, along with executives from key state-owned enterprises such as Vietnam Electricity Group, Vietnam Oil and Gas Group, and Vietnam National Coal and Mineral Industries Group. VIR

[Back to top](#)

RETAIL

Over half of the country's population engaging in online shopping

The thriving e-commerce sector in Vietnam saw over half of the country's population engaging in online shopping last year, indicating robust growth in both supply and demand. According to a report by Google and Temasek & Bain, approximately 57 million Vietnamese made online purchases in 2022, primarily in major cities such as Hanoi, Ho Chi Minh City, and Da Nang.

The report highlighted the significant role played by Vietnam's young population in driving the digital



economy, with 43% of Lazada shoppers belonging to Generation Z, born in 1997 or later. Lazada, often referred to as "The Amazon of Southeast Asia," experiences daily engagement from this demographic, who, on average, purchase products from seven different categories. The younger generation is noted for its discerning shopping habits, valuing quality and expressing a willingness to switch brands for better products.

Tran Van Trong, General Secretary of the Vietnam E-commerce Association (VECOM), emphasized the e-commerce boom in Vietnam, attributing it to an increase in online shoppers' skills and rising purchase values. The surge in demand has led to a proliferation of online sellers, many without physical stores. To adapt to changing consumer behavior, businesses are swiftly evolving, introducing new online shopping policies.

The government is actively addressing challenges in the e-commerce sector, including tightening tax collection and taking action against sellers of counterfeit products. The Ministry of Industry and Trade reported a robust annual growth rate of 16-30% in Vietnam's e-commerce gross merchandise value, projected to reach \$20.5 billion in the current year. The Google report forecasts that Vietnam's digital economy could reach \$30 billion in 2022 and rise to \$45 billion by 2025. Vnexpress

[Back to top](#)

LOGISTICS

Three scenarios for North-South high-speed railway project

Minister of Construction Nguyen Thanh Nghi, a member of the Steering Committee for the North-South high-speed railway construction project agreed to invest in the project following the third scenario.

For the third scenario, the project is designed as a double-track railway with a gauge of 1,435 mm and a speed of 350 kilometers an hour serving passenger and cargo trains.



The project is estimated to cost about US\$68.98 billion, even up to US\$71.69 billion in case of investing additional infrastructure, equipment and means for freight trains. Around 60 percent of bridges, ten percent of tunnels and 30 percent of ground section will be built newly. In addition, the

entire route will have 23 passenger stations, five terminals for repairing and maintenance, 40 infrastructure maintenance facilities, five freight stations and four depots.

The Ministry of Construction also proposed that the Ministry of Transport would study and upgrade and modernize the current North-South railway route following the direction of upgrading a double-track railway up to a gauge of 1,435 mm.

Besides, the Ministry of Transport is proposed to coordinate with relevant agencies to ensure the original agreement, avoid arising adjustments and add legal bases for preliminary proposals of the project's investment capital.

As for the remaining two scenarios, the Ministry of Transport is collecting opinions from members of the Steering Committee for the North-South high-speed railway construction project.

The first scenario heads to building a double-track railway with a gauge of 1,435 mm, a length of 1,545 kilometers and a speed of 350 kilometers an hour along with upgrading and innovating the current North-South railway route to carry goods, tourists and short-distance passengers. It is estimated to reach around US\$67.32 billion in investment.

Meanwhile, as for the second scenario, the US\$72.02 billion project envisages the construction of a double-track railway with a gauge of 1,435 mm and a speed of 200-250 kilometers an hour serving cargo and passenger trains along with modernizing the current North-South railway route to transport goods, tourists and short-distance passengers. SGGP

[Back to top](#)

INVESTMENT

Sustainable development on the horizon for Vietnam's M&A

At the Vietnam M&A Forum 2023, held under the theme "Thriving Together," industry experts engaged in discussions about the opportunities and challenges shaping the Vietnamese M&A market and strategies for future growth. Le Trong Minh, editor-in-chief of Vietnam Investment Review (VIR), emphasized that M&A, often associated with takeovers, can contribute positively to business growth, noting that actively engaging in M&A is correlated with outstanding growth rates.



Minh highlighted the growing strength of the M&A transaction environment, propelled by government initiatives to promote reforms, attract foreign investments, and integrate with the global economy. Over the past 15 years, Vietnam has witnessed a steady increase in M&A activities, spurred by policies encouraging the equitization of state-owned enterprises and facilitating investments in key economic sectors.

The M&A landscape experienced a brief slowdown in 2013-2014 as Vietnam absorbed the aftermath of the 2007 global financial crisis. However, it regained momentum from 2015, reaching its pinnacle in 2017. Since 2022, aligning with the global trend, Vietnam's M&A activities have entered a new adjustment phase.

Minh underscored the professional development of Vietnam's M&A market, with foreign investors shifting towards long-term strategic investments. Notable billion-dollar deals occurred between 2015 and 2021, reflecting the changing landscape where domestic companies gained confidence and professionalism, positioning Vietnam as a crucial strategic market for foreign investors.

Despite the current economic challenges caused by external uncertainties and internal limitations, Vietnam remains an appealing destination for international investors. Minh predicts that 2023 will mark a transition towards sustainable development in the M&A market. Factors such as free trade agreements, global supply chain transformations, and investors favoring sectors like clean energy, renewable energy, technology, and real estate contribute to the positive outlook.

Minh concluded that M&A serves as a helping hand during difficult times and a powerful synergy creator during favorable periods, fostering common prosperity for participating entities and the overall economy. He emphasized the increasing importance of capital, technological expertise, and restructuring strategies for Vietnamese businesses in this evolving M&A landscape. VIR

[Back to top](#)

US \$28.85 billion has been poured into over the past 11 months

Vietnam has successfully attracted an additional \$28.85 billion in foreign direct investment (FDI) over the past 11 months, marking a notable increase of 14.8% compared to the same period last year. The Foreign Investment Agency, operating under the Ministry of Planning and Investment, provided these figures.

The impressive influx includes 2,865 newly-registered projects with a cumulative capital surpassing \$16.41 billion. Additionally, existing projects received over \$6.47 billion in additional funding, while capital contribution and share purchase agreements amounted to \$5.97 billion. FDI project disbursement reached an estimated \$20.25 billion during this period, reflecting a 2.9% increase compared to the previous year. Notably, the processing and manufacturing industry led the sectors in attracting FDI, securing over \$20.97 billion, constituting nearly 72.71% of the total registered investment capital and marking a substantial 40.2% year-on-year growth.

Foreign investors directed their capital to 18 out of 21 economic sectors in Vietnam, demonstrating widespread interest. Among the provinces and cities, Quang Ninh emerged as the top destination, attracting nearly \$3.11 billion, making up almost 10.8% of the total registered investment capital. Ho Chi Minh City followed closely with over \$3.08 billion, accounting for 10.7% of the country's overall investment capital. Other prominent locations include Hai Phong, Bac Giang, and Hanoi, each receiving FDI capital of \$2.8 billion, \$2.7 billion, and \$2.6 billion, respectively. VIR

[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.*
