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Vietnam may obtain a 6–6.5 percent growth rate in 2024 and curb inflation at 3.5–4 percent

Despite falling short of the targeted growth rate, Vietnam's 5.05 percent GDP growth in 2023 is seen as positive amid global uncertainties, according to Can Van Luc, BIDV's chief economist. The recovery, evident since Q3 2023, showed steady growth, with Q4 reaching 6.72 percent. Driving forces like exports, investment, and consumption are rebounding, with controlled inflation at 3.25 percent. FDI made a remarkable recovery, increasing by 32.1 percent, contrasting the global decrease of 2 percent in 2023.

Balanced macroeconomic conditions, praised by international experts, led to Fitch Rating elevating Vietnam's credit rating to BB+ with a 'stable' outlook. Progress in the digital, green, circular economies, and energy transition is notable. Despite positive indicators, challenges persist, including geopolitical risks, global debts, energy security, and climate change impacting global demand and Vietnam's exports, investment, and tourism.

In 2023, Vietnam experienced a 6.6 percent decrease in import-export turnover, with exports dropping by 4.4 percent, marking the first export decline since 2011. Production output recovery has been slow, growing by only 3 percent. Budget collections saw an unprecedented 5.4 percent drop. Businesses faced legal challenges, cash flow issues, higher input costs, and administrative hurdles, leading to a 20.7 percent increase in business closures.

Private investment increased modestly by 2.7 percent, lower than previous years. Notably, growth quality improved, but productivity only increased by 3.65 percent, below the targeted 6.5 percent. Luc, while acknowledging effective government measures, remains cautious about 2024 due to predicted global economic slowdowns, suggesting a growth rate of 6–6.5 percent for Vietnam with inflation at 3.5–4 percent. Vietnamnet

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More incentives needed to increase competitiveness of logistics sector

The domestic logistics sector has witnessed significant advancements, playing a pivotal role in national economic growth and job creation. Vietnam stands 64th globally and 4th in ASEAN for logistics development, following Singapore, Malaysia, and Thailand, according to the World Bank. In the 2023 Agility Emerging Markets Logistics Index, Vietnam secured a position in the top 10 among 50 economies, ranking 4th in Southeast Asia.

Despite these achievements, Vietnam faces challenges. Logistics costs, comprising 16.8%-17% of the national GDP, exceed the global average of 10.6%, impacting the global competitiveness of Vietnamese goods. Chairman of the Vietnam Logistics Association, Le Duy Hiep, identified issues such as inadequate logistics infrastructure, seaport planning, and transport connectivity. The World Bank also highlighted capacity limitations and the slow pace of digital transformation in the logistics industry.

While the government has initiated the National Logistics Development Strategy project with digital integration, there's a need for concerted efforts to accelerate digitalization in the sector. Additionally, Vietnam's international railway system remains underutilized for trade with China and other ASEAN nations, despite significant potential.

In response, Hiep recommended providing incentives to enhance the competitiveness of logistics firms regionally and globally. Addressing these challenges will be crucial for sustaining the positive trajectory of Vietnam's logistics sector.

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Vietnam E-commerce Market is projected to grow to USD 23.77 billion by 2029

The estimated size of the Vietnam E-commerce Market is USD 14.70 billion in 2024, with a projected growth to USD 23.77 billion by 2029, marking a Compound Annual Growth Rate (CAGR) of 10.09% during the forecast period (2024-2029).

E-commerce revenue in Vietnam is on a continuous upswing, fueled by the emergence of new markets and growth opportunities for established ones. East and Southeast Asia, with their expanding middle classes and underdeveloped offline shopping infrastructure, are anticipated to be key drivers of this upward trajectory.

Actively advocating for a cashless society, the Vietnamese government aims to reduce cash transactions to less than 10% of total payments and extend cashless transactions to 70% of the banking population. Recently, the government approved a national e-Commerce growth master plan, aligned with ongoing Fourth Industrial Revolution strategies and policies, ultimately striving to establish a digital economy and facilitate national digital transformation.

The master plan also seeks to promote e-commerce usage among enterprises and consumers, bridge the gap between major cities and localities, create a sustainable virtual market, and boost cross-border online trading. With a goal of achieving a cashless payment rate exceeding 50% by 2025, the Vietnamese government is actively driving initiatives for a cashless society.

Vietnam boasts one of the most favorable legal environments for e-commerce in the ASEAN region, with the passage of five out of six pieces of legislation intended to regulate e-commerce activity. The e-commerce sector has significantly influenced the recent evolution of the country's transportation, distribution, and fulfillment services ecosystem.



Gas power and offshore wind to steer Vietnam's energy transition

The Ministry of Industry and Trade (MoIT) in Vietnam is preparing to advance gas power, offshore wind, and hydrogen projects, contingent on the development of robust policies. Minister Nguyen Hong Dien emphasized the pivotal role of gas power and offshore wind in ensuring national energy security and steering Vietnam's energy transition. However, successful project execution faces challenges ranging from strategy formulation to policy mechanisms.

A draft hydrogen production strategy is underway, aiming to establish comprehensive policy frameworks and practical implementation, aligning with Vietnam's commitment to carbon neutrality. The Electricity and Renewable Energy Authority's report underscores the complexity of executing gas power projects, spanning investor selection, feasibility studies, power purchase negotiations, and more over a 7-8 year period.

PetroVietnam Gas (PV Gas) raised concerns about inadequate LNG infrastructure, hindering gas power project progress. Challenges include financial policies, electricity output coverage mechanisms, and petrol-to-electricity price conversion mechanisms for investment viability. The report highlights PV Gas's readiness to supply regasified LNG but emphasizes challenges in integrating LNG infrastructure with power plants, risking suboptimal resource utilization.

Le Manh Hung, Chairman of PetroVietnam, stressed that PetroVietnam oversees most aspects of Power Development Plan VIII, but the absence of suitable policies poses risks for investors in gas power and offshore wind. The impending report to the government by MoIT is a crucial step towards addressing challenges, ensuring energy security, and honoring international commitments. Policymakers must expedite policy formulation and foster collaboration among stakeholders for successful project implementation. VIR

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A more vibrant Vietnamese retail market in 2024

Industry insiders anticipate a more vibrant Vietnamese retail market in this year, marked by surging rentals and a heightened presence of foreign tenants in suburban shopping malls near major cities. Despite perceived drawbacks such as the absence of major international retail brands and lower occupancy rates in prime locations like Dong Khoi, Hai Ba Trung, and Nguyen Thi Minh Khai streets in Ho Chi Minh City, experts remain optimistic about the market's outlook.

Notably, the absence of international brands on Dong Khoi street has raised eyebrows, given its status as one of the world's most expensive retail avenues, with rents reaching around \$350 per square meter per month. However, industry insiders argue that significant international brands typically seek shopping complexes or malls, emphasizing the need for a curated environment hosting at least 200 prominent brands.

Trang Bui, CEO of Cushman & Wakefield Vietnam, highlighted the supply-demand mismatch in the central area, stressing the importance of catering to the preferences of foreign investors and luxury brands. In the coming years, existing shopping malls on the outskirts of downtown Hanoi and Ho Chi Minh City are expected to lead in supply, enjoying healthy price growth and maintaining high occupancy rates.

Deputy Director of CBRE Vietnam's Research and Consulting Department, Pham Ngoc Thien Thanh, emphasized the positive growth of shopping malls compared to the sluggish townhouse rental market. The rise of foreign retail brands, especially high-end and luxury ones, in the Asia Pacific region has fueled their expansion plans, contributing to the buoyancy of the retail market in 2024. Several new projects are set to open in Hanoi and Ho Chi Minh City, further boosting the sector's dynamism. The investor

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Vietnam to be evaluated as one of top markets to invest in 2024

Analysts suggest that Vietnam, alongside India and Japan, will be among the Asia-Pacific region's best-positioned markets in the first half of 2024, benefiting from the "China plus one" strategy as companies diversify investments to reduce reliance on China, according to CNBC. Vietnam's growth is projected to reach 6-6.5% in 2024, driven by robust imports, exports, and increased manufacturing activity. In 2023, the country attracted \$36.6 billion in inbound foreign direct investment (FDI), marking a 32% year-on-year increase.

Greater China, encompassing mainland China, Taiwan, and Hong Kong, contributed significantly to new FDI inflows into Vietnam, underscoring its allure as a burgeoning manufacturing hub in Southeast Asia. Yun Liu, ASEAN economist at HSBC, highlighted this trend.

According to Andy Ho, Chief Investment Officer of VinaCapital, one of Vietnam's largest investment management firms, now is an opportune time for investors to enter Vietnam's stocks. He emphasized the country's inexpensive valuations, approximately 11 to 12 times earnings for 2023, representing a 20% to 25% discount to the regional average. The average daily trading volume in Vietnam has doubled over the past year, reaching \$1 billion, indicating a vibrant market.

Ho identified promising investment opportunities in Vietnam's consumption, healthcare, and real estate sectors. Regarding Vietnam's potential inclusion in MSCI's list of emerging market economies, Tyler Nguyen, Vice President and Head of Institutional Equity Sales at Maybank Securities Vietnam, noted that while the frontier economy is still in a nascent stage, positive developments might be anticipated in 2025. The investor

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