



Top News

Vietnam's e-commerce landscape to have robust growth in 2024

Japanese retailers forge ahead with Vietnam expansion amidst challenges

Also in the issue

Vietnam's aviation sector to achieve full recovery by late 2024

Tokyo Gas advances \$2 billion LNG power project in Thai Binh

Major players flock to invest in Vietnam's semiconductors

Vietnam is poised to be an economic standout in 2024





Vietnam is poised to be an economic standout in 2024

Vietnam is poised to be an economic standout in 2024, outperforming its regional counterparts, according to the Asia House Annual Outlook. The country's manufacturing and export industries are set to draw substantial inward investment, thanks to its open economy and robust fundamentals. Foreign Direct Investment (FDI) in manufacturing projects, reaching \$18 billion in the first ten months of 2023, has played a pivotal role, with Vietnam emerging as a preferred destination for diversifying supply chains away from China.

Digital transformation is a key focus, positioning Vietnamese tech firms globally. The nation boasts a thriving tech startup environment and has actively invested in artificial intelligence (AI) and blockchain projects. Vietnam leads in cryptocurrency adoption, with over 200 active blockchain initiatives, notably in trade and supply-chain finance.

The "Make in Vietnam" program is propelling domestic businesses to manufacture globally competitive products, leveraging the country's strong labor market where 69% of the population is of working age. In 2024, AI is set to reshape sectors, with collaboration between businesses and educational institutions driving inward productive investments.

Vietnam's role as a major agricultural producer sees a positive outlook with precision agriculture, leveraging AI for optimal yields, fertilization, and data-driven agronomic decisions. The green finance ecosystem is also flourishing, with regulatory incentives supporting the shift towards environmentally friendly financing. The issuance of green bonds, led by the Bank for Investment and Development of Vietnam, marks a significant step. However, the report acknowledges risks, including geopolitical uncertainties, political tensions, volatile energy markets, and restrictive monetary conditions, that could impact the region's overall economic outlook. VOV

[Back to top](#)



Vietnam's aviation sector to achieve full recovery by late 2024

Vietnam's aviation sector is anticipated to achieve full recovery by late 2024, aligning closely with the positive trends in the Asia-Pacific region, as projected by the Civil Aviation Authority of Vietnam (CAAV). The agency references the International Air Transport Association (IATA), which predicts a complete global aviation industry recovery by the end of this year, with the Asia-Pacific region expected to report a net profit of US\$1.1 billion. In the upcoming year, the Vietnamese aviation industry is projected to cater to approximately 84.2 million passengers, marking a 15% increase from 2023 and a 6% rise from the pre-pandemic levels of 2019. This passenger volume includes an estimated 42.7 million international travelers, reflecting a growth of 15.8% and 6.4% compared to 2023 and 2019, respectively.

Furthermore, the industry is poised to handle 1.16 million tonnes of cargo in 2024, indicating an 8.5% year-on-year increase and reaching 92.2% of the 2019 cargo figure, according to the CAAV.

During the Lunar New Year (Tet) holiday, spanning from January 24 to February 2, domestic air carriers plan to operate approximately 33,800 flights. This represents a 14% year-on-year increase and a 21% surge compared to regular days. The breakdown includes 24,200 domestic flights, indicating a 2% increase from the same period the previous year and a 27% rise compared to non-holiday periods. Additionally, 9,600 international flights are expected, reflecting a substantial 60% year-on-year increase and a 9% rise compared to regular days.

Key routes during this period include Hanoi-Ho Chi Minh City, HCM City-Da Nang/Vinh/Dong Hoi/Quy Nhon/Chu Lai/Thanh Hoa/Hue/Tuy Hoa, and Can Tho-Vinh, among others. The airlines anticipate flying 7.2 million passengers during Tet, the largest holiday in Vietnam, with over 5 million being domestic travelers, marking a 4% year-on-year increase.

[Back to top](#)



Vietnam's e-commerce landscape to have a robust growth in 2024

Vietnam's e-commerce landscape is poised for robust growth in 2024, anticipating a remarkable 35% surge in revenue and sales volume to surpass VND310 trillion (US\$12.5 billion), according to the latest report by Metric, a leading market data platform. The study, based on analysis from prominent platforms including Shopee, Lazada, Tiki, Sendo, and TikTok Shop, identifies Vietnam as the fastest-growing country for online shopping in Southeast Asia.

In 2023, these platforms collectively achieved an impressive e-commerce growth of 52.3%, delivering approximately 2.2 billion products. Notably, the last two quarters experienced a significant surge, with a peak growth of almost 90% observed in September, reaching a sales milestone of VND21.1 trillion (\$853.8 million).

The top five e-commerce platforms – Shopee, Lazada, Tiki, Sendo, and TikTok Shop – contributed substantially to the sector's success, reflecting a 53.4% increase in revenue compared to 2022. Their combined market share surged from 31.4% in 2021 to 46.5% in 2023 in terms of total market revenue.

Despite the intense competition resulting in over 100,000 vendors exiting major platforms, the overall market is experiencing a significant shift towards online channels. Emerging trends such as livestreaming and omnichannel selling contributed significantly to the growth, generating substantial revenue for sellers.

Predictions for 2024 indicate continued e-commerce growth, driven by digitization trends. Health and beauty products, apparel, home appliances, and household utilities are expected to be the top-selling sectors. The Ministry of Finance forecasts the sector to reach \$39 billion by 2025, solidifying Vietnam's position as a global e-commerce leader and Southeast Asia's fastest-growing market. In 2023, the retail e-commerce market reached \$20.5 billion, maintaining a growth rate of 25% compared to 2022. Hanoitimes



Tokyo Gas advances \$2 billion LNG power project in Thai Binh

Tokyo Gas Co., Ltd. has unveiled plans for a groundbreaking liquefied natural gas (LNG) to power project in Thai Binh province, Vietnam. In collaboration with Truong Thanh Vietnam Group and Kyuden International Corporation, the establishment of Thai Binh LNG Power Joint Stock Company signals a significant stride towards the development of a comprehensive energy infrastructure.

The project, valued at approximately \$2 billion, encompasses an offshore LNG receiving terminal and a formidable 1.5GW natural gas-fired power plant. Thai Binh LNG Power JSC, the entity spearheading the initiative, will conduct a meticulous feasibility study in the Thai Thuy district. The venture's scope extends from project development, construction, and operation to LNG procurement and supplying electricity to Vietnam Electricity.

This initiative marks Tokyo Gas Group's second LNG to power project in Vietnam, reinforcing its commitment to transforming the LNG value chain. The company aims to contribute to the sustainable development of Asian nations and support low-carbonization and decarbonization goals. Tokyo Gas Group's overarching vision, Compass2030, outlines a strategy to achieve a profit goal of ¥50 billion (\$338.7 million) from overseas business ventures.

With experience in LNG and natural gas-related projects globally, Tokyo Gas, along with Kyuden International Corporation, is poised to drive this transformative project forward. As per Vietnam's Power Development Plan VIII, the nation targets a total domestic capacity of 22,400MW from LNG power sources by 2030, representing nearly 15% of the country's total generation capacity. The project aims for commercial operation by 2029, underlining a strategic move towards sustainable energy solutions in the region. VIR

[Back to top](#)



Japanese retailers forge ahead with Vietnam expansion amidst challenges

A recent survey conducted by the Japan Trade Promotion Organization (JETRO) reveals that all Japanese retail businesses in Vietnam are gearing up for expansion. The survey, carried out between August 21 and September 20, 2023, offers insights into the aspirations and obstacles faced by Japanese enterprises in the Vietnamese market.

The survey unveils industry-specific trends, with 47.1% of manufacturing enterprises and 65.5% of non-manufacturing enterprises expressing a keen interest in expanding operations. Japan sees Vietnam as an attractive destination due to its stable socio-political environment and cost-effective labor, positioning it prominently in the "China + 1" strategy.

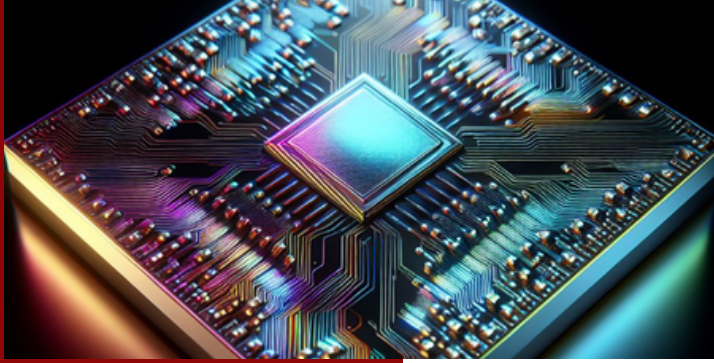
While 56.7% of Japanese businesses plan to expand in Vietnam over the next 1-2 years, there is a slight dip from the 2022 survey. Vietnam now holds the second spot in Southeast Asia, with Laos surpassing it, recording a 63.3% interest from Japanese businesses.

Challenges include intricate administrative procedures, escalating labor costs, and a legal system lacking transparency. Despite Vietnam's competitive advantage in affordable labor, concerns arise over rising costs and infrastructure lagging behind other Southeast Asian nations.

Profitability expectations for 2023 stand at 54.3%, reflecting a 6.6% decline compared to the Southeast Asia average. Challenges encompass reduced demand, heightened costs, and intensified competition. However, optimism prevails, as half of the businesses foresee improved profits in 2024, buoyed by expectations of export recovery.

JETRO highlights the increasing localization rate of Japanese companies in Vietnam (41.9% in 2023), emphasizing the motivation for on-site purchasing and anticipation of further developments in the supporting industry. Japanese investors injected nearly \$6.57 billion into Vietnam in 2023, comprising 18% of the country's foreign investment and marking a substantial 37.3% increase from 2022. Despite the hurdles, Japanese retailers remain optimistic about Vietnam's market potential, underscoring the importance of infrastructure development and regulatory reforms for sustained growth. VIR

[Back to top](#)



Major players flock to invest in Vietnam's semiconductors

Vietnam's semiconductor industry is becoming a magnet for substantial foreign investments, particularly from major players in developed countries like the United States and the Republic of Korea, as disclosed by the Ministry of Science and Technology. Global giants such as Intel and Samsung are actively exploring opportunities to invest in the country, with projects involving significant financial commitments for the construction of factories and the establishment of production and assembly lines.

The Vietnamese government, in collaboration with the Ministry of Science and Technology, is proactively implementing policies to bolster the semiconductor industry. This includes launching science and technology programs and providing strategic advice to the government on key focus areas based on the nation's resources and practices.

Recognized as a foundational and key national industry for the next 30 to 50 years, the semiconductor industry holds pivotal importance in the digital transformation landscape. Its role in advancing AI electronics and IoT devices positions it at the core of the ongoing technological evolution.

Beyond its global impact, the development of the semiconductor industry presents a unique opportunity for Vietnam to revitalize and strengthen its electronics sector. This encompasses consumer electronics, medical electronics, and industrial electronics. The semiconductor industry is also identified as the linchpin of the digital transformation industry, holding a substantial market share in response to the growing demand for semiconductor chips.

With a population of 100 million people, Vietnam stands at the forefront of rapid development, industrialization, digital transformation, and heightened electronic consumption. This advantageous context sets the stage for the dynamic growth of the domestic semiconductor industry. VOV

[Back to top](#)



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