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Vietnam as one of the top-performing markets in the Asia-Pacific region for the first half of 2024

An article by CNBC, a prominent business and financial news site, has identified Vietnam as one of the top-performing markets in the Asia-Pacific region for the first half of 2024, alongside India and Japan.

According to the report, Vietnam is anticipating a GDP growth rate ranging from 6% to 6.5% in 2024, driven by robust import-export activities and enhanced manufacturing. The positive outlook in the Vietnamese market has resulted in a remarkable 14% increase in foreign direct investments compared to the previous year.

Andy Ho, Chief Investment Officer of VinaCapital Group, emphasized that the current moment presents a favorable opportunity for investors to engage in Vietnam's stock market. Ho stated, "Over the next 6 to 12 months, Vietnam will be a lucrative market, with valuations priced attractively at approximately 11 to 12 times earnings for 2023. This represents a notable 20% to 25% discount compared to the regional average." He also highlighted the significant surge in Vietnam's average daily trading volume, which has risen from \$500 million a year ago to a billion dollars daily at present.

Tyler Nguyen, Vice-President and Head of Institutional Equity Sales at Maybank Securities Vietnam, recommended investors to express optimism about Vietnam's e-commerce sector. He noted, "We are witnessing consistent year-on-year growth of 20-30%, with e-commerce accounting for only 2-3% of retail sales."

Addressing the potential inclusion of Vietnam in MSCI's list of emerging market economies, Nguyen remarked that the frontier economy is still in its early stages but expressed optimism about positive developments in 2025. VNA

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RoK Ministry launches logistics center in Vietnam to boost SME support

On January 5, the Ministry of Oceans and Fisheries (MOF) of the Republic of Korea (RoK) announced the establishment of a corporate entity in Vietnam, marking the initiation of a logistics center aimed at supporting small- and medium-sized enterprises (SMEs). This strategic move aligns with the MOF's collaboration with the state-run Ulsan Port Authority to launch the center in Dong Nai, a southern province of Vietnam, providing essential storage facilities for Korean companies requiring temperature-controlled storage.

In partnership with the Korean logistics firm KCTC, the project, valued at KRW 18.8 billion (US\$14.3 million), will focus on constructing a 12,000-square-meter facility capable of accommodating 4.3 million pallets of goods. The Ulsan Port Authority holds the majority stake of 80% in the project, while the remaining 20% is owned by the Vietnamese firm KCTC.

Minister of Oceans and Fisheries, Kang Do-hyung, emphasized that the operational logistics center, scheduled to commence services by December of this year and reach full capacity by July 2025, will significantly enhance the export competitiveness of Korean firms in Southeast Asia. As part of its strategy, the center plans to offer discounts ranging from 10-15% specifically tailored for small and medium-sized companies in the Republic of Korea. This initiative reflects the MOF's commitment to facilitating trade and logistics efficiency for Korean enterprises in the Southeast Asian region. VNA

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Vietnam's Ministry of Industry and Trade bolsters consumer rights amidst E-commerce surge

The Ministry of Industry and Trade (MoIT) in Vietnam is actively championing consumer rights in the e-commerce sector amidst a surge in complaints, reflecting its commitment to fostering responsible business practices. The MoIT's 2022 report underscores the significant impact of e-commerce-related grievances, constituting approximately 15% of the total feedback, and ranking second among 22 categories of goods and services.

Common consumer concerns encompass delayed deliveries, discrepancies in quantity and quality, damaged goods, and inadequate support from e-commerce platforms. Phan The Thang, Head of the Consumer Protection Department, underscores the multifaceted challenges posed by counterfeit goods, products of unverified origins, and infringements on intellectual property rights within the dynamic e-commerce landscape. Instances of fraudulent activities, such as the recruitment of sales collaborators to manipulate online orders and accrue commissions, have further underscored the need for vigilant consumer protection measures. In response, the MoIT is spearheading the implementation of a Code of Responsible Business for Consumers in E-commerce. This initiative empowers e-commerce platforms to conduct self-assessments, ensuring compliance with existing laws and heightening consumer protection standards.

The overarching goal of this initiative is to fortify consumer rights, instill ethical business practices, and establish a robust foundation for responsible online commerce. As concerns surrounding consumer protection in the digital realm continue to escalate, the National Competition Commission and relevant agencies are proactively reviewing and proposing policy enhancements to meet the demands of integration and digital transformation.

Furthermore, the MoIT is committed to refining and augmenting regulations aligned with the Law on Consumer Rights Protection, with a particular emphasis on fortifying consumer safeguards in the online environment. Concurrently, the ministry is embarking on educational initiatives aimed at empowering consumers, providing guidance to prevent fraud, and promoting secure e-commerce practices in the dynamic cyberspace landscape.

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Vietnam's energy landscape: Overcoming barriers to domestic market share

Vietnam's energy sector, currently a regional leader in solar and wind power, may face challenges in securing its domestic market share without a comprehensive long-term strategy and increased localization efforts, according to industry insiders and experts.

A recent study by the UK-based think tank Ember revealed that Vietnam accounted for a substantial 69% of all solar and wind power output in ASEAN in 2022, amounting to an estimated 50TWh. Vu Chi Mai, director of Clean, Affordable, and Secure Energy for Southeast Asia (CASE), highlighted Vietnam's stable socio-political environment and government's preferential policies as factors making it an attractive destination for solar and wind power investments.

While the country has the potential to achieve up to 80% localization for solar and 55% for wind power by 2050, valued at \$80 billion, the current market share is predominantly held by foreign enterprises due to limited participation from Vietnamese businesses.

Experts emphasize the need for faster localization and reduced dependence on foreign companies to propel the industry forward. Drawing lessons from China's success in the renewable energy sector, industry leaders suggest Vietnam "follow but lead" by setting conditions for technology leaders and fostering a supportive policy environment.

The key challenges for Vietnamese enterprises include limited supply capabilities, insufficient technological capabilities, and the lack of industrial support policies. To overcome these hurdles, experts propose evaluating capabilities along the value chain, boosting research and development, facilitating technology transfer, and investing in skilled manpower.

Dinh Van Tuan, Deputy General Director of Ba Son Corporation, stresses the importance of government support in terms of policy mechanisms to transfer technology, invest in modern production lines, and enhance competitiveness. Only with such support can Vietnamese businesses reduce production costs, integrate into the global value chain, and secure a stronger position in the renewable energy market. VNA

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Vietnamese retail market in 2023 surpassed \$180 billion

Vietnam, with its population exceeding 100 million and a burgeoning middle class constituting 20%, stands out as a promising market for goods and service development. The robust commercial and consumer service activities in 2023 contributed significantly, with a 9.6% surge in total retail sales of goods and consumer service revenue compared to the previous year.

The World Bank's data indicates an impressive 8.5% per capita income growth in Vietnam from 2017 to 2022, nearly double the global average. The increasing number of middle-class individuals and urban residents, along with rapid income growth, has elevated the value of Vietnamese people's consumer goods basket.

The retail market in 2023 surpassed \$180 billion, and the Euromonitor report highlighted brand and product quality as key factors in Vietnamese purchasing decisions. The country's retail sector offers a significant opportunity for businesses to build brands, expand distribution channels, and tap into the demand for high-quality products.

Despite the positive outlook, challenges persist, especially with the influx of imported products due to free trade agreements. Local businesses are urged to innovate, adapt to new consumer trends, and stay informed about market dynamics and government support policies for sustained growth.

Looking ahead, the EuroCham Business Confidence Index for Q4 2023 reflects resilience and optimism among European businesses in Vietnam. With positive sentiments and plans for expansion, the nation is positioned for growth, supported by increased foreign direct investment and recognition as a global investment destination.

The EU-Vietnam Free Trade Agreement (EVFTA) has yielded significant benefits, but challenges like understanding the agreement and customs clearance procedures need addressing. As confidence grows, maintaining a cautious outlook and focusing on administrative simplification, infrastructure development, and workforce enhancement are essential for sustaining Vietnam's economic growth trajectory. Leveraging trade agreements and maintaining a competitive edge will play a crucial role in ensuring long-term, balanced growth for Vietnam's economy. Vietnamnet

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2024 forecasts optimistic for industrial property, housing, M&A

In 2023, the industrial property sector emerged as a beacon of growth in Vietnam's real estate market, showcasing increased demand and rentals despite broader market challenges. Key provinces like Thai Binh, Nghe An, and Ba Ria-Vung Tau are notably promising for industrial properties. Occupancy rates in industrial zones stood at 83% in the north, 91% in the south, surpassing the national average at 80%, reflecting a surge in multinational manufacturing, logistics, and e-commerce businesses conducting surveys. CBRE Vietnam's Pham Ngoc Thien Thanh anticipates a 6-10% yearly increase in industrial land rentals and 2-4% in warehouse rentals for both northern and southern regions from 2024 to 2025. Strong demand persists, particularly in industries such as apparel, pharmaceuticals, and electronics.

The property market also witnessed robust mergers and acquisitions (M&A), constituting nearly a quarter of Vietnam's total M&A transactions in the first 10 months of 2023, amounting to \$4.4 billion. Cushman & Wakefield foresees a substantial influx of foreign capital into Vietnam's real estate market from 2024 to 2026, with foreign investors seeking hassle-free development on lands free from legal complexities.

In the housing segment, despite 2023 challenges, there was sustained activity, and an increase in new supply is anticipated. The Vietnam Association of Realtors expects more projects to enter the market in 2024, particularly in the first two quarters. Hanoi, Binh Duong Province, and HCMC are poised to contribute significantly to the new housing units. Analysts predict 25,000 apartment transactions in 2024, primarily driven by self-occupancy. While property developers are currently cautious about raising prices, buyers stand to benefit from promotions, discounts, and flexible payment options. Increased activity is also expected in the secondary market, presenting potential opportunities for buyers as some investors rush to liquidate assets. vnexpress

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