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## Central bank takes credit growth as 2024 key task

The Governor of the State Bank of Vietnam (SBV), Nguyen Thi Hong, emphasized the pivotal role of propelling credit growth as the primary task for 2024 in order to ensure sufficient capital for the economy. Speaking during an online banking sector conference, Hong also underscored the importance of reducing operational costs within credit institutions and advocated for a decrease in interest rates on loans extended to both citizens and businesses.

This directive was accompanied by a call for a balanced management of deposit and loan sources to effectively mitigate credit and liquidity risks.

Governor Hong highlighted the central bank's steadfast commitment to adhering to the Government and Prime Minister's directives on prioritizing support for growth while maintaining macroeconomic stability and controlling inflation. The SBV aims to achieve a credit growth target of around 15% in alignment with the National Assembly and Government's economic growth target of approximately 6-6.5% and an inflation target of about 4-4.5%. The central bank remains flexible, subject to adjustments.

As of January 31, deposit and lending rates continued to exhibit a downward trend, indicating alignment with the SBV's objectives. Ha Thu Giang, Director General of the SBV's Department of Credit for Economic Sectors, affirmed the central bank's commitment to directing credit institutions to promote safe and efficient credit growth. This involves directing credit towards priority sectors and growth engines while maintaining rigorous control over potentially risky areas. Giang also pledged efforts to streamline loan procedures and facilitate favorable conditions for businesses and residents to access capital, contributing to the reduction of loan shark practices. Vietnamplus

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## The government aims to synchronize and modernize the North-South high-speed railway

The Ministry of Transport (MoT) and relevant agencies in Vietnam are on track to complete the North-South express railway line project, a crucial initiative to align with evolving passenger and freight transportation trends regionally and globally. At a recent meeting, the Government's standing members instructed the MoT to gather insights from experts, scientists, and industry professionals for an optimal solution. The chosen proposal is set to be submitted to the Political Bureau in March.

The Government emphasizes the urgency of finalizing the project's pre-feasibility study report and presenting it to the National Assembly for investment decisions in 2024. To expedite the process, the MoT, in collaboration with the Government's Office, will establish a working group led by Deputy Prime Minister Tran Hong Ha. This group, comprising leaders from various ministries, will convene monthly to address and advance project preparation and implementation.

Prime Minister Pham Minh Chinh, during a January 9 review meeting, reiterated Vietnam's commitment to constructing the North-South express railway line. The project aligns with a Politburo conclusion from February, emphasizing the need for a modern construction plan that leverages the country's strengths and aligns with global development trends.

The MoT has proposed three options, each involving a double-track railway with a 1,435m track gauge. These options cater to passenger and freight transportation needs, with maximum speeds ranging from 250 km/h to 350 km/h. The government aims to synchronize and modernize the North-South high-speed railway in line with global standards, emphasizing its role as a backbone in the national transport system designed to support trains at 350 km/h. Vietnamnet

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## Cross-border e-commerce to reach US\$ 12 billion in 2027

Amazon predicts that by 2027, cross-border e-commerce will become the fifth-highest contributor to Vietnam's exports, reaching a value of \$12 billion. The projection is detailed in the "2023 Performance Report: Empowering Small and Medium-sized Enterprises in Vietnam," released by Amazon Global Selling Vietnam, a unit dedicated to supporting sellers. This estimate is contingent on government support for small, medium, and micro-sized businesses, potentially positioning cross-border e-commerce as the country's fifth-largest export category.

The report highlights the growing trend of global consumers shifting from offline to online purchases, creating opportunities for online exports of Vietnamese goods. With Vietnam's total exports valued at nearly \$356 billion last year, the report underscores the potential significance of cross-border e-commerce.

Amazon Global Selling notes that Vietnamese retailers sold over 17 million products on its platform in the previous year, reflecting a 50% increase from 2022. The number of sellers also rose by 40%, with a 70% increase in those generating revenues exceeding \$100,000. Top product categories include household appliances, kitchen tools, health-personal care items, clothing, and beauty products, showcasing Vietnam's expertise in manufacturing and exporting.

The study identifies Southeast Asia and China as the primary export markets, and forecasts the U.S. and Europe to become priority markets in the next five years. However, it acknowledges challenges, such as high customs duties and post-clearance costs, that Vietnamese businesses face in online transactions.

Gijae Seong, Head of Amazon Global Selling Vietnam, emphasizes the significance of e-commerce as a major trend for businesses looking to expand globally. The report suggests that legal and financial support, including the establishment of cross-border e-commerce zones and grants for exports and e-commerce businesses, would play a vital role in enabling Vietnamese businesses to capitalize on the opportunities presented by e-commerce exports. Vnexpress

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## **PNE AG propels Vietnam's green energy ambitions with US \$4.6 billion offshore wind farms**

German project developer PNE AG is set to catalyze Vietnam's renewable energy sector with plans to construct up to three offshore wind farms off the coast of Binh Dinh province. With a formidable capacity of 2GW and an investment capital of \$4.6 billion, this strategic move aligns with the escalating demand for sustainable energy in the region.

Binh Dinh's focus on industrial and tourism growth makes it an ideal location for PNE AG's ambitious project, aimed at fostering long-term ecological responsibility in Vietnam. The proposed Hon Trau offshore wind farm, pending various approvals, is envisioned to comprise three phases, drawing from PNE AG's European expertise.

Once operational, the project is poised to generate approximately 7.1 million MWh annually, meeting the energy needs of around 3.5 million Vietnamese households. Aligned with Vietnam's Power Development Plan VIII, the venture holds a wind survey permit from the People's Committee of Binh Dinh.

CEO Markus Lesser highlighted the importance of collaboration with local stakeholders, envisioning a significant portion of the energy to be consumed locally, reducing pressure on the national grid. PNE AG, with a robust track record in offshore wind development, urges swift regulatory actions to support Vietnam's ambitious renewable energy targets.

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## The retail and F&B sectors in Vietnam are expected to sustain growth in 2024

In the midst of global uncertainties, Vietnam's retail sector is displaying resilience, as indicated by Sapo Technology's survey of seller intentions. Sellers are keen on diversifying sales channels, with 29.37% eyeing expansion into social networks like Facebook and Zalo, and 21.96% focusing on e-commerce platforms. The shift towards multiple channels is aimed at enhancing market reach and reducing dependence on a single avenue.

A key trend shaping 2024 is the integration of "shoppertainment" and "edutainment," blending shopping with entertainment experiences and educational content. Recognizing that consumers increasingly view shopping as an entertainment activity, sellers are enhancing marketing materials with creative and educational elements.

The rise of QR code payments is notable, poised to dominate non-cash transactions due to their convenience and contactless nature. Technology firms, such as Sapo, are collaborating with financial institutions to provide comprehensive support solutions for sellers and shoppers.

Despite potential global economic risks, the retail and F&B sectors in Vietnam are expected to sustain growth in 2024. The government's trade policies and focus on domestic consumption contribute to this positive outlook. Sellers are advised to proactively promote businesses, leverage diverse sales channels, stay market-sensitive, adopt technology for efficiency, and remain attuned to trends for continued success in the dynamic market. Vietnam

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## The industrial real estate sector is poised to shine in the property market in 2024

Despite the prevailing economic challenges, the industrial real estate sector is poised to shine in the property market this year, driven by robust demand and increasing rents. In 2023, the segment demonstrated resilience, achieving notable growth, as evidenced by occupancy rates exceeding 80% in the northern region and reaching 92% in the south, according to CBRE Vietnam.

CBRE reported a 37% surge in the total area of newly sold industrial properties in the north, reaching a five-year high of over 800 hectares. In the south, while the new land supply diminished, the area remained substantial at 500 hectares, albeit reflecting a 32% decrease.

Beyond traditional sectors like electronics and automobiles, high-tech industries such as electric vehicles, semiconductors, and green materials are increasingly exploring Vietnam's industrial real estate landscape. CBRE forecasts a 5-9% annual increase in industrial land rents in the north and a 3-7% rise in the south over the next three years. Ready-built warehouses and factories are expected to experience a more modest increase of 1-4%.

SSI Securities anticipates positive developments in 2024 for the industrial real estate segment, driven by sustained growth in foreign direct investment (FDI) into Vietnam. The north is expected to witness heightened demand for industrial land, particularly from electronics and semiconductor companies shifting production from China. New industrial zones with a focus on green and sustainable features are anticipated to attract investors. However, the sector is not without challenges. Fierce competition from other Asian countries, particularly India and Indonesia, coupled with the global minimum tax implementation and power shortages during peak production seasons, pose potential hurdles to foreign investment in Vietnam's industrial real estate. Vnexpress

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