



Top News

Japan and Vietnam to enhance bilateral financial cooperation

The Singaporean government to support importing 1.2GW of offshore wind power from Vietnam

Also in the issue

Vietnam's retail sector grapples with mounting pressure

Approximately 57 million people engage in online shopping on e-commerce platforms in Vietnam

Korean investors keep eyes on Vietnamese financial market

Maersk has initiated its weekly container shipping service between South Korea and Vietnam





Japan and Vietnam to enhance bilateral financial cooperation

On March 11, a delegation led by Vietnam's Finance Minister Ho Duc Phoc engaged in discussions with Japanese Finance Minister Shunichi Suzuki to enhance bilateral financial cooperation. The ministers celebrated the strengthening relations between the two countries, upgraded to the Vietnam-Japan Comprehensive Strategic Partnership in November.

Topics included financial cooperation in taxes, customs, loans, and official development assistance (ODA), with a focus on improving management capacity. Minister Phoc highlighted Vietnam's below-target public debt of 37% of GDP, positioning the country to attract foreign capital for infrastructure projects. The North-South high-speed railway project, set for 2027 with an estimated \$67 billion investment, sought Japan's involvement for 30% of the funding. Both nations pledged support in multilateral financial cooperation, emphasizing regional financial stability.

Japanese Finance Minister Suzuki commended Vietnam's facilitation of favorable conditions for Japanese businesses and expressed Japan's interest in participating in key infrastructure projects. The delegation also met with Mizuho Bank's CEO, discussing Vietnam's need for significant capital, and explored green credit options aligned with environmental-social-governance (ESG) standards. The day included visits to the Japan Exchange Group, discussions with the President of Japan's Financial Services Agency, and talks with the President of the Japan International Cooperation Agency. VNA

[Back to top](#)



Maersk has initiated its weekly container shipping service between South Korea and Vietnam

Global shipping company Maersk has initiated its weekly container shipping service, named PH5, from Incheon Port, South Korea, to Cat Lai Port in Ho Chi Minh City (HCMC), Vietnam, starting March 4, according to the Incheon Port Authority (IPA). The PH5 service aims to establish crucial transportation links between Incheon Port and key destinations such as Xiamen and Hong Kong in China, Laem Chabang in Thailand, and Cat Lai in HCMC, enhancing connectivity and trade opportunities across the region.

To support this new transportation route, Maersk Line has deployed five vessels with capacities ranging from 2,544 TEUs to 2,826 TEUs. The first vessel, Maersk Ningbo, has already commenced operations by loading cargo at the Hanjin Incheon container terminal.

This development marks an expansion in the number of port calls to Vietnam and Thailand from Incheon Port to 29, as noted by an IPA representative. The increased port connectivity is expected to facilitate the growth of export markets, particularly benefiting small and medium-sized enterprises by providing efficient and reliable shipping services. The new Maersk service reflects the company's commitment to strengthening maritime trade links and contributing to the economic development of the regions involved. The Saigon times

[Back to top](#)



Approximately 57 million people engage in online shopping on e-commerce platforms in Vietnam

Approximately 57 million people engage in online shopping on e-commerce platforms each year, marking a significant trend as electronic commerce gains prevalence and offers greater convenience compared to traditional shopping methods.

The Vietnam e-Commerce and Digital Economy Agency, under the Ministry of Industry and Trade, organized the Vietnam Digital Industry and Trade Summit 2023 in Hanoi, highlighting the growth and significance of the digital economy in the country.

Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan acknowledged the global economic challenges, including a slowdown in growth due to the tightening of monetary policies and the impact of the conflict between Russia and Ukraine. Despite these challenges, Vietnam's e-commerce and digital economy have stood out as a bright spot in socio-economic development.

Reports from Google, Temasek, and Bain & Company, released on November 1, indicated that Vietnam remains the fastest-growing digital economy in Southeast Asia for 2022 and 2023. The country is expected to maintain this position until 2025, competing with the Philippines.

The Gross Merchandise Value (GMV) of Vietnam is anticipated to achieve a Compound Annual Growth Rate (CAGR) of 20%, increasing from US\$30 billion in 2023 to nearly US\$45 billion in 2025. E-commerce is expected to play a dominant role in GMV growth in the coming years.

Representatives from domestic and foreign e-commerce platforms, Deputy General Director of Lazada in Vietnam, Dang Anh Dung, revealed that surveys and statistics from the platform showed approximately more than 57 million Vietnamese people engaging in online shopping, particularly in major cities such as Hanoi, Ho Chi Minh City, and Da Nang. Gen Z consumers, in particular, contribute significantly to this trend, with 43% accessing shopping apps daily for product discovery and online purchases.



The Singaporean government to support importing 1.2GW of offshore wind power from Vietnam

The Singaporean government is actively supporting a project aimed at exporting 1.2GW of offshore wind power from Vietnam to Singapore. During a visit to PetroVietnam Technical Services Corporation's (PTSC) facilities in Ba Ria-Vung Tau province on March 4, a Singaporean government delegation, including representatives from the embassy, the Ministry of Trade and Industry, and the Energy Market Authority, reaffirmed their commitment to the venture.

PTSC and Sembcorp Utilities had previously secured a Survey Permit and Conditional Approval for importing clean electricity from Vietnam to Singapore in 2023. The project aims to contribute to Singapore's objective of importing 4GW of renewable electricity by 2035.

The delegation witnessed the state-of-the-art infrastructure invested by PTSC to support offshore renewable energy projects globally. This visit bolstered confidence in the transnational project, with a specific roadmap outlined by PTSC and its partner for commercial power generation by 2033. The plan includes surveys, investment strategies, and the development of offshore wind farms in Vietnam, connected to Singapore through a high-voltage submarine cable.

The collaboration stems from the Memorandum of Understanding on Energy Cooperation signed in October 2022 between Vietnam and Singapore, emphasizing both nations' commitment to regional decarbonization and supporting clean energy transitions. The Singaporean authorities pledged continued support for PTSC and its partners during the project's implementation, contributing to Singapore's goal of achieving net-zero emissions by 2050. VIR

[Back to top](#)



Vietnam's retail sector grapples with mounting pressure

Vietnam's retail sector grapples with mounting pressure as consumer sentiment remains subdued, primarily driven by concerns about income. A significant shift in consumer behavior is observed, with a departure from the lavish spending witnessed in 2022 due to the thriving capital and real estate markets. Instead, consumers are adopting a more cautious approach, channeling their focus towards increased savings.

Even during the recent Lunar New Year holiday season, a traditionally active period for spending, consumers maintained prudence in their financial habits, aligning with a trend of heightened saving that emerged in 2023. HSBC's data indicates that personal consumption registered a modest growth of 3% in the previous year, marking a significant slowdown compared to the typical rate of increase.

This conservative consumer approach manifests in a clear preference for essential purchases over non-essential ones. The automotive industry bears the brunt of this shift, experiencing a substantial downturn with new car sales plummeting by 25%, accompanied by a 17% decline in motorcycle sales, as reported by SSI Securities Company.

Contrastingly, essential goods, particularly in the grocery sector, witness robust growth, with sales surging by 30% year-on-year. Major retailer Mobile World Investment Corporation underscores this trend, reporting a decline of 20% in sales at electronics and appliance stores.

HSBC's 2023 report on Vietnamese consumer behaviors further emphasizes the profound impact of economic conditions on spending patterns, highlighting the challenges faced by the retail sector amidst a conservative and savings-focused consumer landscape. The Saigon times

[Back to top](#)



Korean investors keep eyes on Vietnamese financial market

Vietnam's Ministry of Finance and State Securities Commission orchestrated a compelling financial investment promotion conference in Seoul, South Korea, titled "Vietnam - Investment Destination" on March 7. The event, led by Finance Minister Ho Duc Phoc, drew the participation of over 300 companies from both nations. The strong turnout reflects Vietnam's commitment to fostering a favorable business environment for foreign investors, particularly those from South Korea, the country's largest investor.

With bilateral trade reaching nearly \$80 billion last year, and South Korea being Vietnam's primary foreign investor with \$90 billion in investment projects, the ties between the two nations are robust. Minister Phoc expressed confidence in achieving the goal of boosting two-way trade to \$150 billion by 2030. He highlighted Vietnam's burgeoning stock market, boasting a market capitalization of almost \$270 billion, equivalent to 63% of the GDP.

Kim Yong-Jae, Standing Commissioner of the Korean Financial Services Commission, acknowledged Vietnam's financial sector as the second most preferred destination for South Korean institutions globally. He emphasized that Vietnam's growth potential provides a strategic alternative for South Korean companies facing challenges due to an aging population and maturing economy.

The conference aims to deepen cooperation and development opportunities, particularly in the financial market. The Ministry of Finance pledged ongoing support and favorable conditions for Korean businesses and investors to expand their presence in Vietnam. As a testament to collaboration, a memorandum of understanding on cooperation consultations and technical assistance was signed between SSC Chairperson Vu Thi Chan Phuong and Kim Yong-Jae. This gathering signifies a pivotal step towards strengthened economic growth and cooperation between Vietnam and South Korea. VNS

[Back to top](#)



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