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## Vietnam remains in the waiting list for secondary emerging market

Vietnam remains on the radar for potential reclassification from frontier to secondary emerging market status, as indicated by FTSE Russell's Country Classification review in March. Despite being on the watch list since September 2018, Vietnam has yet to fulfill the "Settlement Cycle (DvP)" criterion due to market practices. Efforts to address this include streamlining the registration process for new accounts and improving mechanisms for trading between non-domestic investors.

Acknowledging Vietnam's determination to achieve emerging market status, recent commitments by the Prime Minister aim to remove obstacles hindering compliance with FTSE Equity Country Classification criteria by 2025. This includes legal regulation amendments and fostering a conducive environment for foreign investor participation.

The State Securities Commission of Vietnam (SSC) is refining a proposed settlement model in collaboration with market members. FTSE Russell advocates for constructive dialogues between local entities and the international investment community to navigate challenges in accessing the Vietnamese equity market.

To meet the 2025 reclassification target, finalizing and communicating the settlement model is crucial, along with delineating roles and responsibilities and outlining implementation milestones. FTSE Russell maintains a collaborative stance with the SSC, market authorities, and the World Bank Group to support broader market reform efforts.

BIDV Securities Joint Stock Company estimates potential investments of \$1.3–1.5 billion from open-ended funds and ETFs tracking FTSE Russell indices upon Vietnam's stock market upgrade. This includes a substantial influx of up to \$800 million from ETFs, akin to the Philippine security market. VNA

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## 3 seaports of Vietnam being recognized among the Top 50 largest container ports worldwide

Vietnam stands proud with three of its seaports being recognized among the Top 50 largest container ports worldwide, including Ho Chi Minh City Port, Hai Phong Port, and Cai Mep–Thi Vai Port.

In the prestigious Lloyd's 2023 list, Ho Chi Minh City Port clinched the 23rd spot, having handled over 7.9 million TEU in 2022. Hai Phong Port, the country's second-largest container hub, secured the 31st position with a throughput of over 5.6 million TEU, while Cai Mep–Thi Vai Port in Ba Ria – Vung Tau province maintained its standing at 32nd place, overseeing nearly 5.6 million TEU.

Vietnam's impressive presence in the ASEAN region with three ports featured in the Lloyd's list underlines its growing significance in global maritime trade. Bolstered by a robust seaport infrastructure capable of accommodating large vessels, Vietnam attracts 40 major global shipping lines.

In 2023, Vietnam witnessed a remarkable surge in freight transport, recording a 15.4% year-on-year increase to over 2.3 billion tonnes, with goods turnover exceeding 490 billion tonnes, marking a 10.8% rise. Notably, waterway and maritime freight transport exhibited impressive growth rates of 21% and 18.1%, respectively.

With a sea fleet comprising 1,447 vessels, including 1,015 cargo ships totaling approximately 10.7 million deadweight tonnage (DWT), Vietnam ranks 3rd in ASEAN and 27th globally. Additionally, Vietnamese enterprises own foreign-flagged vessels with a combined tonnage of 2.5 million DWT.

The Ministry of Transport underscores the rapid expansion of Vietnam's sea fleet in recent years, emphasizing its pivotal role in handling domestic cargo volume and securing a 6–8% share of the export-import cargo market. This growth trajectory solidifies Vietnam's position as a key player in the global maritime industry. VNS

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**The Vietnam e-commerce market is projected CAGR of 9.36% from 2024 to 2032.**

The Vietnam e-commerce market is poised for substantial growth, with a projected compound annual growth rate (CAGR) of 9.36% from 2024 to 2032.

Driving this growth are several key trends and drivers. Firstly, the expanding internet population and increasing smartphone penetration are facilitating greater access to online platforms. Coupled with a young, tech-savvy demographic, these factors are fueling the adoption of e-commerce in Vietnam.

Changing consumer behaviors play a crucial role as well, with more individuals opting for online shopping due to its convenience, wide variety of products, and competitive pricing. This shift is further accelerated by the COVID-19 pandemic, which has prompted heightened demand for e-commerce as lockdowns and social distancing measures restrict traditional retail options.

Additionally, the growth of digital payments and advancements in logistics and delivery infrastructure are key enablers of market expansion. Government initiatives to support the digital economy, such as investments in internet infrastructure and favorable legislation for online businesses, further bolster the e-commerce landscape.

The presence of both local and international players fosters competition, leading to improved services and innovations within the industry. However, challenges persist, including concerns over data security, reliance on cash on delivery, and the need for enhanced logistics and supply chain efficiency.

Despite these challenges, the growing demand for online shopping, increased digital presence of businesses, and a mature and integrated digital ecosystem are expected to propel the Vietnam e-commerce market forward in the coming years.



## Strong cooperation in green energy transition between Australia and Vietnam

Deputy Prime Minister Tran Hong Ha met with Australian Ambassador to Vietnam Andrew Goledzinowski and leaders of Corio Generation from Australia's Macquarie Group in Hanoi on March 28. The Deputy PM commended Corio Generation and Power Generation Joint Stock Corporation 3 (EVNGENCO 3) for their proactive efforts in implementing an offshore windfarm project in Vietnam, emphasizing its significance in expanding the comprehensive strategic partnership between Vietnam and Australia and advancing the Just Energy Transition Partnership (JETP). He urged Corio Generation to prioritize technology support and transfer and diversify partners during the investment process in Vietnam.

Ambassador Goledzinowski highlighted the growing cooperation in green energy transition between Australia and Vietnam, noting Vietnam's substantial potential for offshore wind power development. Leaders of Corio Generation stressed the importance of issuing conducive mechanisms and policies to create favorable conditions for investors in renewable energy. The company has been engaged in research and development of renewable energy projects in Vietnam since 2019 and is collaborating with partners, including the Glasgow Financial Alliance for Net Zero (GFANZ), to mobilize resources for energy transition projects in Vietnam.

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## Vietnamese consumers are dining out more frequently

Consumer behavior in Vietnam's food and beverage (F&B) industry witnessed significant shifts in 2023, as revealed by a report from iPOS.vn. The survey, conducted across nearly 3,000 restaurants, eateries, and coffee shops, along with feedback from 4,000 consumers nationwide, highlighted a notable increase in dining out frequency and spending habits. According to the survey, a growing number of consumers are dining out more frequently, with 28.9% opting to eat out three to four times a week, representing an 11 percentage point increase from the previous year. Additionally, 30.4% of participants visited coffee shops once or twice a week, up by 7.8 percentage points.

Accompanying this rise in frequency is an inclination towards higher spending during dining experiences. The majority of consumers were willing to spend more, with 66% splurging over VND31,000 (US\$1.24) for lunch and 39.6% exceeding VND51,000 for dinner. Similar trends were observed in spending at coffee shops, with 59.5% spending over VND41,000 per visit.

These shifts in consumer behavior have contributed to a significant boost in the F&B and coffee industries. The coffee market alone grew by 6.6% in 2023, reaching VND11.56 trillion, with further growth expected in the coming years. The overall F&B industry also witnessed impressive revenue growth, increasing by 11.6% to VND590.9 trillion.

Looking ahead, forecasts from Euromonitor anticipate continued growth in the F&B market, fueled by factors such as increasing tourist arrivals and evolving consumer preferences. This growth trajectory underscores the resilience and potential of Vietnam's F&B sector amidst changing market dynamics. Vnexpress

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## Foreign manufacturers expressing optimism about Vietnamese future production

Confidence in Vietnam's manufacturing sector has surged to an 18-month high, with manufacturers expressing optimism about future production levels, according to an industry report by S&P Global released on April 1.

Manufacturers anticipate increased production in the coming year, driven by the launch of new products and an expected improvement in market demand. This positive sentiment has led to a rise in employment for the second consecutive month, with staffing levels increasing at the fastest rate since October 2022.

Despite a slight decrease in new orders, firms have managed to work through their outstanding business for the second month in a row, with the rate of depletion being the fastest in five months. However, the S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI) dipped below the 50-point mark in March, indicating an end to the two-month period of improving business conditions observed at the beginning of 2024. This decline in the PMI was attributed to weakening demand, leading to a drop in both new orders and new export orders, particularly due to competitive pressures and geopolitical issues.

As a result of decreased demand, production was scaled back at the end of the first quarter, albeit marginally. This reduction was primarily observed in intermediate goods firms, while expansions were recorded in consumer and investment goods producers.

Andrew Harker, economics director at S&P Global Market Intelligence, noted that while growth stalled in March due to subdued demand, firms remain optimistic about the sector's prospects in the coming months. This optimism has contributed to accelerated job creation at the end of the first quarter, indicating confidence in future growth opportunities. VIR

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