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Most of credit institutions in Vietnam expect growth in profits for 2024

According to the latest survey by the State Bank of Vietnam (SBV), a significant 86.2% of credit institutions anticipate growth in profits for 2024 compared to the previous year.

While the banking system's performance and pre-tax profits in the first quarter of 2024 fell short of expectations, optimism prevails for the second quarter and the entire year ahead. Key factors driving this positive outlook include interest rates, credit policies, and foreign exchange rate policies.

Expectations are buoyed by anticipated improvements in customer demand for banking services, driven by positive developments in the economy and manufacturing industry, gradual recovery in exports, and higher loan demand compared to deposits.

The survey indicates continued robust liquidity in the banking system throughout 2024, with capital mobilization forecasted to increase by 3.5% on average in the second quarter and 9.9% for the year. However, this falls short of the previously projected 12% growth. Similarly, outstanding loans are expected to rise by 3.8% on average in the second quarter and 13.6% for the year, slightly below the earlier forecast.

Finance expert Nguyen Tri Hieu is optimistic about the banking industry's outlook for 2024, attributing it to higher credit growth amid global economic recovery and increased exports. Government fiscal policies and SBV's credit policies, particularly those aimed at lowering interest rates, are expected to further bolster credit growth and overall banking sector performance. VNS

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Levelling up green logistics in Vietnam need a strong support

As international companies like Konoike Vinatrans Logistics and FedEx ramp up their presence in Vietnam's logistics sector, the journey towards green logistics faces hurdles despite promising opportunities.

Konoike Vinatrans Logistics, backed by Japan's Konoike Group, pioneers the green shift with its expansion in Vietnam, particularly in the cold chain segment, foreseeing a surge in demand. Concurrently, other global players like Mober from the Philippines and FedEx explore green logistics avenues, aligning with Vietnam's push for electric vehicle adoption and sustainable growth.

However, challenges loom large. Ngo Khac Le of the Vietnam Logistics Business Association points out the sector's significant greenhouse gas emissions juxtaposed with financial constraints, particularly for small and medium-sized enterprises (SMEs). Moreover, a scarcity of skilled labor and inadequate infrastructure compound these challenges, hindering the sector's transition to green practices.

Dr. Shang-Min Lin underscores maritime transport's pivotal role in global trade, emphasizing the pressing need to curb emissions. Despite the hurdles, the sector is crucial for economic growth, urging concerted efforts towards a greener future.

To address these challenges, Le calls for enhanced regulations promoting renewable resources and eco-friendly practices while advocating for robust investment in infrastructure and workforce development. These measures are pivotal for Vietnam's logistics sector to navigate towards sustainability while driving economic prosperity. VIR

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Vietnam emerges as E-Commerce powerhouse in Southeast Asia

Vietnam is quickly solidifying its position as a dominant force in the realm of e-commerce, poised to outpace its regional counterparts in growth. The proliferation of multinational e-commerce platforms has propelled the country's shoppertainment sector to new heights, with TikTok Vietnam reporting a threefold increase in merchants and average sales on its platform last year.

Noteworthy brands like VinFast and Samsung have been instrumental in driving this surge, with TikTok Shop emerging as a prominent platform for their products. ByteDance's TikTok platform has notably surpassed Lazada to claim the second spot in Vietnam's online marketplace hierarchy, trailing only behind Shopee. According to analytics firm Metric, vendors in Vietnam collectively earned an impressive \$1.3 billion in revenue over the past six months.

The exponential growth in e-commerce activity is mirrored by a significant uptick in user numbers, with TikTok Vietnam boasting 67 million users—a substantial increase from the previous year.

A report from the E-Commerce and Digital Economy Agency reveals a remarkable rise in revenue from online business-to-consumer (B2C) retail, soaring from \$10.8 billion in 2018 to \$20.5 billion in 2023. Projections indicate this figure could skyrocket to VNĐ650 trillion (\$26.3 billion) by 2024.

The surge in delivered items across major platforms like Shopee, Lazada, Tiki, Sendo, and TikTok Shop further underscores Vietnam's e-commerce prowess.

With Vietnam highlighted as a frontrunner in global e-commerce growth by the e-Economy SEA 2022 report, the future looks promising. Forecasts anticipate continued expansion, with leading platforms eyeing a robust VNĐ310 trillion in earnings by 2024, marking a 35% year-on-year growth. Vietnam's ascent as an e-commerce powerhouse cements its status as a vibrant market with immense potential in the digital economy landscape. VNS

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Australia and Vietnam formalized collaboration to develop a competitive electricity market

The Australian Embassy in Vietnam and the Electricity Regulatory Authority of Vietnam (ERAV) formalized their collaboration on April 17 with the signing of a Memorandum of Understanding (MoU) aimed at advancing the development of a competitive electricity market. Witnessed by Jenny McAllister, Australian Assistant Minister for Climate Change and Energy, and Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan, the ceremony underscored the significance of fostering a competitive electricity market to support Vietnam's ambitious decarbonization goals outlined in Power Development Plan VIII.

Deputy Minister Tan highlighted the importance of attracting private investment through a competitive electricity market, emphasizing its role in achieving renewable energy targets. The MoU commits the Department of Foreign Affairs and Trade and ERAV to share expertise and collaborate on activities facilitating electricity market development.

Assistant Minister McAllister stressed the importance of bilateral cooperation in climate, environment, and energy, noting the significance of the ERAV-Australian Embassy partnership in advancing climate and energy engagement. The signing follows the elevation of Australia and Vietnam's relationship to a Comprehensive Strategic Partnership (CSP) in March, with a particular focus on climate, energy, and the environment.

Australian Ambassador to Vietnam Andrew Goledzinowski highlighted the shared challenges and aspirations between the two countries in ensuring sustainable and secure electricity services, viewing the partnership as an opportunity to exchange knowledge and explore solutions for Vietnam's power sector. VIR

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A cohort of global retail juggernauts interest in Vietnamese market

In June, Vietnam is poised to welcome a cohort of global retail juggernauts including Walmart, Amazon, AEON, and Central Retail, all converging to explore the abundant sourcing opportunities in the country, as announced by the Ministry of Industry and Trade. Scheduled from June 6 to 8 in Ho Chi Minh City, the Vietnam International Sourcing 2024 event promises to be a pivotal gathering, attracting a diverse array of local manufacturers, exporters, and international importers from across the globe.

Anticipated to host around 500 firms spanning various sectors of the international supply chain—from food and garments to household appliances and manufacturing—the event is primed to serve as a significant catalyst for forging new trade partnerships and collaborations.

Notable attendees include industry giants such as AEON, Uniqlo, Walmart, Amazon, and Central Retail, among others, all keenly eyeing Vietnam's reputation as a hub for diverse, high-quality, and competitively priced goods.

Vietnam's ascent as a global manufacturing hub has been accelerated by factors such as the COVID-19 pandemic and geopolitical shifts, prompting many retail and wholesale channels to pivot towards Vietnam as a strategic sourcing destination.

For example, Walmart, recognizing Vietnam's pivotal role in its global supply chain, aims to collaborate directly with Vietnamese suppliers, offering support to navigate US consumer preferences and market standards.

Similarly, other major players like AEON, Uniqlo, Decathlon, and Central Group are also ramping up their presence in Vietnam, drawn by the country's rich array of products and the potential for mutually beneficial partnerships.

The forthcoming Vietnam International Sourcing 2024 event builds on the success of its 2023 predecessor, where several lucrative contracts were inked, underscoring Vietnam's allure as a key player in the global supply chain. VOV

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FDI flow into garment and textile sector bounces back

Foreign direct investment (FDI) into Vietnam's garment and textile sector is experiencing a notable revival, propelled by the nation's conducive investment climate, abundant labor pool, and open economic policies, according to industry insiders.

Vu Duc Giang, Chairman of the Vietnam Textile & Apparel Association (VITAS), highlights the increasing expansion of foreign garment and textile producers within Vietnam, driven by the allure of the country's burgeoning market. This trend is significantly buoyed by various free trade agreements (FTAs), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), EU-Vietnam FTA (EVFTA), and RCEP, where Vietnam stands as a key signatory.

Recent investments illustrate this trend, such as Hong Kong-based Crystal International Group's US\$60-million Yi Da Denim Mill project in Nam Dinh province and Japan's YKK Corp.'s establishment of a second plant in Ha Nam province. These investments have not only bolstered local employment but also enhanced manufacturing capabilities, leading to increased productivity and self-sufficiency in production.

Furthermore, the inauguration of SAB Industrial Vietnam Company Limited's US\$62-million factory in Thanh Hoa province underscores the sector's attractiveness to foreign investors. FDI inflows have not only alleviated the sector's reliance on imported raw materials but have also optimized manufacturing processes, reducing production time and transportation costs, thereby enhancing competitiveness.

In the first quarter of 2024, Vietnam's garment and textile exports raked in nearly US\$8 billion, with FDI firms contributing over 60% of this total revenue. This resurgence of FDI solidifies Vietnam's position as a prominent player in the global textile industry, reaffirming its appeal as an investment destination for foreign investors. VNA

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