



Top News

Vietnamese Government to continue VAT cut for second half of 2024

Petrovietnam recently unveiled the discovery of two new oil and gas fields

Also in the issue

Retail sales, services revenue up 8.5% in first four months

Gen Z leads online shopping for convenience, good deals

Foreign investment prospects in good shape with tech focus

A new freight rail route between Vietnam and China has just launched





Vietnamese Government to continue VAT cut for second half of 2024

Amid ongoing economic challenges exacerbated by the prolonged impact of the Covid-19 pandemic, Vietnam's government has proposed extending the 2% reduction in the value-added tax (VAT) rate for select goods and services for the latter half of 2024. The current VAT rate in Vietnam stands at 10%.

Citing the severe socio-economic repercussions of the pandemic and other objective factors, the government highlights the need for continued support measures. These include tax exemptions, reductions, extensions, and land rental fee waivers, amounting to approximately VND700 trillion (US\$27.5 billion) from 2020 to 2023. Notably, measures implemented in 2024 total around VND68 trillion (\$2.67 billion).

The proposal seeks to extend the 2% VAT reduction, along with deferral options for VAT, corporate income tax, special consumption tax, and personal income tax. Additionally, it aims to continue reducing certain fees and land rental fees initiated in 2023 to bolster production and business activities amidst economic uncertainties.

The government's submission to the National Assembly aligns with Resolution No.103/2023, which sets a GDP growth target of 6–6.5% for 2024. However, concerns persist over global and regional challenges, including slow recovery among major trading partners, supply chain disruptions, and domestic economic hurdles outweighing opportunities.

Continuing the 2% VAT reduction from July 1 to December 31, the government estimates a revenue reduction of approximately VND24 trillion (\$944.7 million), equivalent to VND4 trillion (\$157.4 million) monthly. If sustained throughout 2024, the total revenue reduction is projected at around VND47.5 trillion (\$1.87 billion), building on the VAT reduction of VND11.4 trillion (\$449 million) observed in the initial three months of the year. Hanoitimes

[Back to top](#)



A new freight rail route between Vietnam and China has just launched

On May 2, a significant milestone was marked as a 12-carriage freight train embarked on a pioneering journey from Cao Xa railway station in northern Hai Duong province, initiating a new freight rail route between Vietnam and China.

Operated by Vietnam Railway, the freight train was laden with sulfur, aluminum, and milk sourced from factories across Hai Duong, Hai Phong, and Hung Yen provinces. Upon reaching Yen Vien railway station on the outskirts of Hanoi, the train seamlessly integrated into international intermodal trains, facilitating the onward transportation of these commodities to China.

The development of Cao Xa station into an international intermodal hub signifies a strategic leap forward, aligning with regulations pertaining to duty-free business conditions, warehouses, customs clearance, and inspection procedures. This transformation enables Cao Xa to serve as a pivotal node in the burgeoning trade network between Vietnam and China.

At Cao Xa station, two international intermodal routes have been established. The first route extends from Cao Xa to Pingxiang in China's Guangxi province, while the second route spans from Cao Xa to Hekou in China's Yunnan province. These routes not only bolster bilateral trade but also pave the way for expanded connectivity with neighboring regions.

Upon reaching China, Vietnamese commodities are poised to embark on an extended journey, penetrating deeper into China's inland territories for local consumption or facilitating transit to lucrative markets in Central Asia, Russia, and the European Union. This new freight rail route underscores Vietnam's commitment to fostering robust trade ties and enhancing logistical connectivity with key international partners. VOV

[Back to top](#)



Gen Z leads online shopping for convenience, good deals

Online shopping has become a pervasive habit among many, particularly Gen Z individuals born in the mid-90s. With smartphones and a few clicks, they can effortlessly browse, purchase, and have products delivered to their doorstep, saving time and effort. A Lazada survey reveals that 58% of Vietnamese consumers intend to continue shopping online due to its unmatched convenience. For busy individuals like Le Thi Khanh Hien, a fourth-year student, and Ho Thien Canh, an office clerk, online shopping offers a lifeline amidst hectic schedules, providing access to a wide array of products without the hassle of crowded markets.

Businesses are capitalizing on this trend by leveraging social networks like Facebook, TikTok, Instagram, and YouTube for targeted advertising, particularly to Gen Z consumers, who comprise 30% of total shoppers. In a groundbreaking move, Ho Chi Minh City recently hosted its inaugural livestreaming event, "Shoppertainment 2023 - Ben Thanh Heritage Market," where influencers teamed up with traders to showcase and sell food and fashion products.

Meanwhile, Saigon Co.op and various stores have rolled out enticing promotions, including discounts of up to 50% and vouchers worth \$2 for online purchases, to attract customers during the year-end season.

Studies underscore Gen Z's digital savviness, with 85% relying on social networks and e-commerce platforms for product information, and 72% demonstrating a willingness to spend more on daily purchases. Shopee remains a preferred platform, with over 72% of Gen Z engaging in online shopping, followed by other popular sites like Tiki, Lazada, Facebook, and websites.

As Gen Z continues to drive the online shopping revolution in Vietnam, businesses are adapting swiftly, harnessing digital platforms to cater to evolving consumer preferences and fueling the country's dynamic e-commerce landscape. VNA



Petrovietnam recently unveiled the discovery of two new oil and gas fields

Petrovietnam recently unveiled the discovery of two new oil and gas fields, named Rong and Bunga Aster, signifying a promising development in Vietnam's energy sector. The Rong field, located within Block 09-1, showed preliminary assessments indicating a potential increase of approximately 16.5 million barrels of oil. On the other hand, the Bunga Aster field, situated in Block PM3 CAA, saw its well BA-IX commence operations on May 5, with an initial production rate of around 2,100 barrels per day.

Le Manh Hung, President of Petrovietnam, emphasized the importance of optimizing new management methods within the sector. He urged units and operators involved in exploration and processing to uphold their objectives for 2024 and beyond. These efforts are crucial for enhancing energy security and driving national economic development, reflecting Petrovietnam's commitment to advancing Vietnam's energy landscape. VNA

[Back to top](#)



Retail sales, services revenue up 8.5% in four months

The General Statistics Office (GSO) reported that retail sales and services revenue for the first four months of this year reached VND2.06 quadrillion (approximately \$81.06 billion), marking an 8.5% increase compared to the same period last year. In April alone, revenue amounted to VND522.1 trillion, up 9% year-on-year.

Notably, sales of various categories experienced significant growth in April, with food and foodstuff sales rising by 10.3%, household utensils by 12.9%, garments by 12.7%, lodging and catering services by 19.1%, and tourism by an impressive 57.6%.

Retail sales during the four-month period totaled approximately VND1.59 quadrillion, reflecting a 7.1% increase year-on-year (or 4.4% growth when excluding the price factor). Sales of food and foodstuffs increased by 11.8%, household appliances by 14.9%, garments by 10.3%, and cultural and educational products by 17.8%. Revenue from accommodation and catering services reached VND237.3 trillion, up 15.3% year-on-year.

Effective visa policies and tourism stimulus programs contributed to a significant boost in international visitors, with nearly 1.6 million arrivals in April (a 58.2% increase year-on-year) and 6.2 million in the first four months (a 68.3% increase). Tourism revenue for the period surged by 49.3% to VND19.4 trillion.

Moreover, revenue from other services also saw a notable increase, reaching VND211.1 trillion, up 9.4% year-on-year.

In a bid to stimulate consumption demand, the government has proposed extending the reduction in value-added tax (VAT) from 10% to 8% on specific goods and services from July 1 until the end of the year, awaiting approval from the National Assembly. Vnexpress



Foreign investment prospects in good shape with tech focus

Economists are optimistic about Vietnam's potential to attract foreign capital to new heights following over three decades of reforms. Recent activities involving major tech firms in Vietnam, notably Apple and Nvidia, have garnered significant attention, signaling a burgeoning trend.

Apple CEO Tim Cook's visit to Vietnam underscores the country's status as the world's fourth-largest host of Apple suppliers. Cook pledged increased procurement from Vietnamese suppliers, reaffirming Apple's commitment to the nation, where it has already invested over \$16 billion since 2019.

In another development, Nvidia and FPT Corporation formed a strategic partnership to leverage AI across sectors, with plans for a \$200 million AI factory. These initiatives reflect Vietnam's shift towards higher-value industries, as highlighted by the evolving export composition over the years.

Vietnam's government is dedicated to fostering high-tech investment and semiconductor industry development, evident through initiatives like the National Innovation Centre and high-tech parks. Samsung's significant export turnover in 2022 further underscores Vietnam's success in attracting FDI.

Forecasts anticipate a surge in foreign investment in 2024, particularly in technology, electronics, and semiconductors. Vietnam's credit rating upgrades and stable outlook affirm its robust economic growth trajectory, supported by efforts to enhance the investment climate.

Vietnam's appeal as an FDI destination lies in its skilled labor force, favorable business climate, robust infrastructure, and access to global markets through free trade agreements. Amid US-China tensions, Vietnam's strategic partnerships with multiple countries and its role in global supply chains position it favorably for continued FDI inflows.

The next wave of FDI is crucial for Vietnam's ambition to become a developed, high-income country by 2045. While structural challenges persist, Vietnam's demographic advantage and policy buffers are seen as key factors in achieving this goal, despite potential risks such as real estate stresses and reliance on credit growth targets. VIR

[Back to top](#)



For more information, please contact us:

SEIKO IDEAS

Research & Consulting Division

- Our services Marketing Research
 Business Matching
 Investment Consulting
 Translation - Interpretation
 Training (Language & Soft skills)
- Our clients Think tanks, Universities
 Japanese & Vietnamese Government Organizations
 Manufacturers, Retail companies
 Advertisement agencies, Mass media
- Head Office Floor 5th – A Chau Building
 No.24 Linh Lang Str., Ba Dinh Dist., Hanoi, Vietnam
- Rep. Office 〒220-0012, 8F Wework, Ocean Gate Building
 3-7-1 Minatomirai, Nishi ward, Yokohama
 Kanagawa, Japan
- Telephone +84-24-6275-5246 ; +84-24-6273-6989
- Fax +84-24-6273-6988
- URL www.seiko-ideas.com
- Email newsletter@seiko-ideas.com