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Vietnam's real estate sector is anticipated to rebound strongly in the second half of 2024

Vietnam's real estate sector is anticipated to rebound strongly in the second half of 2024, buoyed by significant support and positive market signals. After hitting a low in late 2022 and early 2023, the number of prospective homebuyers has surged in the first half of 2024, with notable growth in search volumes for various real estate segments in Hanoi and Ho Chi Minh City.

In Hanoi, searches for land plots increased by 118% year-on-year, and apartment searches rose by 46%. In Ho Chi Minh City, land searches grew by 45%, and houses by 34%. Real estate consultancy CBRE reports that the average primary market residential price has approached VND 60 million (\$2,344) per square meter, with a 32% increase in house prices compared to the first half of 2023.

The new real estate laws, including the Land Law 2024, the Housing Law 2023, and the Real Estate Business Law 2023, set to take effect on August 1, 2024, are expected to positively impact the market. These laws introduce innovations in market management and development, such as exemptions on land use fees for apartment renovation projects.

Experts believe that these regulatory changes will drive the market's recovery and redevelopment, setting the stage for robust growth by the end of 2024. The government's commitment to implementing detailed regulations ensures a coherent legal framework, promoting a healthy real estate market. Hanoitimes

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Vietnam seeks FIATA's support to enhance logistics capacity

Prime Minister Pham Minh Chinh has called on the International Federation of Freight Forwarders Associations (FIATA) to assist in enhancing the capacity of Vietnam's logistics businesses. This request was made during a meeting with FIATA President Turgut Erkeskin on July 9, as reported by the Vietnam News Agency.

The Prime Minister acknowledged FIATA's support for the Vietnam Logistics Business Association, particularly in preparations for hosting the FIATA World Congress in 2025. He highlighted FIATA's role as a vital link that fosters collaboration between Vietnamese logistics enterprises, associations, and global partners, significantly contributing to the growth of Vietnam's logistics sector.

PM Chinh proposed that FIATA work closely with Vietnam to promote the efficient and sustainable development of the logistics industry. He emphasized the need for FIATA's collaboration in helping Vietnam finalize its national logistics development strategy by 2024. Additionally, he expressed hopes that FIATA would support human resource development within the logistics sector by expanding training programs to improve the capacity of Vietnamese logistics enterprises.

The Prime Minister's appeal underscores the importance of international cooperation in advancing Vietnam's logistics capabilities. By leveraging FIATA's expertise and global network, Vietnam aims to strengthen its logistics infrastructure, enhance operational efficiency, and foster sustainable growth. This strategic partnership is expected to play a crucial role in achieving the country's logistics development goals, ensuring that Vietnam's logistics industry remains competitive and capable of meeting future challenges. The Saigontimes

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Vietnam cracks down on e-commerce tax evasion

Vietnam's tax authorities are intensifying efforts to ensure online sellers comply with tax regulations, targeting those who sell goods online without proper tax registration and payment. The focus is on strengthening tax management in the e-commerce sector, including transactions on social media and live selling platforms.

The General Department of Taxation reported that Vietnam has 3.1 million business households and individuals, with many online sellers yet to file taxes. To address this, the tax authorities have implemented data-sharing measures with other government agencies. Over 663,000 data connections have been established with the Ministry of Public Security's citizen database. Additionally, the General Department of Taxation is collaborating with the Ministry of Industry and Trade to review data from 929 e-commerce platforms and cross-reference information on 53,000 sellers. Major platforms under scrutiny include Shopee, Lazada, Sendo, Voso, and Tiki.

Data revealed that nearly 43,000 businesses and individuals were audited in the first half of the year, resulting in the collection of nearly VND 10 trillion (approximately USD 423 million), an increase of about VND 3.5 trillion (approximately USD 148 million) compared to the same period last year. In the first six months of the year, tax authorities handled 4,560 violations, imposing penalties amounting to nearly VND 300 billion (approximately USD 12.7 million). These measures aim to tighten control and ensure compliance in the growing e-commerce sector. The Saigontimes

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Vietnam authorizes direct power purchase agreements for renewable energy

Vietnam has issued a decree permitting direct power purchase agreements (DPPA) for rooftop solar, waste-to-energy, and biomass projects, bypassing the national utility, Vietnam Electricity (EVN). Announced on July 3, the decree facilitates direct power transactions between renewable energy producers and major electricity consumers, aiming to boost flexibility and competition in the energy sector.

The decree allows two methods for direct power sales: private power lines and the national grid. Renewable energy producers, including solar, wind, small hydro, biomass, geothermal, and rooftop solar systems, can participate through private power lines, provided they possess or are exempt from an electricity operation license. Waste-to-energy projects are currently excluded but may be included in the future upon further classification as renewable energy.

In private line transactions, renewable energy producers and large consumers will negotiate terms and prices, with excess electricity sold back to EVN under specific contracts. Consumers can also purchase electricity directly from renewable producers, the National Power Transmission Corporation, or other retail electricity entities.

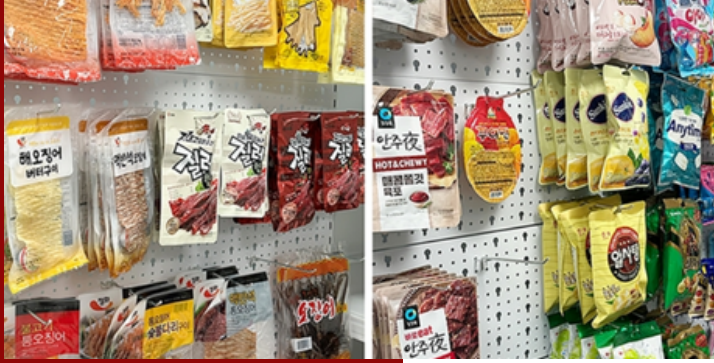
Vietnam currently has over 103,000 rooftop solar projects with a total capacity exceeding 9,500MW. According to the Power Development Plan VIII, this capacity is set to increase by an additional 2,600MW by 2030, covering 50% of government and residential buildings.

The decree stipulates that wind and solar projects must have a capacity of over 10MW to engage in direct power sales via the national grid. It also outlines the sale of electricity through the spot market, with prices determined by the total market price during each transaction cycle.

To participate, consumers must use electricity for production at a voltage level of 22kV or higher, with an average monthly consumption of at least 200,000kWh. This threshold is lower than the previous requirement of 500,000kWh.

The DPPA mechanism, advocated by foreign-invested enterprises, aims to enhance competition in the energy sector. The Ministry of Industry and Trade (MoIT) proposed a DPPA pilot scheme nearly three years ago, initially attracting interest from major corporations like Samsung. Recent surveys indicate significant interest from large enterprises and renewable energy projects in participating in DPPA. VIR

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Vietnam is targeted as a premier market for South Korea's food

South Korea's food industry is targeting Vietnam as a premier market for K-Food, recognizing its potential as a key market for overseas business operations. Several South Korean companies are making significant investments to expand their presence in Vietnam.

In June, Daesang invested over US\$21.7 million to expand its plant in Vietnam, aiming to double its annual production capacity. Daesang operates four factories in Vietnam, producing convenience foods, ready-to-eat foods, sauces, and processing fresh meat. In 2022, the company's revenue in Vietnam reached 201.6 billion won, double the amount from five years ago.

Paldo Corporation completed its second factory in Tây Ninh in April, planning to use it as a base for exporting instant noodles to neighboring countries. Paldo Vietnam's revenue increased by 17.4% year-on-year, reaching 79.7 billion won in 2023.

Ottogi, another major player, has established two factories in Bắc Ninh and Bình Dương provinces and recently introduced "Oppa Ramen" specifically for the Vietnamese market. Orion reported sales of 500 billion won in Vietnam, with its total revenue increasing by 62.8% from 2020 to 2023. The company plans to expand its investment in Vietnam, including building more factories.

CJ CheilJedang is focusing on the frozen food sector, investing 30 billion won in an integrated production facility in Long An in 2022 and planning an additional 100 billion won investment next year.

Hite Jinro, aiming to globalize soju, has chosen Vietnam for its first overseas production base. It is establishing a manufacturing plant in Thái Bình, scheduled for completion by 2026, with a target of producing one million products per year.

The Korean food industry's focus on Vietnam is driven by the country's young population, which offers great consumption potential. The popularity of K-pop and K-culture has further boosted the demand for K-food, prompting Korean enterprises to increase their investments and expand their facilities in Vietnam. VNS

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Vietnam's market for cloud and data center is opened to foreign companies

Vietnam has recently allowed foreign investors full ownership of data centers in the country, following the implementation of the Law on Telecommunications last week. This change comes after Big Tech companies opposed stringent data storage regulations, creating a surge in demand that domestic providers struggled to meet.

Unlike other sectors, where foreign ownership is capped at 49%, the new law imposes no such limits on data and cloud service providers. Additionally, these providers are granted an unprecedented exemption from licensing requirements, facilitating easier market entry.

The decision to relax these restrictions is seen as a response to the Cybersecurity Law, which mandates local data storage and has faced resistance from companies like Facebook and Google. This law has increased operational costs for businesses and raised concerns about meeting international data security standards.

Leif Schneider of Luther Law Firm called the new telecommunications law a "milestone," predicting it will attract international investments in cloud computing and data centers, fostering technology transfer and other benefits. Amazon Web Services and Singapore's Keppel have already expressed interest in investing in Vietnam's data infrastructure.

The law specifies that cloud and data providers are not responsible for the content stored by customers but must block content upon state request. Companies are also prohibited from monitoring user information unless instructed by the state.

KPMG's Tran Bao Trung noted that Vietnam's data centers must comply with content removal requests, similar to online platforms. High-tech industrial parks are considered prime locations for data farms, but the significant costs involved mean investors must plan for a return on investment over five to eight years.

Despite challenges like decentralized approvals and limited green power solutions, Sunwah Kirin Consulting Vietnam's CEO Meir Tlebalde is optimistic. The introduction of direct power purchase agreements (DPPAs), allowing private renewable energy purchases, and the new telecom law's clear investment procedures are expected to mitigate these issues and bolster the data center business in Vietnam. Nikkei Asia

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