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## Vietnam extends Mobile money pilot after successful start

The Vietnamese government has extended the Mobile Money service pilot following initial success. By the end of May, over 8.8 million users had registered, with 72% from rural, mountainous, and remote areas. This service allows telecommunications accounts to handle small-value payments, distinct from regular e-wallets as it does not require a bank account.

Initially licensed for a two-year pilot from November 2021 to November 2023, the pilot period has now been extended until December 31, 2024. This initiative aims to boost non-cash payments, especially in regions with limited access to banking services.

The number of payment points accepting Mobile Money has increased to 275,879, reflecting a 9.56% rise since April. Over 119 million transactions have been processed, with a total value exceeding 187 million USD, marking a 7% increase.

Deputy Prime Minister Le Minh Khai has tasked the State Bank of Vietnam (SBV) to coordinate with related ministries to assess and propose regulatory frameworks for Mobile Money services. This includes evaluating the impacts, benefits, risks, and effects on various entities, ensuring the security and safety of banking activities, and aligning with legal, scientific, and international standards. VNS, Viettel

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## Vietnam's trade flows and logistics revenues are growing rapidly

Foreign logistics companies are increasingly investing in Vietnam, drawn by the market's significant growth potential. Flexport, a US-based logistics unicorn, is expanding its presence in Vietnam by partnering with local firm ITL to combine their assets, technology, and networks. This partnership aims to enhance automation and provide advanced logistics services. Flexport already supports over 1,300 factories in Vietnam, helping them export goods to over 500 global importers. Vietnam is now Flexport's second-largest ocean freight market after China, driven by the booming e-commerce and high-value electronics sectors.

Sanne Manders, President of Flexport, emphasized the transformative potential of integrating their technology with Vietnam's infrastructure. This strategic move is part of Flexport's long-term plan to revolutionize the logistics sector in Vietnam.

Danish company DSV Air & Sea has also seen rapid growth in Vietnam, bolstered by mergers and acquisitions. Managing Director Eric Herding highlighted their focus on expanding cross-border trucking routes between China, Vietnam, Thailand, Malaysia, and Singapore. DSV is also investing in bonded warehousing to enhance flexibility and efficiency for its customers.

Thailand's SCGJWD Logistics, part of the SCG Group, is expanding its operations in Vietnam. In May, SCGJWD acquired SCG International Vietnam Co., Ltd., investing approximately \$5.3 million. SCG International has been a key player in Vietnam's logistics sector for over a decade, specializing in road and container transport and supporting major projects like the Long Son Petrochemicals complex.

A VinaCapital report from June indicates that Vietnam's trade flows and logistics revenues are growing rapidly. The report suggests that Vietnam could eventually become an international transshipment hub, similar to Singapore, attracting further investments and boosting the logistics sector's prospects. VIR

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## Specific tasks to resolve issues in e-commerce development are required

Prime Minister Pham Minh Chinh has emphasized the necessity of implementing specific tasks to resolve issues in e-commerce development, as stated by the Government Office on July 12.

The office released the PM's conclusions following a conference reviewing the one-year implementation of his directives related to the project on developing resident data, electronic identification, and authentication applications. This project aims to support national digital transformation from 2022 to 2025, with a vision towards 2030 (Project 06), and to enhance data connection and sharing for e-commerce and tax management.

Ministers, heads of ministerial-level agencies, the General Director of Vietnam Social Security, and the chairpersons of provincial and centrally-run city People's Committees were instructed to review the implementation of essential public services to ensure timely completion. They were also directed to focus resources on accelerating the digitization of records and the resolution of administrative procedures at all levels.

The Ministry of Public Security was tasked with continuing to provide 13 utilities on VNeID, especially piloting the issuance of criminal record cards in Hanoi and Thua Thien - Hue, with a nationwide rollout planned for this month.

The Ministry of Finance was urged to enhance tax management, continue offering e-tax services, and deploy e-invoice solutions for e-commerce activities and livestream sales on digital platforms.

The PM assigned the Ministry of Industry and Trade to coordinate with relevant agencies to develop solutions for managing and sustainably developing domestic and cross-border e-commerce platforms. They were also asked to propose regulations concerning stakeholders in e-commerce and livestreaming activities.

Local authorities were encouraged to promote digital transformation, support human resources and funding to implement tax management solutions, and deploy e-invoices to control the retail sector. Additionally, they were instructed to strengthen inspections and address violations by business establishments. VNA

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## French energy company paves the way for green hydrogen in Vietnam

French energy company Hydrogen de France (HDF Energy), active in Vietnam since 2022, has inaugurated its first fuel cell factory in Bordeaux, France. This milestone is expected to facilitate the launch of "green" hydrogen factories in Vietnam and other countries.

Tran Khanh Viet Dung, Director of HDF Vietnam, highlighted that HDF Energy has been collaborating with Vietnam's Ministry of Industry and Trade, Ministry of Transport, Vietnam Railway Corporation, and Vietnam Electricity. The company is also developing projects in provinces like Gaiang, Binh Thuận, and Ninh Thuan, which have significant potential for renewable energy such as offshore and onshore wind power, and solar power. These renewable sources will be used to produce "green" hydrogen for the transportation industry.

HDF Energy is working with the Vietnam Railway Corporation to convert nearly 200 old diesel-fueled locomotives to hydrogen-powered ones. This initiative supports Vietnam's net-zero emissions strategy by 2050 and aligns with the "green" hydrogen energy development strategy approved by the government in early 2024. Dung expressed optimism about building the first hydrogen factories in Vietnam soon.

Additionally, HDF Energy has partnered with Petrovietnam Technical Services Corporation (PTSC) to develop power generation projects using Renewable technology and hydrogen gas sources with Hypower technology. This partnership aims to leverage renewable energy and hydrogen gas for power projects in Vietnam and the Asia-Pacific region.

HDF Energy is also working on other electricity and transportation projects in Vietnam, supported by the Just Energy Transition Partnership and financial institutions like the French Development Agency (AFD). Mathieu Geze, HDF Energy's Executive Director for Asia, emphasized the company's commitment to supporting Vietnam in its carbon emission reduction efforts.

Jean-François Clédél, Chairman of the Chamber of Commerce and Industry (CCI) of Nouvelle Aquitaine, noted that renewable energy represents a significant potential area of cooperation between Nouvelle Aquitaine and Vietnam, as represented by HDF Energy.

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## Domestic consumption in Vietnam is facing a downturn

Domestic consumption in Vietnam is facing a downturn due to consumer uncertainties and evolving shopping habits, posing challenges for businesses in maintaining purchasing power and managing inventory, according to industry insiders and economists.

Dang Thuy Ha, director of Customer Behavior Research at NielsenIQ Vietnam, reported that younger adults (18-25) are seeking to boost income and savings, while older adults (46-55) are cutting non-essential spending. In the first quarter of 2024, 62% of Vietnamese consumers opted to cook at home more and reduce non-essential spending, with 50% cutting luxury purchases, 30% delaying major expenses, and 40% spending more cautiously.

The trend towards online shopping for discounts and price comparisons has further complicated the market. Ha noted the difficulty in retaining customers amid economic challenges, predicting this cautious spending will last six months to a year. Businesses need to monitor trends and focus on essential needs, offering value-for-money products. Nguyen Phuong Nga from Kantar Vietnam highlighted that consumers now shop less frequently but across more channels, increasing average spending per purchase. Attracting and retaining customers is essential. Le Truc My, director of a food company in Vinh Long Province, observed a decline in consumer spending on non-essential items, urging businesses to boost demand and stabilize production with government support.

The General Statistics Office (GSO) reported a 8.7% year-on-year increase in retail sales of goods and services for the first five months of 2024, totaling \$108.3 billion (VND2.58 quadrillion). However, sustaining this growth remains challenging without stronger economic stimulus.

The Ministry of Industry and Trade emphasized the need for government vigilance on inflation and improved analysis to boost purchasing power. Businesses must enhance marketing and sales strategies, leveraging the popularity of online sales channels like livestream shopping. A Kantar survey indicated that online channels contribute 8% to the fast-moving consumer goods market value, with potential for growth. Adaptation to changing consumer behaviors and demands is crucial for business success. VNS

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## New legal framework to boost foreign investment in Vietnam's real estate market

Experts believe that positive changes in real estate laws and government policies will increasingly attract foreign investors, steering the market towards healthier development. Tran Ngoc Liem, director of the Vietnam Chamber of Commerce and Industry's Ho Chi Minh City branch, emphasized that the real estate market is a cornerstone of the country's economy. It significantly contributes to the government budget and regional economies, while also opening up numerous cooperation opportunities for domestic businesses.

The Land Law, Housing Law, and Real Estate Business Law are set to take effect next month, which Liem suggests will help the market recover swiftly and remove existing obstacles. These changes are expected to be a significant turning point, creating new opportunities for the real estate sector and the broader economy. Additionally, these laws aim to address outstanding issues, unlock resources for new projects, and increase market transparency, thereby enhancing state land management efficiency.

These legal reforms are also anticipated to rejuvenate the mergers and acquisitions (M&A) market in the second half of the year. Although the number of M&A deals slightly decreased in the first half of 2024, the transaction value rose by nearly 9% compared to the same period in 2023.

In the first six months of 2024, foreign direct investment (FDI) in Vietnam's real estate sector surged by 61.4% year-on-year. The country's real estate market continues to attract investors from the US, Singapore, Japan, and South Korea, driven by the potential for stable economic growth.

Industrial real estate near highways, border gates, seaports, and airports, along with retail real estate in central areas of major provinces and cities, remain particularly appealing to investors. Foreign investors are also increasingly interested in residential real estate projects and large land parcels in suburban areas and provinces neighboring major urban centers like Hanoi and Ho Chi Minh City, especially those aligned with green and sustainable development criteria.

Future regulatory changes will facilitate land compensation and clearance for investors, likely driving up land prices and benefiting landowners while easing compensation challenges for investors. The Land Law 2024 will further benefit foreign investors by allowing the transfer of land use rights in industrial parks, clusters, and high-tech zones, and expanding the methods for foreign-invested enterprises to acquire land use rights. VOV

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