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## Vietnam's digital economy has outpaced other ASEAN countries in growth

Vietnam's digital economy has outpaced other ASEAN countries in growth for 2022 and 2023, as highlighted in a report by the Ministry of Information and Communications. This report was presented during a government meeting chaired by Prime Minister Pham Minh Chinh on July 19, focusing on accelerating the nation's digital transformation.

In 2020, Vietnam ranked sixth in ASEAN for digital economy growth and improved to third place in 2021. By 2022 and 2023, it had secured the top spot. According to Google's report, Vietnam's digital economy grew by 28% in 2022 and 19% in 2023, which is 3.5 times higher than the country's GDP growth rate.

In the 2022 AI readiness index, Vietnam ranked 55th globally, with Singapore, Malaysia, and Thailand placed second, 29th, and 31st respectively. Additionally, Vietnam ranked 25th out of 194 countries and territories in the global cybersecurity index.

Vietnam's self-assessment revealed a steady increase in its national digital transformation index, reaching 0.71 points in 2022. The component indices for digital government, digital economy, and digital society have consistently maintained high growth rates of 45% to 55%.

The rate of online public services has surged significantly from nearly 11% in 2019 to 55% by 2023. The Ministry of Information and Communications estimates that the digital economy's contribution to Vietnam's GDP will reach 16.5% in 2023 and is projected to rise to 18.5% by June 2024. The Saigontimes

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## Vietnam's Prime Minister backs high-speed rail project

Prime Minister Pham Minh Chinh announced that the Government's investment plan for a high-speed railway connecting northern and southern Vietnam will be presented to the National Assembly at its next session. The Ministry of Transport has prepared the plan after extensive consultations with the PM, Deputy PM Tran Hong Ha, and other officials.

PM Chinh praised the Ministry of Transport's comprehensive and convincing report, urging further refinement to ensure the plan's feasibility. The high-speed rail project aims to reduce high logistics costs that impact Vietnam's competitiveness. It proposes constructing a 1,541-kilometer high-speed rail line through 20 provinces and cities, targeting completion by 2035 with a speed limit of 350 kilometers per hour.

The project emphasizes strategic and innovative approaches to complement existing North-South transport routes, including highways, expressways, and sea and air transport. It prioritizes passenger transport, integrates rapid freight services, and serves national defense needs when required. Additionally, existing railways will be upgraded for freight transport.

PM Chinh called for thorough research on investment costs to ensure they are in line with similar international projects, considering Vietnam's geographical conditions. He stressed the importance of diverse funding sources, including central and local government funds, loans, bonds, and private sector investments.

Emphasizing modern, smart management methods, digitalization, workforce training, and technology transfer, PM Chinh aims to develop a sustainable railway industry. Deputy PM Tran Hong Ha will continue to oversee the project, with the Ministry of Transport refining the proposal based on expert feedback and aligning it with Conclusion No. 49 and Resolution No. 103.

Conclusion No. 49-KL/TW, issued by the Politburo on February 28, 2023, outlines rail transport development until 2030, with a vision to 2045. Following this, the NA passed Resolution No. 103/2023/QH15 on November 9, detailing the 2024 socio-economic development plan, which includes accelerating key national railway projects and aims to approve the high-speed rail project within 2024. The Saigontimes

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## Vietnam is one of the fastest-growing e-commerce markets in Southeast Asia

Vietnam and Thailand are the fastest-growing e-commerce markets in Southeast Asia, according to the newly released report "2024 E-commerce in Southeast Asia" by Momentum Works.

Vietnam has also overtaken the Philippines to become the third largest e-commerce market in the region. The gross merchandise value (GMV) of the top eight e-commerce platforms in Southeast Asia reached \$114.6 billion in 2023, a 15% year-on-year increase. Despite macroeconomic challenges, Southeast Asia's e-commerce has continued to grow, with this year's GMV expected to be double that of 2020.

Vietnam and Thailand lead in growth rates, with GMV increasing by 52.9% and 34.1%, respectively, compared to last year. Vietnamese e-commerce has shown continuous growth, averaging 16-30% annually over the past four years, the highest rate globally.

Indonesia remains the largest e-commerce market in ASEAN, contributing 46.9% to the region's GMV. Shopee achieved a GMV of \$55.1 billion last year, accounting for 48% of the market share. TikTok Shop, after acquiring Tokopedia, became the second largest e-commerce platform in Southeast Asia, with a GMV of \$16.3 billion, nearly quadrupling over 2022. In Vietnam, TikTok Shop holds a 24% market share.

Key drivers in the regional e-commerce industry include influencers (KOLs) effectively navigating markets in Vietnam, Thailand, and Indonesia, generating substantial revenue through livestream sessions. Additionally, platforms have begun integrating innovative AI applications to enhance user experience and operational efficiency. Sellers are also experiencing pressure from parcel delivery service sourcing platforms. VNA/VNS

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## Gaps in the plan are concerns to approve offshore wind project

Despite ambitious targets set in Vietnam's Power Development Plan VIII, no offshore wind projects have been approved or assigned to investors. A Ministry of Industry and Trade (MoIT) report, submitted on July 22, identified gaps in the plan, including the absence of details on the number, capacity, and locations of offshore wind projects, and connectivity schemes to the national grid.

The MoIT proposed that state-owned enterprises like Vietnam Oil and Gas Group (PetroVietnam), Vietnam Electricity (EVN), or entities under the Ministry of Defence (MoD) should pilot these projects instead of private companies. The report presented three options for selecting pilot project investors: PetroVietnam, EVN, or a MoD unit.

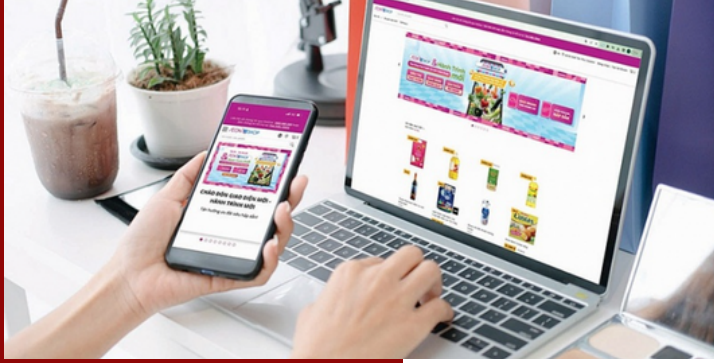
PetroVietnam's experience in offshore operations could be advantageous, given similarities to offshore oil and gas projects. However, this would require adjustments in PetroVietnam's business scope, as it currently cannot invest outside its core activities.

EVN, with its experience in power plant and transmission system management, is another candidate. However, the distinct requirements of offshore wind projects pose a challenge. The MoD option needs further evaluation regarding feasibility and alignment with ministry objectives.

The report acknowledged insufficient data to determine the most effective entity for piloting offshore wind projects. Issues include national defence, security, maritime sovereignty, and potential sectoral conflicts over marine space.

Foreign and private investors are currently excluded from pilot projects due to unresolved defence, security, and electricity pricing issues. The MoIT emphasized the need for a comprehensive legal framework before considering private entities. The ministry suggested the National Assembly should pass a resolution to establish a legal basis for pilot offshore wind projects, acknowledging the 6-8 year development timeline. Despite these challenges, Vietnam aims to achieve 6,000MW of offshore wind capacity by 2030 and 70,000-91,500MW by 2050. VIR

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## Vietnamese consumers are becoming more discerning and price-sensitive

New trends in the retail sector and shifting customer shopping preferences are prompting significant changes in business strategies for many retailers in Vietnam. AEON, a Japanese-backed retailer with over a decade of presence in Vietnam, is adapting by investing in diverse business models and expanding online shopping channels. This move aims to stimulate consumer demand and establish Vietnam as AEON's second key market after Japan.

Nguyen Thi Ngoc Hue, AEON Vietnam's corporate communications and external affairs general manager, stated that the company is developing multichannel shopping solutions, allowing customers to shop directly or order via hotline, AEON EShop, AEON app, or partner applications. They are also enhancing the convenience and functionality of online shopping, including scheduling delivery times and ensuring quick, quality deliveries.

AEON currently operates nine shopping centers, general merchandise stores, and supermarkets in Vietnam, with plans to open new and diverse shopping destinations. Despite a slight growth in revenue in the first half of the year, the growth rate has not fully recovered to pre-2019 levels. However, Hue is optimistic about a rebound, supported by government stimulus policies like a minimum wage increase and a VAT reduction.

The Vietnam Shopper Trends 2024 report by NielsenIQ highlights that Vietnamese consumers are becoming more discerning and price-sensitive. Shoppers are increasingly frequenting convenience locations offering the best deals, with a noticeable shift from supermarkets to smaller-format stores and online channels.

WinCommerce, after restructuring, plans to expand its multi-convenience store and mini supermarket model, while Saigon Co.op is focusing on developing e-commerce, utilizing AI technology to enhance the shopping experience and connect users with suppliers.

The General Statistics Office reported an 8.6% increase in retail sales and consumer services revenue as of the end of Q2, although this growth rate is lower than the previous year. Some companies, like Unilever, are divesting from non-core business areas to focus on core brands, driving business growth and increasing stock prices. Unilever recently separated its ice cream segment and previously divested from Dollar Shave Club and Elida Beauty. VIR

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## South Korean to invest a US\$ 2 billion sports and entertainment complex in Quang Ninh

South Korean investors are eyeing Vietnam's Quang Ninh province for what could become Asia's largest sports and entertainment complex. On July 18, during a meeting with the Quang Ninh People's Committee, the Korean Greyhound Association (KGA) proposed a billion-dollar investment in the northern province.

KGA chairman Park Gi-Beom highlighted the exploration of investment opportunities in the area. The KGA aims to develop the Halong International Sports and Entertainment Complex, covering 300-350 hectares in the northern part of Halong. This extensive project includes an amusement park, entertainment facilities, tourist attractions, commercial services, competition venues, training infrastructure, and dog racing activities. Additional features comprise hotels, a water park, ice skating, and ice hockey rinks. The investment for this project is estimated to be between \$1-2 billion.

Park emphasized that this would be the largest sports and entertainment complex in Asia, hoping for support from Quang Ninh province in facilitating procedures for research and development of investment ideas, thereby creating new and appealing tourism products and services.

Cao Tuong Huy, Chairman of the Quang Ninh People's Committee, supported the idea, noting the province's need for high-quality entertainment and tourism products. He stated that the investment aligns with the province's goals of transforming its development model, increasing the proportion of the service-tourism sector, and enhancing its economic value chain.

Quang Ninh has become a hub for international investment, hosting nearly 200 foreign-invested enterprises from 20 countries and territories, totaling nearly \$15 billion. The KGA, with its extensive experience in sports tourism services, sees great potential in this venture. VIR



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