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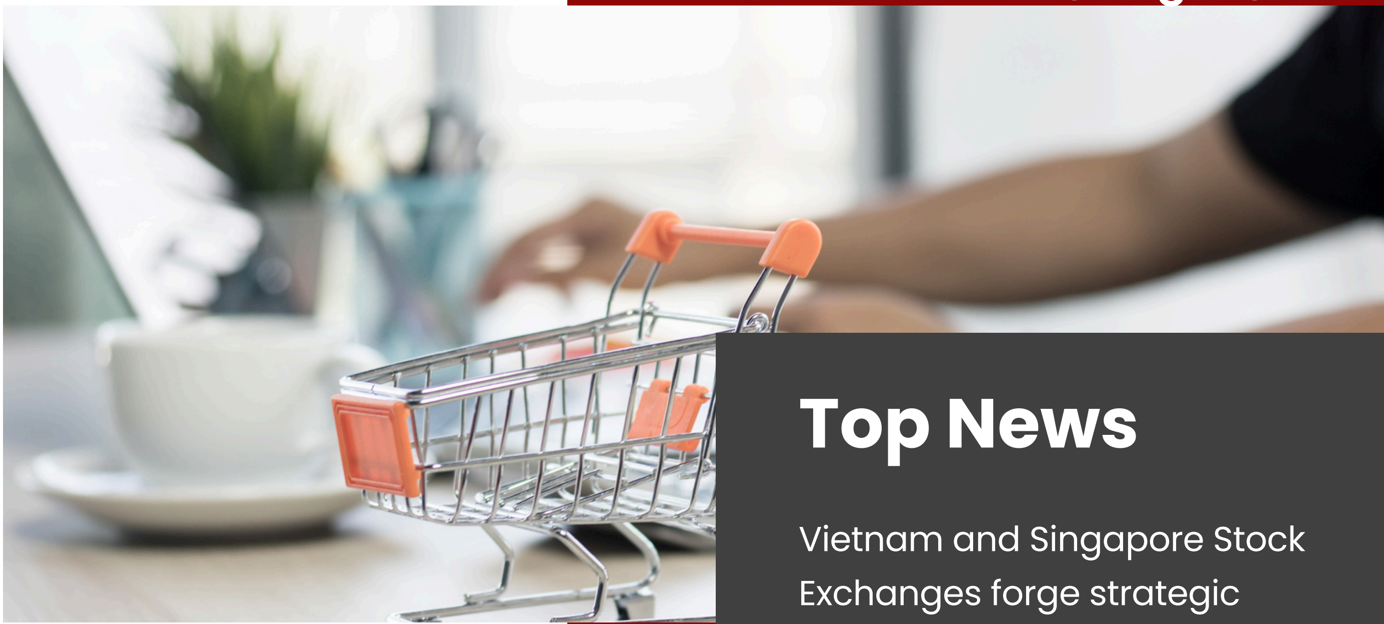

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Vietnam and Singapore Stock Exchanges forge strategic partnership

On August 5, the Vietnam Stock Exchange (VNX) and the Singapore Exchange (SGX) signed an agreement to enhance cooperation between their respective markets.

The agreement underscores the commitment of both exchanges to maintain open lines of communication and share critical information about their operations, regulatory frameworks, and securities products. This initiative aims to foster a symbiotic relationship by exchanging insights on market structures, management practices, and governance standards.

A key focus of the partnership is to elevate corporate governance standards for institutional investors and listed companies. Both parties will also work to enhance oversight of listing compliance and promote companies listed on both markets. Additionally, they will explore opportunities for product development and cross-listing in securities and derivatives markets.

Vietnam’s Minister of Finance, Ho Duc Phoc, emphasized Singapore's pivotal role as a partner in various sectors, including economy, trade, investment, and finance. Notably, Singapore was the largest source of foreign direct investment (FDI) in Vietnam in the first half of the year, with a total registered capital of nearly USD 5.6 billion. Singapore also ranks as one of Vietnam's top trading partners.

Minister Phoc expressed a desire for support from Singapore's Ministry of Finance in modernizing tax and customs administration and enhancing system security. He also proposed collaboration in building the capacity of securities regulators and stock exchanges, as well as developing carbon credit trading.

Singapore's Second Minister for Finance, Chee Hong Tat, welcomed Minister Phoc's proposals. He indicated Singapore's willingness to share its expertise in tax and customs operations with Vietnamese counterparts, aiming to generate mutual benefits and create new opportunities for businesses in both countries.

This agreement marks a significant step in strengthening financial ties between Vietnam and Singapore. It is expected to enhance market operations, improve corporate governance, and create new investment opportunities for businesses and investors in both nations. Hanoitimes

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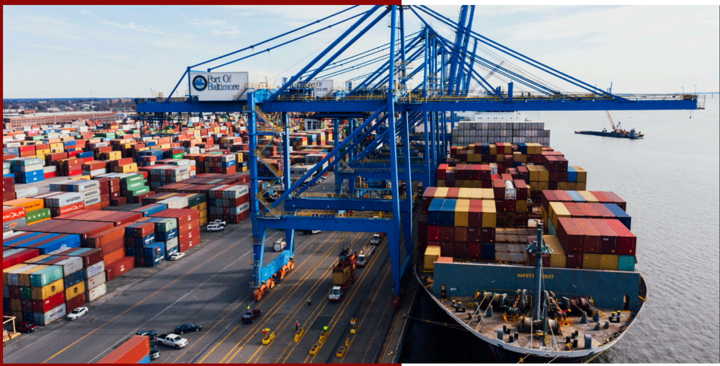

Vietnam's ports saw significant growth in sea-going vessel traffic in first half of 2024

In the first half of 2024, Vietnam's ports saw significant growth in sea-going vessel traffic, with over 50,000 vessels passing through, a 4% increase from the same period last year, according to the Vietnam Maritime Administration. The number of foreign vessel arrivals surged by 9% to nearly 24,000, while domestic vessel arrivals slightly decreased to about 26,500.

International vessel entries and exits increased by 18%, totaling around 3,560 trips. Conversely, domestic route trips experienced a 3% decline, with 22,968 trips recorded. However, domestic vehicle traffic grew by 12%, reaching nearly 186,000, including 28,689 trips by registered river-sea compatible ships (VR-SB), marking a 12% rise.

The increase in vessel traffic is attributed to a significant rise in cargo volumes. Ports processed over 426 million tons of goods, an 18% increase, with sea transport handling 296 million tons and inland waterways carrying over 130 million tons.

The international passenger market also saw growth, with over 4.3 million passengers recorded. Of this total, international passengers comprised 564,400, primarily on mainland-to-island routes, constituting 90% of the total passenger traffic.

This growth highlights Vietnam's expanding maritime activity and the increasing importance of its ports in global trade. The rise in foreign vessel arrivals and the overall increase in cargo volume reflect the country's strengthening position in the international logistics and shipping industry.

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Vietnam E-commerce to reach an estimated $38.26 billion by 2028

Vietnam is the 21st largest market for eCommerce, with a projected revenue of $23.84 billion by 2024, surpassing Iran. The market is expected to grow at a compound annual growth rate (CAGR) of 12.6% from 2024 to 2028, reaching an estimated $38.26 billion by 2028. In 2024, Vietnam's eCommerce market is anticipated to grow by 16.3%, contributing to the global growth rate of 10.1%.

The Vietnamese eCommerce market consists of seven key segments. Electronics is the largest, accounting for 24.4% of the market revenue, followed by Fashion at 19.4%, Hobby & Leisure at 19.2%, Furniture & Homeware at 11.7%, Grocery at 10.0%, Care Products at 8.0%, and DIY at 7.4%.

In July 2024, the monthly eCommerce revenue in Vietnam was $1.83 billion, reflecting a decrease of 17.9% compared to June 2024. Over the past year, June 2024 recorded the highest monthly revenue share with 9.3% of the total 2024 revenue, while August 2023 had the lowest with 7.1% of the total 2023 revenue.

The online share, which represents the portion of retail volume transacted via the Internet through desktop PCs, tablets, or smartphones, is currently 7.3% in Vietnam's retail market. This share is projected to grow at an average rate of 5.2%, reaching 9.0% by 2028. ECDB

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The MoIT is considering raising the purchase rate for excess electricity to 20% in northern Vietnam

The Ministry of Industry and Trade (MoIT) is considering raising the purchase rate for excess electricity to 20% in northern Vietnam, double the rate proposed for the central and southern regions. This was discussed during a meeting in the end of July, focusing on refining the draft decree for promoting self-produced and self-consumed rooftop solar power. Deputy Prime Minister Tran Hong Ha instructed the MoIT to assess this situation.

Previously, the MoIT had set the purchase price at VND671 (2.5 US cents) per kWh, but is now contemplating adopting net metering or the lowest bid price in a competitive electricity market at the time of purchase, aligning with new directives.

The German Development Agency (GIZ) has highlighted concerns that limiting power feeds into the grid could hinder the growth of the rooftop solar market and exacerbate future power shortages. GIZ recommends that rooftop solar installations be designed to accommodate appropriate capacity scales to prevent surplus production and facilitate efficient partial grid feed-in systems. Feed-in limits should be adaptable based on the real-time operations of the power system and current electricity demands.

Rooftop solar investor Nguyen Thanh Nam criticized the proposed purchase price of 2.5 US cents/kWh as insufficient. He argued that the current cap on feeding only 10-20% of generated capacity into the grid is excessively restrictive and suggested increasing this to 30%, alongside necessary price adjustments to ensure financial viability. Nam highlighted that households, particularly those active during peak evening hours, see little benefit from these installations under the current scheme.

A senior official from the Department of Electricity and Renewable Energy at the MoIT emphasized that rooftop solar development must align with the National Power Development Plan VIII. The plan targets 50% of public buildings and residential structures to adopt rooftop solar by 2030, without imposing a capacity cap. The official stated that the percentage of capacity that can be integrated into the grid needs meticulous calculation and evaluation to ensure equitable benefits for the public and businesses.

The ultimate objective is to finalize a decree on self-produced and self-consumed rooftop solar that encourages participation, simplifies processes, minimizes investment costs, and prevents negative societal impacts and resource wastage. VIR

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The Vietnam Alcohol - Beer - Beverage Association to propose tax increase, which could reach 100% by 2030

A recent dialogue organized by Vietnam Economic Times (VET) on revising the excise tax law for alcoholic beverages gathered experts to explore the implications of proposed tax increases. The consensus was that any changes should balance stakeholder interests to ensure sustainable benefits.

Increasing taxes on alcohol aims to curb overconsumption and signal societal disapproval, according to experts. However, gradual tax hikes are essential to avoid public backlash and effectively change consumer behavior over time. Sudden and steep increases, as seen globally, can lead to unintended consequences.

Ms. Dinh Thi Quynh Van from PwC Vietnam pointed out that while incremental tax increases allow for market adjustments, excessively sharp hikes are rare. She suggested that taxing beverages based on alcohol content could encourage the production and consumption of lower-alcohol alternatives, aligning with public health goals.

Professor Vu Sy Cuong emphasized the importance of designing tax policies that balance costs and benefits. Effective policies should mitigate issues like tax evasion, smuggling, and the proliferation of counterfeit goods. He stressed the need for comprehensive assessments and accurate pricing data to ensure policy effectiveness.

Concerns were raised by Ms. Chu Thi Van Anh of the Vietnam Alcohol - Beer - Beverage Association about the proposed tax increase, which could reach 100% by 2030. She urged for clearer justifications and thorough impact assessments to prevent potential negative outcomes, such as increased consumption of illegal and counterfeit products that could harm public health and legitimate businesses.

The dialogue underscored the necessity for policies based on solid scientific evidence and comprehensive impact assessments. This includes considering both direct and indirect effects on consumers, businesses, and the broader economy. Additionally, regulatory agencies should enforce measures against smuggling and counterfeit goods to protect legitimate businesses and maintain tax revenue integrity.

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Substantial opportunities for Vietnam's industrial real estate growth

At the Vietnam Industrial Property Forum 2024, experts emphasized the stable growth of foreign investment as a cornerstone for the industrial property sector. Vu Van Chung, deputy general director of the Foreign Investment Agency, highlighted Vietnam's competitive advantages, including its robust economy, extensive free trade agreements, and a large, youthful workforce. These factors make Vietnam an attractive long-term investment destination, presenting substantial opportunities for industrial real estate growth.

Chung noted a shift towards cooperative development and government efforts to refine preferential policies to attract key industries. This is expected to enhance foreign investment and the industrial real estate market.

Despite global economic challenges, Vietnam continues to attract significant FDI, with 2023 seeing over $39.4 billion in registered capital and $23.2 billion in disbursed capital. In the first seven months of 2024, newly registered capital exceeded $18 billion. Large-scale projects in semiconductors, energy, and electronics underscore Vietnam's emergence as a key player in the semiconductor supply chain, attracting major corporations.

Hardy Diec, COO of KCN Vietnam, warned against complacency amid rising competition from neighboring countries. Continuous innovation and improved consulting services are crucial for sustaining FDI. Truong An Duong of Frasers Property Vietnam highlighted the dominance of the manufacturing sector in FDI and its driving demand for industrial real estate.

Vietnam's infrastructure investments, including roads, airports, and energy, enhance its competitiveness. However, the country faces stiff competition from regional neighbors. Trang Le of JLL Vietnam highlighted Vietnam's exceptional FDI growth, noting significant progress in industrial development.

Eco-industrial parks are becoming a priority as Vietnam moves towards green investment, with plans to convert existing industrial parks into eco-parks. Michael Piro of Indochina Capital noted that green real estate commands a premium, urging market participants to embrace green transformation for added value. VIR

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