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Vietnam is expected to benefit significantly from Southeast Asia's accelerated growth

Moody's has projected a positive economic outlook for the Asia-Pacific region in 2025, with Southeast Asia experiencing accelerated growth. Vietnam is expected to benefit significantly from this trend, driven by trade, investment, consumption, and supportive fiscal policies, including anticipated monetary easing at the beginning of the year.

Vietnam's GDP growth is forecasted to increase to 6.5% in 2025, up from 5.0% in 2024, fueled by rising global demand for goods. The report highlights that both domestic and international investments are bolstering economies in Southeast Asia, particularly in Malaysia and Vietnam.

While Malaysia and Thailand are also experiencing growth, it is at a slower rate. Singapore's growth remains stable but subdued, reflecting its status as a developed economy.

The Philippines and Indonesia, although growing similarly to Vietnam, are less integrated into the global economy. However, ongoing infrastructure improvements in these countries are expected to support their continued growth. The report also notes potential risks, particularly for the Philippines, and recommends effective execution of its plans. Indonesia may face challenges until President Prabowo Subianto takes office in October 2024.

Overall, investment spending is strengthening the Asia-Pacific economy, with fiscal policies in India and China, especially China's support for manufacturing loans, contributing to growth in these major economies. VNA



Railway to be as part of its long-term transport infrastructure

Vietnam's Ministry of Transport is prioritizing the development and funding of the national railway as part of its long-term transport infrastructure plans, aiming to leverage rail's capacity for large-volume, fast, safe, and environmentally friendly transportation. The plan, which extends to 2030 with a vision toward 2050, addresses the current imbalance in the country's transport investments, which have primarily focused on roads, marine, air, and inland waterways, leaving the railway system outdated and underfunded.

Lưu Quang Thìn, Deputy Director of the Department of Planning and Investment, highlighted the stagnation of urban railway projects in major cities like Hà Nội and Ho Chi Minh City, which has hampered efforts to reduce traffic congestion and environmental pollution. To address this, the Ministry of Transport plans to develop the North-South high-speed railway and accelerate urban railway projects to improve connectivity and create a more efficient passenger transport network.

An estimated \$151.2 billion will be needed by 2030, and \$312 billion by 2050, to modernize the railway infrastructure. Additionally, the ministry aims to expand the expressway network to 5,000 km by 2030, requiring \$24.8 billion, with a focus on routes connecting economic hubs, seaports, airports, and border gates.

Investment in inland waterways will require \$10.8 billion by 2030, while marine transport upgrades will need \$4.16 billion. Air transport development, including upgrades to 22 airports and construction of new ones, is estimated to cost \$17.1 billion by 2030.

To attract investment, the ministry plans to enhance the legal framework and develop a list of projects for public-private partnerships and foreign investments, supporting Vietnam's continued infrastructure growth. VNS

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E-commerce is propelling Vietnam forward in global trade

The 4th Industrial Revolution has significantly transformed e-commerce into a crucial tool for businesses, enabling them to diversify sales channels and connect swiftly with buyers, partners, and orders. This shift is propelling Vietnam forward in global trade, as noted by industry experts.

Nguyen Thi Minh Huyen, Deputy Director of the Vietnam E-commerce and Digital Economy Agency under the Ministry of Industry and Trade, highlighted that e-commerce is now the preferred trading method for businesses and consumers in Vietnam. As the economy grows, she emphasized the need for businesses to narrow the gap in exporting Vietnamese goods to the global market through digital platforms.

The rapid growth of e-commerce, particularly in cross-border trade, has been fueled by leading platforms like Shopee, Lazada, Tiki, Sendo, and TikTokshop. In the first half of 2024, sales on these platforms reached an estimated VND 156 trillion (over US\$6.25 billion), marking a 78% increase from the previous year, according to the e-commerce data platform Metric.

The variety of products purchased online has expanded, with essentials such as food, beverages, and personal care products leading the way, followed by fashion, sports equipment, home care, and technology.

The growing shift to online shopping presents new opportunities for businesses to leverage digital platforms. E-commerce and online export channels are becoming vital for accessing global markets more efficiently. The sector is currently outpacing overall retail growth, with total retail sales of goods and consumer services in the first half of 2024 increasing by 5.7%, compared to 8.8% in the same period in 2023.

Moreover, statistics from the MoIT's Export and Import Department reveal that 32% of small- and medium-sized enterprises (SMEs) in Vietnam have established business relationships with foreign partners through online platforms. This enables them to diversify sales channels, directly reach global buyers, and reduce costs related to building supply chains and establishing representative offices abroad. Market forecasts suggest Vietnam's cross-border export turnover will continue to grow, reaching US\$11.1 billion in 2025. VNA

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Vietnam emphasize hydrogen's role in achieving net-zero emissions goals

Vietnam's green hydrogen market, though in its early stages, is gaining momentum. Recent developments, such as the Power Development Plan VIII and the national hydrogen energy strategy, emphasize hydrogen's role in achieving Vietnam's net-zero emissions goals. Significant private sector interest is emerging, with large-scale projects in provinces like Quang Tri and Tien Giang, and smaller initiatives in niche industries like textiles.

Currently, Vietnam produces 500,000 tonnes of hydrogen annually, primarily for the chemical and oil sectors. The national hydrogen strategy, approved in February, sets ambitious targets: producing up to 500,000 tonnes by 2030 and scaling to 10-20 million tonnes by 2050. This strategy aims to integrate hydrogen across various industries and build essential infrastructure.

Vietnam's hydrogen market has significant potential, especially for decarbonizing key industrial sectors and aligning with global low-emission regulations. In the short term, sectors like steel and shipping will likely drive market growth. As policies evolve and technology costs decrease, broader applications in power generation and transportation are expected. By 2050, the local market could expand to 16 million tonnes.

To harness this potential, Vietnam should create incentives for green hydrogen adoption, lower renewable energy production costs, develop infrastructure, and engage in international cooperation to accelerate market development. VIR

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Vietnam's food and beverage industry may face significant challenges this year

In the first half of this year, Vietnam's food and beverage (F&B) industry saw the closure of approximately 30,000 stores, marking a 4% year-on-year decline in total outlets, now numbering around 304,700. This trend, highlighted in a report by iPOS.vn, reflects significant challenges in the sector.

Ho Chi Minh City was hit hardest, with a 6% reduction in F&B stores, while Hanoi bucked the trend with a slight 0.1% increase. Despite these closures, the industry's revenue exceeded VNĐ400 trillion (\$16 billion) in the first six months, buoyed by a 4.08% rise in the consumer price index and a 2.75% increase in core inflation.

Interestingly, the number of people dining out once or twice a week rose by 4.1%, showing that economic difficulties had not drastically reduced dining frequency. However, spending on cafes decreased, with fewer consumers willing to spend over US\$ 4.2 per cup, favoring mid-range options instead.

The report attributes the industry's resilience to the adaptability of Vietnamese F&B businesses. By swiftly adjusting operations, cutting costs, and introducing new products, these businesses have managed to attract diners despite the economic downturn.

This period of fluctuation underscores the industry's ongoing challenges, but also highlights the flexibility and innovation of Vietnamese F&B operators in navigating a tough market. VNS

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Hong Kong companies continue to solidify their position as key foreign investors in Vietnam

Hong Kong companies continue to solidify their position as key foreign investors in Vietnam, with a focus on diversifying activities across multiple sectors. In early August, a delegation led by John Lee, Chief Executive of the Hong Kong Special Administrative Region, visited Vietnam, accompanied by leaders from 30 prominent enterprises. These companies, spanning sectors such as finance, technology, infrastructure, and logistics, exchanged 30 Memorandums of Understanding (MoUs) with Vietnamese entities, covering areas like trade, investment, and tourism.

John Lee highlighted Vietnam as Hong Kong's seventh-largest merchandise trading partner globally and emphasized the region's commitment to investing in Vietnam's sustainable economic growth. Key industries like manufacturing, high-tech, and renewable energy are seen as attractive opportunities for Hong Kong businesses.

Prominent Hong Kong companies such as Sun Wah Group, Jardine Matheson, and Lee & Man Paper Manufacturing have long been active in Vietnam, contributing significantly to sectors like real estate, manufacturing, and technology. Hong Kong also serves as a gateway for Chinese companies entering Vietnam, further enhancing its role as an international business connector.

In addition to traditional sectors, Hong Kong investors are increasingly interested in technology, green energy, and environment-related services, driven by Vietnam's growing middle class and rising consumer demand. Recent MoUs between Hong Kong-based Kingboard, Computime, and Standard Chartered Bank underline this trend, focusing on expanding business operations in Vietnam with a strong emphasis on sustainable practices.

Hong Kong's advancements in green technology and smart manufacturing, supported by robust research and development, position it as a crucial partner for ASEAN businesses seeking collaboration and green financing opportunities. VIR

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