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Vietnam focus on supporting innovative startups and transitioning towards a green economy

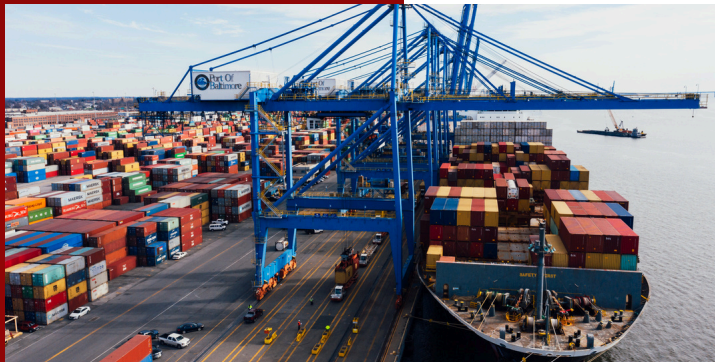
Vietnam must continue to innovate its growth model by focusing on high technology, supporting innovative startups, and transitioning to a green economy, experts have urged. Prime Minister Pham Minh Chinh, during the third meeting of the sub-committee for socio-economic affairs, emphasized that economic development remains a central priority. He advocated for revitalizing traditional growth drivers such as investment, exports, and consumption while promoting new growth avenues in the digital economy, green economy, circular economy, and knowledge economy.

Vietnam's strategy involves mobilizing resources through enhanced public-private partnerships and prioritizing public investment to catalyze private investment, thereby activating all social resources for growth and development. The government is also focusing on supporting innovative startups and transitioning towards a green economy. Despite robust GDP growth, with a 6.42% increase in the first half of 2024, the country faces challenges in transitioning to a more modernized economy. Experts like Associate Professor Bui Quang Tuan have noted that Vietnam's economic structure still heavily relies on capital and human resources, with slow progress in areas like total factor productivity (TFP) and labor productivity.

Investment in science, technology, and innovation remains low, with Vietnam spending only about 0.56% of GDP on these areas, far below the global average of 2.2%. Moreover, private sector investment in research and development is minimal, accounting for just 0.44% of total investment. This lag in innovation and productivity has contributed to the country's slower transition to a service-oriented economy and limited progress in green growth initiatives.

Experts highlight the importance of focusing on new growth drivers, such as science, technology, digital transformation, and green transformation, to achieve quality growth. They also stress the need for Vietnam to attract high-quality talent, develop supportive institutions, and foster green and digital ecosystems to drive sustainable development. The integration of new technologies, such as AI, blockchain, and the Internet of Things, is seen as crucial in optimizing production processes and reducing environmental impacts, positioning Vietnam for a more sustainable and innovative future. VNS

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Vietnam prioritize mechanisms and policies to ensure the safe and efficient growth of seaport infrastructure

Deputy Prime Minister Tran Hong Ha has emphasized the importance of prioritizing mechanisms and policies that ensure the safe and efficient growth of Vietnam's seaport infrastructure, aiming to attract investments from leading global shipping lines. He stressed the need for a "dynamic and open" approach to adapt to technological advancements and international changes. This was discussed during a meeting focused on the Detailed Master Plan for Seaport Groups, which outlines plans for ports, terminals, wharves, and floating docks from 2021 to 2030, with a vision extending to 2050.

Deputy Minister of Transport Nguyen Xuan Sang highlighted the plan's significance in refining Vietnam's broader seaport system master plan. The plan includes detailed projections for each seaport, specifying the number of berths and docks needed by 2030, and estimating the scale of major port areas from 2030 to 2050 to attract comprehensive investment. Key areas of focus include Nam Do Son, Con Ong-Hon Net, Lien Chieu, Can Gio, Cai Mep Ha, and Tran De.

By 2030, Vietnam's total cargo volume is expected to exceed 1,249-1,493 million tonnes, with container cargo ranging from 46.3 to 54.3 million TEUs. Passenger numbers are projected to reach 17.382-18.845 million trips. The plan also updates Ho Chi Minh City's seaport to incorporate the Can Gio International Transshipment Port, aiming to optimize seaport infrastructure investment and ensure a systematic connection among seaports nationwide.

Additionally, Deputy PM Ha reviewed the Saigon Gateway International Transshipment Port Project in Can Gio District, which is under consideration for investment policy approval. The project, with a total investment of over \$4 billion, will span seven phases over 22 years. Ha emphasized that the environment must not be compromised and that the project must align with modern, environmentally friendly port operation technologies to protect the ecological environment, particularly the Can Gio Mangrove Biosphere Reserve. VNS

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Imported goods through e-commerce will be closely monitored

The Ministry of Finance is tasked with developing solutions to closely monitor imported goods through e-commerce, ensuring compliance with Vietnam's international commitments.

E-commerce has been steadily rising in Vietnam, presenting both opportunities and challenges. In response, the Ministry of Industry and Trade is responsible for proposing tax policies to incentivize investment in industries that can produce goods to replace imports, thereby reducing reliance on foreign products.

The Prime Minister emphasized the importance of completing projects that enhance production capacity and activate domestic markets. Key policies should focus on boosting local consumption and investing in sectors where Vietnam holds a competitive edge. Additionally, efforts should be made to integrate domestic businesses into the supply chains of foreign-invested companies, lower regional transportation costs, and relocate enterprises to areas with competitive labor and production costs.

Chinh also underscored the necessity of adopting digital technologies like AI, big data, and blockchain to streamline administrative procedures and bolster domestic trade. The Ministry of Industry and Trade is tasked with strengthening the link between production and distribution, reinforcing value chains, and organizing nationwide promotional programs to boost domestic consumption. Special attention should be given to promoting locally made products on e-commerce platforms.

Other measures include supporting businesses facing trade remedy investigations, resolving issues in industrial production projects, and speeding up the disbursement of funds for trade promotion programs. The Ministry of Finance is also directed to explore ways to control imports via e-commerce and propose tax policies that attract investment in domestic production.

The State Bank of Vietnam is instructed to prioritize lending to the business and consumption sectors, while the Ministry of Agriculture and Rural Development is to focus on supporting agricultural product consumption and promoting exports, especially to neighboring markets like China. Local governments are encouraged to resolve land issues to facilitate business expansion, and industry associations are urged to monitor market trends and provide timely support to enterprises.

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Potential collaboration between Germany and Vietnam in energy transition efforts

In July, the Vietnamese government issued Decree No.80/2024/ND-CP, also known as the Direct Power Purchase Agreement (DPPA) decree, marking a significant step for the energy sector, particularly for renewable energy development. Dr. Oliver Massmann, General Director of Duane Morris Vietnam LLC, has expressed optimism about the decree, highlighting its potential to attract increased investment in Vietnam's renewable energy sector. However, he also pointed out the need for further guidance on participation procedures, contract forms, and eligible parties to ensure the decree's effective implementation.

Drawing from Germany's experience with renewable energy policies, Dr. Massmann suggests that Vietnam could benefit from providing clear, detailed guidelines to address existing ambiguities in the DPPA decree. Germany's comprehensive legal framework, which includes the Grid Expansion Acceleration Act and the Renewable Energy Act, offers valuable lessons. These laws incentivize renewable energy use, streamline grid planning, and minimize the emphasis on sub-licences—an approach Vietnam could adopt to improve the DPPA's effectiveness.

Dr. Massmann also sees potential for collaboration between Germany and Vietnam in energy transition efforts. He believes Germany's expertise in grid expansion and investment screening could aid Vietnam in developing mechanisms to promote grid infrastructure and regulate foreign investments in the energy sector. Such collaboration could be facilitated through training, expert assignments, and bilateral treaties, enhancing Vietnam's capacity to achieve its renewable energy goals. VIR

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The surge of foreign brands is reshaping Vietnam's retail landscape

Vietnam's retail market is witnessing a significant influx of international brands, signaling a robust potential for expansion. However, this trend has raised concerns about the competitive pressure on local businesses.

The second quarter of 2024 saw Ho Chi Minh City's retail space grow by 48,000 square meters, primarily due to the opening of the Vincom Mega Mall Grand Park in Thu Duc City. This expansion is part of a broader trend where over 70% of HCMC's retail space is now outside central areas, with shopping malls dominating the market. The Vincom Mega Mall, for instance, quickly achieved a 90% occupancy rate, attracting major international tenants like South Korea's CGV and Japan's Uniqlo.

The surge of foreign brands, particularly in the luxury segment, is reshaping Vietnam's retail landscape. High-end brands like Hermès, Piaget, and Cartier have recently opened flagship stores in major cities, reflecting the growing demand among Vietnam's rising middle and upper classes. This demand is driven by Vietnam's impressive economic growth, with an increasing number of affluent consumers seeking quality and brand prestige.

Despite the dominance of international players, the influx of these brands is not solely negative for the local market. It brings new standards, technologies, and business models that can enhance the overall consumer experience. Additionally, the presence of foreign brands can motivate domestic retailers to improve their offerings and leverage their local advantages, such as proximity to residential areas and an understanding of Vietnamese consumer preferences.

In conclusion, while the expansion of foreign brands intensifies competition, it also presents opportunities for domestic businesses to innovate and thrive. The evolving retail market in Vietnam is likely to benefit both consumers and businesses, fostering healthy growth and development. The investor

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Da Nang is strategically positioning itself as a key player in Vietnam's semiconductor industry

Da Nang is strategically positioning itself as a key player in Vietnam's semiconductor industry by focusing on three critical areas: policy, human resources, and infrastructure. At the Danang Semiconductor Investment Promotion Conference 2024, Vice Chairman Ho Ky Minh emphasized the significance of this sector in driving the city's socio-economic growth, especially after the recent enhancement of Vietnam-U.S. relations.

The city has introduced special policies under Resolution 136 to attract strategic investors. These include land lease incentives, tax exemptions, and financial support for research and development, equipment procurement, and skilled personnel recruitment. Investors are also offered a five-year corporate income tax exemption and personal income tax benefits for innovative startups.

Human resources are identified as the core of this development strategy. Da Nang is committed to training and retraining professionals in semiconductor fields, providing financial support for students, and offering allowances for workers in this sector.

Infrastructure is another key focus, with investments directed towards the high-tech zone and IT parks. The second phase of the Software Park 2 project is set to be operational by the end of 2024, catering to over 6,000 employees. Additionally, the city is planning new software parks and IT zones, along with specialized semiconductor production infrastructure within the Free Trade Zone to attract further investments.

Through these initiatives, Da Nang aims to establish itself as a hub for semiconductor innovation and investment in Southeast Asia. VNN

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