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Vietnam's economy could reach a size of US\$2 trillion by 2050

World Economic Forum Chairman Klaus Schwab has projected that Vietnam's economy could reach a size of US\$2 trillion by 2050. Speaking at an economic forum in Ho Chi Minh City on October 6, Schwab highlighted Vietnam's key growth factors: a market of over 100 million consumers, strong economic performance, and a young population with a median age of just over 30.

Schwab emphasized that developing a knowledge economy is essential for Vietnam to achieve its goals. He noted that continuous learning and adaptability are crucial for workers to stay competitive in a rapidly evolving technological landscape. Transitioning to a knowledge-based economy requires restructuring, with people at the core of this transformation.

Ho Chi Minh City, with its young and tech-savvy workforce, is well-positioned to lead this shift. However, the WEF founder stressed the need for education and training reforms to align skills with the economy's demands.

Schwab identified four areas where technology is reshaping Vietnam's future: artificial intelligence, automation, digital services, and sustainable development. Yet, he also warned of challenges such as social inequality and unemployment, which require careful management to mitigate risks. VOV

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The high-speed rail project is a significant step in improving Vietnam's transport infrastructure

Prime Minister Pham Minh Chinh chaired a meeting on October 5 to discuss the implementation of the North-South high-speed rail project and several rail projects connecting Vietnam with China. The high-speed rail line, designed to cover 1,541 km with a maximum speed of 350 km/h, will connect 23 passenger stations and five cargo stations, running from Ngoc Hoi Station in Hanoi to Thu Thiem Station in Ho Chi Minh City. The project, estimated at US\$67.34 billion, is a significant step in improving Vietnam's transport infrastructure.

During the meeting, the Ministry of Transport, along with other relevant ministries, shared that they have studied high-speed rail technology from six countries and gathered insights from 22 countries to finalize the project. This major infrastructure development is awaiting consideration and approval in the upcoming National Assembly session later this month.

Additionally, the Ministry of Transport is working on three railway lines connecting Vietnam and China, including the Lao Cai - Hanoi - Hai Phong, Lang Son - Hanoi, and Mong Cai - Ha Long - Hai Phong routes, with a combined investment of nearly US\$24 billion.

PM Chinh emphasized the need to assess the project's overall benefits, not just economic factors, and ensure seamless integration with other transport modes such as aviation, maritime, and economic corridors. He also called for special mechanisms to streamline resource mobilization, investment procedures, land acquisition, and construction material sourcing.

The Prime Minister highlighted the importance of international cooperation for securing financial resources, technology transfer, human resource development, and expertise in managing and operating the railway. Deputy Prime Minister Tran Hong Ha has been assigned to oversee the implementation of the investment policy for the project. VOV

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China's Temu has officially launched in Vietnam

Temu has officially launched in Vietnam and Brunei, marking its expansion to five markets in Southeast Asia. This follows the platform's entry into the Philippines and Malaysia just over a year ago, and more recently, Thailand in July 2024. With these additions, Temu now operates in a total of 82 countries and territories as of October 7, 2024.

The launch in Vietnam has been anticipated since July, and while the site is now live, it offers limited features in its initial version. Currently, the platform is only available in English, supports credit card payments but not local e-wallets, and relies on two logistics providers, Ninja Van and Best Express, for delivery. These constraints suggest that further localization, including additional language, payment, and logistics options, will likely be introduced as Temu deepens its focus on the Vietnamese market.

Best Express, one of Temu's logistics partners, may be less familiar than Ninja Van to some, but it is a key player in Vietnam's e-commerce logistics landscape. Formerly one of China's leading express delivery companies, Best shifted its focus to international logistics after selling its domestic express business to J&T Express in 2021. Best Express' operations in Vietnam rank among the country's top e-commerce logistics providers, and the company also recently established a subsidiary in Indonesia.

Shipping times for orders in Vietnam are expected to be faster than in Temu's other Southeast Asian markets, with delivery estimated between 4-7 days, compared to 5-20 days for Malaysia and the Philippines. This efficiency is likely due to the ease of land transportation from Guangzhou to Vietnam. thelowdown.momentum.asia



Vietnam is seeking collaboration with Japan for hydrogen energy development strategy

On October 8, Vietnamese Consul General in Fukuoka, Vu Chi Mai, hosted a working session with the National Innovation Centre (NIC) delegation, led by Deputy Director Do Tien Thinh, to discuss Vietnam's hydrogen energy development strategy through 2030, with a vision for 2050. The session emphasized the importance of collaboration with Japan, particularly leveraging Fukuoka and Kyushu's strengths in hydrogen technology. Mai highlighted Japan's advantages in hydrogen development and expressed support for connecting Vietnam with Japanese partners to advance the policy framework, technology transfer, and high-quality human resource training in the field of hydrogen energy. This cooperation is vital for building and implementing Vietnam's hydrogen energy policy effectively.

Dr. Pham Hung Cuong, a researcher from the International Research Centre for Hydrogen Energy (IRCHE) at Kyushu University, provided insights into Japan's hydrogen development strategy and shared potential areas of cooperation with Vietnam, such as supporting the establishment of a hydrogen research laboratory at the NIC and training Vietnamese experts.

Thinh emphasized the NIC's mission to create a comprehensive innovation ecosystem, with a focus on AI, semiconductor technology, and hydrogen technology. He sought ongoing support from the Consul General and cooperation with IRCHE to establish a hydrogen research lab, train skilled personnel, and organize joint scientific workshops on hydrogen energy in both Vietnam and Japan.

The NIC delegation also visited the IRCHE at Kyushu University on the same day to explore further collaboration opportunities. VOV



Vietnam's food and beverage industry is projected to grow by 10.92% in 2024

Vietnam's food and beverage (F&B) industry is projected to grow by 10.92% in 2024, reaching over VND720 trillion (US\$29.8 billion), according to the Ministry of Industry and Trade (MoIT). Business optimism in the sector has surged significantly, with expectations for industry growth rising from 61.6% to 87.6%. A recent Vietnam Report survey shows that 62.5% of F&B companies expect the sector to grow by 5–10% this year.

Consumer confidence in their financial outlook has also improved, with 52.7% of consumers expecting a slight income increase and 21.8% expecting a significant boost in the next 12 months. Decree No. 74/2024/NĐ-CP, which regulates regional minimum wages, is expected to further stimulate consumer spending, particularly during the year-end season.

However, businesses still face challenges. Shifting consumer behavior, particularly the growing emphasis on sustainability, health, and corporate social responsibility, has posed difficulties for 72.2% of F&B companies. Additionally, the rise of e-commerce and the need for digital sales channels have forced businesses to adapt quickly. Large inventories are also a concern, with 44.4% of companies struggling with stock management and the risk of product value depreciation.

Despite these challenges, key growth drivers include the booming e-commerce sector and the recovery of tourism, which 50% of F&B companies view as a major growth factor for 2024. VNS

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European businesses remain optimistic about investment into Vietnam

European businesses remain optimistic about Vietnam's economic prospects, despite challenges posed by Typhoon Yagi. According to EuroCham Vietnam's Q3/2024 Business Confidence Index (BCI) report, the BCI score rose from 45.1 points in Q3/2023 to 52 points, indicating a strong recovery. The survey, which involved EuroCham's network of 1,400 members, revealed that nearly half (47.4%) of respondents are optimistic about the coming quarter, and 69.3% foresee a favorable business environment over the next five years.

Despite Typhoon Yagi's impact on northern Vietnam's infrastructure and agriculture, leading to a projected GDP reduction of 0.15% in 2024, European businesses continue to view Vietnam as a prime investment destination, with 67% recommending the country.

The new direct power purchase agreement (DPPA) decree, issued in July, has also fueled interest in renewable energy, with nearly 30% of respondents expecting to benefit from it. Additionally, 47.4% of businesses are confident they can transition fully to renewable energy by 2050.

Digitalization is another area for growth, as 46.1% of companies report adopting AI/ML, although most are still in the early stages. Rising airfares have also prompted businesses to reconsider travel strategies, with over 40% becoming more selective or reducing travel altogether.

EuroCham's chairman, Bruno Jaspaert, emphasized Vietnam's resilience and adaptability, underscoring the country's growing role as a strategic business hub. VIR

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