



Top News

Vietnam's ambition to become a high-income country by 2045

Posco Group has announced its interest in developing the US\$ 2.2 billion Quynh Lap LNG thermal power plant

Also in the issue

The Vietnam Chamber of Commerce and Industry has proposed to apply 8% VAT for all goods and services

Legal frameworks is to be reviewed to better govern e-commerce activities

Vietnam's M&A capture the attention of global investors

Long An International Port to transform into a key logistics hub linking the Mekong Delta





Vietnam's ambition to become a high-income country by 2045

Vietnam's ambition to become a high-income country by 2045 hinges on advancing its role in global value chains, according to the World Bank's recent report, "Vietnam 2045: Trading Up in a Changing World – Pathways to a High-Income Future."

Over the past 40 years, Vietnam has leveraged global market integration to drive one of the world's fastest economic expansions. Currently, half of the nation's GDP and one in every two jobs are linked to exports, underscoring its position as one of the most open economies globally. Building on this success, Vietnam now aims to sustain annual per capita GDP growth of 6% over the next two decades.

To achieve this goal, Vietnam must transition from labor-intensive, low value-added manufacturing to high-value industries and services. Investments in technology, workforce skills, and innovation are crucial for this shift. At the same time, the country must navigate growing global trade uncertainties and diversify its trade and investment partnerships to build resilience.

The World Bank highlights a strategic roadmap for Vietnam, including deepening regional trade integration, linking domestic firms to global supply chains, promoting technology-intensive industries, and adopting low-carbon, climate-resilient practices. These steps will enhance productivity, attract private investment, and elevate Vietnam's global economic position.

As Vietnam embraces this transformation, it stands at a critical juncture to redefine its economic trajectory. By moving up the value chain and fostering sustainable growth, Vietnam is poised to realize its vision of becoming a modern, high-income nation by 2045. Vneconomy

[Back to top](#)



Long An International Port to transform into a key logistics hub linking the Mekong Delta

Long An Province is leveraging its strategic location and introducing favorable policies to attract investment and enhance socio-economic development. Central to its vision is the transformation of Long An International Port into a key logistics hub linking the Mekong Delta and the southern economic region.

Currently equipped with seven berths accommodating vessels of up to 70,000 DWT and extensive warehouse facilities, the port is poised for expansion. Plans include nine berths for vessels up to 200,000 DWT, positioning the port to meet international logistics and trade demands.

Mai Văn Nhiều, Permanent Vice Chairman of Long An Provincial People's Council, highlighted ongoing investments in high-quality inter-regional infrastructure and incentive policies aimed at establishing the province as a vital cargo transit hub. However, attracting major shipping lines remains a challenge due to competitive costs at alternative ports.

To address this, Long An is implementing a "three-party solution," fostering collaboration among port operators, cargo owners, and international shipping lines. This innovative approach includes financial incentives to offset additional costs, with contributions from the state budget and stakeholders.

Vice Chairman Nguyen Minh Lam emphasized the importance of these initiatives in maximizing the port's capacity, driving sustainable growth, and boosting the province's competitiveness. Success in attracting container traffic would not only benefit Long An International Port but also invigorate the regional logistics sector, solidifying the province's role in Vietnam's economic landscape. VNS

[Back to top](#)



Legal frameworks is to be reviewed to better govern e-commerce activities

Vietnam's e-commerce sector is expanding rapidly, offering opportunities for businesses and consumers alike. However, challenges such as counterfeit goods, tax evasion, and consumer protection issues have prompted Prime Minister Pham Minh Chinh to call for enhanced state management.

The Ministry of Industry and Trade has been tasked with reviewing and updating legal frameworks to better govern e-commerce activities, particularly cross-border transactions. Efforts will also focus on educating businesses and consumers about compliance and protection in the digital space.

To combat fraud, the Ministry of Public Security is implementing electronic authentication systems to verify participants in e-commerce transactions. Strengthened cybersecurity measures and strict penalties for violators are also priorities.

The Ministry of Finance has been directed to revise Decree No. 123/2020/ND-CP to streamline invoice and receipt management in the e-commerce landscape. Meanwhile, the Ministry of Information and Communications will propose stricter penalties and mechanisms to regulate platform operations, including suspensions and license revocations for non-compliance.

To support digital business models, the Ministry of Planning and Investment will develop tailored regulations for business registration in e-commerce. Additionally, the Ministry of National Defence will bolster cybersecurity efforts, combat high-tech crimes, and curb smuggling in online trade.

These coordinated measures aim to foster a sustainable and transparent e-commerce ecosystem in Vietnam, addressing rapid sectoral growth while safeguarding national interests, consumer rights, and market fairness. By intensifying oversight, Vietnam is positioning itself as a leader in responsible e-commerce development. VNS



Posco Group has announced its interest in developing the US\$ 2.2 billion Quynh Lap LNG thermal power plant

South Korea's Posco Group has announced its interest in developing the \$2.2 billion Quynh Lap LNG thermal power plant in Vietnam's Nghe An province. The project is a key component of Vietnam's National Power Development Plan VIII (PDP 8), emphasizing the country's shift toward cleaner energy sources.

During a November 20 meeting with Deputy Minister of Industry and Trade Nguyen Hoang Long, Posco International's managing director, Kim Dae Yeon, highlighted the company's experience in managing large-scale energy projects, including the Mong Duong II coal-fired power plant. Kim affirmed Posco's readiness to support Vietnam's energy sector. The deputy minister welcomed Posco's proposal, urging compliance with Vietnam's bidding regulations.

The 1,500-MW Quynh Lap plant will feature LNG-fired power generation, a gas terminal, and facilities to receive LNG shipments of up to 100,000 DWT. The plant's annual LNG input is estimated at 1.15 million tonnes, with commercial operations targeted before 2030.

Posco's interest adds to an already competitive field. Other contenders include a consortium led by PV Power with SK E&S Co., Sumitomo Corporation, Power Generation Corporation 1, and a joint bid by Viet Thanh Bamboo Energy and Qatar's Gulf Petroleum. Each group has submitted detailed land and water usage proposals, reflecting the project's strategic importance.

Posco's proven track record, including a \$12.8 million profit in 2024 from Mong Duong II operations, positions the company as a strong candidate. If selected, Posco's expertise could bolster Vietnam's efforts to secure stable and sustainable energy infrastructure for its growing economy. VIR



The Vietnam Chamber of Commerce and Industry has proposed to apply 8% VAT for all goods and services

The Vietnam Chamber of Commerce and Industry (VCCI) has proposed a two-percentage-point reduction in value-added tax (VAT) for all goods and services, emphasizing its potential to stimulate consumer spending and ease tax compliance for businesses.

The Ministry of Finance plans to reduce VAT from 10% to 8% on most goods during the first half of 2025, excluding sectors like telecommunications, finance, and real estate. While the VCCI supports this move, it argues that extending the reduction to all sectors would maximize its effectiveness and minimize administrative complexity.

Businesses often struggle with unclear guidelines when classifying goods for tax purposes, leading to inconsistent application and increased operational burdens. The lack of clarity in Vietnam's industry coding system has compounded these challenges, forcing companies to navigate confusing processes and incur additional costs.

A broader VAT cut would simplify compliance and provide equitable benefits across industries. In 2023, a similar reduction saved businesses and consumers approximately \$921 million, and the 2024 policy could bring savings of up to \$1.93 billion.

VCCI highlights the urgent need for streamlined procedures to accompany the tax reduction, ensuring businesses can easily adopt the policy and focus on growth. Simplifying tax compliance will reduce risks and strengthen businesses' ability to contribute to economic recovery.

As Vietnam navigates global economic challenges, a comprehensive VAT reduction could serve as a crucial lever to bolster consumer demand and foster long-term growth. The Saigontimes



Vietnam's M&A capture the attention of global investors

Vietnam's M&A landscape is diversifying as emerging sectors like semiconductors, data centres, and liquefied natural gas (LNG) capture the attention of global investors, alongside traditional industries such as financial services, healthcare, real estate, and energy.

In late October, Vingroup signed an MoU with Benya Technologies, a Middle East and Africa investment group, to develop a \$3.5 billion hyper-scale data centre and related infrastructure. The centre, planned in three phases with a capacity of 300MW, aims to serve both domestic and international digital infrastructure needs, bolstering Vietnam's digital economy.

In the semiconductor sector, South Korea's SK Group acquired ISCVina Manufacturing for \$300 million, reflecting the increasing investor interest in high-tech manufacturing. Despite the sector's potential, experts like Eric Johnson of Freshfields Bruckhaus Deringer note that investable opportunities are still limited, with energy constraints and labour expertise being key challenges.

LNG projects are also gaining traction. In March, AG&P LNG, a subsidiary of Nebula Energy, acquired 49% of Cai Mep LNG Terminal in Ba Ria-Vung Tau province, aligning with expectations of pro-LNG policies and rising demand.

M&A activity remains strong in traditional sectors, which accounted for 57% of the total M&A value in the first nine months of 2024, according to FiinGroup. However, emerging fields are gaining momentum due to Vietnam's economic growth, supply chain shifts, and regulatory reforms like the 2023 Law on Telecommunication, which permits full foreign ownership of data centre companies.

Singapore's MI Limited, for example, recently acquired a 70% stake in ADG National Investment and Technology Development Corp for \$28.4 million, showcasing foreign investors' growing interest in Vietnam's tech ecosystem.

While challenges remain, Vietnam's strong economic fundamentals and improving investment policies continue to attract global investors to its expanding M&A market. VIR

[Back to top](#)



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