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Vietnam's inflation rate for 2024 is projected to range between 4% and 4.5%

Vietnam's inflation rate for 2024 is projected to range between 4% and 4.5%, exceeding the 3.5% recorded in 2023, according to the Banking Research Institute at the Banking Academy. The rise is attributed to global energy and food price pressures and domestic impacts, including Typhoon Yagi, which escalated production costs and consumer prices. Despite inflationary concerns, Vietnam's economy showed promising recovery signs in the first nine months of 2024. State budget revenues surged by 17.9% year-on-year to US\$ 57 billion, fueled by a robust rebound in trade and domestic economic activities. However, development investment spending dropped by 11.8% due to slow public investment disbursement early in the year. The government nonetheless maintained a budget surplus of nearly US\$ 7.56 billion, reflecting sound fiscal management.

The Ministry of Finance has outlined two inflation scenarios for 2024. The first scenario predicts a CPI rise of 3.7%, assuming stable energy and food prices. The second scenario forecasts a 3.92% CPI increase if adjustments in public service fees—such as healthcare, education, and electricity—are implemented.

Key risks for Vietnam's economy include exchange rate volatility, global political uncertainties, and potential declines in domestic consumption, which could dampen growth. To mitigate these risks, the government is pursuing measures like enhanced market monitoring, price management, and monetary policy adjustments.

Flexible strategies, including improved production cost efficiency and streamlined goods circulation, will be essential to maintaining economic stability and supporting growth in 2024. VNS

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Vietnam greenlights US\$ 67-billion North-South high-speed railway

Vietnam has taken a significant leap in infrastructure development as the National Assembly approved a \$67.5 billion high-speed railway connecting Hanoi and Ho Chi Minh City. This landmark decision, supported by 443 out of 454 legislators, sets the stage for one of the country's most ambitious transportation projects.

The proposed 1,541-kilometer railway will link Ngoc Hoi Station in Hanoi to Thu Thiem Station in Ho Chi Minh City, traversing 20 provinces and cities. It is designed to accommodate trains cruising at speeds of up to 350 kilometers per hour. The route includes 23 passenger stations and five freight terminals, ensuring it serves both civilian and strategic transportation needs.

The project will require approximately 26,760 acres of land and necessitate the relocation of over 120,000 residents. Funding for the railway will be allocated across three mid-term investment cycles:

- 2021–2025: \$22.4 billion for preparatory work.
- 2026–2030: \$35 billion for primary construction phases.
- 2031–2035: \$36.3 billion for completion.

This high-speed railway is expected to play a transformative role in Vietnam's logistics and supply chain landscape. By significantly reducing travel time between the nation's two largest cities, it will alleviate traffic congestion, enhance trade connectivity, and position Vietnam as a regional logistics hub.

The project aligns with Vietnam's broader goal of bolstering regional economic integration while addressing infrastructure bottlenecks. Upon completion, it will not only stimulate local economic development but also strengthen Vietnam's competitiveness in the global market, marking a milestone in the country's push towards modernization. The Saigontimes

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Rapid growth and favorable conditions help Vietnam to be a key player in Southeast Asia's e-commerce landscape

Vietnam is emerging as a key player in Southeast Asia's e-commerce landscape, driven by rapid growth and favorable conditions, according to a December 1 report by market research firm IMARC. With the global e-commerce market valued at \$26.8 trillion in 2024 and projected to reach \$214.5 trillion by 2033, Vietnam is positioned to play a pivotal role in this transformation.

The report highlights Vietnam's strong legal framework for e-commerce, making it one of the most business-friendly environments in ASEAN. E-commerce already constitutes over 60% of the country's digital economy, which is forecasted to reach \$220 billion by 2030. Key cities like Ho Chi Minh City and Hanoi are expected to become regional hubs for e-commerce activity.

IMARC projects a compound annual growth rate of 28% for Vietnam's e-commerce sector from 2025 to 2033, fueled by domestic platforms like Tiki and Sendo, alongside international investments from Japan, South Korea, and Singapore. South Korean e-commerce giant Coupang and major corporations like Samsung and LG are also eyeing Vietnam's market, focusing on logistics and technology solutions.

Seven factors make Vietnam a global e-commerce magnet: robust growth potential, strategic location, government reforms, economic stability, a growing middle class, digital transformation initiatives, and a tech-savvy workforce.

The International Monetary Fund predicts Vietnam's GDP will rank third in ASEAN by 2025 at \$571.12 billion, surpassing Thailand after 2028. This economic trajectory is expected to enhance purchasing power, attract more foreign investment, and solidify Vietnam's role as a regional digital economy powerhouse. VIR



Ninh Thuan nuclear power development plan resume help Vietnam to attain net-zero emissions by 2050

The Vietnamese Government has formally proposed resuming the Ninh Thuan nuclear power development plan, presenting the initiative to the National Assembly (NA) during its eighth session on November 27. If approved, the plan will be included in the resolution adopted by the 15th National Assembly.

Strong backing for the proposal has already come from the Party Central Committee, which endorsed the resumption of nuclear energy development during its recent plenum in Hanoi on November 25.

In its report to the legislature, the Government emphasized the critical role of nuclear power in ensuring energy security and achieving sustainable development. The initiative aligns with Vietnam's commitment to attaining net-zero emissions by 2050.

The proposal includes assessing nuclear energy potential across various technologies and identifying additional viable locations for future nuclear power plants.

The original Ninh Thuan nuclear power plant project, approved in 2009, comprised two planned facilities: Ninh Thuan 1 and Ninh Thuan 2. Project preparation involved collaboration with Russia and Japan, with both nations conducting site surveys and feasibility studies.

Although suspended in 2016, the project sites were reserved for energy development, preserving their viability for future use. The Government highlighted that these pre-studied locations offer substantial advantages, including reduced costs and shorter timelines for development.

The revival of the Ninh Thuan nuclear power project represents a strategic move to bolster Vietnam's energy security and meet long-term sustainability objectives.



Vietnamese retail market is expected to reach \$250 billion by 2025

The Ministry of Industry and Trade recently hosted a forum in Hanoi to discuss policies for fostering the rapid and sustainable development of Vietnam's modern retail system. The forum aligns with the government's domestic trade development strategy outlined in Decision No. 1163/QĐ-TTg, targeting 2021-2030 with a vision to 2045.

Vietnam's retail market has demonstrated robust growth, with total retail sales and consumer service revenue surpassing US\$ 217 billion in the first 10 months of 2024, an 8.5% increase year-over-year. By 2025, the retail market is expected to reach \$250 billion, cementing its significance in the national economy.

Phan Van Chinh, Director of the Domestic Market Department, underscored the retail system's pivotal role in economic growth and improving living standards. He stressed the urgency of modernizing the retail sector to remain competitive amid global economic integration.

Discussions at the forum revolved around enhancing the legal framework, investing in retail infrastructure, establishing modern logistics centers, and accelerating digital transformation and e-commerce adoption. Participants also acknowledged challenges such as high production costs, volatile raw material prices, competition from international e-commerce platforms, and real estate market instability.

To address rising consumer demands, businesses were urged to improve product quality and adhere to social responsibility standards. Collaborative efforts between government agencies, businesses, researchers, and consumers were identified as crucial for aligning Vietnam's retail strategy with global trends and domestic priorities.

The forum highlighted the retail sector's potential to drive Vietnam's economic growth while advocating for innovative and sustainable approaches to meet future demands.

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International investors keen on Vietnam food processing industry

The food processing industry in Vietnam is experiencing a surge in mergers and acquisitions (M&A), driven by the sector's significant growth potential and increasing interest from both domestic and international investors.

Recent transactions highlight the strategic moves of leading Vietnamese enterprises. Nutifood acquired a 51% stake in Kido Foods, positioning itself as the parent company of the entity behind popular ice cream brands Celano and Merino. This deal allows Nutifood to diversify into health-oriented nutrition and expand its frozen food distribution network across retail and hospitality channels.

Similarly, KIDO Group has made notable strides, acquiring the leading steamed bun brand Tho Phat. By increasing its ownership to 68%, KIDO invested nearly US\$ 46 million in this acquisition, underscoring its focus on dominating Vietnam's food market.

Foreign investors, particularly from Japan, are making significant inroads into Vietnam's food processing and distribution sector. Sojitz Group's acquisition of New Viet Dairy, a leading wholesale food trader, and its partnership with Vinamilk to invest US\$500 million in beef processing exemplify this trend. Additionally, Marubeni's strategic minority stake in AIG Asia Components highlights Japan's interest in Vietnam's food ingredient supply chain.

Export-oriented agricultural companies are also attracting foreign capital. G.C Food JSC reported robust financial growth and is exploring listing on HoSE to fund expansion plans. Sa Ky Food JSC and others are engaging with foreign investors to secure partnerships and drive innovation.

The inflow of foreign investment is fostering collaboration, technology transfer, and job creation. However, Vietnamese businesses must innovate and enhance product quality to maintain competitiveness in a rapidly evolving market.

As M&A activities gain momentum, Vietnam's food processing industry is poised for transformative growth, bolstered by strong domestic players and growing foreign interest. VNS

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