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## The Asian Development Bank have an optimistic outlook for Vietnam's economy growth in 2025

Vietnam's economy is poised for continued growth, with the Asian Development Bank (ADB) revising its 2024 GDP forecast upward to 6.4%, and 6.6% for 2025. This optimistic outlook is driven by robust trade performance, a rebound in export-led manufacturing, and ongoing fiscal stimulus measures.

For the first three quarters of 2024, Vietnam saw a growth rate of 6.8%, reflecting the strength of its export sector, particularly as global demand remains resilient. The US economy's performance has provided a steady boost, supporting the manufacturing and trade sectors. In addition, accelerated public investment and accommodative fiscal policies have fueled domestic demand, ensuring steady growth despite external challenges.

Inflationary pressures have been well-managed, with the forecast for 2024 revised slightly downward to 3.9%. Prudent monetary policies, combined with subdued global oil prices, have kept inflation in check. The inflation forecast for 2025 is expected to remain at 4%, maintaining economic stability.

Alternative growth forecasts from United Overseas Bank (UOB) and Standard Chartered Bank align closely with the ADB's, projecting growth of 6.4% and 6.6% for 2024 and 2025, respectively. Vietnam's government targets GDP growth in the range of 6.5-7% for both years, with hopes of achieving 7-7.5% under favorable conditions.

In conclusion, Vietnam's growth trajectory remains strong, supported by solid trade, investment, and policy measures, positioning it for sustained economic success in the coming years. VIR

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**The logistics market of Vietnam projected to grow to US\$ 71.9 billion by 2030**

The rapid expansion of e-commerce and logistics in Viet Nam is fueling a surge in demand for warehouse real estate and infrastructure investments. According to Savills Viet Nam, the country now offers 15.1 million square meters of ready-built factories and warehouses, a 31% year-on-year increase. Occupancy rates are at a robust 80%, with average rents of \$4.60 per square meter per month nationwide.

The Southern Economic Zone leads with 10.6 million square meters, split evenly between factory and warehouse space, while the Northern Economic Zone contributes 4.5 million square meters. This growth underscores Viet Nam's transformation into a high-value-added manufacturing and logistics hub, driven by foreign supply chain shifts and strategic investments.

In 2024, Viet Nam is attracting global electronics manufacturers and high-tech industries, cementing its role as a pivotal player in the global supply chain. The Vietnamese Government is enhancing infrastructure and developing a skilled workforce, aiming to move up the global value chain.

The logistics market, projected to reach \$48.6 billion by 2024, is expected to grow to \$71.9 billion by 2030 at a compound annual growth rate of 6.8%. Meanwhile, the e-commerce sector is anticipated to grow by 19% annually, hitting \$63 billion by 2030, positioning Viet Nam as the second-largest market in Southeast Asia.

To sustain this momentum, experts emphasize the importance of infrastructure upgrades, diversified industrial park zoning, and ensuring sufficient land for logistics operations. Strategic planning is crucial to meet the soaring demand and support Viet Nam's growing prominence in global e-commerce and logistics.

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## Vietnam's E-commerce growth spurs tax policy reforms

Vietnam's rapidly expanding e-commerce sector has significantly contributed to economic development, but it also poses challenges in tax management. To address these, Vietnam is revising its Tax Administration Law and Value Added Tax (VAT) Law to align with international practices and ensure compliance.

Starting April 1, 2025, e-commerce platforms with payment functions must declare and pay taxes on behalf of individual sellers. The Ministry of Finance is also reviewing tax exemptions for imported goods under 1 million VND to mitigate revenue losses from cross-border transactions and protect local businesses.

Insights from the OECD highlight the importance of digital platforms in VAT collection for online transactions. Their "full VAT liability" model, which assigns VAT calculation and payment responsibilities to platforms, could simplify Vietnam's tax system. This approach reduces administrative burdens for sellers and ensures tax compliance. However, effective implementation requires platforms to have accurate transaction data and the capacity for efficient VAT collection.

Vietnam's draft law focuses on platforms with payment functionalities but needs to refine its definitions. Only platforms managing online orders and payments should bear tax responsibilities, excluding those limited to advertising. Exemptions for smaller platforms should also balance tax fairness with competition promotion.

The government must support local platforms, which lack the resources of global giants, by providing transition periods and infrastructure like automated tax systems and affordable APIs. These measures will help platforms comply without incurring excessive costs.

With e-commerce projected to contribute \$50 billion annually by 2028, a clear and equitable tax framework is critical to fostering sustainable growth in Vietnam's digital economy. Vietnamnet



## Vietnam advances energy security with completion of landmark power transmission project

Prime Minister Pham Minh Chinh emphasized the critical need for innovative energy projects to secure Vietnam's energy future and prevent power shortages. Speaking at a hybrid conference on December 8, he reviewed the completion of the 500kV Circuit-3 power transmission line connecting Quang Trach (Quang Binh) and Pho Noi (Hung Yen), a project pivotal to achieving Vietnam's ambitious development goals.

The Prime Minister highlighted the importance of this project as a stepping stone toward Vietnam's goal of achieving upper middle-income status and modern industry by 2030, and becoming a high-income developed country by 2045. Acknowledging the energy sector's achievements, he praised the collaborative efforts of stakeholders, including local authorities and residents, which contributed to the success of the 519-kilometer transmission line.

The project, costing over 22.3 trillion VND (878.4 million USD), overcame significant logistical challenges, such as clearing 183 hectares of land and affecting over 5,200 households. Despite these hurdles, the line was completed in just over six months, a remarkable feat considering such projects typically take three to four years.

PM Chinh attributed the success to national solidarity, an innovative vision, and decisive management, which resolved bottlenecks efficiently. He urged the energy sector to enhance resilience, adopt cutting-edge technologies like IoT, AI, and data analytics, and build a smarter energy system while preventing inefficiencies.

Looking ahead, the Prime Minister called for mechanisms to reward outstanding contributions and continued efforts to support relocated communities, ensuring Vietnam's energy infrastructure can power the nation's socio-economic growth and its rise on the global stage.





## Vietnam's Consumer Price Index rose by 3.69% year-on-year in the first 11 months of 2024

Vietnam's Consumer Price Index (CPI) rose by 3.69% year-on-year in the first 11 months of 2024, with core inflation increasing by 2.7%, according to the General Statistics Office. In November, CPI edged up by 0.13% from October, driven by rising costs for electricity, housing, and construction materials.

Among the 11 main groups contributing to November's CPI, housing, utilities, beverages, and clothing saw price increases, while transport, food services, and telecommunications recorded declines.

Retail sales and consumer service revenues grew strongly, reaching \$22.1 billion in November, up 8.8% year-on-year. Over the first 11 months, total retail sales were estimated at \$228.5 billion, reflecting an 8.8% increase. Revenue from goods rose by 8.1% to \$176.2 billion, with food and beverages up 10.8% and household goods increasing by 5.9%. Lodging and dining services expanded by 13% to \$26.3 billion, led by provinces like Khanh Hoa, Haiphong, and Can Tho.

Industrial production also exhibited robust growth. November's Industrial Production Index (IIP) rose by 2.3% from October and 8.9% year-on-year. Cumulatively, the IIP increased by 8.4% in 2024, far surpassing the 0.9% growth in 2023.

Key contributors included the processing and manufacturing sector, which grew by 9.7%, electricity production (10.2%), and water supply (9.6%). Several industries saw double-digit growth, notably rubber and plastic production (25.6%), wood products (24.7%), and automobile manufacturing (18.3%).

This robust performance highlights Vietnam's steady economic momentum across multiple sectors. The Saigontimes

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## Vietnam's rise as a global tech hub

Vietnam is witnessing a technological transformation as global tech giants like NVIDIA and Google make significant investments in the country. NVIDIA recently announced plans to collaborate with the Vietnamese government to establish an AI research and development (R&D) center and an AI data center. These initiatives aim to accelerate AI innovation, supporting key sectors such as healthcare, education, transportation, and finance.

Jeff Nijse, a senior lecturer at RMIT University, highlights Vietnam's appeal for AI development, emphasizing the value of its large population as a data resource. However, he stresses the importance of ensuring ethical data usage. NVIDIA's recent acquisition of VinBrain positions it strategically in health data and other industries, while its investments are expected to boost Vietnam's talent pool through collaborations with universities and scholarships.

This momentum is further reflected in Google's launch of Google Vietnam, focusing on the country's digital transformation, and other notable investments, such as Foxconn's \$80 million chip manufacturing initiative and Meta's expansion in virtual reality devices.

Vietnam's attractiveness lies in its young, tech-savvy population, strategic location, and supportive government policies. Companies are increasingly diversifying operations away from China, with Vietnam offering an optimal mix of affordability, proximity, and skilled labor.

These developments could catalyze innovation and provide opportunities for Vietnam to create its own tech identity in Southeast Asia. Local startups, enhanced education, and strong government support are key to ensuring these investments drive long-term growth. By fostering a robust innovation ecosystem, Vietnam has the potential to become a leader in AI and advanced technology, reshaping its economic landscape. VIR

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