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Promising economic outlook of Vietnam in 2025

Vietnam ended 2024 with remarkable economic achievements, as real GDP growth reached 7.55% year-on-year in Q4, exceeding international forecasts and reflecting three consecutive quarters of acceleration since the recovery began in Q3 2022. This robust performance pushed Vietnam's full-year GDP growth to 7.09%, a significant improvement from 5.1% in 2023, outpacing the official target of 6.5% and marking the highest growth since 2022's post-COVID rebound of 8.1%.

Key contributors to this economic momentum include industrial production and services, which accounted for 35% and 48% of Q4's growth, respectively. Vietnam's strong export performance also played a pivotal role, with exports surging by 14% in 2024, reversing a 4.6% decline in 2023. Imports grew by 16.1%, leading to a trade surplus of \$23.9 billion, the second-largest in history, which bolstered the Vietnamese dong's stability.

Looking ahead to 2025, the National Assembly targets GDP growth of 6.5–7%, while Prime Minister Pham Minh Chinh aims for an ambitious 8%, driven by increased public disbursement to enhance infrastructure and attract investments. United Overseas Bank (UOB) raised its growth forecast for 2025 to 7%, citing strong domestic production, consumer spending, and visitor arrivals as key drivers.

However, challenges persist, including uncertainties in global trade and potential US tariffs under the Trump administration. Inflation below 4.5% in 2024 offers some monetary policy flexibility, though the State Bank of Vietnam is likely to maintain steady interest rates to protect the currency amid external pressures.

Vietnam's outlook remains promising, with sustained domestic and export-driven growth poised to propel the economy forward in 2025. VIR



Booming trade on the China-Vietnam cross-border railway

Freight transport on the China-Vietnam cross-border railway experienced remarkable growth last year. According to the Nanning branch of China Railway Group Limited, 19,670 containers were transported from Guangxi, reflecting an astounding annual increase of 1,153%. Monthly freight volumes set records in March, April, July, October, and November. Initially dedicated to construction materials and light industrial products, the railway has diversified its cargo to include high-tech electronics, precision machinery, premium consumer goods, and specialty agricultural produce. With 262 product categories now transported, the trade route connects 25 Chinese provinces with multiple ASEAN nations, including Vietnam, Laos, and Thailand.

Key developments include the introduction of daily freight services in July and the launch of a new route connecting Guangzhou and Nanning in China to An Vien in Vietnam. This corridor supports exports from the Guangdong-Hong Kong-Macau Greater Bay Area to Vietnam, enhancing supply chain efficiency.

Li Na, business director of Nanning Public Transport Group Co., Ltd, noted the benefits of using the cross-border railway. Goods like furniture, home appliances, and ceramic tiles are now quickly shipped to Dong Dang and An Vien in Vietnam. The streamlined logistics have also enabled the company to expand operations to ASEAN markets, including Cambodia and Thailand.

This significant growth underscores the railway's role in boosting regional trade, facilitating economic integration, and strengthening connectivity between China and Southeast Asia. VNS

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Vietnam's E-Commerce sector continues to thrive

Vietnam's e-commerce market surged past \$25 billion in 2024, a 20% year-on-year increase, highlighting its pivotal role in the nation's digital economy. The sector now accounts for 9% of Vietnam's total retail sales and consumer service revenue, with annual growth rates consistently between 18-25%.

At a conference on digital economy development in Hanoi, Lai Viet Anh, deputy director of the Vietnam E-commerce and Digital Economy Agency, emphasized e-commerce as a driver of economic progress and digital transformation. In 2023, the sector contributed \$20.5 billion to Vietnam's \$30 billion digital economy, securing its position among Southeast Asia's top three digital markets.

Looking ahead, the e-Conomy SEA 2024 report forecasts Vietnam's e-commerce market to reach \$63 billion by 2030, second only to Indonesia in the region. Cross-border retail trade, supported by SMEs, is also flourishing, with businesses leveraging digital platforms to access global markets.

Local entrepreneurs are thriving in this digital boom. Online cosmetics and clothing retailers report significant revenue growth and operational expansion. However, domestic players face stiff competition from international giants like Shopee, Lazada, Temu, and Shein, which dominate the market with superior logistics and pricing strategies.

To stay competitive, Vietnamese businesses are adopting innovative approaches. Brands like Meet More utilize livestreaming and partnerships with Gen Z influencers to promote agricultural products under the OCOP initiative. These strategies aim to enhance visibility and build momentum for Vietnamese goods in global markets, ensuring local enterprises can seize opportunities in this rapidly evolving sector. VNS



PetroVietnam Gas Corporation targets to launch a pilot project for small-scale green hydrogen production

PetroVietnam Gas Corporation (PV GAS) is set to launch a pilot project for small-scale green hydrogen production in Vietnam's southeast region, targeting industrial and transportation sectors. This initiative aligns with the country's 2030 National Energy Development Strategy and Hydrogen Strategy, with a vision toward 2050, as committed at COP26.

PV GAS CEO Pham Van Phong highlighted that the corporation is leveraging its extensive natural gas pipeline infrastructure and expertise to lead research on green hydrogen, produced using renewable energy, and blue hydrogen, derived from natural gas with carbon capture technologies.

In addition to its ongoing LNG import and distribution projects, PV GAS is exploring the production, transportation, and export of green hydrogen derivatives like ammonia, methanol, and e-methane, utilizing existing infrastructure.

The company has registered its hydrogen pilot project under a public-private partnership (PPP) funded by the German government. It is also partnering with JICA (Japan), technology providers, banks, and green finance institutions to develop energy transition initiatives.

While green hydrogen offers transformative potential, high production costs and reliance on fossil fuels pose challenges. Pham Van Phong emphasized the need for collaboration among the government, technology providers, infrastructure investors, and end-users to create a sustainable green hydrogen market in Vietnam.

Vietnam's government has issued multiple policies to establish a supportive legal framework, aiming to position the country as a leader in the global transition to green energy. By embracing hydrogen, PV GAS and Vietnam as a whole are taking significant steps toward achieving a low-emission, sustainable energy future. VNS



The Vietnamese retail market forecasted to reach \$350 billion in sales in 2025

The Vietnamese retail market, forecasted to reach \$350 billion in sales this year, continues to be a vital component of the economy, contributing 59% of domestic goods sales. With an 8.8% increase in retail sales compared to 2023, the sector shows robust growth despite global economic uncertainties.

Brands like The Body Shop and L'Oréal highlight the potential of Vietnam's retail market. The Body Shop, despite filing for bankruptcy in the U.S. and Canada, expanded its presence in Vietnam, leveraging e-commerce and achieving over 20% annual revenue growth. Similarly, L'Oréal's retail revenue in Vietnam grew 17% in 2024, with projections aiming for 20-25% growth, driven by diverse product offerings and strategic promotions.

Retail sales in food, beverages, and processed products have surged. GC Food, a leader in aloe vera products, attributes its VND720 billion (\$28.3 million) revenue to strong domestic sales, with aloe vera and coconut jelly products increasing by 60%.

Vietnam's predominantly young population, led by Gen Z, sustains spending habits even during economic challenges. Data-driven strategies are crucial for understanding these consumers and boosting retail sales.

While foreign direct investment (FDI) flows into the sector, domestic retailers face stiff competition due to higher costs and weaker competitiveness. Logistics costs, accounting for 10-20% of expenses, remain a major hurdle.

Experts emphasize creating a transparent business environment, supporting domestic startups, and fostering FDI partnerships with local enterprises. Investments in e-commerce infrastructure, improved logistics, and consumer-centric innovations are essential for maintaining the sector's growth momentum.

Vietnam's retail sector is positioned for significant expansion, but strategic adjustments and support for local enterprises are vital to sustain its competitive edge. Tuoitrenews

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Quang Ninh: A rising star in foreign direct investment

The northern province of Quang Ninh, Vietnam, is making significant strides to solidify its reputation as a prime destination for foreign direct investment (FDI). A strategic focus for 2024 is accelerating land clearance for industrial park infrastructure, ensuring seamless project development.

The Quang Ninh Economic Zone Authority is committed to optimizing resources, prioritizing critical infrastructure like electricity and utilities to support industrial and manufacturing zones. To attract and retain investors, the province is enhancing its investment promotion strategies, streamlining administrative processes, and providing comprehensive post-investment support.

Adapting to global economic dynamics, Quang Ninh is proactively formulating plans to align with shifting global trends and supply chain movements, aiming to achieve substantial investment growth. Local governments have been instructed to address bottlenecks in key projects, while special mechanisms for the Van Don Economic Zone are under review, with tailored policies proposed to maximize its competitive advantages.

In 2023, despite challenges such as Typhoon Yagi, Quang Ninh attracted nearly USD 2.9 billion in FDI, securing its place among Vietnam's top five FDI destinations. The province approved over 20 new FDI projects, primarily in manufacturing and processing, increasing its total to 188 projects from 19 countries, with a cumulative investment of over USD 14.6 billion.

Key contributors include Foxconn, a Taiwan-based tech giant, with investments totaling nearly USD 1 billion across five projects. Significant inflows also came from China, South Korea, Japan, Singapore, and Hong Kong.

Quang Yen township leads the province with 69 projects valued at over USD 5.4 billion, followed by Ha Long City with 56 projects worth more than USD 1.8 billion, and Hai Ha district contributing 29 projects valued above USD 3 billion.

Quang Ninh's proactive approach and resilience position it as a formidable hub for global investors in Vietnam. VNS & baoquangninh.com.vn

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