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Vietnam's path to 8% economic growth: challenges and strategic solutions

Vietnam's economy started 2024 on a positive note, with key indicators signaling steady growth. The General Statistics Office (GSO) reported a 3.63% year-on-year increase in the consumer price index (CPI), stable State budget revenue, and a strong surge in foreign direct investment (FDI), which rose 48.6% to \$4.3 billion. Retail sales of goods and services also saw a 9.5% increase, reflecting resilient domestic demand.

Despite these gains, challenges remain. Global economic uncertainties and tightening trade policies in key export markets, such as the US, pose significant risks. While Vietnam recorded a trade surplus of \$3.03 billion, total trade volume declined, with exports dropping 4.3% and imports falling 2.6% year-on-year. Additionally, domestic purchasing power has not yet returned to pre-pandemic levels.

To achieve its ambitious 8% growth target, the government has outlined a comprehensive strategy in Resolution 01. This includes accelerating institutional reforms, improving public investment efficiency, and fostering regional economic linkages. Strengthening investment, consumption, and exports remains a priority, alongside developing new growth drivers in technology and innovation.

Macroeconomic stability will be key. The State Bank of Vietnam is expected to implement a balanced monetary policy that controls inflation while supporting growth. Close coordination between fiscal, trade, and monetary policies will be essential in navigating economic headwinds.

With a strong policy framework and decisive action across all sectors, Vietnam aims to sustain its economic momentum and achieve its ambitious growth target in 2024. VNS



Vietnam's Xanh SM leads technology taxi market with rapid growth

Xanh SM has emerged as the dominant player in Vietnam's technology taxi sector, capturing 37.41% of the market share in Q4 2024, according to a report by Mordor Intelligence. This marks a significant milestone, surpassing Grab (36.62%) and leaving competitors such as Be (5.55%), Mai Linh (4.81%), and Vinasun (2.44%) far behind.

Specializing in electric taxis and vehicle rentals, Xanh SM's rise is attributed to its superior service quality, extensive geographical coverage, and high customer satisfaction. Research by Q&Me at the end of 2024 confirms its strong market presence, with consumer trust reflected in high recommendation rates—84% for electric taxis and 77% for electric motorbikes.

The overall ride-hailing industry is set for rapid expansion, with Mordor Intelligence projecting a CAGR of 22.7% from 2025 to 2030, a significant jump from the 4.72% growth seen in 2020-2024 due to the pandemic.

A report by Decision Lab highlighted Xanh SM's rapid ascent, noting its 32% market share in Q1 2024 when it ranked second. This trajectory underscores Xanh SM's competitive edge, not only against Grab and Be but also in positioning itself as a leader in Vietnam's eco-friendly transport sector.

With a strong foundation in sustainability and service excellence, Xanh SM is poised to shape the future of Vietnam's ride-hailing industry. VNS

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Vietnamese consumers spent an average of US\$34.6 million per day on online shopping in 2024

Vietnamese consumers spent an average of VND874 billion (US\$34.6 million) per day on online shopping in 2024, totaling VND319.9 trillion (US\$ 12,5 billion) in gross merchandise volume (GMV) across five major platforms: Shopee, Lazada, TikTok Shop, Tiki, and Sendo, according to data provider Metric. This marked a 37% year-on-year increase, reflecting the sector's rapid expansion.

The surge in e-commerce spending accounted for 6.5% of Vietnam's total retail sales, with the actual number likely higher due to untracked transactions on social media and cross-border platforms. The Vietnam E-commerce and Digital Economy Department estimated the market size to exceed \$25 billion, surpassing Google's forecast.

The volume of goods sold via these platforms soared over 50%, surpassing 3.4 million products, highlighting consumers' growing reliance on digital shopping channels.

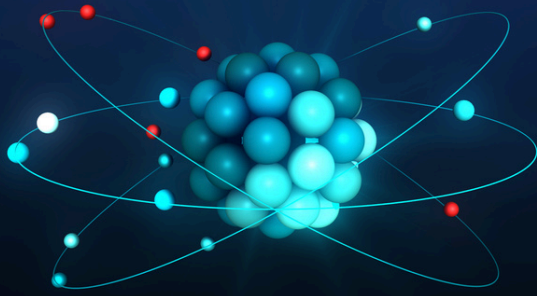
Vietnamese shoppers are increasingly buying essential goods online, with a preference for branded and imported products. While beauty, home & lifestyle, and fashion remained the highest-grossing categories, grocery and food sales surged 76%, signaling a shift in consumer habits.

E-commerce platforms also saw a sharp rise in imported goods, with over 324.1 million products entering Vietnam in 2024, generating VND 14.2 trillion (US\$ 555 million) in sales. The demand for foreign products has been driven by faster logistics, better return policies, and competitive pricing.

As cross-border imports, particularly from China, increase, local businesses face intense competition. Many Vietnamese fashion retailers are struggling to compete, prompting a shift toward agriculture and food sectors.

To level the playing field, the Vietnamese government will remove the VAT exemption on low-value imported goods via express delivery starting February 18, 2025, aiming to protect domestic producers and encourage local consumption.

With strong growth but rising competition, Vietnam's e-commerce landscape is set for further transformation, requiring businesses to adapt their pricing, product strategies, and digital presence to remain competitive. Vnexpress



Vietnam approves master plan for atomic energy development

Vietnam has set a strategic roadmap for atomic energy development with the recent approval of a master plan by Deputy Prime Minister Bùi Thanh Sơn. Under Decision No. 245/QĐ-TTg, the plan outlines objectives for advancing atomic energy applications by 2030, with a vision extending to 2050.

The primary goal is to establish a comprehensive legal and policy framework, ensuring state management aligns with international standards. Efforts will focus on optimizing research and training institutions, strengthening technical infrastructure, and enhancing human resource quality.

Key Focus Areas:

1. Radiation & Isotope Applications – Expanding their use across industries to improve productivity, environmental protection, healthcare, and nuclear safety.
2. Nuclear Power Infrastructure – Completing preparations for the Ninh Thuận nuclear power project and continuing the national nuclear power development program.
3. Resource Utilization – Establishing guidelines for the exploration, processing, and sustainable use of radioactive ores.
4. Healthcare & Medicine – Developing medical facilities specializing in radiology, nuclear medicine, and oncology to enhance treatment, research, and training.
5. Environmental & Agricultural Applications – Utilizing nuclear technologies for climate adaptation, water resource management, plant breeding, animal husbandry, and food preservation.
6. Scientific Research & Human Capital – Upgrading technical infrastructure and research institutions to ensure Vietnam keeps pace with global advancements in nuclear science.

By 2050, Vietnam aims to achieve self-reliance in nuclear technologies, integrating atomic energy into socio-economic development, energy security, food safety, and environmental sustainability. The plan underscores Vietnam's commitment to harnessing nuclear energy safely and effectively while fostering long-term growth and innovation.

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Vietnam's modern retail sector poised for growth

Vietnam's modern retail sector is expected to expand significantly in the medium and long term, fueled by rising incomes, growing consumer demand for quality products, and rapid urbanization, according to a report by MB Securities Joint Stock Company (MBS). Technological advancements, including artificial intelligence and omni-channel sales strategies, are set to drive growth in the sector. The pharmaceutical and grocery retail markets are projected to expand in 2025, supported by increasing consumer incomes and a strong manufacturing sector. Meanwhile, the consumer electronics, information communication technology, and jewelry retail sectors will focus on sales strategies to boost demand.

A recovery in consumption and the expansion of modern retail chains into new areas are expected to help Vietnam's food retail market grow by approximately 9% in 2025–2026. Major players such as Aeon Mall, Go!, Bach Hoa Xanh, and WinCommerce have successfully shifted consumer behavior from traditional to modern retail models through competitive pricing and efficient sales strategies.

Large domestic retail chains, after a period of strong profitability, are entering a new phase of aggressive expansion. Bach Hoa Xanh, with 1,700 stores in 25 provinces, is expanding into the northern region after opening stores in Da Nang, Quang Nam, and Quang Ngai. Mobile World Investment Corporation's mini food retail chain plans to launch 100–200 new stores in 2025. WinCommerce averaged one new store every two days in Q3 2024 and is accelerating its expansion.

Foreign retailers are also strengthening their presence in Vietnam. Aeon Mall recently opened its first store in Hue and launched Aeon Mall Xuan Thuy in Hanoi. The Japanese retailer is diversifying with smaller stores in shopping centers such as Crescent Mall and Parc Mall in Ho Chi Minh City. Meanwhile, Thailand's Central Retail is expanding its Go! mini supermarket format into less developed areas, including Bac Lieu and Ninh Thuan.

With new commercial centers set to open from late 2024 through 2025 and exports projected to rise, optimism is returning to Vietnam's retail sector. The combination of domestic and foreign investment, evolving consumer preferences, and innovative retail strategies is positioning Vietnam as a key market for modern retail development. VNS

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Foreign investment into Vietnam surges in January

Vietnam attracted over US\$4.33 billion in foreign investment in January, marking a 48.6% year-on-year increase, according to the Foreign Investment Agency under the Ministry of Planning and Investment.

Newly registered capital contributed US\$1.29 billion, while adjusted capital saw a 6.1-fold surge to US\$2.73 billion compared to the same period last year. Investments through capital contributions and share acquisitions also jumped 70.4% to US\$322.9 million.

Foreign investors from 55 countries and territories poured capital into Vietnam. South Korea led the inflow with US\$1.25 billion, accounting for 28.9% of total FDI, a 13.4-fold increase from the previous year. Singapore followed closely with US\$1.24 billion (28.7% of total investment), up 1.1% year-on-year, with Japan, China, and Hong Kong rounding out the top contributors.

In terms of regional distribution, Bac Ninh emerged as the top investment destination, attracting US\$1.39 billion (32.2% of total FDI), a 6.1-fold increase. Dong Nai followed with nearly US\$959 million (22.1% of total), a 3.4-fold rise, while Hanoi ranked third with US\$716.4 million (16.8%), up 1.9% year-on-year. Other key recipients included Ho Chi Minh City, Haiphong, and Binh Duong.

This strong FDI growth highlights Vietnam's attractiveness as a key investment hub in the region, driven by its stable economy, strategic location, and investor-friendly policies. VIR

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