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Vietnam’s economy accelerated sharply in the first half of 2025

Vietnam’s economy accelerated sharply in the first half of 2025, with GDP expanding 7.52%, the fastest six-month pace in 15 years, according to the General Statistics Office. A 7.96% second-quarter surge capped the performance—second only to Q2 2022 during the current five-year development cycle.

The growth reflects a broad-based rebound, powered by manufacturing strength, resilient domestic consumption, and macro policy stability. Industry and construction led the way, rising 8.33% and contributing over 42% of the value-added increase. The services sector grew 8.14%, while agriculture, forestry, and fisheries rose 3.84%—all signaling balanced momentum.

Manufacturing output climbed 10.1%, with key export-driven sectors—garments, footwear, rubber, plastics, metals, and automobiles—posting robust gains. Several industrial hubs recorded double-digit growth, reinforcing the regional breadth of recovery.

The country’s economic structure remains steady, with services accounting for 43.4% of GDP, followed by industry and construction (36.96%), agriculture-related sectors (11.28%), and taxes minus subsidies (8.3%).

Business dynamism also returned, with 152,700 new and reactivated enterprises in H1, averaging 25,500 monthly. June saw a record 24,400 new registrations. However, 127,200 closures—up 15.5% year-on-year—highlight lingering challenges.

On the trade front, the U.S. remained Vietnam’s top export market (US$70.9 billion), while China led imports (US$84.7 billion). The H1 trade surplus stood at US$7.63 billion, down from last year’s US$12.15 billion.

Officials credit the gains to strong FDI flows, public investment, and effective use of free trade agreements. With global demand stabilizing, Vietnam continues to consolidate its export-led recovery while navigating structural shifts at home. VOV

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Vietnam continues to cement its reputation as one of the world's most cost-competitive destinations for industrial and logistics investment, according to Cushman & Wakefield's newly released 2025 Waypoint: Global Industrial Dynamics report. Evaluating over 120 markets globally, the report identifies Vietnam as a standout performer in three critical cost dimensions: real estate, labour, and energy.

Despite industrial rent rising by 70% since 2019, Vietnam's average logistics rental rates remain highly competitive—at approximately US$5.3 per square metre per month in Hanoi and US$4.9 in Ho Chi Minh City—underpricing many regional peers.

Labour is another key advantage. With wages currently under 25% of the global median, Vietnam offers one of the most affordable labour markets in the Asia-Pacific region, an essential factor for logistics and manufacturing operations that still depend heavily on human capital despite increased automation.

Rising energy demands, especially from smart logistics facilities and electric vehicle integration, have made electricity costs a strategic consideration. Here again, Vietnam excels, maintaining some of the world's lowest industrial electricity rates—behind only Indonesia and Nigeria.

The confluence of affordable rent, low labour costs, and competitive energy pricing reinforces Vietnam's appeal as a manufacturing and distribution base. Cushman & Wakefield advises businesses to align their real estate strategy with long-term supply chain goals to fully leverage Vietnam's structural cost advantages in a shifting global trade environment. VNS

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Vietnam's new E-commerce law to unlock global market potential

Vietnam is drafting a transformative Law on E-Commerce, slated for implementation in 2026, that aims to position cross-border digital trade as a core engine for export growth. The law will provide a robust legal foundation to help Vietnamese businesses—especially MSMEs—expand globally through digital channels.

A key focus of the draft law is enabling exports via both domestic and international e-commerce platforms. It introduces a classification system for platform types—direct sales, intermediaries, social media, and integrators—with clear requirements around operations, consumer protection, data management, and tax compliance.

To ensure fair competition, foreign platforms with significant local engagement (e.g., over 100,000 transactions/year or a Vietnamese-language interface) will need a legal presence in Vietnam and will be held accountable under Vietnamese law. Proposals from stakeholders include imposing cybersecurity checks and limiting foreign platforms to one local representative to prevent legal avoidance.

Importantly, the law emphasizes transparency in electronic transactions by granting e-contracts full legal recognition. This will reduce friction and risk in international commerce.

Beyond regulation, the draft includes strategic support measures. A national strategy for cross-border e-commerce will be developed, supported by pilot e-commerce zones with favorable customs, logistics, and tax policies. The E-Commerce Development Fund will assist businesses with digital upgrades, talent development, and sandbox model testing.

Infrastructure plans include a centralized digital management platform and secure payment systems to enhance trust and compliance. A cross-border e-commerce payment gateway is also under consideration to strengthen financial transparency and reduce tax leakage.

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Vietnam's FIT controversy may impact renewable investment climate

Vietnam's once-celebrated renewable energy boom—fueled by generous 20-year feed-in tariffs (FiTs) for solar and wind—now faces a critical inflection point. As the national grid grapples with overcapacity and Vietnam Electricity (EVN) suffers mounting financial strain, the Ministry of Industry and Trade (MoIT) is proposing retroactive tariff cuts affecting more than 100 renewable projects.

At stake: investor trust and $13 billion in assets.

These projects, mostly commissioned before or during 2021, are accused of lacking construction-completion certificates at their commercial operation dates (COD)—a requirement introduced only in 2023. The MoIT's proposed action would revoke their FiT eligibility, reducing electricity prices by up to 50% and slashing project revenues, potentially wiping out investor equity.

For foreign investors, this signals a severe shift in the investment climate. Retroactively altering legal terms—particularly power purchase agreements (PPAs)—contravenes core principles under Vietnamese law, including the prohibition of retroactivity under the 2020 Investment Law. It also jeopardizes Vietnam's credibility in honoring state-backed guarantees.

The implications are far-reaching. International investors may pursue claims under bilateral investment treaties, with the risk of costly arbitration similar to Spain and Italy's precedents. The chilling effect on new capital flows, particularly for Vietnam's green transition, could be significant.

Vietnam's best path forward is to honor existing FiTs while transitioning transparently to market-based mechanisms like auctions or direct PPAs—ensuring policy stability and reinforcing its position as a reliable investment destination for clean energy. VIR

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AEON accelerates retail expansion in expanded Ho Chi Minh city

AEON Group is ramping up its retail expansion strategy in Vietnam, which it considers its second most important market after Japan. In a meeting on July 2 with Chairman of the Ho Chi Minh City People's Committee Nguyen Van Duoc, Mr. Tezuka Daisuke – Chief Representative of AEON Vietnam – revealed that the group plans to invest several trillion VND to develop three new shopping malls in the expanded Ho Chi Minh City area (including former territories of Binh Duong and Ba Ria – Vung Tau).

Each new mall will span approximately three hectares and is expected to create 1,500 to 2,000 jobs, raising the total number of AEON malls in the city to six. AEON also aims to penetrate deeper into the Mekong Delta region to tap into rising consumer demand.

This expansion is set to not only meet domestic consumption needs but also enhance the export of Vietnamese products through AEON's global distribution network. By 2030, AEON plans to triple its retail footprint in Vietnam.

City leadership welcomed AEON's long-term investment commitment and directed relevant departments to support the licensing process to ensure smooth implementation.

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Japan strengthens investment and strategic ties with Danang

Japan remains the largest foreign investor in Danang's Hi-Tech Park and industrial zones, with 49 projects valued at nearly US$696 million. Overall, Japanese investors have poured US$1.14 billion into 261 projects across the city, with nearly 61% channeled into high-tech and industrial sectors.

These figures were highlighted at the "Meet Japan: Advancing the Vietnam–Japan Comprehensive Strategic Partnership" conference held in Danang on July 4. Vice Chairwoman of the Danang People's Committee, Nguyen Thi Anh Thi, emphasized the city's focus on high technology, innovation, and tourism as key pillars to attract further foreign direct investment (FDI).

Danang's strategic location, growing infrastructure, and innovation-oriented agenda have made it an increasingly attractive destination for Japanese enterprises. The city has signed cooperation agreements with over 22 Japanese localities and maintains official partnerships with six cities, including Yokohama, Kawasaki, and Nagasaki.

Tourism is also a vital area of bilateral engagement. In the first half of 2024, Danang welcomed 179,000 Japanese visitors—nearly triple the number from the same period last year—signaling strong recovery and growing people-to-people ties.

With robust economic and cultural linkages, Japan is expected to play a pivotal role in Danang's long-term development strategy. The Saigontimes

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