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VIETNAM BUSINESS REVIEW

Vol 35, Sep 17, 2025

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Vietnam pushes reforms to secure emerging market upgrade

Vietnam is stepping up financial reforms in a bid to secure an upgrade to emerging market status from FTSE Russell, with the results of the global index provider's annual classification review due on October 7.

The Ministry of Finance (MoF) said recent changes have been well received by international observers. Circulars 68 and 18, which removed the requirement for pre-funding transactions, have aligned Vietnam's stock market more closely with international standards. The rollout of the long-awaited KRX technology platform, along with new rules on registration, clearing, and settlement, has further strengthened market infrastructure.

To improve foreign investor access, the MoF submitted amendments to Decree 155, requiring listed companies to disclose foreign ownership limits within 12 months of the law taking effect. Broader revisions to the Law on Investment are also under way, with the aim of lifting foreign ownership caps in sectors not tied to national security or defense.

The State Bank of Vietnam is preparing updates to Circular 17 to ease entry for overseas institutions, including permitting account operations under power of attorney, removing consular legalization requirements, and enabling the use of the SWIFT system. These steps are expected to lower administrative hurdles for foreign funds.

Beyond regulatory reforms, Vietnam is also moving to establish international financial centers in Ho Chi Minh City and Da Nang. Draft decrees covering investment incentives, tax policies, and capital market rules are being circulated for feedback before submission to the central government.

Analysts say the reforms, if implemented effectively, could unlock new foreign inflows and deepen Vietnam's capital markets, bolstering its case for an upgrade to emerging market status.

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Vietnam emerges as key logistics hub in Russia–ASEAN trade

Vietnam is gaining recognition as a strategic maritime transport hub, with Russian logistics giant FESCO accelerating efforts to expand sea routes and port operations linking the country with Russia and ASEAN.

Speaking at the 10th Eastern Economic Forum in Vladivostok, FESCO Deputy General Director German Maslov highlighted strong demand for the Vladivostok–Vietnam service, which has been operating for two years. Initially served by one vessel, the route now deploys three, with cargo volume between the two countries rising 16% in 2025 from a year earlier.

The network has recently been extended with new links to Saint Petersburg and Novorossiysk, giving Vietnamese exports access to Russia's three largest ports. Vietnam also acts as a regional gateway, with rising transshipment flows from ASEAN countries. Cargo volume with Malaysia climbed 66% and trade with Indonesia doubled.

FESCO has opened a representative office in Ho Chi Minh City and is weighing investments in warehouses, port facilities, and joint ventures. "Vietnam has become indispensable for regional logistics development," Maslov said.

Vietnamese Consul General in Vladivostok Nguyen Viet Kien noted that the Russian Far East, covering 40% of the country's territory, offers abundant natural resources and logistics infrastructure, with Vladivostok serving as the main gateway to the Trans-Siberian railway. However, bilateral trade remains modest, with first-quarter turnover at just $55 million, mostly Vietnamese exports.

Kien urged Vietnamese businesses to seize opportunities created by Russia's new investments in the Far East, announced by President Vladimir Putin, spanning energy, transport, and urban development. "Timely engagement will allow Vietnamese enterprises to pave the way into Russia and the broader Eurasian market," he said. VOV

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E-commerce market of Vietnam surges as "Shoppertainment" reshapes competition

Vietnam's e-commerce sector surged in the first half of 2025, with online retail sales climbing 41.5% year-on-year to VND202.3 trillion ($7.96 billion), according to data intelligence platform Metric.vn. The expansion far outpaced overall retail growth of 9.3%, cementing e-commerce as a key driver of household consumption.

The sector's rise comes against the backdrop of 7.5% GDP growth and stable inflation, which preserved consumer purchasing power. Platforms aggressively invested in promotions and logistics while consumers increasingly shifted toward digital shopping for essentials, fast-moving consumer goods, and travel-related services.

Market dynamics, however, are shifting sharply. TikTok Shop's entertainment-driven model propelled sales up 69%, boosting its market share from 29% to 39%. Shopee retained its lead with 58% but saw its dominance erode from 63% last year. Lazada and Tiki struggled, with sales plunging 48% and 63% respectively. Analysts say the divergence underscores a broader shift toward "shoppertainment" platforms that integrate video, livestreaming, and community engagement.

While transaction volumes rose 25% to nearly 2 billion units, average order value fell as budget-conscious consumers hunted for deals. The number of active sellers declined 6%, signaling a natural selection process favoring professional merchants with strong branding, logistics, and customer service.

Looking ahead, Metric.vn forecasts third-quarter sales of $4.83 billion, lifted by seasonal campaigns like "Back to School" and intensified logistics investment. The Ministry of Industry and Trade projects Vietnam's B2C e-commerce revenue could hit $39 billion this year, positioning the country as a fast-maturing digital market.

Industry experts warn, however, that platforms and sellers must adapt to AI-powered personalization, livestream commerce, and trust-based branding to thrive in a market where entertainment and shopping are becoming inseparable. Vneconomy

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Vietnam's offshore wind, solar, and hydrogen synergies could shape Southeast Asia's energy transition

Vietnam holds significant advantages in offshore wind (OSW), solar power, and the emerging field of green hydrogen—three technologies that, when combined, could anchor the nation's long-term energy transition. With its long coastline, strong OSW potential, and supportive policy direction, Vietnam is better positioned than many regional peers to leverage these resources, not only for domestic demand but also for future exports of clean energy.

Yet integration remains the challenge. Solar and wind are intermittent, requiring stability mechanisms. Battery storage is one answer, offering short-term balancing during peak demand. Hydrogen provides deeper resilience, enabling seasonal or multi-month storage, a feature particularly valuable for large-scale systems or export projects. Together, OSW, solar, storage, and hydrogen could deliver a robust low-carbon energy system.

Cost remains the critical obstacle. Green hydrogen production averages $4–6 per kilogram, far above the $2–3 range needed for competitiveness. Electrolyser costs must fall from $500–900 per kW to roughly half, while OSW expenses need to decline 20–30%. Advances in AI, digital twins, and automation could accelerate this trajectory, echoing the rapid cost reductions once seen in solar.

Policy frameworks will be equally decisive. Certification schemes and cross-border standards are essential for market confidence, especially since major importers—Japan, South Korea, and the EU—demand proof of low-carbon origin. Without alignment, investors hesitate.

Vietnam's Power Development Plan VIII signals ambition, but building supply chains and regulatory clarity is urgent. The Philippines' OSW-hydrogen roadmap shows how early policy moves attract investors. For Vietnam, drafting similar frameworks, fostering public-private partnerships, and ensuring international standards could unlock investment flows. If these steps are taken, the next five to ten years may see Vietnam emerge not just as a regional renewables leader, but as a global player in green hydrogen exports. VIR

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Vietnam's retail and services sector posted double-digit growth in August

Vietnam's retail and services sector posted double-digit growth in August, buoyed by holiday festivities, though experts warn that spending momentum remains fragile as households cut back on discretionary purchases.

Total retail sales of goods and services jumped 10.6% year on year to VND588 trillion ($23.3 billion) last month, according to the National Statistics Office. Apparel sales rose 13.7%, food and foodstuffs 12.3%, while accommodation and food services climbed 13.2%. Tourism-related spending was the standout, up 15.2%.

For the first eight months of 2025, retail and service revenues reached VND4.58 quadrillion ($181.7 billion), up 9.4% from a year earlier, or 7.2% in real terms. Goods accounted for VND3.45 quadrillion ($136.9 billion), or 76.3% of the total, marking an 8.1% increase. Accommodation and food services grew 14.7% to VND552.4 trillion ($21.9 billion), while tourism revenue soared 20.3% to VND61.2 trillion ($2.43 billion).

Regional hubs recorded robust growth, with Ho Chi Minh City up 18.6% and Da Nang 18.2%.

Still, analysts caution that the expansion is uneven. "The main driver of growth is food, beverages and tourism, which form a modest share of overall sales. Retail of goods — the most important category — is slowing," said Le Quoc Phuong, former deputy director at the Ministry of Industry and Trade's information center.

High inflation has forced families to prioritize essentials, dampening demand for non-essential items. Surveys indicate consumers are spending cautiously but remain willing to pay for higher-quality products.

To sustain growth, the Ministry of Industry and Trade is launching stimulus measures, including the nationwide "Vietnam Grand Sale 2025" running from December to mid-January, blending traditional and e-commerce channels.

While domestic consumption continues to underpin the economy, businesses are under pressure to adapt strategies and tap into shifting consumer preferences. VNS

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Ho Chi Minh City expands foreign ownership quotas to attract international capital

Ho Chi Minh City has broadened opportunities for overseas investors in its real estate market, announcing 48 additional residential projects eligible for foreign ownership. The move raises the total to 65 projects and is seen as a strategic step to boost liquidity and attract foreign direct investment (FDI) while positioning the southern hub as a regional real estate center.

Foreign buyers are allowed to own up to 30% of apartments in a building or 250 landed houses per ward. According to Savills Vietnam, the controlled expansion will help channel international capital into the market without driving excessive price volatility.

The city is facing a prolonged housing shortage. Between 2021 and 2025, it has delivered just 24% of its target of 235,000 new units. In the first half of 2025, only 6,800 units entered the primary market, with 3,800 sold. Future supply through 2027 is projected at around 39,000 apartments, still falling short of demand. Landed property supply remains even tighter, with just 700 units launched in the first six months of the year.

Foreign investors typically target mid- to high-end apartments priced between US$500,000 and US$1 million, especially near metro lines and developed by international firms. Most buyers come from Singapore, Hong Kong, South Korea, Taiwan, and overseas Vietnamese.

Savills notes rising interest from northern Vietnamese investors, citing lower prices in HCM City compared to Hanoi, as well as infrastructure projects such as Ring Road No. 3 and Long Thanh Airport.

Analysts say greater transparency, streamlined approvals, and infrastructure development will be critical in consolidating the city's position as a Southeast Asian property hub, attracting not only real estate FDI but also capital into finance and asset management. VNS

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