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VIETNAM BUSINESS REVIEW

Vol 05, Feb 05, 2026

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Vietnam enters a new growth phase as policy ambition rises

Vietnam is entering a new policy cycle marked by elevated growth ambitions and a renewed emphasis on reform-driven expansion, as the government launches its 2026–2030 socioeconomic development plan. Authorities have set a headline GDP growth target of 10% for 2026, one of the most ambitious in the region, reflecting a strategic push to accelerate convergence with upper middle-income economies.

While the official target signals confidence, securities firm VNDirect projects baseline growth at 8.8%, driven by a combination of expansionary fiscal policy, resilient foreign direct investment and an improving domestic consumption outlook. Institutional reforms aimed at crowding in private capital are expected to play a larger role, while external trade may face headwinds amid persistent tariff-related pressures and global uncertainty.

Public investment is positioned as a central pillar of Vietnam's growth strategy over the next decade. State development spending is projected to rise by nearly 30% from 2025 levels, with capital concentrated on large-scale infrastructure in transport, logistics and energy. Recent legislative changes granting the government greater flexibility to amend related laws are designed to accelerate project execution and unlock private-sector participation in strategic assets.

At the same time, structural shifts are reshaping Vietnam's medium-term trajectory. High-tech manufacturing investment continues to gain momentum, supported by gradual capital market liberalisation and plans to develop an international financial centre. Together, these trends are reinforcing Vietnam's position as both a regional manufacturing base and an emerging financial hub.

Monetary policy is expected to remain broadly supportive. The State Bank of Vietnam is forecast to keep policy rates stable in 2026, with credit growth projected at around 19%, prioritising manufacturing, innovation and productivity-enhancing sectors. Deposit rates, however, are likely to edge higher as liquidity pressures build.

Taken together, Vietnam's policy mix suggests a transition from growth driven primarily by scale toward a more investment-led, institutionally anchored expansion model—one that will test the government's capacity to execute reforms alongside elevated expectations. VIR

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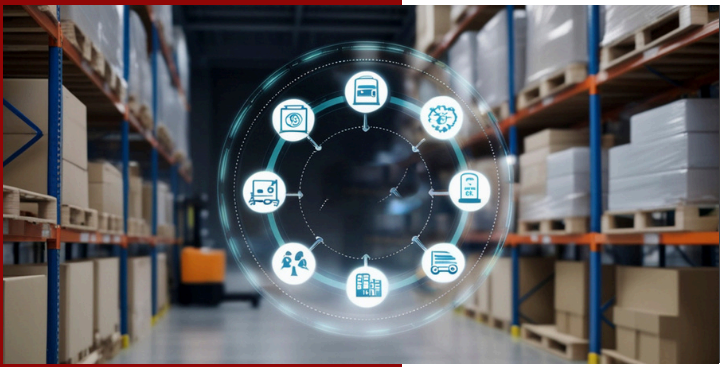

Vietnam seeks new logistics infrastructure model as costs stay high and delivery demand surges

Vietnam's logistics sector is facing a widening structural gap. While delivery demand is expanding rapidly alongside e-commerce growth, logistics costs remain among the highest in Southeast Asia, accounting for around 16% of GDP — well above the global average of 11–12%.

At the Vietnam Logistics Forum 2025, policymakers and industry leaders described logistics as the "lifeblood" of the economy, yet acknowledged persistent weaknesses. Vietnam ranked 43rd in the World Bank's Logistics Performance Index in 2023, falling behind regional peers such as Singapore, Malaysia and Thailand. Fragmented infrastructure, weak regional connectivity and a business landscape dominated by micro-sized firms — which make up roughly 95% of the sector — continue to constrain efficiency and investment. The pressure is most visible in last-mile delivery. Interprovincial shipping typically takes two to three days, with high failure rates in suburban and rural areas. As a result, Vietnam's e-commerce sector faces delivery costs estimated to be 30–40% higher than those of comparable markets. In major cities, motorbike-based delivery adds congestion, emissions and rising operational costs.

International experience suggests that scale depends less on the number of firms than on infrastructure density. China's parcel network expanded only after the rollout of hundreds of thousands of pickup points and smart lockers, while Europe has integrated "out-of-home" delivery into urban planning. In Vietnam, demand for smart lockers alone is projected to rise nearly tenfold to more than 24,000 units by 2029.

These challenges are prompting experimentation with new infrastructure models. Viettel Post, one of the country's largest logistics players, is testing a platform-based approach in which core transport, technology and control systems are centrally invested, while last-mile assets — from local post offices to lockers and small vehicles — are opened to participation by communities and small businesses. The model reflects a broader policy direction. Vietnam's logistics development strategy for 2035–2050 aims to cut logistics costs to around 11–12% of GDP, with the state focusing on major transport corridors, enterprises leading technology deployment, and society contributing to network expansion. With trade turnover approaching $900 billion, even a modest cost reduction could translate into savings of tens of billions of dollars annually.

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Vietnam's e-commerce crosses a structural threshold

Vietnam's e-commerce market reached an estimated $31 billion in 2025, accounting for about 11% of total retail sales of consumer goods and services and surpassing the 10% threshold for the first time, according to figures released at the 2026 E-commerce Forum in Ho Chi Minh City.

The data, published by the Vietnam E-commerce and Digital Economy Agency under the Ministry of Industry and Trade, point to a sector that is no longer peripheral to the economy. E-commerce sales have grown at an average annual rate of around 25%, with roughly 60% of the population participating in online shopping by 2025.

The increase marks a clear acceleration from 2024, when the market was valued at just over $25 billion and accounted for around 9% of national retail and service revenue. The jump in both absolute value and retail share suggests that online channels are moving from a supplementary role to a core pillar of distribution for many enterprises.

Officials noted that digital transformation is reshaping business models across sectors, with companies increasingly designing products, logistics and customer engagement strategies around e-commerce platforms rather than treating them as add-ons. This shift is particularly visible among consumer goods firms targeting urban and younger demographics.

However, rapid expansion has also exposed structural weaknesses. Authorities cited concerns over information transparency, consumer protection, fraud prevention and platform accountability, highlighting the need for tighter oversight as transaction volumes scale up.

From 2026, Vietnam will begin enforcing a new E-commerce Law alongside a national development plan for 2026–2030, aimed at promoting more efficient and environmentally sustainable growth. Policymakers also acknowledged persistent regional disparities, as e-commerce activity remains concentrated in major cities, while mountainous and border areas lag due to gaps in digital infrastructure and logistics. Targeted support programs are expected to address these constraints in the next phase of development. The Saigon times

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Vietnam’s Khanh Hoa backs LNG power project as gas infrastructure push accelerates

Vietnam’s south-central province of Khanh Hoa has approved the Trung Nam–Sideros River consortium as the investor for the Ca Na liquefied natural gas (LNG) power project, underscoring the country’s efforts to expand gas-fired generation to support long-term energy security.

The project, with a total investment of nearly VND57.4 trillion ($2.3 billion), will have an installed capacity of 1,500 megawatts and is classified as a key energy project for the region. Provincial authorities approved the investor selection in late January, alongside a regulated electricity tariff of VND3,294 per kilowatt-hour, providing greater revenue visibility for the developer.

Beyond the power plant itself, the project includes a fully integrated LNG import and handling system. Plans call for an LNG terminal capable of processing 1.0–1.2 million tonnes per year, supported by storage and regasification infrastructure, including a tank with a capacity of roughly 220,000 cubic meters. Additional works will include gas pipelines, an LNG import berth, a 2.4-kilometer eastern breakwater and related auxiliary facilities.

The development is expected to occupy approximately 266 hectares, the majority of which will be offshore water surface allocated for port and terminal infrastructure. Onshore land will be used for the power plant and technical corridors, with final allocations to be confirmed following completion of legal procedures.

Construction is scheduled to be completed and commercial operations to begin before the end of 2030. The project will operate for a 50-year term. Provincial authorities have emphasized strict requirements on investor equity, financing capacity and experience in operating similar facilities, reflecting tighter oversight as Vietnam scales up capital-intensive LNG infrastructure. The Saigon times

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Vietnam’s retail boom draws long-term bets as convenience stores multiply

Vietnam’s retail market is entering a new phase of expansion, marked by rapid growth in convenience stores and renewed investment commitments from major Asian retailers betting on the country’s long-term consumption story.

Retail sales of goods and services are estimated to reach US$269bn in 2025, with goods accounting for about US$205bn, according to the Vietnam Domestic Market Report 2025. Supported by a population exceeding 100 million, a young demographic profile and rising incomes, Vietnam is increasingly seen as one of Southeast Asia’s most attractive retail markets. The most visible transformation is taking place in major cities such as Ho Chi Minh City and Hanoi, where convenience store chains are expanding at a rapid pace. What began as an urban phenomenon is now spreading nationwide, as retailers push deeper into residential areas and secondary markets.

Foreign groups including Japan’s Aeon, South Korea’s Lotte, Thailand’s Central Retail and BJC Group, and Canada’s Circle K have steadily expanded their footprint. Their investments have focused not only on store growth but also on logistics, supply chains and retail infrastructure, raising service standards across the sector.

BJC Group, the owner of MM Mega Market, recently sent a team of analysts to Vietnam as part of a broader strategic review. The Thai conglomerate has invested more than US$1bn in Vietnam across retail, wholesale and consumer-related sectors, citing workforce availability and improving supply chains as key attractions.

Investment plans point to continued momentum. Central Retail aims to invest up to US$1.44bn by 2027, while Aeon has committed US$1.5bn over the next decade to triple its scale by 2030. Lotte plans to develop two large shopping centres by the end of the decade.

Convenience stores are emerging as the most competitive segment. Circle K leads with more than 460 outlets, while South Korea’s GS25 plans to expand to 700 stores by 2027. Domestic retailers are also scaling up. WinCommerce opened about 800 stores in 2025, many in rural areas, and aims to reach 10,000 outlets nationwide by 2030.

Alongside physical retail, e-commerce is projected to reach US$50bn by 2030, reinforcing Vietnam’s role as a key growth engine in Southeast Asia’s consumer economy. VNS

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Vietnam eases market access rules to lure foreign capital

Vietnam has introduced a new set of capital market reforms aimed at easing access for foreign investors and supporting its bid for an upgrade to emerging market status.

Under Circular No. 08/2026 issued by the Ministry of Finance, foreign investors are now allowed to place trading orders in Vietnamese securities directly through global brokerage institutions, without having to open trading accounts at domestic securities firms. The move aligns Vietnam's market infrastructure more closely with international practices and responds to long-standing recommendations from index providers, including FTSE Russell.

The reform is expected to lower operational barriers for large institutional investors, particularly global funds that already work through international brokers. While investors are still required to obtain a trading code and open depository accounts, the streamlined order placement process is designed to reduce administrative complexity, time and transaction costs.

Vietnamese authorities see the changes as a key step toward ensuring the country's inclusion in FTSE Russell's emerging market index as early as September, and increasing the weighting of Vietnamese stocks in global benchmarks. Improved accessibility is also intended to help index-tracking funds replicate benchmark portfolios more efficiently.

Additional measures include the removal of public disclosure requirements for failed payments in non-prefunding transactions, with violations instead reported directly to regulators. Penalties remain in place, with repeat offenders facing longer suspensions from non-prefunding trading. Restrictions on eligible stocks for such transactions have also been eased.

The circular further allows foreign fund management companies to operate separate trading accounts for proprietary and client-related activities, bringing Vietnam closer to international fund management norms.

Together, the reforms underscore Vietnam's broader effort to deepen capital markets while maintaining settlement discipline and systemic stability. VNS/VNA

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