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Vietnam's $1.48 trillion investment challenge tests Bank-led financing model

Vietnam's next investment cycle will require a change in who carries financial risk. Banks have financed much of the country's expansion, but their balance sheets may be too heavily committed to support another surge on their own.

Research from FiinGroup and FiinRatings puts total capital demand for 2026-2030 at $1.48 trillion. Public budgets are expected to contribute $312 billion, leaving $1.168 trillion for businesses and other investors. Credit outstanding already equals 148% of GDP, while corporate bonds represent only 10%, illustrating the imbalance.

This reliance is becoming more consequential as lenders face tighter capital expectations. The four major state-owned banks had a median capital adequacy ratio of 9.9% in 2025, with the regulatory benchmark rising toward 10.5%, including conservation buffers. Extending long-term loans without strengthening capital could constrain lending flexibility.

Banks could instead earn more from arranging securities offerings, distributing debt and connecting issuers with insurers, pension funds and foreign asset managers. But the bond market must first become easier to assess. Banks purchased 57.6% of primary corporate bonds in 2025, and more than half of outstanding issues carried floating coupons at end-2024.

Reliable credit ratings, transaction reporting and yield benchmarks would give nonbank investors a firmer basis for pricing risk. Securitization could eventually recycle capital, provided risks genuinely leave lenders' books.

For overseas institutions, the question is whether transparency improves enough to justify allocating patient capital in local currency.

For Vietnam, financial deepening means shifting from expanding bank credit to building markets where long-term investors can finance growth directly. Thoibaotaichinhvietnam

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Vietnam - China rail links promise a new trade corridor

Vietnam is seeking to shift a larger share of freight bound for northern ports onto rail, as cooperation with China moves from diplomatic commitments toward costly infrastructure projects.

Three rail corridors at different stages of development would link the Chinese provinces of Yunnan and Guangxi with manufacturing centres around Hanoi and the maritime gateway of Hai Phong. The network could give exporters a more predictable alternative to long-distance trucking while creating new options for Chinese producers seeking access to international shipping routes.

The biggest undertaking is the Lao Cai-Hanoi-Hai Phong line. In August, lawmakers raised its preliminary investment budget to $11.05 billion, reflecting revised engineering and land-acquisition estimates. The 1,435-millimetre-gauge project is targeting substantial completion in 2030. Two other connections, via Dong Dang and Mong Cai, remain in the planning process.

For investors, the commercial opportunity reaches beyond tracks and rolling stock. Inland freight terminals, container depots, customs technology and distribution facilities could capture demand where industrial supply chains intersect with railway stations.

Yet new infrastructure will not automatically produce lower transport costs. Cross-border timetables, customs procedures, terminal handling and reliable freight volumes must align before shippers can justify changing their routes. The rising construction budget also increases pressure to demonstrate economic returns.

Vietnam's challenge is therefore less about linking dots on a map than creating a dependable freight system. If successful, its northern rail corridors could deepen manufacturing integration with China while strengthening access to global markets. VNS/VNA

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Vietnam's digital export push puts logistics at center of competition

Vietnam's push to sell more goods directly to foreign consumers is putting a spotlight on the economics of delivering individual parcels.

At a November forum in Hanoi, JoyLogistics unveiled a Vietnam-to-US service for packages weighing up to 10 kilograms. It combines domestic pickup, customs processing, air transport and final delivery. The company also outlined shared warehousing, Amazon fulfillment support and returns handling in Vietnam.

The launch addresses a problem that a digital storefront cannot fix. A 2026 Access Partnership survey found that 94% of Vietnamese furniture SMEs and 86% of fashion SMEs in its sample faced high international logistics costs. For small sellers, shipping fees, customs obligations and reverse logistics can consume margins before a brand establishes demand overseas.

An integrated provider could simplify coordination and make export costs more predictable. Its value, however, rests on reliable delivery, transparent pricing and effective returns management rather than network size alone. Those capabilities could reshape competition among freight forwarders, fulfillment specialists and international couriers.

JoyLogistics has not disclosed comparative shipping rates or verified cost savings for the new US route. Exporters will need to judge offers against total delivered cost, including duties, marketplace charges and unsuccessful deliveries.

For investors, the opportunity lies beyond parcel growth. The test is whether integrated logistics can help Vietnamese merchants convert one-off international orders into profitable repeat business.

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Dependable contracts and transparent pricing will determine how many promised megawatts reach the grid

Vietnam's effort to expand its electricity system is confronting a financing problem that larger investment targets alone cannot solve: investors need projects whose risks they can price.

At a November 19 business forum, participants highlighted a $77 billion power-sector funding requirement for 2026-2030. The revised national power plan, however, estimates $136.3 billion for generation and transmission over the same period, underscoring the importance of specifying which investment pipeline is being measured.

Developers argue that commercial obstacles are more immediate than capital scarcity. Unresolved issues involving 172 renewable projects have raised questions about payment certainty and the durability of earlier investment terms. Gas-fired plants face a different problem: lenders want credible electricity-purchase commitments and a way to accommodate swings in imported fuel costs.

These concerns strike at project bankability. Without predictable revenue, even well-funded investors can struggle to justify long-term exposure. Standardized purchase agreements, clearer tariff adjustments and workable currency-risk arrangements could do more to unlock financing than headline incentives.

The next opportunity extends beyond building generating capacity. Battery storage needs compensation for shifting electricity across peak periods, while direct power sales could connect renewable producers with industrial customers. Green bonds and blended finance may help bridge the mismatch between long-lived infrastructure and banks' shorter funding horizons.

Vietnam's challenge is therefore to create transactions that can attract private capital at scale. Speeding up permits matters, but dependable contracts and transparent pricing will determine how many promised megawatts reach the grid. VIR

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Vietnam's consumers have tighter limits on daily spending

Vietnam's consumers are sending retailers a mixed signal: they expect the economy to improve, yet are putting tighter limits on everyday spending.

The country scored 63 on United Overseas Bank's 2026 consumer sentiment index, nine points above the five-market average, despite slipping four points from 2025. Economic optimism remains widespread, but 62% of surveyed Vietnamese cited living costs as a concern. For brands planning aggressive store expansion, that contrast matters more than the regional ranking.

The online survey covered 1,000 respondents in Vietnam, within a broader five-country regional sample.

Households are protecting their balance sheets. UOB found that 33% of respondents are reducing nonessential purchases and 26% are hunting for better deals. Meanwhile, 89% said they save at least a tenth of their income. Groceries, healthcare and education are absorbing more spending pressure, potentially leaving less room for fashion, electronics and other discretionary categories.

The response need not be a race to the bottom on prices. Retailers can preserve margins by offering smaller pack sizes, dependable private labels and promotions tailored to genuine purchasing patterns. Clear product information and consistent service may matter as much as headline discounts.

Digitisation adds another layer. Some 85% use digital tools for financial management and 31% consult AI for financial information, but human advisers and family still command greater trust. Merchants should expect more deliberate comparisons, not automatic loyalty to automated recommendations.

For investors, Vietnam remains attractive, but sales growth will increasingly depend on value delivered per purchase rather than confidence measured in surveys. VNS

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Chinese manufacturers are extending their foothold in northern Vietnam

Chinese manufacturers are extending their foothold in northern Vietnam, making Hai Phong a test of whether foreign investment can generate deeper industrial capabilities rather than simply more exports.

Chinese investors have registered 823 projects worth over $13.2 billion in the city, about 26% of its foreign-investment stock. Hai Phong hosts more than 1,800 foreign-backed projects representing over $51 billion.

Its competitive proposition starts with infrastructure. Lach Huyen's deepwater port links factories with overseas customers, while 52 industrial parks and roughly 5,000 hectares of available industrial land leave room for expansion. Authorities aim to increase operational berths from six to 12 by 2030, potentially strengthening Hai Phong's role in regional supply chains.

Chinese companies are also exploring higher-value activities. Biel Crystal plans to invest more than $100 million in 2027 in advanced glass production and smart factories. Autel has expressed interest in vehicle electronics, intelligent charging and drones. These are plans and discussions, not evidence of completed investment.

The larger challenge is how widely the gains spread. Foreign-invested businesses generate about 84% of the city's exports, highlighting their importance but also the need for stronger Vietnamese suppliers. Energy reliability, technical skills and exposure to global trade disputes could influence future commitments.

For investors, supplier contracts and local engineering capacity may prove more revealing than headline capital pledges. Hai Phong already has an extensive factory base; its next advantage will depend on how effectively it embeds technology and domestic businesses in that network. VNS/VNA

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