



Viet Nam Economic Bulletin

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Trade turnover outstrips US\$440 billion mark



- According to the General Department of Customs, with US\$37.17 billion earned in the second half of July, total trade value rose to US\$440.45 billion in the first seven months of 2024, up 17.2% against the same period last year.
- The export turnover in the second half of July (16-31 July) went up 13.7%, equivalent to US\$4.48 billion in comparison with that in the same period in the first half of July (1-15 July).
- In contrast, the import value of some product groups decreased in the second half of July compared to the first half, such as corn, down US\$57.8 million or 40.2%; ores and other minerals, US\$37.9 million or 23.9 percent; and wheat, US\$25.7 million or 43.8%.
- Specifically, the FDI sector reported the earnings of US\$298.6 billion, up 15.6% or US\$40.19 billion, against the same period last year. Meanwhile, the domestic sector confirmed US\$141.85 billion of trade turnover, representing a year-on-year increase of 20.8%, equivalent to US\$24.47 billion.
- In the first seven months of 2024, the total import value of FDI enterprises reached US\$135.38 billion, up 17.3% (equivalent to US\$19.95 billion) compared to the same period last year, accounting for 63.6% of the country's total import value.
- With these results, Viet Nam enjoyed a trade surplus of US\$2.6 billion in the second half of July and US\$14.52 billion in the first seven months this year, down by US\$1.98 billion against the same period last year.

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Viet Nam's e-commerce market booming

- The value of e-commerce in Viet Nam is projected to reach US\$13.2 billion in the first half of this year, a year-on-year increase of 28%, and US\$27.5-28 billion by the end of this year, reported by the Ministry of Industry and Trade. In 2023, Viet Nam's e-commerce market reached approximately US\$25 billion, up 25% against the previous year, becoming the fastest-growing e-commerce countries in Southeast Asia.
- Viet Nam's e-commerce sector is growing robustly, becoming a vital component of the country's digital economy. Retail e-commerce sales have increased at an average annual rate of 20% over the past decade, placing Viet Nam among the fastest-growing e-commerce markets globally and regionally.

- According to the e-commerce data platform Metric, in the first half of this year, the five largest e-commerce platforms in Viet Nam—Shopee, Lazada, Tiki, Sendo, and TikTok Shop—reported a combined revenue of VND156 trillion (US\$6.2 billion).

- Local businesses are also thriving, with both revenue and sales output growing by over 50 percent. This trend indicates that e-commerce is expanding beyond major cities and affecting provinces across the country.



- Financial powerhouse HSBC predicted in a recent report that Viet Nam would maintain its rapid pace of digital development until at least 2025. It noted that 60 percent of firms operating in the country plan to invest in technologies including digital payments, e-commerce and artificial intelligence, betting that doing so will boost their revenues and cut costs.

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Top 8 FDI destinations in Viet Nam during Jan-July

- The northern province of Bac Ninh became the most attractive destination for foreign direct investment (FDI) in Viet Nam during January-July this year.

- In July, foreign investors poured US\$3.2 billion in Bac Ninh province, making up 17.8% of the nation's total FDI capital. In seven months, the northern locality attracted 244 new FDI projects with a total registered capital worth US\$1.102 billion, mainly from China (157 projects), Hong Kong (30 projects) and Singapore (23 projects). Foreign investors also increased investment capital by US\$1.526 billion in the existing projects. Remarkably, the Amkor Group recently obtained an amended investment certificate to boost its investment by an additional US\$1.07 billion for its semiconductor project in Bac Ninh. This decision has propelled the total investment in the Amkor project to US\$1.6 billion, a staggering 11 years ahead of schedule.



- During the reviewed period, the northern province of Quang Ninh was the runner-up in FDI attraction with US\$1.56 billion, making up 8.7%. Foxconn, the Taiwan-based supplier to Apple, was licensed to invest about US\$551 million in two new projects (a US\$264 million project in Song Khoai Amata Industrial Park to produce smart entertainment products, with designed capacity of about 4.2 million units per year, and a US\$287 million project in Bac Tien Phong Industrial Park to make smart-system equipment) in Quang Ninh, bringing the total investment pledged by Foxconn in the province to about US\$1 billion

- The southern metropolis Ho Chi Minh City ranked third with the total registered FDI capital of nearly US\$1.55 billion, accounting for 8.6%. The city took the lead in the country in both the number of new projects, and capital contribution and share purchase.

- The southern province of Ba Ria-Vung Tau came fourth by luring US\$1.54 billion in foreign investment.

- Meanwhile, Ha Noi, Viet Nam's capital was ranked fifth, receiving a little over US\$1.38 billion in FDI, a year-on-year increase of 65%.

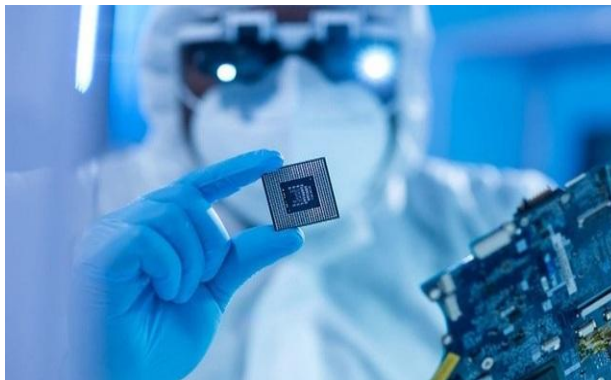
- It was followed by the northern city of Hai Phong with US\$1.37 billion, the southern provinces of Binh Duong and Dong Nai with US\$1.07 billion and

US\$1.02 billion, respectively.

- Registering US\$6.52 billion, Singapore was the biggest investor among 91 countries and territories investing in the nation in the reviewed period, followed by China's Hong Kong, Japan, China and the Republic of Korea.

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Government establishes national committee for semiconductor industry



- Prime Minister Pham Minh Chinh has decided to establish a national steering committee for semiconductor industry development. The committee will be led by the Prime Minister who is assisted by the Minister of Planning and Investment as a permanent deputy head and the Minister of Information and Communications as a deputy head. Members of the committee include the Minister-Chairman of the Government Office, Ministers of Foreign Affairs, Education and Training, Science and Technology, Transport, Finance, Justice, Natural Resources and Environment and Transport.

- The committee is in charge of putting forward recommendations and solutions to promote the development of the semiconductor industry in Viet Nam. It is tasked to coordinate relevant ministries and ministerial-level agencies, Government bodies and organizations to accelerate the semiconductor industry development.

- Viet Nam is now among the top 10 global exporters of semiconductor devices and integrated circuits, ranking 9th in both categories; and the third-largest Asian exporter of semiconductors to the U.S., after Malaysia and Taiwan (China).

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Viet Nam positioned as "magnet" for major players in chip industry: Nikkei Asia

- Many companies are turning to Viet Nam for its talent pool and competitive labor costs, positioning the Southeast Asian nation as a "magnet" for major players in the chip industry.

- In an article published on August 14, Nikkei Asia reported, Alchip Technologies, Taiwan's leading provider of AI chip design services, is expanding its R&D team into Viet Nam, where it is planning to open its first office this year. The company is likely to increase its headcount to up to 100 engineering staff in 2-3 years, CFO Daniel Wang said.

- South Korea's companies are turning to Viet Nam, partly to offset a brain drain in their home market. Marvell, for example, described Viet Nam as a "strategic location for the development of engineering talent". U.S.-based Synopsys, the world's top chip design tool maker, is among the most active to venture into Viet Nam, where it currently has more than 500 employees across multiple design centers in several cities.



- Viet Nam has attracted roughly 40 international companies in the semiconductor chip industry from the U.S., South Korea, Japan, Taiwan, and the Netherlands. Alongside this influx, domestic players like Viettel and FPT have begun operations, building a well-rounded foundation for the sector.
- Prime Minister Pham Minh Chinh has ordered four government bodies to collaborate to train 30,000-50,000 engineers and 100 experts in digital transformation and manufacturing semiconductors.
- Electronics and semiconductor account for around one-third of Viet Nam's exports, but most of them are produced by foreign direct investment companies.
- Samsung, LG, Intel, Apple's suppliers and Xiaomi all have factories or research centers in Viet Nam.

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FDI inflows reach US\$18 billion in first seven months



- Foreign direct investment inflows to Viet Nam reached US\$18 billion in the first seven months of 2024, representing a year-on-year increase of 10.9%, according to the Ministry of Planning and Investment's Foreign Trade Agency.
- In the January-July period, the amount of disbursed investment valued US\$12.55 billion, up 8.4 percent against the same period last year.
- Foreign investors poured investment capital in 18 out of 21 economic sectors, with the processing and manufacturing industry attracting the largest share of over US\$12.65 billion, or 70.3% of the total. The realty sector came second with more than US\$2.87 billion, followed by wholesale and retail sale industry with nearly US\$740.5 million, and professional activities and science-technology with over US\$490.6 million.
- As of July 20, Viet Nam housed 40,777 valid foreign projects with total registered capital of US\$487 billion.

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Total assets of Vietnamese credit institutions up nearly 5%

- As of June 30, total assets of the Vietnamese credit institution system reached more than VND21.07 quadrillion (nearly US\$840.8 billion), an increase of 4.97% compared to the end of 2023.
- The State Bank of Viet Nam (SBV)'s latest data showed that the group of State-owned commercial banks, including Agribank, VietinBank, Vietcombank, BIDV, VietinBank, CB, GPBank, and Oceanbank, had total assets of nearly VND8.75 quadrillion (over US\$349 billion), up 5.05% from the end of 2023.
- Total assets of joint-stock commercial banks reached more than VND9.43 quadrillion (US\$376.3 billion), up 5%.



- Joint-venture and foreign banks had total assets of more than VND1.94 quadrillion (US\$77.4 billion), an increase of 4.26%, and the group of financial and financial leasing companies had total assets of VND302.3 trillion (US\$12 billion), up 0.16%.

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Viet Nam, India strive to raise trade turnover to US\$20 billion



- At the Viet Nam-India Business Forum in New Delhi on July 31, which was held during the State visit to India, Prime Minister Pham Minh Chinh said that Viet Nam and India should double efforts to raise their two-way trade turnover to US\$20 billion from US\$14.36 billion in the time to come.

- Prime Minister Pham Minh Chinh encouraged Indian businesses to pour investment in such areas as high-tech, AI, infrastructure, renewable energy, Hydrogen, biology, innovation as well as pharmaceuticals; called on India to increase official development assistance for Viet Nam's projects in terms of infrastructure, digital infrastructure and climate change.

- On this occasion, Prime Minister Pham Minh Chinh witnessed the launch ceremony of an air route linking Da Nang (Viet Nam) and Ahmedabad (Gujarat, India) and the welcoming ceremony of the 200 millionth passenger of Vietjet Air.

- This is also the first visit since the two countries established the Comprehensive Strategic Partnership in 2016.

- The two-way trade turnover between Viet Nam and India increased to US\$14.36 billion in 2023 from roughly US\$200 million in 2000.

- For India, Viet Nam is the 21st largest trading partner and the 22nd largest export destination globally. For Viet Nam, India is the eighth largest trading partner.

- India has 410 active projects with total registered capital of US\$1.03 billion, ranking 25th among 146 countries and territories investing in Viet Nam. On the other hand, Viet Nam invested over US\$14 million with 16 FDI projects in India.

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Vietnamese manufacturing sector reaches record 13-year high

- The Vietnamese manufacturing sector's Purchasing Managers' Index (PMI) reached 54.7 in July, the highest since November 2018, according to the S&P Global survey released on August 1.

- The index, which is equivalent to the June rate, signals a further marked strengthening of business conditions in the local manufacturing sector, said S&P Global, adding marked improvements were seen across the consumer,



intermediate and investment goods categories.

- New orders increased for the fourth month running in July on the back of stronger market demand and an increase in customer numbers. New export orders also rose, albeit at a much softer pace than total new business.

- The results of the survey are in tandem with statistics recently released by the General Statistics Office of Viet Nam. Accordingly, the country's index of industrial production (IIP) obtained its positive growth in July at 0.7 percent over June and 11.2 percent compared to the same period last year.

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Viet Nam viewed as attractive tourist destination for Indian arrivals



- India was the 7th largest tourist source markets of Viet Nam in the first seven months of this year, making Viet Nam an attractive tourist destination for Indian tourists.

- Indian billionaire Dilip Shanghvi is planning to bring 4,500 employees to Viet Nam for a holiday in late August. They will visit Ha Noi, Ninh Binh, and Ha

Long Bay for nearly two weeks. The guests are employees of the largest pharmaceuticals company in India, Sun Pharmaceutical Industries Limited, and are mainly Indians. Shanghvi, the group's billionaire founder, who is one of the wealthiest men in India, will also join the tour.

- A report from Mastercard's Economics Institute, titled Travel Trends 2024: Breaking Boundaries, said Indian outbound travel to Viet Nam skyrocketed by 248 percent compared to 2019 levels. These emerging trends promise to benefit the tourism sector as India is expected to add nearly 20 million people to the middle class over the next five years, added the report.

- The Southeast Asian nation has many advantages to attract Indian guests, such as convenient connectivity, with only a 4-5 hour direct flight.

- General Director of Viet Nam Airlines Le Hong Ha said, since the launch of direct flights between the two nations in June 2022, the national carrier has transported more than 240,000 passengers. The seat utilization ratio is always near 80 percent in 2024, 1.5 times higher than in 2022. This proves the growing travel demand of tourists and businessmen between the two countries.

- In addition, Viet Nam has competitive service prices, about 10-15 percent cheaper than those in other countries in the region. Moreover, for many Indians, Viet Nam is still a new destination with diverse culture, cuisine, and rich natural resources which inspire them to explore.

- This helps explain why the number of Indian visitors to Viet Nam has increased sharply in recent time, especially in places with rich tourism resources and high-quality infrastructure such as Da Nang, Phu Quoc, Ha Long, Ha Noi, and Ho Chi Minh City.

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Local noodle soup designated as national intangible cultural heritage

- The Ministry of Culture, Sports, and Tourism has officially recognized "Pho Nam Dinh" (Nam Dinh-style pho) and "My Quang" (Quang Nam-style noodle soup) as national intangible cultural heritages.

- "Pho Nam Dinh" has been categorized under the domain of folk knowledge, meeting the criteria of representation of community and local identity, reflection of cultural diversity and human creativity passed down through

generations, possibility of revival and long-term existence, and the local community's consensus, voluntary nomination, and commitment to safeguarding.



- Over time, the dish has become a symbol of pride for locals for its unique qualities in every preparation stage – from selecting ingredients and crafting the distinctive noodles to the careful cooking process ensuring each bowl maintains its authentic flavor and nutritional value.

- The recognition is a crucial step towards the Government's proposal to UNESCO, seeking its inclusion of Pho in the Representative List of the Intangible Cultural Heritage of Humanity.

- On this occasion, Minister of Culture, Sports and Tourism Nguyen Van Hung also signed a decision to include the folk knowledge of My Quang of Quang Nam province in the List of national intangible cultural heritage. The dish evolved alongside the southward migration of settlers, adapting to available ingredients and thus contributing to its rich and varied flavors. This versatile dish highlights the folk culinary culture of the land, appealing to a broad range of tastes and embodying the local history and folk knowledge.

- Previously, the website known as the "world culinary map" Taste Atlas released a list of 100 best Vietnamese dishes for international diners to experience, including My Quang.

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Da Lat named among most affordable destinations in Asia



- With US\$57 per room on average, Da Lat is the only Vietnamese city to enter the list of the most affordable tourist destinations in Asia, according to digital travel platform Agoda.

- Da Lat, the capital city of of Central Highlands province of Lam Dong, took over Hue in the central province of Thua Thien-Hue - which came out on top of the cheapest destinations in the previous rankings in April.

- Agoda suggested that visitors can take time to explore the Valley of Love, the Da Lat Flower Gardens, and the historic Da Lat Railway Station. The travel

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platform also recommended adventure seekers visit the proximity to the Lang Biang Mountain, perfect for those who enjoy hiking and outdoor activities.

- On early this month, Ha Noi and Ho Chi Minh City, the two major cities in Viet Nam, were named among Asia's top ten cities with the lowest travel costs, according to Travel & Leisure.

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