



Vietnam Economic Bulletin

Embassy of the Socialist Republic of Viet Nam in India

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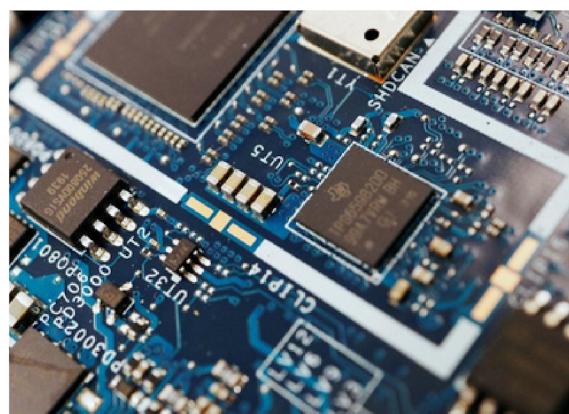
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Viet Nam among Top 4 Asian markets leading U.S. chip diversification

Viet Nam has emerged as one of four winners as the U.S. has significantly increased its import of chip products since the beginning of the year, according to data released by the U.S. Census Bureau.

The list of Top 4 Asian markets includes Thailand, Viet Nam, India, and Cambodia.



Vietnam and Thailand, which both have much bigger slices of the chipmaking market, increased their US trade in the sector by 75 percent and 62 percent, respectively. Viet Nam has accounted for over 10 percent of US imports for seven straight months. Most notably, imports from India saw an unprecedented growth, with the turnover increasing 34 times to reach US\$152 million. February alone witnessed its chip imports rise by 17 percent to US\$4.86 billion year on year, of which imports from Asia accounted for 83 percent of the total.

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Apple develops production facilities in Viet Nam

AirPods maker GoerTek Inc. is investing an initial US\$280 million in a new Vietnam plant, according to Deputy Chairman Kazuyoshi Yoshinaga. That investment will add to the US\$1.06 billion of commitments that GoerTek made in Bac Ninh and Nghe An.



Vietnam for now is GoerTek's sole manufacturing site outside of China. The envisioned new 62-hectare complex in Bac Ninh will make products for major U.S. brands and is expected to be operational within a year.

GoerTek also plans to manufacture virtual reality headsets in Vietnam from 2024, and expects the Southeast Asian country to produce more than half of its global revenues in three years, up from one-third now.

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Vietnam to enhance competitiveness of logistics sector

Speaking at a meeting on March 28th in HCM City, Pham Thi Ngoc Thuy, director of the Office of the Private Economic Development Research Committee, said there was immense potential for improvement in bilateral trade between Việt Nam and India, especially in the logistics sector.

India is the eighth largest trading partner of Vietnam, while Vietnam is India's fourth largest trading partner in ASEAN. Moreover, the Vietnamese Government has instructed the Ministry of Finance to continue reviewing the policies of taxes and fees while customs procedures would be further simplified to create favourable conditions for logistics services providers.



Vietnamese trade counsellor in India Bui Trung Thuong said that India has a long coastline that is very convenient for shipping while Vietnam has a direct shipping route to India. Vietnam and India should cooperate in building and expanding expressways, airports, seaports, and logistics centres.

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Vietnam targets 100% of Internet subscribers using IPv6 service by 2025



A conference to review the first phase of the programme on the transition to Internet Protocol version 6 for state agencies (IPv6 for Gov) and discuss the implementation of the second phase of the plan was held at the Vietnam Internet Network Information Centre (VNNIC) in Hanoi on March 28.

In Vietnam, the IPv6 transition in networks, services, applications, and software is an evolution that ensures Internet resources capacity and security requirements to support digital transformation and the development of e-government and smart city services.

IPv6 is expected to meet Vietnam's demand to offer new and quality services such as the Internet of Things, 4G-LTE and 5G networks, contributing to digital transformation and digital government building.

IPv6 for Gov's first phase, which was performed in 2021-2022, focused on state agencies. Half of the ministries, agencies, and localities were set to adopt IPv6 transitional plans and successfully shift towards IPv6 for their portals. All of them are expected to roll out the plans in the second phase in 2022-2025.

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Vietnamese outward investment surpasses US\$ 119.5 million in Q1

Viet Nam's outbound investment in Q1 totalled US\$119.5 million, equivalent to 56.5 percent compared to the same period last year. Of the sum, US\$113.3 million was poured into 21 new projects, while seven other projects were expanded by absorbing additional US\$6.2 million of investment.



Vietnamese firms invested capital into 11 industries, of which information and communication took the lead with three new projects and one capital adjustment project with a total registered investment capital of more than US\$105.4 million, or 88.2 percent of the total outbound investment.

As of March 20, Viet Nam has had 1,625 valid overseas investment projects capitalized at nearly US\$21.9 billion. Specifically, 141 state-owned projects valued US\$11.67 billion, equivalent to 53.3 percent of total investment.

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Asian investors increasingly keen on Vietnam

Vietnam is considered a promising destination for investment from Asia. On March 8, 2023, the Vietnam Dairy Products Joint Stock Company (Vinamilk) and Sojitz Corporation (Japan) commenced construction of the Vinabeef Tam Dao livestock breeding and beef processing complex in Tam Dao District of Vinh Phuc Province.



Apart from Japan, multinational corporations from the South Korea, including LG and Samsung, have also selected Vietnam. Samsung, in particular, has invested more than US\$20 billion in Vietnam.

Vietnam is also increasingly popular for Thai, Chinese and Taiwanese investors. Central Retail Group from Thailand announced plans to invest about US\$1.45 billion in Vietnam in 2023 - 2027.

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Digital payments surge in first two months of 2022

Latest data of the State Bank of Vietnam (SBV) showed the volume of cashless transactions increased by 50.1% year-on-year, with QR code transactions posting the strongest surge of 142% in quantity and 50% in value.



Internet-based transactions saw an increase of 90.2% in volume and 10% in value, followed by mobile phone transactions with 60.3% and 13.9%, respectively. POS transactions increased by 36.7% in volume and 29.7% in value.

According to the SBV's Payment Department, there has been notable progress in digital transformation activities in the banking industry when 95% of credit institutions have adopted and implemented digital transformation strategies in their units. Many of the top credit institutions that have embraced digital transformation have already achieved 90% of customer transactions on digital channels.

These positive outcomes in digital transformation activities within the banking industry show that there is a clear shift towards a more digital future.

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Digital economy to accounts for 16% of GDP this year

The Government targets to raise the share of the digital economy to GDP to 16 percent in 2023 compared to 14.26 percent last year, according to its latest plan.

In 2022, the scale of Viet Nam's digital economy has recorded growth in ICT digital economy, platform digital economy, and sectoral digital economy, said the Department of Digital Economy and Digital Society under the Ministry of Information and Communications.



IT services contributed the most to the digital economy, accounting for about 30 percent of the total value. It was followed by e-commerce (14.3 percent), and hardware production (12.83 percent). Meanwhile, the digital content field recorded the strongest growth, up nearly 104 percent compared to the first quarter of 2022.

Viet Nam's digital economy may have a value of US\$49 billion by 2025 and an average growth rate of 31 percent per annum for 2022-2025.

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Vietnam seeks to further develop digital economy

According to experts from the Commonwealth Scientific and Industrial Research Organisation (CSIRO), digital transformation will bring about a 1.1% annual increase in GDP growth for Vietnam. The Government's recent digital transformation efforts, including the establishment of the National Public Service Portal and the Government Reporting Information System have proved effective, saving time and costs for citizens and businesses, while contributing to preventing corruption.



Moreover, Vietnam is building a framework where the Government, the Ministry of Information and Communications and IT companies can work closely together to build a strong national digital infrastructure system, including the hard system comprising 5G services, and data connectivity and storage.

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Hanoi boosts use of drones in agriculture production

Many districts, communes in Hanoi have actively promoted the use of drones in agriculture production - the first step in boosting hi-tech farming and joining the global farm produce supply chain in the coming time for the spring 2023 crop.



The Nicotex Hanoi joint stock company has introduced to farmers in Son Tay town and Thach That and My Duc districts a three-in-one drone which can spread seeds and fertilisers and spray pesticides.

The use of drones is expected to improve the awareness of farmers about the application of technology in agricultural production, helping to increase productivity and quality of the crops.

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Vietnam to Ease Visa Requirements to Boost Tourism Industry

In a bid to attract more foreign tourists, the Vietnam government is looking at easing visa requirements. Vietnam has had difficulty in luring international travelers due to the strict visa policies that were imposed during the pandemic.

Prime Minister Pham Minh Chinh has asked his cabinet to review the policies regarding immigration procedures, such as offering more visa waivers, increasing the duration of stays for foreign tourists with reasonable fees, and expanding the country's e-visa program.



Some highlights from all proposed:

- Increasing the list of countries for visa exemption: The government plans to wait visas for more countries. Further, the government offers e-visas for up to 80 nations without the need to go through a guarantor agency or organization.
- Prolonging the duration of e-visas: The government is also exploring the strategy to prolong e-visas from 30 days to a maximum of three months (45 days). The e-visas will be valid for multiple or single entries.

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Vietnam's cruise tourism picks up steam in Q1

The number of international tourists arriving in Vietnam by sea in the January-March period reached over 33,000, up 936 times year-on-year as the country witnessed an influx of luxury cruise ships.



In March alone, the number of tourists arriving by cruise ships was up 2.8 times from the previous month, according to a report from the General Statistics Office (GSO). Most tourists came from Europe and Asia.

Since early this year, the cruise tourism industry has seen positive signs with a series of luxury cruise ships carrying thousands of international tourists to popular tourist hotspots such as Nha Trang, Da Nang, Vung Tau, Ho Chi Minh City, and Ha Long.

In February, Spectrum of the Seas, Asia's most luxurious cruise ship, docked at Phu My Port in the southern province of Ba Ria-Vung Tau, carrying 3,500 European and American tourists. Khanh Hoa, home to the famous resort town Nha Trang, has received five international cruise ships with nearly 2,000 foreign tourists so far this year.

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Vietnam seeks to boost cooperation with Andhra Pradesh state of India

The Trade Office at the Vietnamese Embassy in India, in collaboration with the Andhra Pradesh Economic Development Board, held an online conference on April 12 on opportunities for business and investment cooperation between Vietnam and the Indian state.



It is reported that there are currently about 300 Indian companies operating and doing business in Ho Chi Minh City. Deputy Director of Can Tho's Investment Promotion Centre Nguyen Kim Ngoc introduced participants to the development potential of the city – the centre of the Mekong Delta region. She affirmed that Can Tho will be a safe destination for Indian investors.

Valarmathi Valaven, special chief secretary to the Government of Andhra Pradesh proposed the two sides' governments and people exert efforts to support enterprises in connectivity activities, thus helping generate more jobs and improve income for laborers.

Andhra Pradesh has been one of the most dynamic states in India over the past five years. It has potential to cooperate with Vietnam in the fields of fisheries, agricultural products, garment and textiles, information technology, as well as seaports and logistics.

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