
**VIETNAM
BUSINESS WHITEBOOK
2025**

The Challenge of Creating
New Industries



Introduction



OHTA SHIGEMASA

B&Company
Representative

We are pleased to present the inaugural edition of the Vietnam Business White Book. When we announced this project last year, we received over 100 reservations, for which we are deeply grateful. We sincerely apologize for the delay in publication beyond the initial schedule.

Vietnam has maintained high growth for the past 20 years. Globally, few countries have achieved such stable growth this century despite facing external shocks like the global financial crisis, the pandemic, inflation, and a real estate downturn. Its stable political system, low-income disparity, good public safety, and open diplomacy form the foundation supporting its long-term development.

Considering its demographic trends and ongoing urbanization, Vietnam remains in a developmental phase. Business opportunities created by connecting foreign companies with the Vietnamese market are expanding across hundreds of sectors alongside the economy's growth.

The overarching theme of this book is "The Challenge of Creating New Industries." While Vietnam already possesses several strong industries, its creation of added value remains insufficient. Therefore, amid global transformation and within its strategy to become a high-income country, the Vietnamese government aims to build new, major industries in areas like semiconductors, AI, and the environment. This requires elevating social systems like human resource development and infrastructure such as energy and logistics to significantly higher levels. For individual companies, this presents opportunities for major leaps forward, and ultimately, each company's fate will hinge on whether it can succeed in this "industry creation." We have selected the sectors covered in this book with a focus on these growth areas.

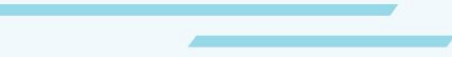
Since its founding, B&Company has supported market research and business planning for companies and government agencies worldwide, primarily Japanese firms. Accurate information is indispensable for doing business in Vietnam. With the dramatic increase in available information today, what corporate activities now require is information with the following characteristics:

Focus and Depth: Content that goes beyond economic overviews to delve into specific products and services

Comprehensive Overview and Balance: Information that provides a broad perspective on the entire theme, avoiding bias toward specific events

Fact-Based Accuracy: Continuous updates to keep pace with a rapidly changing environment

While these elements can sometimes be contradictory, we strive to improve accuracy through cross-referencing multiple sources and obtaining primary information.



The "foundational elements" common to each industry overlap across many projects. Consumer lifestyles intersect broadly across B2C, and in B2B sectors, conditions in one industry often reflect customer trends in another. Therefore, we conceived this book to systematically reorganize and widely share this foundational industry-specific information.

While numerous general entry guides and macro-level explanations about Vietnam exist, few publications comprehensively summarize the current state across multiple industries. This book therefore adopts the following approach:

- Provide an overview of the interconnectedness of Vietnam's economy across diverse industries
- Include insights useful even for readers outside the industry
- Structure the content to be engaging as a read, covering the background of changes and the movements of major companies
- Minimize information available elsewhere (books/web) by adopting unique perspectives
- Keep the volume manageable for practitioners to read through

We sometimes debated how deeply to delve into each industry within the limited scope of a few pages per sector. Ideally, each theme would require its own volume, like a "Logistics White Paper" or "E-Commerce White Paper." For this book, we decided to streamline and omit certain points. We believe reading this single volume in one sitting will provide readers with a multidimensional understanding of Vietnam's growth sectors.

Finally, we extend our gratitude to DAI, who handled the entire editing process for this book and consistently supports our marketing operations with high quality.

We sincerely hope this book helps refresh the foundational understanding of those involved in Vietnam business and serves as a useful tool for considering the next steps.



Disclaimer

Unless otherwise stated, the materials contained in this report are protected by copyright and are the exclusive property of B&Company. The information contained herein (including forward-looking statements) has been obtained from sources believed to be reliable as of the date of publication. While B&Company believes this information to be accurate, it has not necessarily independently verified each source and therefore makes no warranty or representation as to its accuracy or completeness. Readers should evaluate the relevance and accuracy of the information contained herein at their own discretion.

All rights in this report are reserved. No part of this document, its contents, or any reproduction thereof may be modified, transmitted, reproduced, or distributed to third parties without the prior written consent of B&Company. B&Company shall not be liable for any loss, damage, cost, or expense arising from the use of or reliance on the information contained herein.

Regarding the contents of this document

1. Proper Nouns
Place names, personal names, company and organization names, etc., are presented using alphabetical notation as deemed most understandable in each context.
2. Ministry Reorganization/ Regional Reorganization
Major consolidations of ministries, agencies, and prefectures took place during 2025. While the new classifications are generally followed, movements or statistics prior to that point may be described using the old classifications. Instructions such as "former XX" may also be used.
3. Addresses
Follow the same approach as above in Section 2. Specifically, for districts within Hanoi and Ho Chi Minh City, both new and old designations may be used as appropriate.
4. Currency
Generally stated in US dollars, but yen or dong may be used depending on the content. When conversion is necessary, it will be calculated using the Vietcombank exchange rate.
5. Source
Mainly cite by the organization's name. Information obtained through our interviews, etc., will be cited as "B&Company Analysis."
6. Common Abbreviations
To avoid redundancy, commonly used terms will be abbreviated.

About the B&Company Enterprise Database

Overview	Covers nearly all companies in Vietnam: • B&Company has compiled a database (DB) containing information on nearly all companies operating in Vietnam, approximately 1 million companies. This includes both domestic and foreign-invested companies. • Data used is as of the end of 2023 (While our company currently has access to 2024 data, it is not reflected in this document). Contents: • Listed companies are categorized by industry (using the Vietnam Standard Industrial Classification VSIC code). Data such as revenue and number of employees enables company search and analysis. • Content includes company name, location, year established, legal form, investor nationality, industry, sales, profit, number of employees, and over 100 other items. • Analysis using data on the number of companies by industry and the sales figures of company groups enables an overview of market trends and industry structures in specific sectors. • We combine data obtained from Vietnamese authorities with information gathered from our past business activities, and we also conduct comparative verification with data from other sources as appropriate. • However, we cannot guarantee the accuracy of all data. Particularly for industry classification, companies are registered based on their primary business activity, so secondary or additional business activities may be omitted for companies engaged in multiple businesses. When providing customer service, we typically use this database as a foundation and then verify and supplement information through website checks or brief telephone interviews. • You can view examples of our past support cases, including providing company lists (including simple phone calls) and market overview reports, here.
Usage in this document	Industry Analysis: • Used for tracking sales trends by industry sector. Since this is a simple summation, the same finished products or related parts/materials may be counted multiple times within the supply chain, potentially resulting in an industry market size that appears larger than the actual correct figure. Major Company List: • Companies are primarily selected by sales volume to create lists of major companies in each field. However, the actual sales figures themselves are often omitted in this publication. Information on Specific Companies: • Detailed information (e.g., financial data) regarding specific companies may be utilized.

Abbreviations

Vietnamese organizations and institutions	EVN	Vietnam Electricity Corporation
	MARD	Ministry of Agriculture and Rural Development
	MOF	Ministry of Finance
	MOH	Ministry of Health
	MOIT	Ministry of Industry and Trade
	NIC	National Innovation Center
	VINASME	Vietnam Association of Small and Medium Enterprises
	VNFF	Viet Nam Forest Protection and Development Fund
	VOAA	Vietnam Organic Agriculture Association
Foreign organizations and institutions	CIFOR	Center for International Forestry Research
	GIZ	German Agency for International Cooperation
	ILO	International Labour Organization
	IRRI	International Rice Research Institute
Power and Energy	DPPA	Direct Power Purchase Agreement
	PPA	Power Purchase Agreement
	FiT	Feed-in Tariff
	PDPs	Power Development Plans
	COD	Commercial Operation Date
Climate and Forestry	NDC	Nationally Determined Contribution
	REDD+	Reducing Emissions from Deforestation and Forest Degradation
	ERPA	Emission Reductions Payment Agreement
Trade and Production	FTA	Free Trade Agreement
	ODA	Official Development Assistance
	PPP	Public-Private Partnership
	ENT	Economic Needs Test
	FOB	Free On Board
	CMT	Cut, Make and Trim
	ODM	Original Design Manufacturing
Technology, System and Indicator	EDA	Electronic Design Automation
	IC	Integrated Circuit
	OSAT	Outsourced Semiconductor Assembly and Test
	DMS	Distribution Management System
	CEFR	Common European Framework of Reference for Languages
	CPI	Consumer Price Index
	CPN	Cosmetic Product Notification
	CCA	Completion and Acceptance Certificate

Table of Contents

Feature	AI	Electric Vehicles (EVs) and Hybrid Vehicles
	10	23
	Semiconductors	Impact of Provincial Restructuring on the Economy and Investment
	15	29
	Agricultural Byproducts	
	19	
Macro Topics	Trade Threatened Under the U.S. Tariff System	Labor Market under context of Digital Transformation
	37	44
Industry Trends	Apparel Market	Beauty and Personal Care Market
	50	85
	Industrial Real Estate Market	[Special Topic] Natural Beauty Market
	56	89
	[Special Topic] Industrial Real Estate M&A Activity	Logistics Market
	60	93
	Energy Market	[Special Topic] Regional Disparities in the Cold Chain
	63	98
	[Special Topic] Clean Energy Transition: Opportunities Amid Policy Shifts	Education Market
	68	103
	Foodservice Market	[Special Topic] The Rise of E-Learning
	72	108
	Retail Market	Agriculture, Forestry, and Fisheries
	76	111
	[Special Topic] EC: Can the enabling environment catch up to this huge market?	[Special Topic] Organic Food Market: Supply Chain Integration and Consumer Trust Are Key Challenges
	81	116
		[Special Topic] Forest Carbon Credits
		120
About AirData360		
Page 123		
About B&Company		
Page 125		



Feature

AI

Vietnam is striving to establish a certain regional standing in the development of artificial intelligence (AI) and machine learning. The growth of IT industry over the past 20 years has nurtured private companies, creating a solid foundation for the penetration of AI-powered services. However, Vietnam has yet to catch up to advanced nations in areas such as IT talent, fundamental research, data infrastructure, energy supply, and legal regulations. While it remains uncertain whether the region can become an AI hub, leading foreign companies are responding to the government's strong leadership by advancing cooperation and expansion, potentially marking a turning point.

Government Support

AI policy is transitioning from strategy formulation to implementation. The 2021 "National AI Strategy" positioned AI as central to the digital economy, setting targets through 2030 for research capabilities, talent supply, and AI centers. In June 2025, the Digital Technology Industry Act was enacted, introducing risk-based AI governance including transparency, human oversight, and lifecycle risk management. Additionally, AI data centers and AI system development were designated as special priority investment areas alongside semiconductors, qualifying for tax, land, and other preferential measures. These initiatives are being implemented alongside broader digitalization and infrastructure enhancement efforts under the National Digital Transformation Goals.

The policy's impact on market entry and market size spans both facilitation and restriction. On the facilitation side, it established the "Special Investment Procedure" (Government Decree 19/2025), accelerating approvals for cutting-edge projects like R&D, innovation centers, and semiconductor/AI-related investments, effectively shortening licensing timelines. The National Innovation Center (NIC), established under this decree, expands preferential measures for talent, credit, land, and funding, facilitating the establishment of AI demonstration, research, data, and chip design capabilities. Corporate tax exemptions and reductions in designated priority sectors and regions also make many AI and digital infrastructure projects eligible.

Rapid Market Growth: From 470 Million USD to Billions

¹ Ministry of Information and Communications (2025) < [Access](#) >

AI market is expanding rapidly, reaching 470 million USD in 2022. It is projected to grow to 1.52 billion USD by 2030 with a 15.8% compound annual growth rate (CAGR)¹. This growth is driven by the government's "National AI Strategy," which outlines a vision for strategic investment in research, infrastructure, and talent development to establish Vietnam as a regional AI hub². Simultaneously, high internet penetration rates, a young and digitally savvy population, and rising demand for AI solutions across various sectors³ are accelerating adoption. Global tech giants like Google, Qualcomm (which recently opened an R&D center), and Nvidia, alongside leading domestic companies such as FPT, Viettel, and VinGroup, are showing significant interest in these conditions, driving the formation of an AI ecosystem.

Launch Ceremony for Google Career Certificate, Google for Startups, and Startup Academy Vietnam



Source: HanoiTimes

The AI industry's subsectors include:

(1) AI Infrastructure & Platforms (Cloud, AI Data Centers, Networks, GPUs/AI Chips)

² Vietnam News (2025) < [Access](#) >

³ HBLAB Group (2025) < [Access](#) >

- (2) Core Technology Tools (machine learning platforms, Electronic Design Automation (EDA) tools, Machine Learning Operations (MLOps), security)
- (3) Industry-specific applications (finance, manufacturing, healthcare, agriculture, logistics, smart cities, government, etc.)
- (4) Consulting, SI, and Outsourcing Services

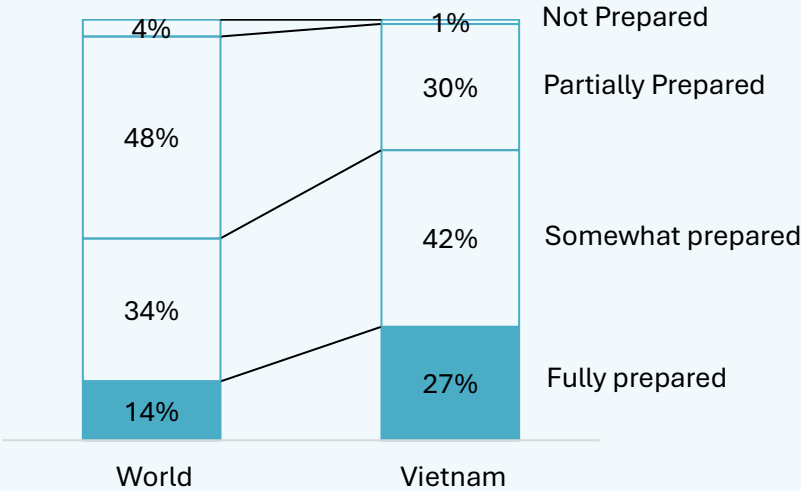
Currently, segments (3) and (4)- namely enterprise application development and implementation support services are expected to account for the majority of revenue. Meanwhile, the government's prioritization of AI data centers and expanded

semiconductor investments is anticipated to increase the share of segments (1) and (2) in the future. Furthermore, through collaborations with companies in the US, Japan, South Korea, Singapore, Europe, and elsewhere, offshore development centers, joint R&D labs, and startup acceleration programs have been established. Moves to jointly deploy Vietnam-originated AI solutions into ASEAN and global markets are also accelerating.

Vietnam's corporate AI readiness index exceeds the global average. 69% of organizations report being "fully prepared" or "somewhat prepared," surpassing the global average of 48%⁴.

AI Readiness

(100% = 8,161 business managers)



Source: Cisco AI Readiness Index Report

Looking at user industries, AI adoption is leading in finance, telecommunications, retail/e-commerce, manufacturing, and public institutions. In finance, AI is utilized for credit scoring, fraud detection, chatbots and voice bots in call centers, and delivering personalized recommendations. Major commercial banks are replacing parts of their core business processes with AI-based systems. In retail/e-commerce, recommendation engines, demand forecasting, inventory optimization, and ad delivery optimization are commonplace. Physical stores are advancing proofs of concept (PoCs) for visitor analysis via camera image analysis and checkout automation. In manufacturing/ logistics, pilot projects are

increasing at factories (Japanese, European, etc.) for predictive maintenance, quality inspection, automated warehouses, and route optimization. In the public sector, use cases such as traffic management, video analysis of security cameras, and virtual assistants at administrative service counters are being trialed, primarily in Ho Chi Minh City and Hanoi, seeking to enhance the efficiency and transparency of citizen services.

Meanwhile, many SMEs and regional companies, hindered by data preparation, initial investment costs, and talent shortages, often limit themselves to routine automation rather than full-scale AI implementation. Consequently, cloud-based AI services, subscription-based industry-specific

⁴ CISCO <Access>

solutions, and the provision of shared data/platforms by large corporations and governments are advancing. Expanding the user base will be a key growth driver going forward.

Overseas Tech Giants Driving AI

Foreign investors are leading the AI economy in terms of computational resources, tools, and skills. NVIDIA and FPT announced AI factories and high-performance GPUs in 2024, expanding their applications through 2025-2026. Google is expanding its Career Certificates and Startup Academy launched in 2022 and considering hyperscale data centers in 2024-2025. Microsoft is accelerating adoption of Copilot and enterprise generative AI in 2024-2025. In the communications

and edge domain, Qualcomm is advancing Open RAN/5G and AI demonstrations and deployments from 2024 to 2025. In upstream semiconductor design, Synopsys and Cadence have been collaborating with National Innovation Centers (NICs) and universities since 2023 to build EDA (Electronic Design Automation) and Integrated Circuit (IC) design pipelines. On factory floors, Siemens and ABB are transitioning AI-driven automation and robotics from pilot projects in 2024 to large-scale deployment in 2025-2026. These movements stimulate demand, solidify platform ecosystems, and transfer know-how, while simultaneously highlighting challenges in securing power and land, data management and compliance, and cybersecurity.

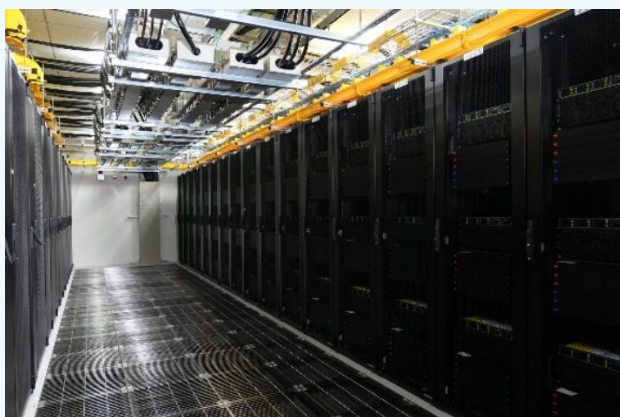
Overseas Operators (Examples)

Field	Business Operator	Business	Key Initiatives	Domestic Partners
AI Data Center Platform	NVIDIA	R&D and AI Factory	MoU on AI R&D and AI Factory Construction (2024)	Vietnamese Government, FPT, etc.
	Microsoft	GenAI/Copilot Stack, Enterprise AI Adoption & Skill Building	ASEAN AI Skilling Pledge for 2025; Copilot for Enterprises (2024-2025)	Enterprises, Universities, Public Sector
	Google (Cloud)	Cloud + Startup Support, Infrastructure Expansion Consideration	NIC-Google Startup/AI Program (2022-2025)	National Innovation Center (NIC)
Semiconductors & EDA (circuit design, tools, talent development)	Qualcomm	Edge AI R&D, Startup Incubation	Vietnam AI R&D Center; Qualcomm Vietnam Innovation Challenge (2024-2025)	Viettel (Ecosystem)
	Synopsys	EDA Tools, IC Design Incubation/Training	NIC IC Design Incubation/Training Center (2023-)	NIC (Hoà Lạc Hi-Tech Park)
	Cadence	EDA Curriculum and Talent Development	Training Programs for Universities and Industry (2023-2025)	NIC, Participating Universities
Industrial AI and Robotics (IIoT, Simulation, Automation)	Siemens	Industrial Digitalization and Simulation Software	MoU with FPT on Industrial Digitalization/AI and Data Centers (DC) (2024)	FPT, Manufacturing Clients
	ABB	Robotics and Factory Automation	Robot Implementation to Improve Cycle Times (2024)	Various Manufacturing Sites

Source: B&Company Analysis

Leading domestic companies are leveraging these collaborations to deliver results at the operational level and are progressively transitioning toward "Sovereign AI." Viettel is building a nationwide data center infrastructure, including a 140MW facility in Ho Chi Minh City, with a roadmap targeting approximately 560MW by around 2030. FPT has launched a 200 million USD GPU cloud-based AI factory with NVIDIA (announced in 2024) and is constructing an AI hub in Quy Nhon starting in 2023 (packaging generative AI and industrial AI solutions for manufacturing, finance, and automotive). Vingroup has set VinAI, VinBrain/DrAid, and PhoGPT as its applied development goals, with integration progressing into VinFast, Vinmec hospitals, and smart city projects.

FPT's AI Factory



Source: Cafef

Future Challenges: Data Quality, Talent Shortage, Legal Framework, Cybersecurity

Data is the core bottleneck for AI in Vietnam. Despite rapid digital transformation over the past five years, industrial data remains fragmented and largely unstructured. High costs for cleansing, labeling, and standardization persist, slowing innovation. Public-private data sharing remains limited, and non-representative datasets (especially in rural and resource poor communities) amplify biases and hinder scaling. AI advancement depends on investments in interoperable data infrastructure, open data policies, national standards, and cross-sector collaboration.

Human capital and culture are both strengths and constraints. While the country possesses a young workforce with high technological adaptability, there is a severe shortage of AI talent. Of approximately 1 million ICT professionals, only about 700 works in the AI field, with experts numbering just around 300⁵. Globally, only about 1,600 Vietnamese are studying or working in AI, meeting merely 10% of current demand. While the country requires roughly 150,000 digital professionals annually, fewer than 50,000 university graduates receive adequate training, exacerbated by brain drain to the US, Japan, and Singapore. Reskilling/ upskilling remains slow. Cultural resistance is also significant, with some industries and older professionals harboring concerns about job loss and doubts about AI reliability. However, adoption is still in its early stages, primarily focused on reducing repetitive tasks rather than replacing jobs. Addressing the talent shortage and alleviating skepticism are key to realizing AI development.

To address the talent shortage, institutions like Hanoi University of Science and Technology, Ho Chi Minh City National University, FPT University, and Phenikaa University have successively established new majors in AI and data science. They systematically teach machine learning, deep learning, computer vision, natural language processing, and robotics at both undergraduate and graduate levels. Industry-academia collaboration programs are also increasing, such as joint research labs between VinAI, Viettel, FPT, the National Innovation Center (NIC), and universities, as well as EDA/IC design training centers in partnership with Synopsys and Cadence. Some universities are launching specialized master's programs and intensive boot camps focused on semiconductor design and generative AI. These initiatives aim to expand the supply of AI talent in both quantity and quality, aligning with corporate reskilling demands.

⁵ Lao Dong (2025) <Access>

NIC Center in Hoa Lac, Hanoi



Source: Dantri

Regulatory-wise, as of mid-2025 when this book was written, a dedicated AI law does not yet exist (expected to be enacted by the end of 2025 and take effect in March 2026; this book does not examine it). Core issues such as data privacy, algorithmic accountability, and ethics remain undefined. While current cybersecurity laws and the Personal Data Protection (PDP) Decree partially apply, this allows some freedom for innovation but leaves the regulatory outlook unclear. Experts anticipate the development of a gradual, enabling framework over strict controls. Implementation varies regionally: Ho Chi Minh City leads in research, talent, and shared data, while Hanoi advances its smart city plans and AI council. Many initiatives remain in early stages, with outcomes likely taking 3-5 years to materialize, particularly in less developed provinces.

Finally, cybersecurity and privacy risks are becoming a significant burden on AI progress. In 2023, approximately 14,000 organizations were attacked, with banking, energy, and telecommunications sectors being major targets for ransomware. AI-enabled threats are also increasing, with 52% of companies reporting exposure to advanced phishing, automated hacking, and deepfake scams. Meanwhile, 56% of organizations lack sufficient security personnel. Without strengthened defenses, clearer safeguards, and specialized training, AI adoption could outpace security capabilities, heightening

economic and societal risks. This impact will be particularly pronounced in sectors handling sensitive data.

These challenges create a complex environment that could slow AI progress, yet they also represent areas where targeted investment and reform can be effective. Addressing these shortcomings is crucial not only for protecting the digital ecosystem but also for realizing business opportunities in the global AI market.

Two Future Scenarios and Investment Opportunities

Accelerating Globalization: Vietnam is deepening its integration with the global AI value chain, aiming to become ASEAN's hub by 2030. The China Plus One movement, political stability, cost advantages, and an expanding talent pool are attracting FDI. Partnerships like NVIDIA-FPT are building capabilities in high-performance computing (HPC). Under supportive policies, capital flows into AI hardware, software, and AI-enabled manufacturing, driving productivity, skills, and digitalization. Conversely, shortages of power, broadband, and logistics outside major cities, complex customs procedures, reliance on foreign technology, a thin R&D base, and growing cyber risks could dampen the momentum of international collaboration unless infrastructure and security are strengthened.

Local-first AI growth: The domestically oriented path focuses on solutions tailored to local needs, smart agriculture, Vietnamese-language medical diagnostics, and AI-driven logistics. It extends benefits beyond major cities, strengthens technological sovereignty, and gives an edge to products and startups rooted in cultural context. Achieving this requires enriching domestic datasets and improving funding access.

These two scenarios are complementary, pursuing them in parallel can yield synergistic effects. By attracting global investment, solving domestic problems with domestic innovation, and strengthening human capital, the region could become an AI hub in Southeast Asia and the world.

Semiconductors

The semiconductor industry is on a growth trajectory, supported by government initiatives, abundant resources, and labor costs. While still in its early stages, it is establishing itself as a major regional player.

Institutions and Policies

Vietnam is shifting from broad high-tech promotion to a strategy specifically focused on semiconductors under a series of policies. The national roadmap outlined in Decision 1018/2024 presents the vision "C = SET + 1" (Specialized chips • Electronics • Talent + Execution), setting 2050 targets of over 100,000 engineers, 300 design and research companies, 3 fabs and 30 assembly plants, and annual sales of 100 billion USD.

Complementary Decision 1017/2024 aims to cultivate 50,000 skilled personnel by 2030 (including 42,000 engineers and 15,000 design/research personnel). It targets establishing four national-level semiconductor research hubs (two in Hanoi, one in Ho Chi Minh City, and one in Da Nang), creating/upgrading 18 university research centers, training 1,300 faculty members (professors, etc.), upgrade 18 university laboratories, train 1,300 faculty members

(including professors), and expand international exchange programs.

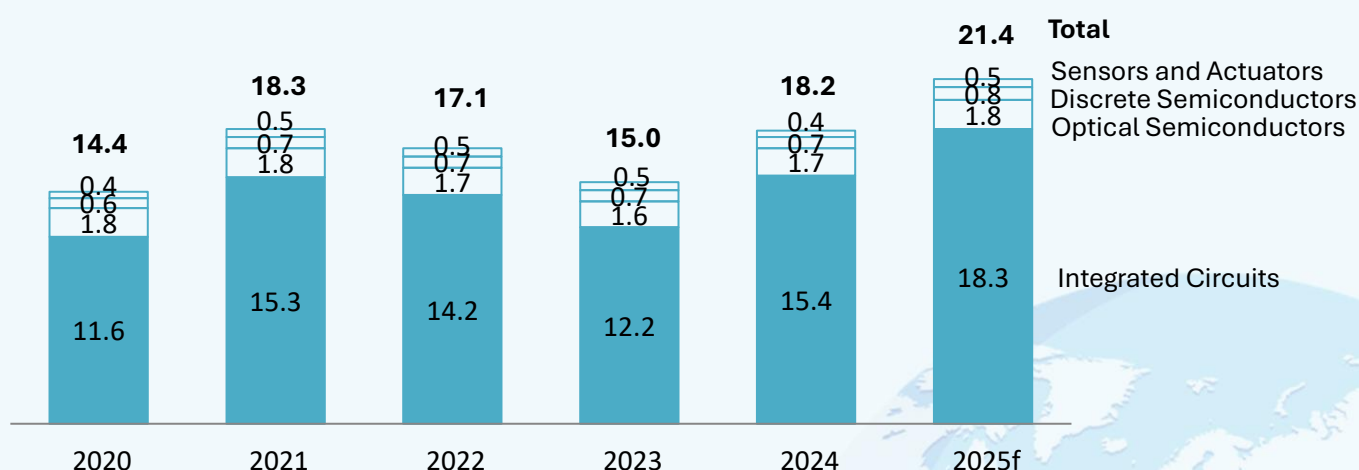
The policy provides investors with a roadmap for growth. Companies focusing on chip design and EDA (Electronic Design Automation) can accelerate their launch by leveraging R&D support, talent development assistance, and collaboration with university research institutes. Meanwhile, companies engaged in assembly, testing, and packaging can improve their return on investment by combining support for production activities with joint funding for equipment investment.

Market size of 21 billion USD by 2025

The semiconductor market grew by 18% from 2024 and by 49% over the past five years. It is projected to reach approximately 21 billion USD in 2025, continuing to expand at a compound annual growth rate (CAGR) of 10% from 2025 to 2029, and is expected to reach 31 billion USD by 2029.⁶

Semiconductor Market Size

Unit: Billion USD



Source: Statista

From 2020 to 2024, integrated circuits (ICs) accounted for the majority of the market, 81% in 2020 and 85% in 2024. Other segments—optoelectronics (optical semiconductors),

discrete semiconductors, and sensors/actuators—remained flat or grew slightly, with their share of the overall market decreasing.⁷

⁶ Statista (2025) <Access>

⁷ Statista (2025) <Access>

According to the Ministry of Planning and Investment (now merged with the Ministry of Finance), approximately 11.6 billion USD of 2024 sales supported by FDI companies investing in this sector. The 174 registered FDI projects primarily involve IC design, manufacturing, and assembly. Domestic companies currently play only a limited role in back-end processes.⁸

Position in the Global Supply Chain

The semiconductor industry is generally divided into three stages: ① design and research, ② manufacturing (front-end), and ③ assembly, inspection, and packaging (back-end). Currently,

Vietnam is heavily skewed towards ① design and research and ③ back-end processes, with an extremely limited presence in ② front-end fabs. Activities among companies remain fragmented, and a continuous ecosystem has not yet been formed. While many foreign companies operate offshore design and R&D bases, projects involving manufacturing and full-scale wafer processes remain scarce. Domestic companies are primarily engaged in design/R&D and some back-end processes; involvement in front-end processes, which require advanced technology and massive investment, remains a future challenge.

Major Companies



Source: B&Company Analysis

In design and research, many companies are primarily located in Hanoi and Ho Chi Minh City. Most are foreign-funded entities from Japan, Germany, China, South Korea, the US, etc., with domestic firms like FPT Semiconductor also present. These design hubs handle design intellectual property block development for global headquarters, test design, and some custom IC development. They are positioned as offshore development centers for the global supply chain, not the Vietnamese market.

In contrast, the manufacturing stage currently involves companies from countries with strong semiconductor industries, such as South Korea's Samsung and Hana Micro Vina, and China's Micro Commercial Components. However, most focus on packaging and module production closer to the back-end process rather than front-end wafer manufacturing. Vietnam has not yet reached the stage of establishing full-fledged logic/memory fabs. Manufacturing facilities are located in major industrial zones, producing printed circuit boards,

integrated circuits, and semiconductor components. However, many represent the relocation of specific processes from existing supply chains to Vietnam.

In back-end processes such as assembly, testing, and packaging, U.S. companies like Amkor and Intel maintain a significant presence. While these factories are expanding production capacity amid global demand, this remains part of the broader trend toward enhancing efficiency and diversifying locations for back-end operations. It does not mean Vietnam has established a fully integrated semiconductor supply chain within its borders. This point is crucial when considering how far Vietnam can advance into the upstream segments of the supply chain.

Potential to Become a Regional Hotspot

In 2024, FDI reached a record high of approximately 25 billion USD, a 9% increase year-on-year. Several large-scale projects were announced in the semiconductor sector,

⁸ Tuoi tre News (2025) <Access>

highlighting Vietnam's role as a destination for supply chain diversification. However, the focus remains on expanding packaging and testing

capabilities by existing operators and adding design centers, rather than establishing a high-end front-end fab.

Semiconductor Investment Projects Under Construction or Planned

Process	Operator	Country of Origin	Investment Plan	Location
Design and Development	Victory Giant Technology	China	Investing 206 million USD to build a factory, scheduled for completion in 2026	Bac Ninh
Manufacturing	Hana Micro Vina	South Korea	Investing 400 million USD in 2025, raising total investment to 1 billion USD	Bac Giang
	Signetics	South Korea	Building a 100 million USD factory to produce flip chips, MCM, BGA, and FBGA. Scheduled for completion in October 2025	Vinh Phuc
	BESI	Netherlands	Initial 5 million USD investment in electronics component factory construction; scheduled to open in February 2024	Ho Chi Minh
	Viettel	Vietnam	Plans semiconductor manufacturing plant by 2030 with government support	Unknown
Assembly, Test, and Packaging	Amkor Technology	United States	Plans to expand production capacity from 420 tons to 1,600 tons per year by October 2025	Bac Ninh

Source: B&Company Analysis

These projects provide greater clarity on what Vietnam can realistically undertake. The Hana Micro Vina, Signetics, and Amkor projects all focus on back-end processes- assembly, testing, and packaging- positioned to complement existing global design and manufacturing hubs (such as South Korea and the U.S.). Vietnam is steadily progressing by starting with processes that do not require the stringent requirements of front-end operations, such as power, and clean rooms. Meanwhile, while Viettel's planned semiconductor manufacturing plant is a symbolic project, many aspects remain unclear: which process node it targets, its scale, and its intended applications (military, communications, or specific uses). It is unrealistic to expect Vietnam to establish cutting-edge fabs equivalent to those in Taiwan or South Korea in the short term. A more plausible scenario involves gradually gaining experience starting with mature processes for specific applications.

Furthermore, the activities of global companies like NVIDIA in Vietnam currently focus on AI data centers, GPU clouds, and ecosystem development. This aligns more closely with nurturing a computing infrastructure and software industry leveraging semiconductors than with semiconductor manufacturing itself. This can also be interpreted as Vietnam seeking to establish its position as a country that creates added value using chips before becoming a "country that makes chips." Against the backdrop of US-China trade friction and the China Plus One trend, Vietnam has become a strong candidate location for companies seeking to diversify their OSAT (semiconductor back-end foundry) and mature process operations outside China. The current practical opportunity lies in strengthening its position centered on design centers and back-end processes.

Meeting between Vietnam's Prime Minister and NVIDIA Chairman



Source: VTV

One factor making Vietnam an attractive destination for semiconductor investment is its status as the world's second-largest holder of rare earth reserves. As of 2024, its estimated reserves stand at 22 million tons, accounting for 18% of the world's total⁹. This gives Vietnam an advantage in securing critical materials for semiconductor manufacturing. Furthermore, for the 2025 academic year, several top universities, including Hanoi University of Education, Hanoi University of Science and Technology, and Hanoi University of Science, are launching specialized programs in semiconductor technology to strengthen the future talent base.

Challenges

First, the domestic semiconductor ecosystem remains underdeveloped. It lacks a broad network of domestic suppliers, chip design companies, testing laboratories, and specialized research institutions. Second, there is a shortage of highly specialized engineers in the semiconductor field. Against the government's target of training 50,000 skilled workers by 2030, there are currently only about 5,500 chip design engineers, most concentrated in Ho Chi Minh City. This shortage is

particularly acute in industrial park areas where many semiconductor companies are based, making it difficult to expand operations beyond existing hubs.

Finally, within the semiconductor value chain, material constraints limit advancement into more advanced stages like manufacturing. This constraint is the availability of silver. Silver is an irreplaceable material in semiconductor manufacturing, typically extracted as a byproduct of lead, copper, gold, and nickel mining. However, mining technology is underdeveloped, making domestic silver extraction commercially unviable. Currently, Vietnam relies primarily on imports from Hong Kong (22% of imports), South Korea (21%), and India (11%). As global competition in chip manufacturing intensifies, establishing a strategic procurement plan for critical raw materials is essential.

In summary, the short-term answer to the question "Can Vietnam really produce semiconductors?" is: "It already has a track record in design and back-end processes, with potential for future expansion, but advanced front-end fabs are not yet realistic." In the medium term, a scenario is conceivable where Vietnam builds a track record starting with niche front-end processes, such as mature nodes for specific applications or small-scale processing lines for defense and communications. To achieve this, three actions are essential: (1) Expand the ecosystem around existing OSAT investments like Hana and Amkor, nurturing related suppliers and equipment maintenance firms; (2) Enhance in-house capabilities for design, EDA, and testing technologies through partnerships with companies like NVIDIA; (3) Strengthen talent supply centered on universities and research institutes while expanding experimental prototype projects. Rather than merely promoting an optimistic "hub concept," how Vietnam executes this phased, pragmatic approach will be crucial for the future of its semiconductor industry.

⁹ U.S. Geological Survey (2025) <[Access](#)>

Agricultural Byproducts

By-products from agriculture, forestry, and fisheries are a significant resource, and utilizing them can promote sustainable agriculture and environmental protection. However, inconsistent policies, low technology, and weak market infrastructure hinder progress. On the other hand, these challenges also create opportunities for innovation and investment. As policies encourage a circular economy in agriculture, foreign companies specializing in environmental treatment, green technology, and circular business models have opportunities to collaborate with local partners through technology transfer and investment.

Government Support for the Circular Economy

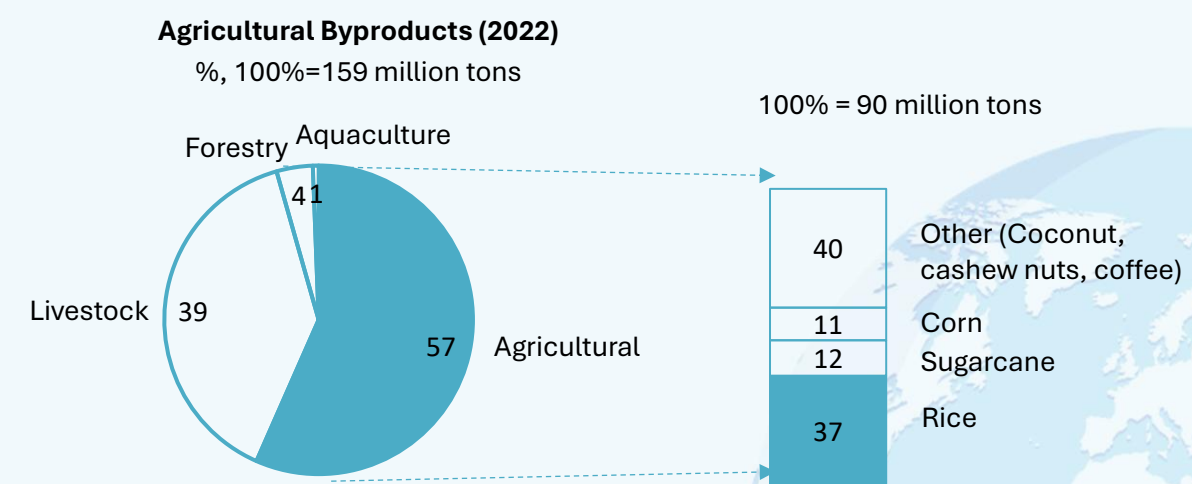
Decision 540/QĐ-TTg (2024) "Science and Technology Development Plan to Promote the Circular Economy in Agriculture Towards 2030" positions the recycling and reuse of agricultural by-products (including those from livestock, forestry, and fisheries) as a strategic priority and outlines three strategies for circular agriculture: (1) Advancing research and application of applicable technologies in production processes, (2) Technology transfer, and (3) Development of outlet markets.

Foreign investors can explore opportunities to utilize technology in line with the priority solutions outlined in the decision. Operational models include technology transfer, equipment provision, consulting, and partnerships with domestic manufacturers and suppliers.

Entry into this sector requires a strategic and informed approach, considering fragmented market conditions, regulatory complexities, and differences in suitable technologies across regions and business segments. Understanding the varying needs, regional differences, and potential partners specific to each subsector is key to identifying viable entry points.

Potential of Agricultural Byproducts

Agricultural byproducts are secondary materials generated during the production processes of agriculture, forestry, and fisheries. While not directly used as primary products, they are recyclable or reusable. Vietnam is a major agricultural nation in Southeast Asia, producing vast quantities of agricultural byproducts annually. In 2022, approximately 159 million tons of agricultural byproducts were generated, with 57% originating from crop production and 39% from livestock production¹⁰.



Source: Japan-ASEAN Science, Technology and Innovation Forum, B&Company analysis

¹⁰ Research Gate < [Access](#) >

The majority of byproducts from crop production are organic residues such as stems, leaves, husks, and cores, with rice accounting for the largest share at approximately 37%¹¹. Annually, agricultural byproduct biomass from major crops like rice, corn, sugarcane, and vegetables can yield 43 million tons of organic fertilizer and urea, while also supplying millions of tons of nutrients such as superphosphate and potassium sulfate. This represents a crucial renewable resource for soil and crop nutrition.¹²

Livestock byproducts are primarily processed materials such as cattle and poultry manure, meat and bone meal, poultry meal, feather meal, and animal fats. Alongside crop production, livestock farming also generates massive amounts of waste annually. In 2022, pigs accounted for 44.9% of livestock waste, followed by beef cattle at 26.7% and buffalo at 15.3%.¹³

In forestry, by-products primarily include bark, branches, tops, wood chips, and sawdust. In 2022, approximately 16 million m³ of wood cores and 8.6 million m³ of sawdust, shavings, and wood waste were produced. In fisheries, typical by-products are shrimp heads and shells, fish trimmings, bones, fat, and offal¹⁴.

Utilization Status of Agricultural Byproducts

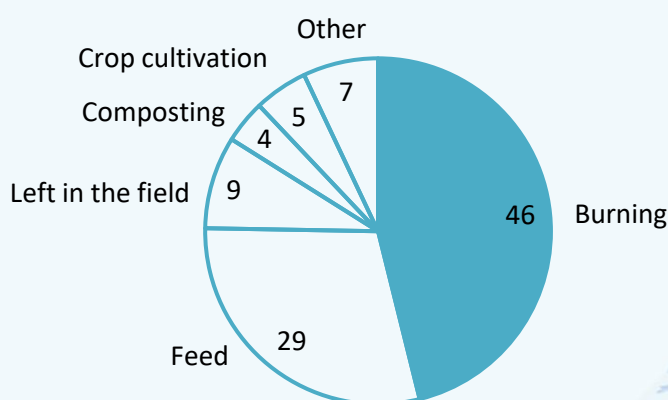
These resources remain largely underutilized. Approximately half of crop residues go unused, with rice straw often burned or buried, leading to soil nutrient loss, greenhouse gas emissions, and air pollution. Contributing factors include inconsistent policies, technological gaps, high costs, insufficient awareness of markets for byproducts and CO₂, and inconsistent sorting practices that hinder large-scale implementation.

In livestock farming, conversion of waste into organic fertilizer remains at only about 23%. The prevalence of small-scale farms, capital constraints, outdated processing systems, and inadequate infrastructure contribute to the low conversion rate.

Forestry by-products are utilized for wood pellets, biomass power generation, drying kilns, bio-mulch, and organic fertilizers, but supportive policies and technical guidance are scarce. Despite ranking second globally in wood pellet exports in 2020 (approximately 3.2 million tons, worth about 363 million USD), palletization of forestry residues remains at only about 15%, suggesting weak broad-based collaboration.

Uses of Rice Straw (2022)

100%= 45 million tons



Source: Crop Production Bureau

In contrast, the fisheries sector has high utilization rates but low added value. While approximately 90% of fishery byproducts recovered in 2022, the value generated was only about 275 million USD, with most being low-value-added fishmeal and

feed. Redirecting approximately 1 million tons of byproducts toward high-value processing (functional ingredients, collagen/ peptides, specialty oil feedstocks, premium organic fertilizers) could elevate this sector to 4-5 billion

¹¹ Nhandan News < [Access](#) >

¹² Rural Economy Magazine < [Access](#) >

¹³ Moitruong.Net.vn < [Access](#) >

¹⁴ Moitruong.Net.vn < [Access](#) >

USD. However, challenges include overcoming small-scale operations, outdated technology, cold chain deficiencies, price volatility, stringent standards, and climate risks.

Key Applications for Major Agricultural Byproducts

By-products		Uses
Crop Cultivation		
Rice	Rice Straw Rice Bran	Fuel for household and small-scale business use, raw material for biobeds in livestock farming (mixed with rice husks, other materials, and probiotics), mushroom cultivation substrate, organic fertilizer
	Rice hulls	Biomass fuel, power generation
Sugarcane	Bagasse	Biomass fuel for power plants
	Molasses	Raw material for ethanol production
	Microbial products (Ash, residue, sludge)	Fertilizer
Coconut	Fiber	Coir yarn, carpet, plywood, pallets
	Peat (produced from crushed shells, excluding fibers)	Potting soil and soil conditioner
	Shell	Processed into handicrafts
Livestock		
Livestock and poultry (pigs, water buffalo, cattle, chickens)	Manure and wastewater	Used as biogas fuel for power generation, fuel, lighting, and heating
		Biomaterial bedding for livestock (breaks down manure and reduces toxic gases and odors in livestock barns)
		Compost
Forestry		
	Dried leaves, wood, sawdust	Biomass fuel
	Tree bark, leaves, twigs	Wood pellets
Aquaculture		
Catfish, shrimp	Fish heads, bones, guts, shrimp shells	Livestock feed
	Fish fillets, fins, stomachs, fish fat, shrimp heads	Food
	Fish skin, fish oil, fish fat Shrimp heads, shells	Pharmaceuticals, bioactive ingredients (EPA, DHA, gelatin, collagen, chitin, chitosan, glucosamine, etc.)
	Sludge waste	Organic microbial fertilizer, compressed bricks

Source: Ministry of Agriculture and Rural Development (MARD) Explanatory Report on Decision 540/QD-TTg (2023)

In reality, except for large-scale applications like biomass fuel production, most agricultural byproducts are used on a small scale by households and small-to-medium enterprises. Due to limited technology, funding, and human resources, many valuable byproducts remain underutilized.

Key players in the agricultural by-products market

In recent years, ODA has established the policy framework and practical foundation for effective utilization of residues.

- The German Agency for International Cooperation (GIZ), in collaboration with Vietnam's Ministry of Industry and Trade (MOIT), implemented the Climate Protection through Bioenergy Markets program (2019-2023), advancing legal frameworks, bankability, and technical cooperation for biomass power generation and thermal utilization. Concurrently, the International Rice Research Institute (IRRI) and GIZ are demonstrating rice straw recycling across the entire Mekong Delta. As of December 2024, 24,062 farmers and 294 cooperatives/SMEs across 6 provinces are participating.
- UNDP conducted practical training on rice straw recycling for cooperatives and extension workers in An Giang Province.
- JICA is building utilization capacity through woody biomass power generation in Yen Bai and Tuyen Quang provinces.
- The World Bank provides necessary environmental management guidance for livestock waste initiatives, bridging the gap from policy to implementation.

FDI and private sector entities are expanding into commercial projects. In April 2025, Japanese developer EREX commenced operations of a 20MW biomass power plant in Hoa Binh Province fueled by rice husks and wood chips (using approximately 130,000 tons of rice husks annually), selling electricity to the grid. This exemplifies an ODA project transforming into a profitable business. In forestry residues, Vietnam has become a major regional player in wood pellets. Analysts report 2024 exports reached a record high (estimated over 5.8 million tons). Shipments in the first half of 2025 reached 3.9 million tons, valued at 565 million USD, with Japan and South Korea as the primary buyers. Key exporters include An Viet Phat Energy, one of the world's largest pellet suppliers.

In aquatic byproducts, Vinh Wellness has commercialized collagen/gelatin production from pangasius skin, reporting increased byproduct revenue. Sao Mai Group has mass-commercialized edible pangasius fish oil (Ranee), while Vietnam Food JSC (VNF) produces chitin/chitosan derived from shrimp shells.

Vinh Hoan Company Factory



Source: Baodautu

The establishment of profitability, ranging from energy utilization of rice straw and rice husks to wood pellets and high-value-added marine-derived materials, signifies a transition from the demonstration phase to effective utilization at an industrial scale. Policy, technology, and demand are converging to reveal a significant circular economy value chain.

Challenges

- The lack of consistent policies and regulations guiding the collection, processing, and utilization of by-products makes large-scale implementation of waste recycling and circular utilization across different sub-sectors difficult.
- Production methods, scale, and technical capabilities are limited, with few facilities, especially small-scale household-level operations, adopting appropriate processing technologies. Existing technologies are outdated and fail to unlock the potential value of diverse by-products.
- High processing and production costs, low market value of by-products, and a shortage of skilled personnel discourage farmers from recycling or reusing by-products, leading to their disposal.

These challenges present opportunities for foreign companies to introduce new solutions and enter the untapped, high-potential agricultural byproduct market. Given current technical constraints, large-scale investment in biomass production remains promising. Potential also exists in byproduct collection systems, processing technologies, and microbial agents for small-scale farms.

Electric Vehicles (EV) and Hybrid Vehicles

Vietnam is widely recognized as a motorcycle society. Now, as it becomes more affluent and approaches a full-scale transition to automobiles, it appears the shift will be toward electric vehicles first. Riding the wave of growing public concern over urban air pollution, the government is actively promoting EV conversion policies. Participation from overseas manufacturers is also increasing, accelerating the spread of electric vehicles and hybrid vehicles.

Rapid EV Adoption

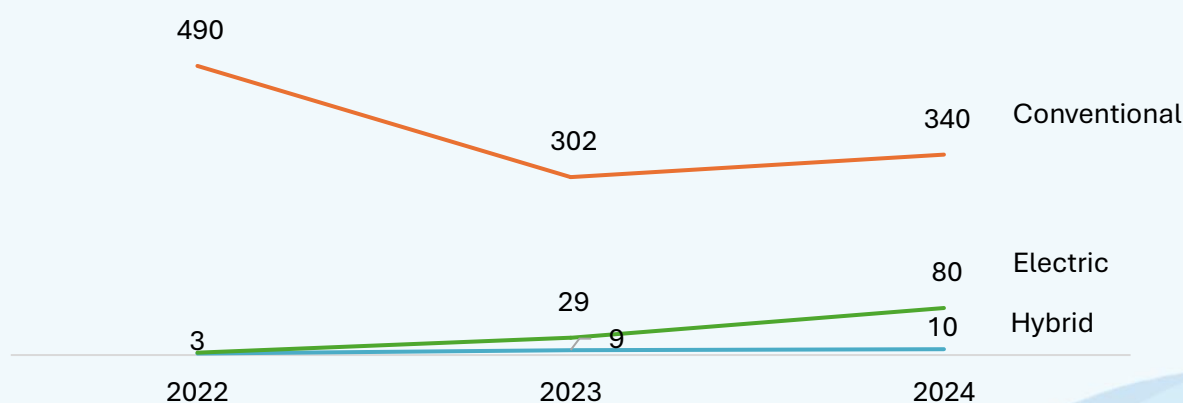
The EV market size is estimated at approximately 3 billion USD in 2025, growing at an average annual rate of 18% and projected to reach 7 billion USD by 2030¹⁵. Sales volume increased roughly 20-fold over the two-year period from 2022 to 2024. During the same period, hybrid vehicles also increased more than threefold. Consumer interest in environmentally friendly vehicles is rapidly rising¹⁶.

However, Vietnam's automobile sales in 2023 saw a significant decline compared to 2022. The main

factors were the expiration of a temporary 50% reduction in registration tax for domestically assembled vehicles, which had boosted sales in 2022, and the loss of this short-term demand stimulus effect. Simultaneously, against a backdrop of slowing economic growth and weakening exports, consumers became more cautious about purchasing high-value durable goods. Additionally, high interest rates and tightened credit conditions reduced the appeal of auto loans.

Automobile Sales Volume

Unit: Thousand units



Source: B&Company analysis

¹⁵ Mordor Intelligence (2025) <[Access](#)>

¹⁶ Lao dong (2023) <[Access](#)>

EV Brands

VinFast is the largest player. It holds a 75% share of the 2024 EV market, followed by overseas brands like BYD, Wuling, and Hyundai.¹⁷

VinFast VF7 launched in November 2023



Source: Vneconomy

EV Brand Comparison

	VinFast	Overseas Brands (BYD, Kia, MG, etc.)
Market Entry	2021	2022 and later
Suggested Retail Price (USD)	Competitive pricing across a wide range of classes - B-Class VF 6 Plus 32,700 USD - C-Class VF7 Plus 37,000 USD¹⁸	Typically 5% to 40% higher due to import costs - B-Class BYD Atto 3 Premium 34,000 USD - C-Class BYD Seal Performance 52,000 USD¹⁹
Charging Infrastructure	Over 200,000 charging ports nationwide (2025) ²⁰	Dealerships and limited partners
After-Sales Service	Nationwide network, locally focused	Concentration in major cities

Source: B&Company analysis

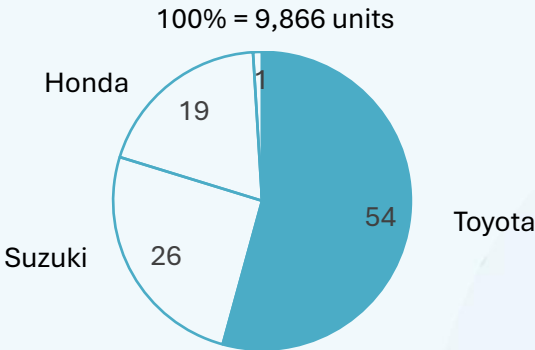
Hybrid brands

Japanese brands like Toyota, Suzuki, and Honda dominate the top ranks. In 2024, Toyota led the market with 5,350 units sold (54% share). Suzuki (25%) and Honda (19%) followed. In January 2025, Toyota sold 565 hybrid vehicles, a 500% increase compared to January 2024. Toyota entered the

market early in 2020 and offers a broad lineup including the Innova Cross HEV, Corolla Cross HEV, and Camry Hybrid. Its hybrid vehicles save fuel and reduce emissions without changing users' driving habits.

As the market grows, Kia, GAC, Volvo, and others have also begun sales, intensifying competition.

2024 Hybrid Vehicle Sales



Source: VAMA

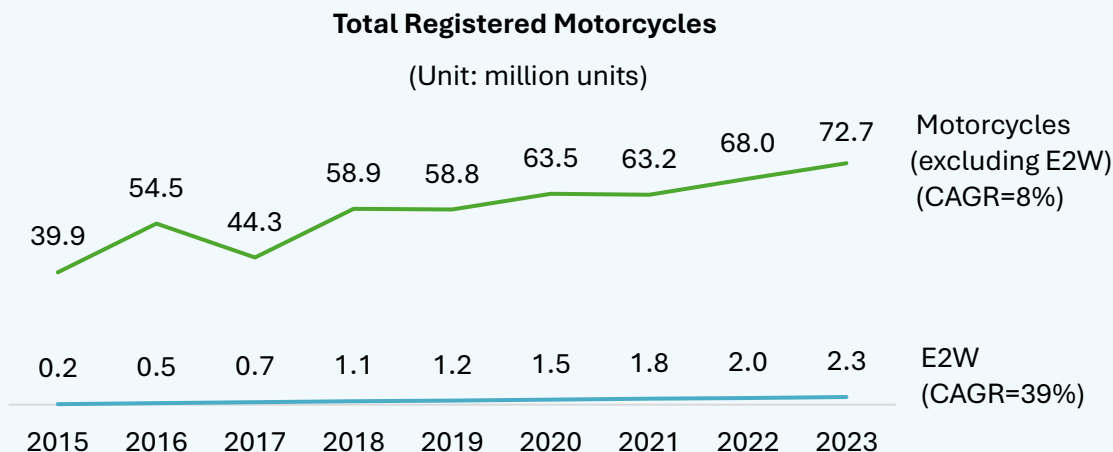
¹⁷ Number & events magazine (2025) <Access>
¹⁸ Vinfast Website <Access>

¹⁹ Vnexpress (2025) <Access>
²⁰ Vinfast Saigon (2025) <Access>

Electric Motorcycles (E2W)

For motorcycles, we can confirm the number of registrations rather than annual sales figures. While sales have long been said to have plateaued at around 3 million units, registrations have grown

steadily, reaching 75 million units in 2023. Among these, electric two-wheelers (E2W) increased more than fourfold from 500,000 units in 2016 to 2.3 million units in 2023. Vietnam has become the largest E2W market in the ASEAN region and the world's second-largest market after China.²¹



Source: GIZ

Competition between domestic and overseas brands is fierce. VinFast remains firmly in first place, selling 70,977 units in 2024²². Rival Chinese brand Yadea is accelerating efforts to close the gap, with 100,000 units on the road as of August 2023.

While sales figures are undisclosed, Yadea has invested 100 million USD to build a second factory in Bac Giang, aiming to boost domestic production capacity to 2 million units annually²³.

Major E2W Brands

No	Brand	Origin	Market Entry	2023 Sales (billion VND)	Features
1	Vinfast	Vietnam	2018	32,173 (including four-wheelers)	Top domestic brand. Advanced technology and integrated ecosystem
2	Yadea	China	2019	1,050	Global volume leader, reliable and practical for the mass market
3	Pega	Vietnam	2012	118	Competitively priced, targeting urban youth; stylish and easy to use
4	Dat Bike	Vietnam	2019	43	High performance and unique design, appealing to tech-savvy and distinctive niche consumers with a "Made in Vietnam" identity
5	Selex Motors	Vietnam	2020	7	Efficient and practical battery swapping technology, B2B solutions for logistics

Source: B&Company

²¹ VIOIT (2023) <[Access](#)>

²² Vneconomy (2024) <[Access](#)>

²³ The Leader (2023) <[Access](#)>

Factors Driving the Shift to Eco-Friendly Vehicles

Policy

The Vietnamese government is actively promoting the adoption of electric vehicles. Decision 876/QĐ-TTg sets the goal of phasing out gasoline vehicles by 2040, part of its commitment to achieving net-zero carbon by 2050²⁴. Policies in the two major cities are crucial.

Cities	Details	Schedule	Support Measures
Hanoi	Establish Low Emission Zones (LEZ) and ban fossil fuel motorcycles	- Within Ring Road 1: 2026 - Within Ring Road 2: 2028 - Within Ring Road 3: 2030	Subsidies to replace 450,000 gasoline motorcycles with electric ones
Ho Chi Minh City	Electrification of 400,000 ride-hailing and delivery motorcycles	2026: 30% 2027: 80% 2028: 100% - Complete ban on gasoline vehicles by 2029	VAT exemption, registration fee exemption, low-interest loans

Source: Vietnamnews, Vietnamnet

Consumer Interest

In August 2024, a KPMG consumer survey found over 85% of respondents expressed concern about environmental degradation and health impacts. Factors like greenhouse gas emissions and noise pollution influence decisions to purchase electric vehicles.

Particularly among households with children and urban residents, expectations for reduced air pollution and quieter operation are high. Whether commuting and school run stress can be reduced is also a key decision factor.

Furthermore, as corporate carbon neutrality pledges and government decarbonization policies gain widespread recognition, the value of making environmentally conscious choices is becoming more prevalent. Consequently, the trend of switching from gasoline vehicles to electric vehicles when replacing personal cars is gradually expanding.

Expanding Business Opportunities

Honda (CUV brand) and Selex operate electric motorcycle rental businesses. VinFast's Green SM

is gaining market share from Grab in the ride-sharing sector. EV-related investments are expanding into areas such as vehicle sharing, charging infrastructure, battery services, and smart mobility platforms. This also provides consumers with opportunities to experience EVs, gradually fostering awareness, trust, and purchase intent. A multi-layered EV ecosystem encompassing vehicles and services is expanding.

Challenges

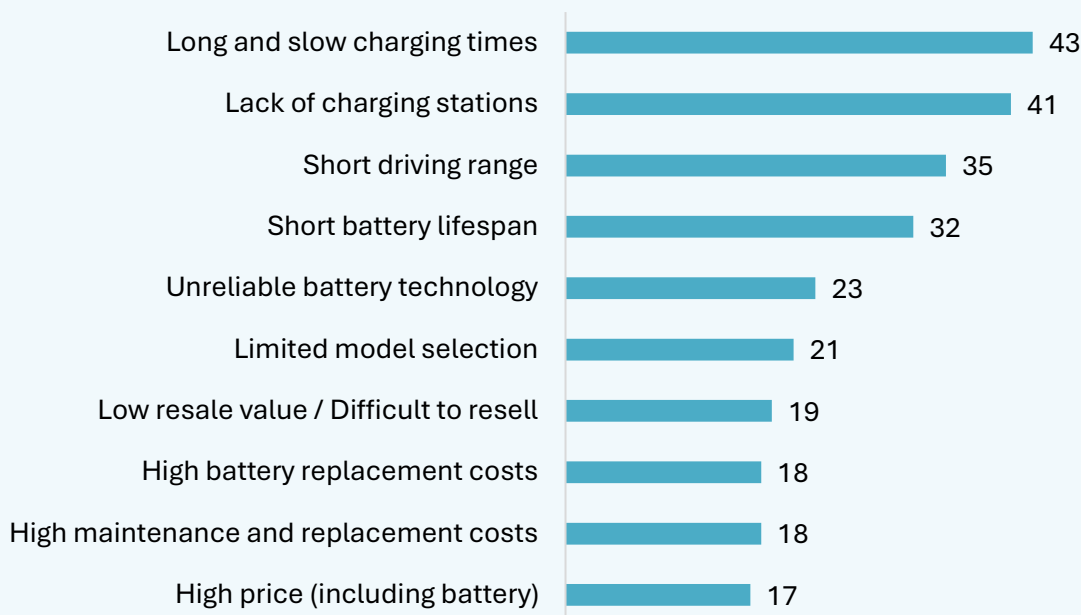
Charging Infrastructure and Batteries

According to a survey on EVs conducted by B&Company in 2025 across the two major cities of Hanoi and Ho Chi Minh City, insufficient charging infrastructure and battery-related concerns are the primary barriers hindering the adoption of electric vehicles in Vietnam. Key concerns cited by users considering a purchase include charging time, driving range, battery lifespan, and unstable battery technology, with consumer trust remaining low. Another survey found that approximately 62% of respondents expressed concerns about battery instability, including degradation, failure, and fire risks during charging.

²⁴ B&Company (2025) <[Access](#)>

Concerns when purchasing an electric vehicle

Unit: %



Source: B&Company Survey 2025

Barriers to Imported Electric Vehicles

Imported electric vehicles (both cars and motorcycles) face significant barriers. Import duties and other taxes on non-ASEAN products substantially increase retail prices, reducing

competitiveness. The gap widens further as value-added tax and special consumption tax are applied on top of import duties. Domestic manufacturers like VinFast benefit greatly, aided by domestic production, government support, and the national EV development strategy.

Taxes on Imported Electric Vehicles

Vehicle Type	Country of Origin	Import Duty (%)	VAT (%)	Special Consumption Tax (SCT)
Electric Vehicles	ASEAN (40% or more ASEAN-made)	0	10	3% (until 2027), 11% (from 2027 onward)
	Others	50–70	10	
Electric Motorcycles	ASEAN	0	N/A	N/A
	China	45	10	N/A
	Other	55 - 82.5	10	N/A

Source: B&Company analysis

Consumer Reliability

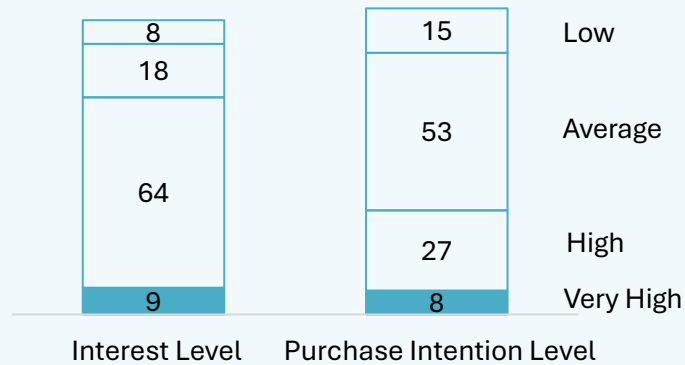
While 73% of consumers express interest in EVs, only half (35%) have purchase intent²⁵. Many consumers lack a clear understanding of EV

principles, maintenance, and long-term economics. They plan to wait several years to confirm improvements in quality, charging infrastructure, and durability before buying.

²⁵ B&Company Survey 2025

Interest in and Purchase Intent for EV

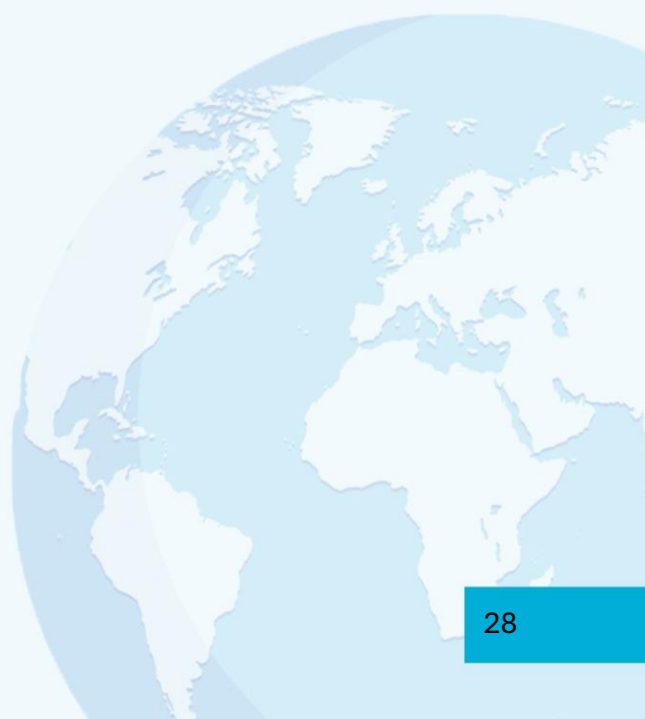
Unit: (%)



Source: B&Company 2025 Survey

The adoption of electric vehicles is advancing rapidly. If gasoline vehicle restrictions are implemented in major cities, a significant impact is inevitable. Concerns about the substantial

effects on related industries- including manufacturing, parts, maintenance, delivery, logistics, and energy are outweighing expectations for business opportunities.



Impact of Provincial Restructuring on the Economy and Investment

This article examines the impact of the 2025 administrative restructuring on the economic situation and investment environment. The transition to a two-tier administrative system aims to simplify administrative procedures and enhance efficiency. While growth and investment opportunities are anticipated, challenges such as legal inconsistencies and uneven implementation across regions may also arise.

Why Provincial Administrative Reform Must Proceed

Since the reunification of North and South Vietnam after the Vietnam War, administrative reorganizations have been implemented several times to align with socio-economic development goals. In 1975, approximately 72 provincial-level units existed, but in 1976, they were consolidated into 38 to centralize and streamline administration²⁶. Over the following decades, Vietnam adopted a decentralized approach to promote regional development, gradually reestablishing provinces. The number increased to 53 in 1991, 61 in 1997, 64 in 2003, and 63 in 2008. However, throughout this period, the three-tier administrative structure- provinces/ centrally administered cities, districts, and communes- remained unchanged.

According to Resolution 18-NQ/TW²⁷, while the administration has undergone significant reform efforts, it remains limited in efficiency and retains complexity. Key underlying factors are also identified. Political-administrative organizations have not kept pace with modern demands, partly

due to differing perceptions and responsibilities among organizations regarding the need for reform. Furthermore, there is a lack of consistency in organizational structure, personnel management, and decision-making, with room for improvement in situational awareness, leadership, and incentives. Persistent challenges such as legal overlap, inadequate personnel policies, and insufficient audit and evaluation capabilities hinder the simplification of the administrative system. These challenges have prompted the government to adopt more efficient and practical approaches to restructure the public administration system and provide better services to citizens.

Local Administration Restructuring: Introduction of a Two-Tier System

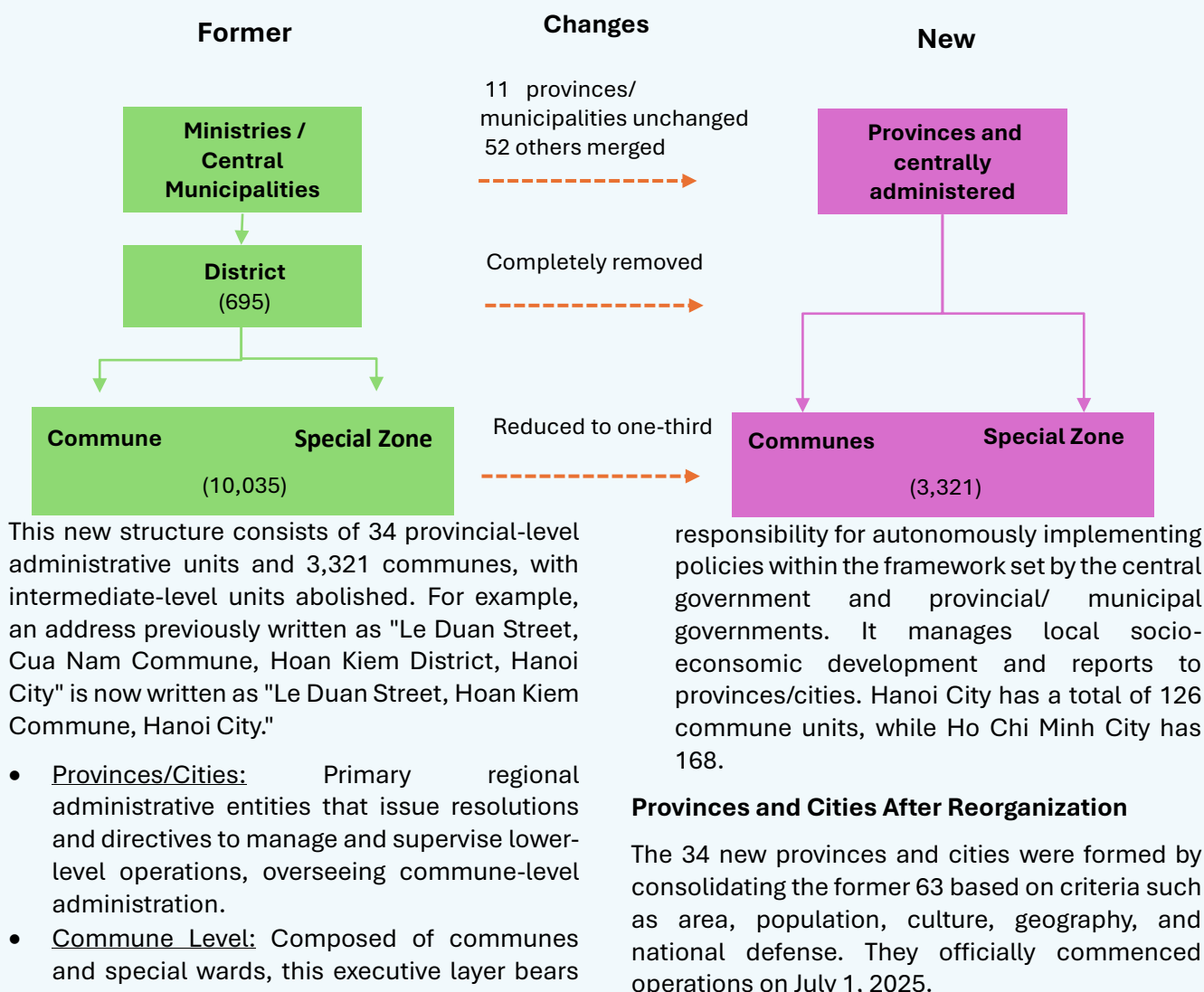
Overview

In early 2025, following multiple rounds of discussion, a reorganization of public administration was decided upon, introducing a two-tier local system to reduce fragmentation and duplication of tasks.

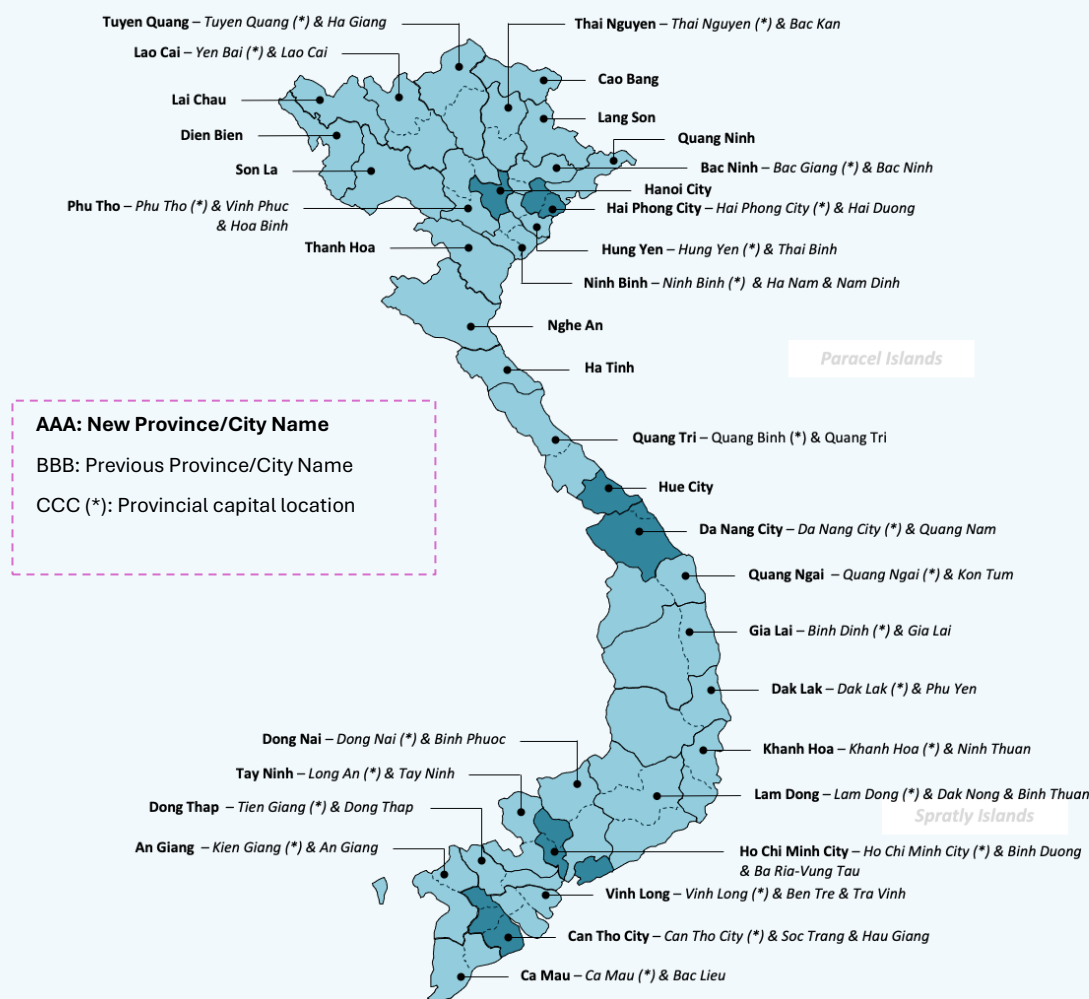
²⁶ VnExpress (2025) <[Access](#)>

²⁷ Resolution No. 18-NQ/TW <[Access](#)>

Overview of Local Administrative Reorganization (Simplified Display)



Map of Vietnam after Provincial/Municipal Reorganization



In terms of area, Lam Dong Province (merged with Binh Phuoc and Dak Lak) becomes Vietnam's largest at 24,000 km², while Hung Yen Province (merged with Thai Binh) becomes the smallest at 2,500 km². Regarding population, Ho Chi Minh City, after merging with Ba Ria-Vung Tau and Binh Duong,

becomes the most populous city with approximately 14 million people. In terms of population density, Hanoi is the highest, exceeding 2,600 people per km². The province with the smallest population is Lai Chau, with approximately 500,000 residents.

Area and Population of New Provinces and Cities (2024 Data)

6 Centrally-Governed Cities			
No.	Provinces/Cities	Population (Thousand people)	Total Area (Km ²)
1	Hanoi City	8,718	3,360
2	Hue City	1,236	4,947
3	Ho Chi Minh City	13,609	6,773
4	Hai Phong City	4,103	3,195
5	Da Nang City	2,819	11,860
6	Can Tho City	3,207	6,361

28 Provinces			
No.	Provinces/Cities (Tentative)	Population (Thousand people)	Total Area (Km ²)
7	Lai Chau	496	9,069
8	Dien Bien	657	9,540
9	Son La	1,331	14,110
10	Lang Son	814	8,310
11	Quang Ninh	1,397	6,208
12	Thanh Hoa	3,764	11,115
13	Nghe An	3,442	16,487
14	Ha Tinh	1,330	5,994

15	Cao Bang	559	6,700
16	Tuyen Quang	1,731	13,796
17	Lao Cai	1,657	13,257
18	Thai Nguyen	1,695	8,375
19	Phu Tho	3,664	9,361
20	Bac Ninh	3,509	4,719
21	Hung Yen	3,208	2,515
22	Ninh Binh	3,819	3,943
23	Quang Tri	1,584	12,700
24	Quang Ngai	1,862	14,833
25	Gia Lai	3,153	21,577
26	Khanh Hoa	1,882	8,556
27	Lam Dong	3,324	24,233
28	Dak Lak	2,831	18,096
29	Dong Nai	4,428	12,737
30	Tay Ninh	2,959	8,537
31	Vinh Long	3,367	6,296
32	Dong Thap	3,397	5,939
33	Ca Mau	2,141	7,942
34	An Giang	3,679	9,889

Historically, regional gross domestic product (GRDP) showed Ho Chi Minh City at 1,800 trillion VND and Hanoi at 1,400 trillion VND, together accounting for about one-third of the total. Most other provinces and cities had GRDP below 500 trillion VND, with only 10 exceeding 200 trillion VND.

The provincial integration will strengthen regional strengths by creating large, dynamic economic centers and promote economic concentration. The new Ho Chi Minh City, merged with Binh Duong and Ba Ria-Vung Tau, will become the first megacity, marking a significant milestone in urban development. Beyond its role as a commercial and financial center, it will become a major Asia-Pacific economic hub, combining Binh Duong's industrial strength with Ba Ria-Vung Tau's oil, gas, logistics, and maritime tourism infrastructure. Its economic scale will exceed 2,700 trillion VND, double that of Hanoi and accounting for about a quarter of the national total. Ho Chi Minh City's economic structure will shift, with the share of industrial sector increasing from 22% to 35%, while services decrease from 65% to 52%. Meanwhile, GRDP will also see significant increases in other cities due to integration, such as Haiphong (48%), Da Nang (85%), and Can Tho (112%).

Impact on the Economy and Investment

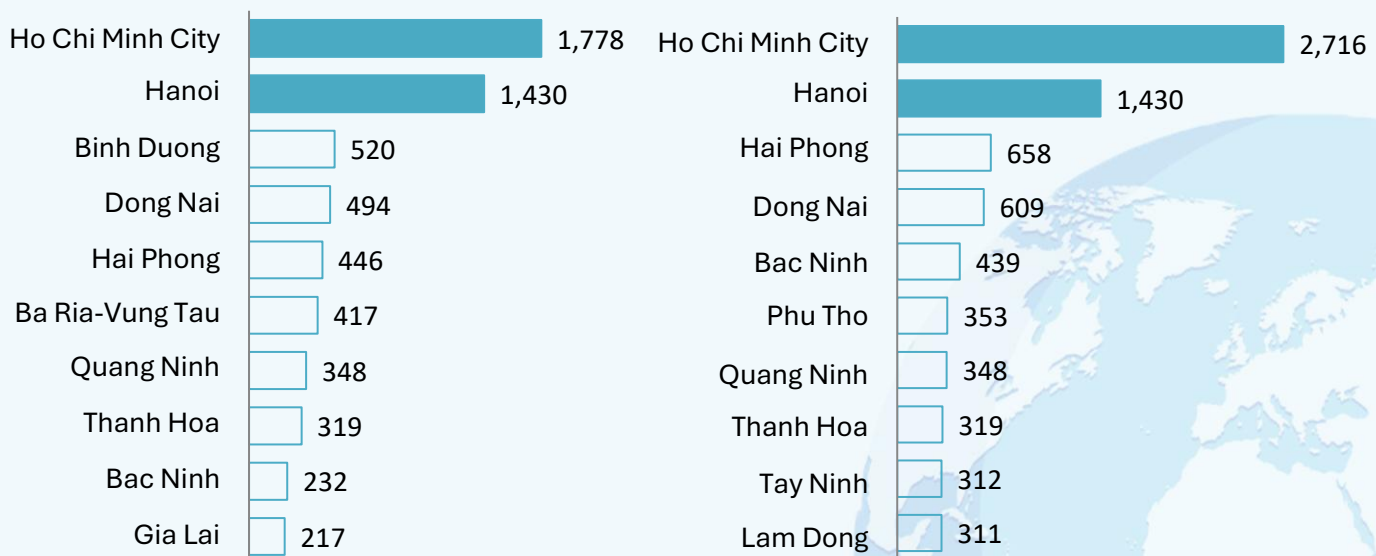
Economic Situation

Top 10 Provinces/Cities by GRDP (2024 Data)

Unit: Trillion Dong

Before Integration

After Integration

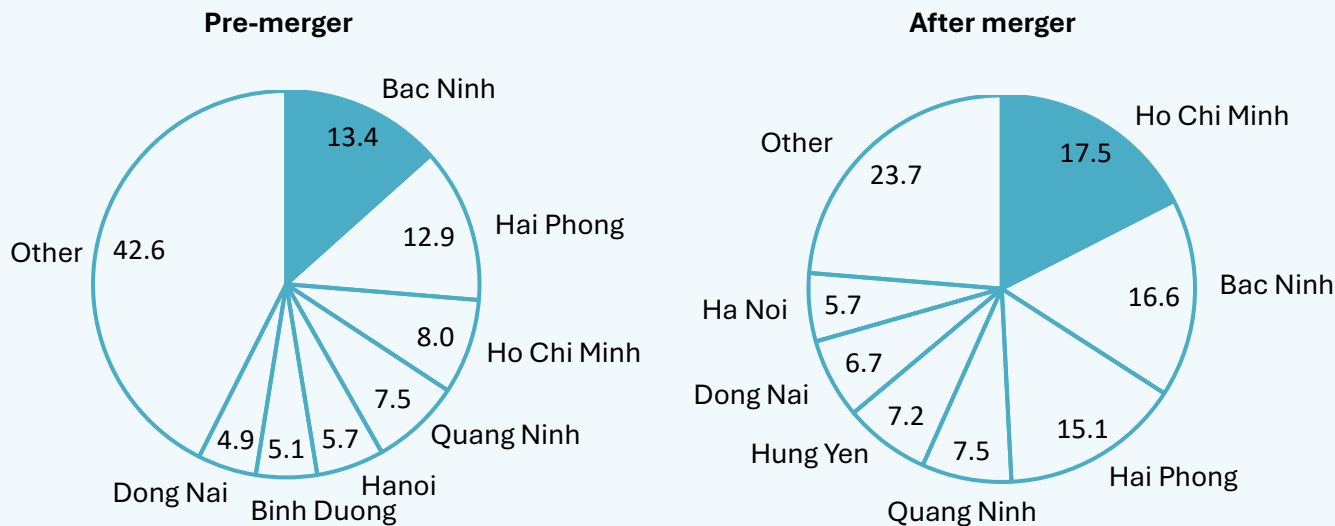


Foreign Investment

The merger presents new opportunities for both foreign and domestic investors.

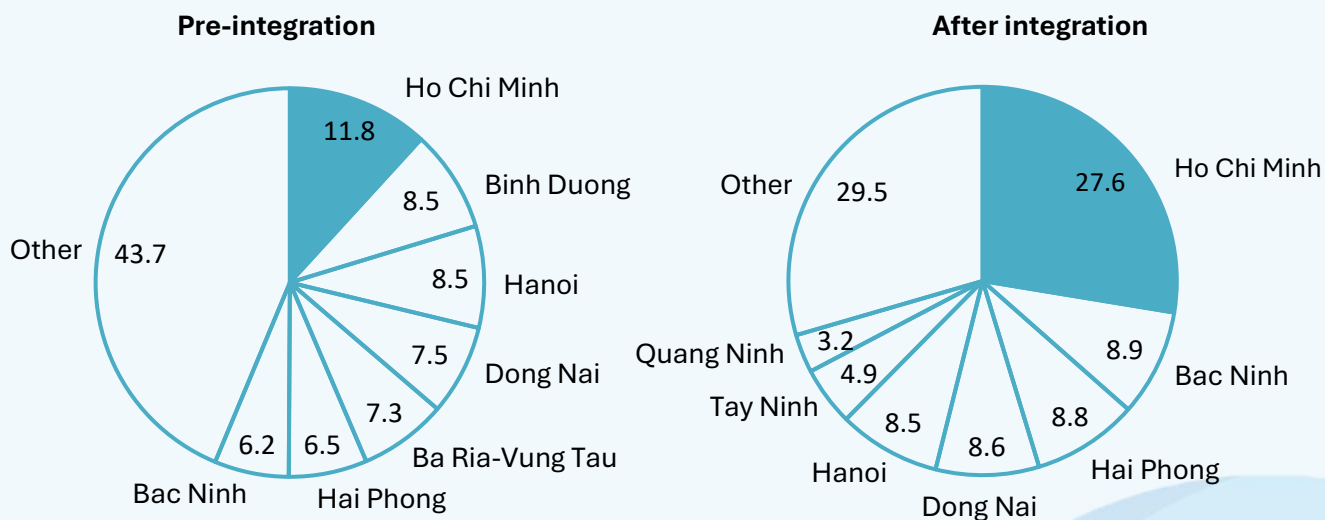
Registered FDI (2024 data)

100% = 38.23 billion USD



Cumulative Registered FDI Since 1988

100% = 500.5 billion USD



In the south, Ho Chi Minh City is the primary investment destination, accounting for 28% of cumulative FDI after its merger with Binh Duong and Ba Ria-Vung Tau. The new city now has a diverse industrial ecosystem in finance, high technology, and logistics, making it an attractive destination for investment. Ho Chi Minh City aims to attract investment of 8-10 million USD per hectare, prioritizing high-tech and environmentally conscious projects while modernizing its industrial model for sustainable growth. Meanwhile, Dong

Nai (after merging with Binh Phuoc) and Tay Ninh (after merging with Long An) are emerging as major investment destinations in metropolitan adjacent areas.

In the North, Bac Ninh and Hai Phong lead in both registered FDI capital for 2024 and total accumulated FDI since 1988, particularly after merging with Bac Giang and Hai Duong, respectively. This opens many opportunities for regions like Bac Giang. While Bac Ninh has long

attracted major foreign investors like Samsung and Canon, Bac Giang's business environment has also improved, successfully attracting global giants such as HanaMicron and Foxconn.

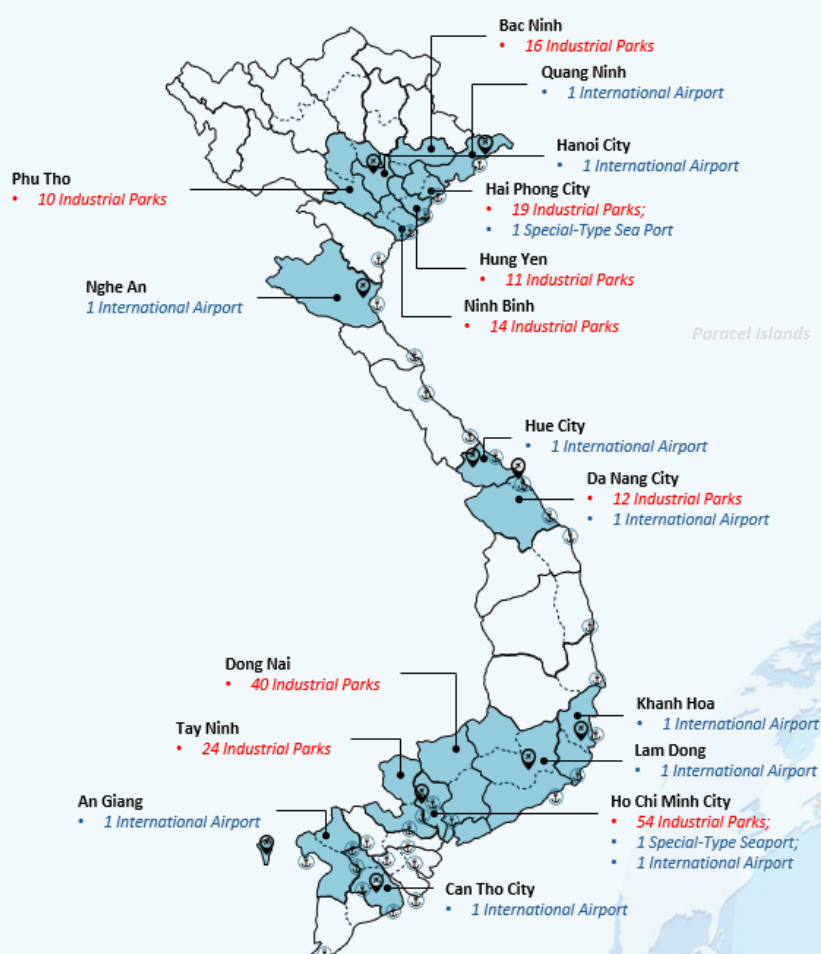
Infrastructure Development

One objective of provincial integration is to strengthen infrastructure and connectivity, improve logistics access (such as highways, ports, and airports), and promote efficient development.

- The creation of large-scale industrial hubs in the Southeast and Red River Delta regions is being promoted, increasing demand for manufacturing. Ho Chi Minh City is expected to have over 54 industrial parks²⁸, followed by Dong Nai (40) and Tay Ninh (24). In the Red River Delta, Hai Phong, Bac Ninh, and Ninh Binh are becoming major industrial centers, while Da Nang is increasing its presence with 12 industrial parks.

- Strengthening management of large-scale industrial zones will enhance corporate flexibility, boost regional competitiveness, and attract domestic and foreign investment. Increased land availability will facilitate factory site selection and alleviate shortages in high-demand areas²⁹.
- The distance between industrialized provinces and major airports/seaports will be reduced, improving trade connectivity. Haiphong's super-class port and the airports in Hanoi and Quang Ninh will support industrial growth in the north, while Ho Chi Minh City will benefit from improved access to Ba Ria-Vung Tau.
- Inland provinces previously at a logistical disadvantage (such as Dak Lak) will see improved access to seaports and maritime transport, promoting regional economic development and reducing logistics costs for inland enterprises.

Key Economic and Industrial Infrastructure After Integration



²⁸ GSO (2023) <Access>

²⁹ VIR (2025) <Access>

Opportunities and Challenges

Simplifying administrative procedures and creating large economic zones will significantly improve the business environment. Reducing bureaucratic obstacles and enabling swift decision-making will decrease the time and cost required to obtain permits and licenses, enhancing regulatory predictability and government efficiency. Direct links between ministries and communes will improve infrastructure planning, create integrated markets, and reduce administrative barriers for foreign investors.

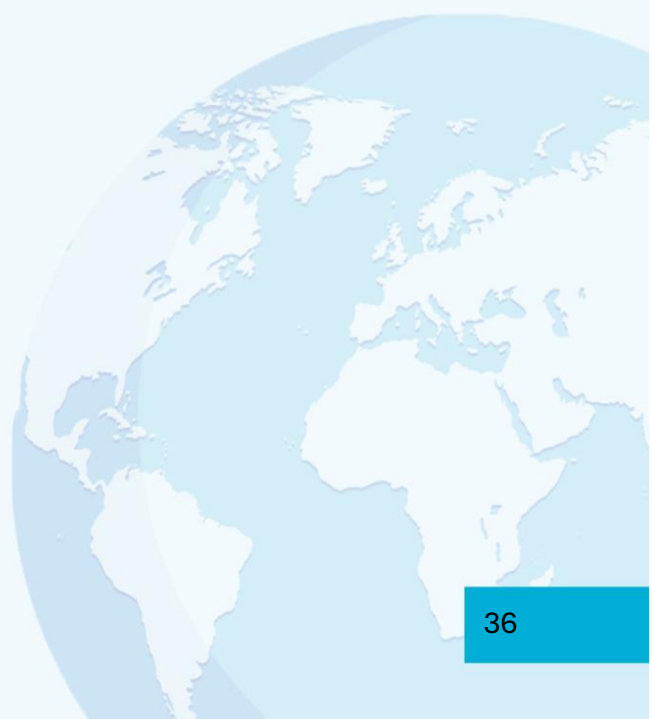
According to Dr. To Hoai Nam, Permanent Vice Chairman of the Vietnam Association of Small and Medium Enterprises (VINASME), provincial integration will create new opportunities for business development in the long term, forming a business environment particularly favorable for the scaling up of SMEs. When smaller administrative units are integrated into larger, planned regions, infrastructure such as transportation, trade, and supply chains improves, enabling access to broader markets for manufacturing, trade, and services.

Challenges exist. Experts note the consolidation process triggers changes in government authorities, tax laws, business licenses, and land ownership documents, leading to delays and increased costs. Businesses must update registration information, correct addresses, and navigate new bureaucratic procedures. Incentive policies and regulations (tax systems, land use rules, business support) may change or become inapplicable, increasing uncertainty. Discrepancies may arise, potentially leading to disputes over ongoing projects or public assets. Integration could intensify competition, and an increase in the number of companies might cause imbalances in the allocation of local resources. From a logistics perspective, companies are expected to face challenges due to inconsistencies in outdated vehicle registrations, transport permits, and road infrastructure. Without swift adjustments to administrative and legal systems, disruptions to transportation, distribution, and supply chains may occur. To mitigate these risks, a clear roadmap and coordinated policy implementation are essential during the integration process.³⁰

³⁰ Green Business & Economy Magazine (2025) <[Access](#)>



Macro Topics



Trade threatened under the U.S. tariff system

The trade environment is undergoing a critical transition amid global trends. While 2024 saw a robust recovery, the introduction of U.S. retaliatory tariffs in 2025 caused immediate disruption, exposing structural vulnerabilities in the export-driven economy. Although the government successfully negotiated a trade agreement with the U.S., concerns over transshipment remain a challenge, necessitating urgent efforts to promote industrial localization, diversify export markets, and strengthen strict traceability. This structural shift presents both new opportunities and heightened risks, becoming a major factor for foreign investors evaluating the Vietnamese market.

Trade Situation Overview

Since 2009, trade has grown steadily, with a notable surge in 2021 and 2022³¹. In 2023, geopolitical tensions and inflation led to a decline in global demand for electronics, textiles and apparel, footwear, and furniture, resulting in the first decrease in over a decade³². Recovery signs

emerged from late 2023, with total trade volume rebounding to 786 billion USD in 2024, marking a 16% year-on-year increase. Exports exceeded 400 billion USD (up 14%), accounting for 2% of global trade³³, while imports also recovered, rising 17% to surpass 380 billion USD, offsetting the 10% decline seen in 2023.

Exports and Imports

Unit: billion USD



Source: Vietnam Statistical Yearbook, General Statistics Office

Foreign-invested enterprises remain the driving force of growth, accounting for two-thirds of total trade and generating a surplus exceeding 50 billion

USD. Domestic enterprises recorded an import surplus, resulting in an overall trade surplus of 25 billion USD.³⁴

³¹ VCCI (2023) <Access>

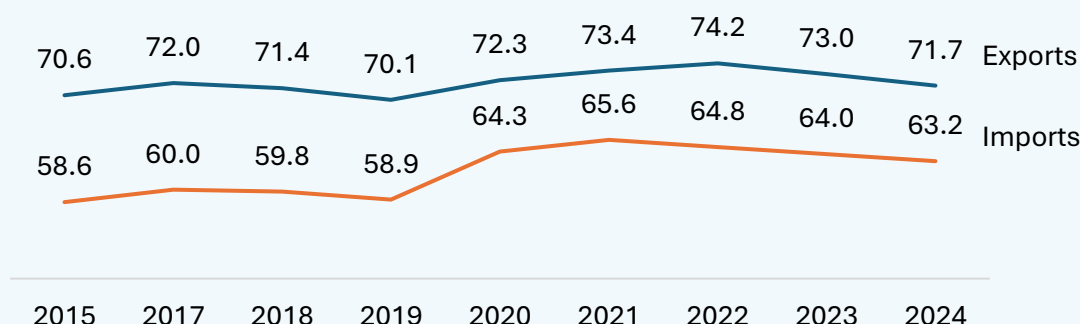
³² WTO (2024) <Access>

³³ WTO (2025) <Access>

³⁴ WTO (2025) <Access>

FDI Share of Imports and Exports

Unit: %

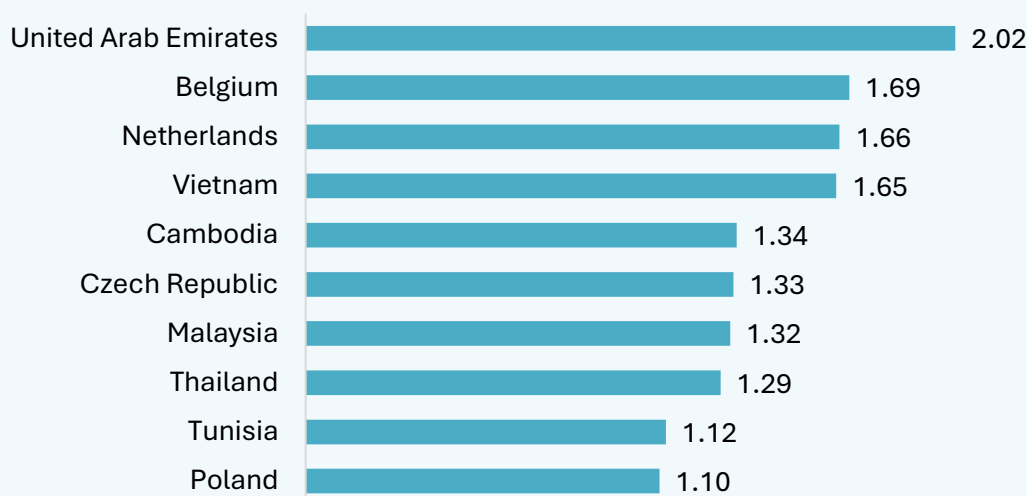


Source: General Statistics Office

The trade-to-GDP ratio was exceptionally high at 1.65 in 2023, ranking fourth globally (excluding small countries with populations under 10 million). This level follows the United Arab Emirates (2.02), Belgium (1.69), and the Netherlands (1.66), and significantly exceeds that of regional countries

such as Cambodia (1.34), Malaysia (1.32), and Thailand (1.29). This indicates a high level of engagement in international trade and strong dependence on external markets, reflecting the deep integration of the Vietnamese economy into global supply chains.

Trade/GDP Ratio in 2023 for Countries with Populations Over 10 Million



Source: World Bank

2024 was characterized by strong growth in product exports and a recovery in imports driven by increased demand for production materials. All ten product categories accounting for over 75% of export value grew, with six achieving double-digit increases. Notably, computers, electronic equipment, and parts rose 27% year-on-year, representing 18% of total exports. Regarding imports, capital goods (machinery, equipment, accessories, fuel, raw materials, etc.) accounted

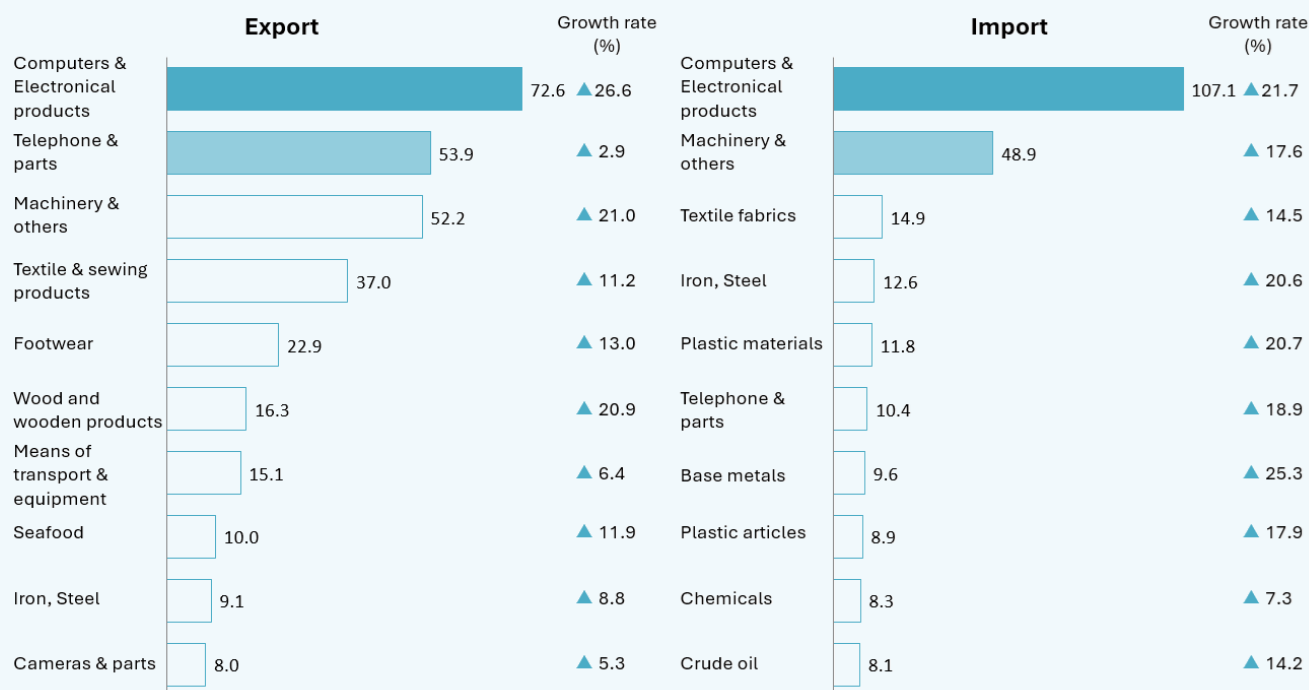
for 94% of total imports, up from 89% in 2023³⁵. Imports of machinery and parts increased by 28%, while raw material imports rose by 18%, suggesting increased industrial activity and supply chain expansion. However, this also highlights Vietnam's heavy reliance on imported intermediate goods in key export industries. Examples include electrical and optical

³⁵ NSO (2023) <Access>

equipment (97%), footwear (83%), and textiles (77%)³⁶.

Breakdown of Imports and Exports in 2024

Unit: billion USD



Source: Vietnam Statistical Yearbook, General Statistics Office

The expansion of trade in 2024 was partly due to strengthened relations with various countries.

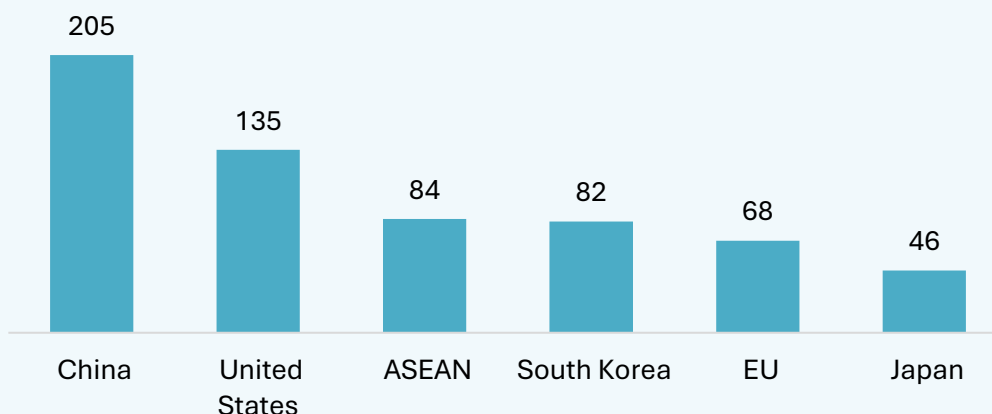
- China: The largest partner, with total trade exceeding 200 billion USD. It is a crucial supplier of components for the manufacturing and processing industry, accounting for 87% of imported phones and parts, 60% of machinery, and over 30% of computers, electronic equipment, and parts.
- The United States is the largest export market, with total exports reaching 120 billion USD in 2024.

- Trade with other major partners like South Korea, Japan, and ASEAN also recovered, with total trade volumes increasing by 14%, 7%, and 2% respectively.
- The EU has become increasingly important since the implementation of the EVFTA in 2020. In 2024, trade with the EU increased by 16%, making it the third-largest export market. Coffee (38%) and footwear (25%) are the main exports.

³⁶ ADB <Access>

Trade Volume with Major Partners (2024)

Unit: Billion USD



Source: General Statistics Office

Additionally, Vietnam currently functions as a value-added hub within the global supply chain. Manufacturers import basic materials and semi-finished products from China and India, performing critical processes in Vietnam such as precision machining and forming, plating and surface treatment, cutting and dyeing, printed circuit board (PCB) assembly and mounting, testing, certification, and final packaging. The resulting components and finished goods are then exported to destinations including the United States, the European Union, and Japan.

Exports to the United States have grown significantly over the past decade, making it Vietnam's largest export market. Bilateral trade has expanded at an average annual growth rate of 16% since 2010, reaching 135 billion USD in 2024. Exports account for the bulk of this trade at 120 billion USD, with major markets including computers/ electronics, machinery, and textiles. Conversely, imports from the U.S. grew at a modest average annual rate of 3% between 2018 and 2024. Consequently, the trade surplus with the U.S. has steadily expanded, quadrupling since 2015, leading to heightened U.S. scrutiny and increased trade friction.

Vietnam-US Trade and the US Tariff Plan for 2025

2024 Exports to the United States

No	Sector	Export Value (billion USD)	Share Within Sector (%)	Share Within U.S. Exports (%)
1	Computers, Electronics	23.2	32.0	19.4
2	Machinery & Others	22.1	42.3	18.5
3	Textiles, Sewn Goods	16.2	43.6	13.5
4	Telephones and Parts	9.8	18.2	8.2
5	Wood and Wood Products	9.1	55.6	7.6

Source: Statistics Bureau

On April 2, 2025, US President Donald Trump announced a 10% reciprocal tariff on all imports and even higher tariffs on countries with large trade surpluses. Vietnam was subject to a high applied tariff rate of 46%. The reason given was concern about Chinese products being transshipped to avoid tariffs, in addition to the trade deficit. After

three rounds of negotiations, President Trump announced on July 2 that the two countries had reached a trade agreement, making Vietnam the third country to sign a deal with Washington. On July 31, the US announced adjustments to its reciprocal tariff rates, imposing a 20% tariff on

Vietnam and a 40% tariff on transshipments. The new tariff rates took effect seven days later³⁷.

U.S. President Donald Trump announces tariff levels



Source: VOV

Adjusted Reciprocal Tariffs Rates

Unit: %

No	Country	Announced April 2	Effective August 7
1	Cambodia	49	19
2	Laos	48	40
3	Vietnam	46	20
4	Thailand	36	19
5	China	34 ³⁸	55
6	Taiwan	32	20
7	Indonesia	32	19
8	India	26	25
9	South Korea	25	15
10	Japan	24	15
11	Malaysia	24	19

Source: B&Company analysis

Impact of U.S. Tariff System

The announcement of U.S. tariff hikes had an immediate and disruptive impact on the Vietnamese economy, particularly its export-driven manufacturing sector. The Purchasing Managers' Index (PMI)³⁹ recorded a seven-month high of 50.5 in March 2025 but plummeted to 45.6 in April. This was due to a decline in new export orders amid uncertainty. Although it recovered temporarily in May, weakening foreign demand

contributed to continued manufacturing contraction in the second quarter.

However, manufacturing output increased in May and June⁴⁰ as U.S. importers accelerated orders in anticipation of tariffs expected in July 2025. Consequently, exports from Vietnam to the U.S. reached 71 billion USD in the first half of the year, marking a 28% increase compared to the same period last year. May exports hit a post-pandemic high of 14 billion USD⁴¹.

³⁷ White House (2025) <Access>

³⁸ The tariffs shown are based on the April 2 announcement and were subsequently raised to 145% over the following months

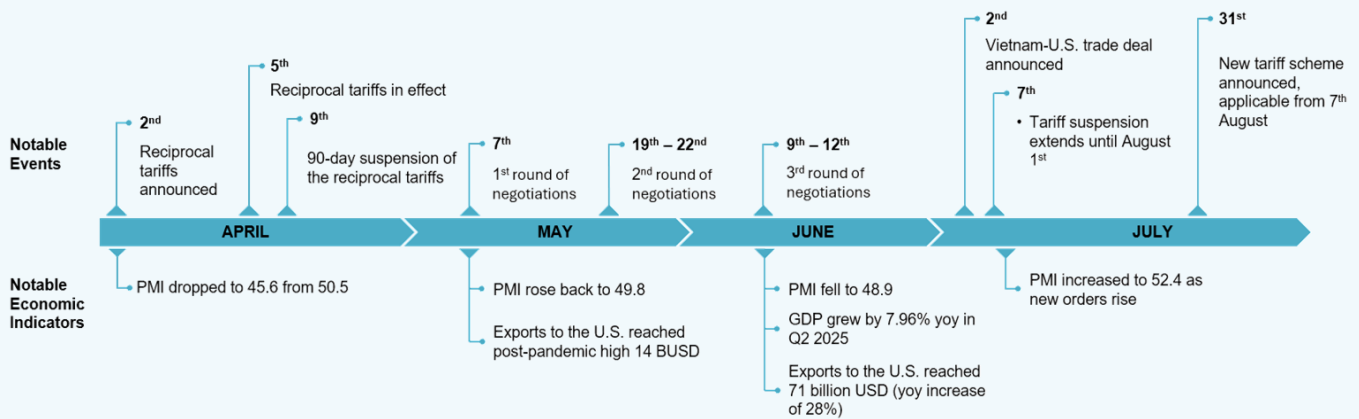
³⁹ The S&P Global Manufacturing Purchasing Managers' Index (PMI) measures manufacturing performance and is derived

from a survey based on five indicators: new orders, shipments, employment, delivery times, and purchasing inventories. A value above 50 indicates manufacturing expansion compared to the previous month, while below 50 signifies contraction

⁴⁰ VIR (2025) <Access>

⁴¹ Vietnam General Department of Customs (2025) <Access>

Vietnam-US Trade Events & Economic Indicators (as of August 1, 2025)



Source: B&Company Analysis

Despite the increase tariff rate, the country's rate is relatively competitive compared to other exporting countries, maintaining a strong position in the U.S. market. While companies heavily reliant on the U.S. may consider relocating production bases from Vietnam, exports to diverse markets outside the U.S. are also facilitated, making it continue to be attractive to foreign investors. The manufacturing base is maturing, a broad network of FTAs has been established, and efforts to strengthen domestic production capacity and supporting industries are progressing. According to EuroCham, business sentiment is generally optimistic, with 43% of companies expecting conditions to improve in Q3 2025 and 78% expressing confidence in the five-year outlook.

Impact on Businesses

Raised tariffs and U.S. concerns over transshipment goods are altering the business outlook for domestic manufacturers and forcing them to adopt new strategies.

- **Export Diversification:** Report ⁴² states that manufacturing and export companies are seeking new markets in response to U.S. trade measures. To target high-standard markets like the EU, Japan, and the UK and join the global supply chain restructuring trend, companies must focus on improving product quality, traceability, and value-added capabilities.
- **Procurement Diversification:** Companies are also actively diversifying their sourcing to

reduce dependence on specific trading partners.

- **Supply Chain Localization:** For exports to the U.S., transshipment accounts for 16% ⁴³. However, past negotiations indicate that products with minimal value-added by manufacturers and a high proportion of foreign-made components may also be considered transshipments. Consequently, domestic producers must move beyond low-value-added processing and engage more deeply in the supply chain through design, component manufacturing, and technology-intensive production processes.
- **Improving Operational Efficiency:** With profit margins threatened under the new tariff regime, companies are pursuing production efficiency gains through automation adoption and waste reduction.
- **Strengthening Trade Compliance:** As Vietnam moves toward stricter enforcement of origin rules to prevent transshipment, companies that early adopt local production, traceability, and value-added manufacturing will gain a competitive edge. Proactive compliance not only reduces trade risks but also enables the utilization of preferential tariffs within the extensive FTA network.

As Vietnamese companies strive to navigate the evolving global trade landscape, the U.S. reciprocal tariff system presents both challenges and opportunities. Tariff hikes have highlighted the urgent need to strengthen domestic industrial

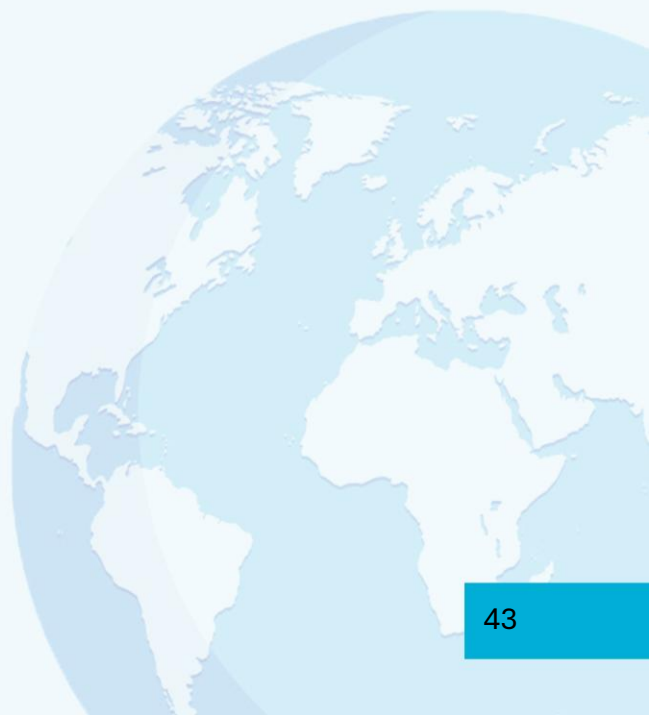
⁴² VnExpress (2025) <Access>

⁴³ Techcombank (2025) <Access>

capabilities, reduce reliance on imported raw materials, and adhere to stricter trade compliance standards. Simultaneously, relatively favorable tariff rates, an expanding FTA network, and targeted government incentives create tailwinds, opening new pathways to build and participate in resilient, diversified supply chains.

Current challenges hindering trade expansion must also be addressed. Customs delays and disruptions in major economic regions—manual

paperwork, duplicate inspections, inconsistent judgments, and multi-day processing times—require improvement. Furthermore, urgent action is needed to eliminate regulatory bottlenecks that inflate time and costs, such as redundant approvals, delays in conformity assessments, and fragmented technical regulations. Utilization of FTAs remains insufficient. To secure preferential tariffs, simplifying rules of origin, promoting traceability, and thoroughly disseminating the system to SMEs are required.



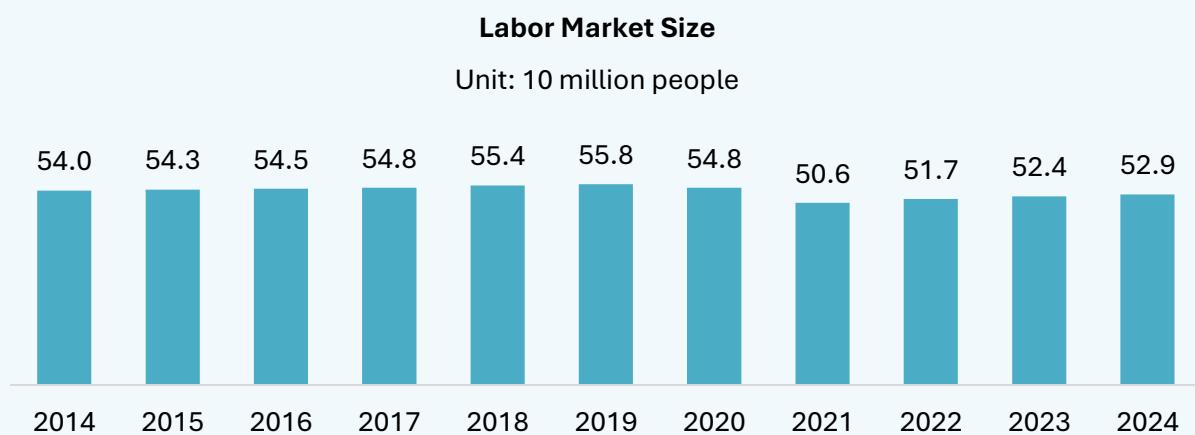
Labor Market under Context of Digital Transformation

Digital transformation (DX) is advancing across many industries, and the labor market is witnessing significant change. Not only is manual work decreasing in corporate offices, but the way people choose specialized skills and academic majors has also changed. Public and private companies are being forced to revise their human resources strategies to adapt to this major shift.

Current State of the Labor Market

The labor force decreased from 55.8 million to 50.6 million between 2019 and 2021 due to the impact of the pandemic. It has since recovered, reaching approximately 53 million in 2024, showing a slight increase compared to the previous year. In recent

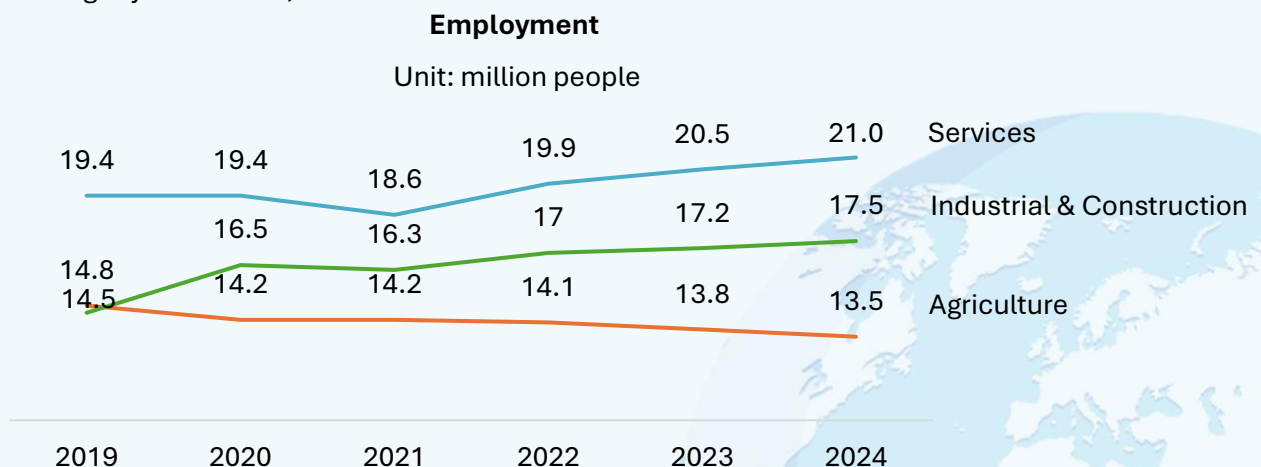
years, overall productivity growth has been driven primarily not by productivity gains across all three sectors (agriculture, industry, and services), but by labor reallocation- the shift of workers from low-productivity agriculture to high-productivity industry and services.⁴⁴



Source: General Statistic Office

According to the International Labour Organization (ILO), the labor market is primarily divided into three categories: agriculture, forestry, and fisheries; industry and construction; and services. Post-pandemic (2022–2024), while employment in agriculture has slightly decreased, the number of

workers in industry and construction and in services has been increasing. These sectors reached new peaks by the end of 2024, with 17.5 million people working in industry and construction and 21 million in services.



Source: General Statistics Office

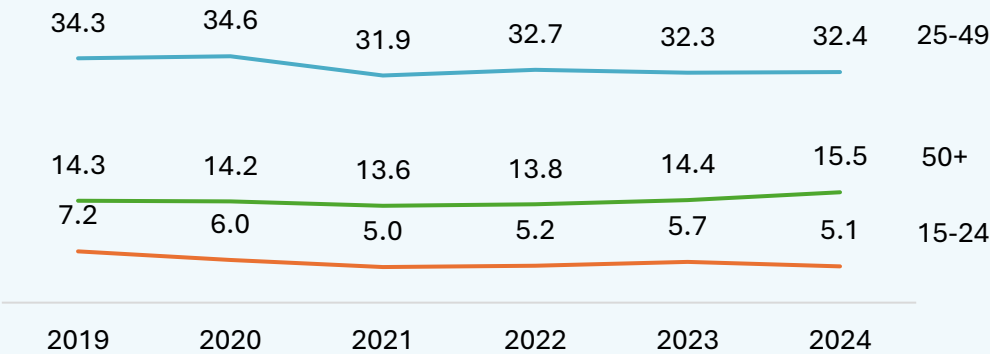
⁴⁴ B&Company (2025) <Access>

By age group, workers aged 25 to 49 form the numerical core of the workforce. This age group demonstrates high adaptability to DX and new technologies. They can quickly adapt to sectors where demand is constantly evolving and IT adoption is advancing, such as the service industry, manufacturing automation, and e-commerce. Meanwhile, the overall age of the

workforce is steadily increasing. An upward trend in employment numbers was observed for those aged 50 and above. This age group is concentrated in occupations that do not require advanced digital skills, such as agriculture, handicrafts, apparel manufacturing, and traditional retail, where their experience and stability are valued.

Number of Workers by Age Group

Unit: million people



Source: General Statistics Office

DX and Future Workforce Alignment Policy

The government has implemented educational reforms to address future workforce needs through national programs focused on DX and vocational education.

For example, the "National Digital Transformation Program until 2025 (Vision to 2030)" was announced, emphasizing the importance of developing digital skills across all industries and calling for efforts from both organizations and individuals. It also addresses the e-government strategy and the development of the digital economy and digital society. Measures to achieve these goals are outlined. For instance, it calls for evaluating the implementation status of DX initiatives from ministries to local enterprises, and for providing better conditions for IT companies to promote the use of cutting-edge technologies at⁴⁵.

Furthermore, as part of Technical and Vocational Education and Training (TVET) reform, the German Federal Ministry for Economic Cooperation and Development and the Vietnam Directorate of Vocational Education and Training (DVET) are working together to raise the standards of

vocational training schools. This program focuses on adapting TVET to a world of increasing digitalization. Its main activities include training courses for vocational colleges, technical training facilities, policy advice, capacity building, technical support for TVET 4.0, and the development of an open educational resource platform.⁴⁶

Future Trends in the Labor Market in DX

The growing demand for digital skills and higher education qualifications is expected to drive a restructuring of human resource development methods. As DX and automation accelerate across industries, the need for technical personnel who can adapt to the digital environment is increasing. At the same time, particularly in the manufacturing, construction, and service industries, there is a growing risk that many low-skilled and repetitive jobs will be replaced by machines and software due to business management systems that incorporate automation and artificial intelligence.⁴⁷

⁴⁵ VietnamPlus (2024) <Access>

⁴⁶ TVET Vietnam (2020 – 2024) <Access>

⁴⁷ CSIRO (2019) <Access>

Examples of DX-Driven Companies

No	Company Name	Industry	Key Initiatives
1	Vinamilk	Dairy Products	- Smart Warehouse with Laser-Guided Vehicles and Rail-Guided Vehicles - Automated Stacker Cranes, Ultra-High Temperature Processing Line, Warehouse Management System
2	Samsung Electronics	Electronic devices	Autonomous pallet transport robots equipped with safety sensors and computer vision for internal logistics
3	Coteccons	Construction	- Microsoft's cloud and AI tools 4D/5D Scheduling Integration with BIM (Building Information Modeling)
4	Lazada Logistics	E-commerce Logistics	- A 20,000-square-meter AI-powered sorting center in Binh Duong - Application of Machine Learning to Core Operations
5	Techcombank	Finance	Accelerating digital product offerings and driving large-scale digital customer acquisition through digital banking on the platform

Source: B&Company Analysis

The World Economic Forum report, based on a survey of over 300 companies, reports a significant increase in high-tech roles such as AI and machine

learning specialists. This is followed by roles such as e-commerce specialists and business development experts.

Growth Rate of Required Positions (2025)

Unit: %



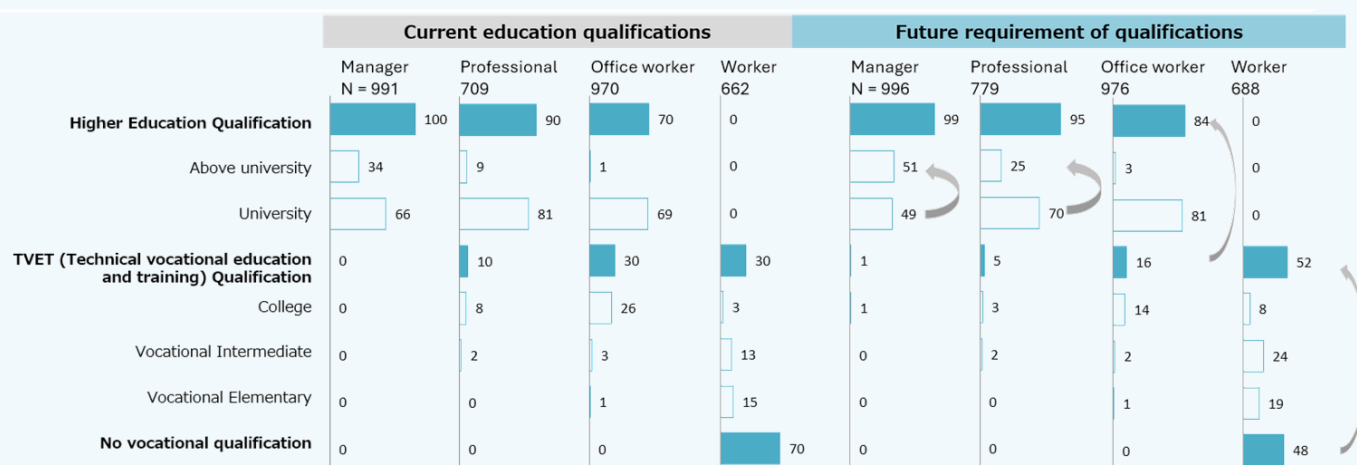
Source: World Economic Forum (2025)

According to the Advanced Human Resource Development Report by JICA and B&Company (2022), qualification requirements for workers are expected to become stricter in the future. The proportion of jobs requiring university degrees or higher is increasing, and the overall demand for

higher education is also rising. In particular, postgraduate qualifications are becoming more common and may become the new standard for many professional roles. This suggests a gradual replacement of the traditional advantage held by bachelor's degree holders in the labor market.

Demanded Educational Background

Unit: %



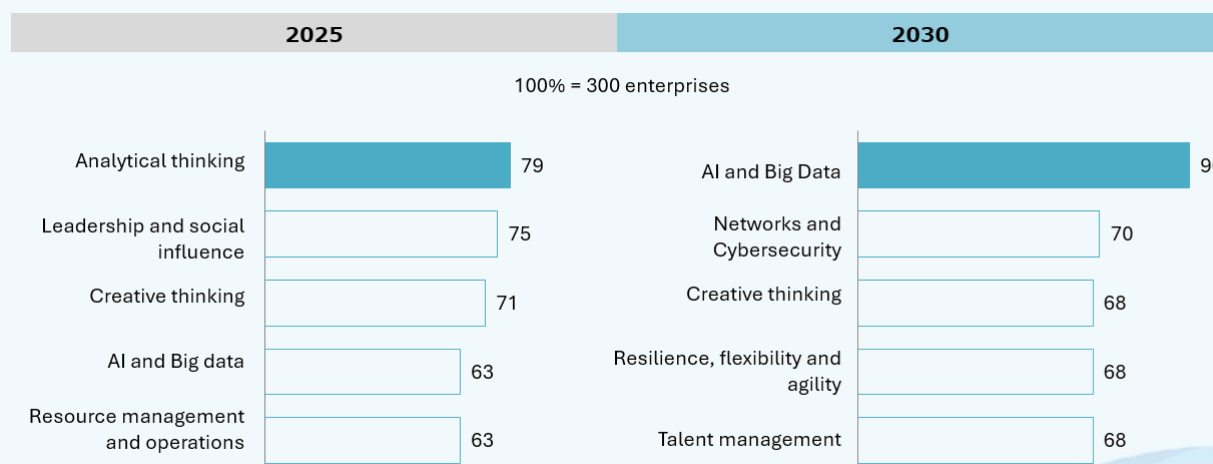
Source: B&Company, JICA (2022)⁴⁸

As a result, reforms are underway to align education and human resource development systems with future skill needs. Key skills are shifting from analytical thinking and leadership

(2025) to skills like big data expertise and cybersecurity (2030), reflecting efforts to adapt to the continuous advancement of IT technologies in the era of digital transformation.

Core Skills Required for Talent (2025 & 2030)

Unit: %



Challenges

Access to technology and regulations remain significant barriers.

Restricted access to IT technology is particularly pronounced in rural areas and among small and medium-sized enterprises (SMEs). Rural areas have only 64% internet access, lower than urban areas (82%), limiting the full utilization of digital

tools and platforms. Similarly, the DX of domestic SMEs is slow; according to a 2021 World Bank report, only about 23% of Vietnamese firms have introduced innovative products or process changes⁴⁹. Outdated legal frameworks also pose significant barriers. Laws related to data privacy, cybersecurity, and digital labor rights have not kept pace with rapid DX. The lack of regulations governing areas like online work and digital

⁴⁸ B&Company, JICA (2022) <Access>

⁴⁹ World Bank Report (2021) <Access>

contract enforcement creates uncertainty for businesses and workers, dampening their willingness to embrace digital innovation.

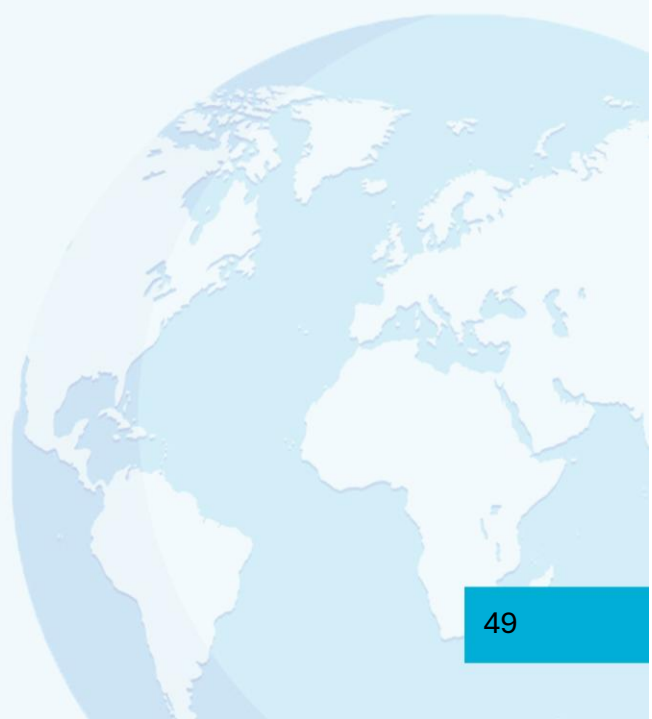
DX will reshape the labor market in the coming years. As companies adopt more advanced technologies, changes will occur in worker skill

demands, positions, and working models. To maintain its international competitiveness, Vietnam must focus on developing a more flexible, digitally skilled workforce through consistent education, skills upgrading, and forward-looking human resource development strategies.⁵⁰.

⁵⁰ TS2 Tech (2025) <Access>



Industry trends



Apparel Market

Apparel is a major industry, having long remained among the top three global clothing exporters. Exports in 2024 reached approximately 44 billion USD, with primary destinations being the United States, the EU, Japan, and South Korea. Factories are concentrated around major cities in the north, south, and central regions. However, the production process primarily consists of CMT (Cut, Make, Trim), heavily reliant on imported materials such as fabrics and cotton. To increase added value, challenges include domestic production of materials, environmental compliance in production processes, and technological advancement. Trade agreement rules of origin will also likely become a driving factor in this movement.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Textile and apparel exports	Billion USD	35.2	39.0	44.0	40.3	44.0
Textile and apparel retail sales	Billion USD	8.4	7.2	8.3	9.4	10.2
Number of raw textile material manufacturing companies ⁵¹	Thousand companies	5.2	5.0	4.8	5.8	NA
Number of final textile products manufacturing companies ⁵²	Thousand companies	9.8	10.0	9.7	12.4	NA

Source: General Statistic Office, B&Company Enterprise Database

Regulations

The government welcomes investment in the textile and apparel sector. Textile manufacturing allows 100% foreign ownership. The textile industry is classified as a priority investment sector, eligible for support and tax incentives if certain criteria are met. For example, large-scale textile dyeing projects in industrial parks may receive corporate income tax reductions or exemptions from import duties on equipment.

The Prime Minister's Decision No. 1643/QĐ-TTg at the end of 2022, "Strategy for the Development of the Textile and Garment Industry 2030 - Vision 2035," promotes sustainable growth and high value-added production. One goal is to reduce dependence on imported materials, aiming for 70% domestic production of fabrics and accessories by 2030. To achieve this, investment is required in textile production, high-quality yarn, fabric dyeing and finishing, and especially in businesses utilizing environmentally friendly technologies.

The government is also encouraging the establishment of textile industrial parks equipped with modern wastewater treatment facilities to attract dyeing and fabric-related businesses. Environmental regulations are becoming stricter for highly polluting processes. New dyeing and finishing factories must typically obtain an environmental impact assessment and be located in areas with centralized wastewater treatment facilities. Local authorities (such as Dong Nai Province and Nam Dinh Province) are also restricting or scrutinizing textile projects with potential pollution risks. This aligns with the national goal of pursuing clean production.

Market Overview

The textile and apparel industry is globally strong and a key driver of the country's growth. Vietnam is currently the world's third-largest textile and apparel exporter, following China and Bangladesh. Located at the crossroads of major maritime and economic corridors, Vietnam offers direct access to key international shipping routes, enabling efficient and low-cost transportation to major

⁵¹ Raw Material Production

⁵² Production of Final Products (Garments)

markets such as North America, Europe, Northeast Asia, and ASEAN countries. Furthermore, its proximity to China, the world's largest supplier of textile raw materials, facilitates collaboration with companies in both production and consumption markets.

Exports showed remarkable recovery after the COVID-19 pandemic, reaching 40.3 billion USD in 2023⁵³ accounting for approximately 12.5% of the country's total exports. In 2024, they grew to 44 billion USD despite a global slowdown in demand⁵⁴. In the first five months of 2025, exports

reached approximately 18 billion USD, a 10% increase compared to the same period in 2024⁵⁵. In 2023, Vietnam was the second-largest apparel exporter to the US market and a major supplier to the EU, Japan, and South Korea.

The US accounted for about 38% of exports, followed by Japan (10.1%) and South Korea (8.2%)⁵⁶.

Textile and Apparel Exports

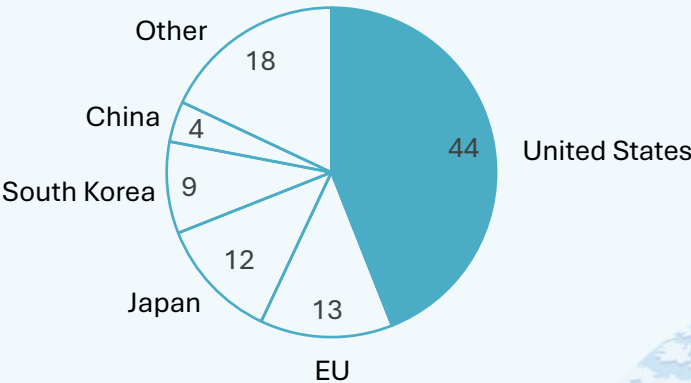
Unit: Billion USD



Source: General Statistic Office

Textile and Apparel Export Destinations (2024)

100% = 441 billion USD



Source: General Department of Vietnam Customs

⁵³ VIR (2024) <[Access](#)>

⁵⁴ B&Company (2024) <[Access](#)>

⁵⁵ Vneconomy (2025) <[Access](#)>

⁵⁶ General Department of Vietnam Customs <[Access](#)>

Production is concentrated in specific regions. The southern region (Ho Chi Minh City, Dong Nai, Binh Duong, and surrounding areas) has developed over decades into the largest apparel manufacturing hub, leveraging advanced port infrastructure like Saigon Port and Cai Mep Deep-Water Port, along with accumulated human resources. Important textile clusters also exist in the northern region (Nam Dinh, Hanoi, Hai Duong, etc.) and the central region (Thanh Hoa, etc.), with some specializing in yarn and fabric production. For example, Nam Dinh Province had over 6,000 textile and garment factories (including small rural workshops) as of 2025, contributing significantly to local employment.

The supply chain consists of three stages: Upstream (fiber/yarn production), midstream (fabric production/dyeing), and downstream (apparel manufacturing). The industry remains heavily reliant on downstream sewing and processing (CMT). Where is it sourced from? According to the Vietnam Textile and Apparel Association, of 3,800 textile factories, approximately 70% are sewing, 23% are spinning/weaving, and only 4% are dyeing/finishing.⁵⁷ Raw materials like fabric, yarn, and cotton are imported, accounting for 40% of inputs. Most cotton (99%) and the majority of fabric are sourced from China and South Korea. In 2024, fabric imports increased by 15% year-on-year, reaching approximately 15 billion USD, making it Vietnam's third-largest import category. While China is the primary supplier, South Korea, Taiwan, Japan, and Thailand are also major sources.⁵⁸

Competition

China remains the largest textile exporter, leveraging its vast labor force and skilled

production techniques. Vietnam's market share has remained stable between 5% and 5.2% from 2019 to 2023, showing resilience compared to other major exporters. Bangladesh surpassed Vietnam in 2021 and continues to grow, holding the second position. India also became a major player in 2023 with a 4.7% share. Turkey showed a sharp increase in 2023, reaching a 4.8% share, leveraging its strengths in sustainability and high-tech solutions in the textile sector.

Meanwhile, Vietnam is known for product diversity and quality. Unlike some competitors specializing in low-cost basic apparel, Vietnam produces a wide range of products, from basic T-shirts to high-value-added sportswear, suits, high-tech fabric garments, swimwear, and tailored suits. It employs approximately 3 million people, valued for their skills and productivity. Although labor costs are trending upward, they remain highly competitive. From 2020 to 2023, the industry's average monthly wage was approximately 300 USD, positioning Vietnam as a mid-cost, high-quality production base between Bangladesh (95 USD), (145 USD), and China (330 USD)⁵⁹.

Textile and Apparel Factories



Source: Dantri

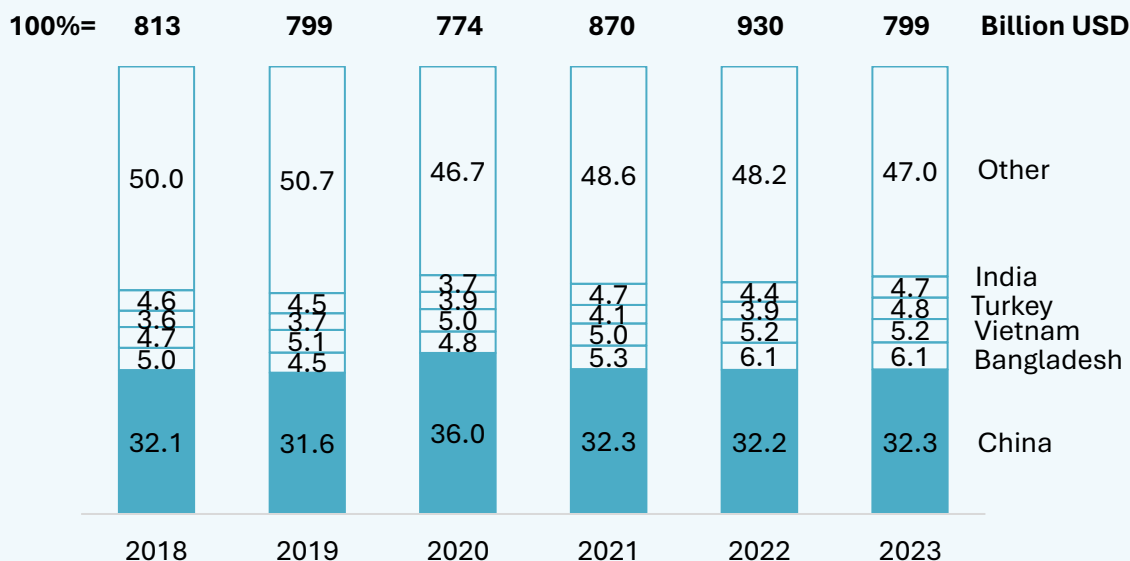
⁵⁷ Vietnam briefing (2025) <[Access](#)>

⁵⁸ Vnbusiness (2024) <[Access](#)>

⁵⁹ Vietnam News (2024) <[Access](#)>

Global Share of Textile Exporting Countries

Unit: %



Source: World Population Review

Major Players

According to B&Company's enterprise database, as of 2023, approximately 18,000 companies operate in Vietnam's textile and garment industry. The breakdown is 62% micro-enterprises, 34% small and medium-sized enterprises (SMEs), and 4% large enterprises.⁶⁰ While many are small-scale, large enterprises also hold significant presence.

The total number of employees across these companies reaches about 1.8 million, averaging nearly 100 employees per company. This is

approximately seven times the industry average of 15 employees, demonstrating the textile and garment industry's extremely high employment absorption capacity as a labor-intensive sector. Furthermore, among the top 10 companies by sales, each employs roughly 5,000 or more people.

Major manufacturers include a mix of state-owned, private, and foreign-invested enterprises. Among the top companies, domestic firms dominate the CMT/export sector, while FDI companies are prominent in the materials sector.

List of Some Major Players

No	Company	Established	Country	Headquarters	Status
1	Vietnam National Textile & Garment Group (Vinatex)	1995	Vietnam	Hanoi	Vietnam's largest textile and garment group, a nationwide enterprise group spanning yarn, fabrics, and apparel
2	Viet Tien Garment (VGG)	1977	Vietnam	Ho Chi Minh City	Formalwear and contract manufacturing. A subsidiary of Vinatex
3	Garment 10 (Garco 10)	1946	Vietnam	Hanoi	Long-established exporter of shirts, suits, and uniforms. Originated as a military uniform factory
4	TNG Investment & Trading (TNG)	1979	Vietnam	Thai Nguyen	Manufactures apparel for global brands, along with related products

⁶⁰ Micro-enterprises: Annual sales under 3 billion VND; Small and medium-sized enterprises: Annual sales between 3

billion VND and under 200 billion VND; Large enterprises: Annual sales over 200 billion VND

5	Thanh Cong Textile-Garment	1976	Vietnam	Ho Chi Minh City	Vertical Integration (Yarn - Fabric - Dyeing - Garments)
6	Song Hong Garment (MSH)	1988	Vietnam	Nam Dinh	Export of apparel, home textiles, and bedding
7	Duc Giang Garment (DUGARCO)	1990	Vietnam	Hanoi	Exports to global customers
8	Nha Be Garment (NBC)	1973	Vietnam	Ho Chi Minh City	Southern manufacturer with a diversified product line and nationwide locations
9	Texhong Hai Ha	2006	China	Quang Ninh	Global Cotton Yarn Group
10	Hyosung	2007	Korea	Dong Nai	Flagship spandex facility (also used for tire cord). "Fiber Value Chain," biofiber business

Source: B&Company

While industry leader Vinatex operates yarn, fabric, and garment factories across a wide region, Thanh Cong (TCM) offers integrated capabilities from spinning to sewing. In apparel, Viet Tien • Garment 10 (May 10 brand) is strong in office wear and fashion, ranking highly alongside brands like Viettien and San Sciaro (a Viettien brand). TNG represents the next generation as a global brand exporter: FOB (Free On Board)/ ODM (Original Design Manufacturing).

Market Trends

Free Trade Agreements (FTAs): An extensive FTA network is a key growth driver. The CPTPP and EVFTA have reduced tariffs to major markets, enhancing Vietnam's competitiveness.

Vietnam joined the CPTPP in January 2019. In 2018, prior to its implementation, total textile and apparel exports amounted to approximately 36 billion USD, with exports to CPTPP member countries accounting for about 5.3 billion USD (approximately 14.7%). In contrast, textile and apparel exports for the first eight months of 2024

reached approximately 32 billion USD, with exports to CPTPP countries accounting for about 16% (approximately 5.1 billion USD in value)⁶¹. This demonstrates the CPTPP's contribution to export growth.

On the other hand, FTAs impose "origin" requirements, necessitating the development of raw material industries. In recent years, investment in textile factories (particularly from China and Taiwan) has increased, aiming to meet origin rules and secure FTA tariff preferences.

Supply Chain Shifts: Geopolitical factors (US-China trade friction) and rising costs in China have shifted apparel production and investment from China to Vietnam. Many international brands have expanded sourcing in Vietnam.

Global brands like NIKE, Adidas, UNIQLO, H&M, ZARA, PUMA, Decathlon, and Gap partner with local factories to produce their products, positioning Vietnam as a key pillar supporting their global supply chains.

Examples of brands manufacturing in Vietnam

Brand	Activities	Main Products	Target Market
NIKE	- Vietnam accounts for 28% of NIKE's total production volume, making it the largest. It is estimated that approximately half of Nike's shoes are produced in Vietnam. - Vietnam is the largest manufacturing base for both footwear and apparel, employing	- Footwear - Apparel - Accessories & Sporting Goods	- North America - European Countries - Asian Countries

⁶¹ MOIT (2024) <Access>

	approximately 500,000 people across 98 suppliers and about 160 factories, primarily centered in Ho Chi Minh City		
Adidas	- Over the past decade, most of the production has shifted from China to Vietnam. In 2017, Vietnam produced 44% of Adidas' shoes and became its largest sourcing country by 2024. - There are approximately 50 partner factories, primarily located in Ho Chi Minh City, Dong Nai, and Binh Duong.	- Footwear - Apparel - Accessories & Sporting Goods	- North America - European Countries - Japan
UNIQLO	- For over 20 years, UNIQLO has sourced from Vietnam, developing the country into its second-largest manufacturing base in Asia after China. 45 Vietnamese companies and 240,000 workers are involved in producing UNIQLO products. Beyond pursuing low costs, we focus on long-term partnerships to enhance productivity, quality, and sustainability	Apparel	- Japan - China - Southeast Asian Countries

Source: B&Company Analysis

Sustainability and Compliance: Interest in sustainable and ethical production is growing. Governments and manufacturers are responding to stringent environmental and labor standards from export destinations (e.g., the EU's Sustainable Textiles Strategy). From 2020 to 2025, many Vietnamese spinning mills and manufacturing plants invested in environmentally conscious technologies (solar energy, waterless dyeing, wastewater treatment, etc.) and obtained certifications such as OEKO-TEX and GOTS. The government's "Textile and Garment Industry Development Strategy 2030" also emphasizes sustainability, aiming for a 15-20% reduction in water and energy consumption per unit across the entire industry.

However, overall, the introduction of sustainability initiatives has been slow, posing a risk to global trade⁶². Bangladesh is promoting a development strategy for domestic textile, fabric, and dyeing production, reducing its dependence on imports and strengthening its response to trade agreements, while also becoming a strong competitor due to low labor costs and investments in sustainability. To maintain its competitiveness,

Vietnam needs to accelerate its transition to greener, higher value-added production and strengthen its technological capabilities to address growing challenges in both cost and sustainability. To close the gap with Bangladesh, Vietnam can increase its added value by placing greater emphasis on environmental standards and certification in manufacturing and by gradually strengthening the management of key raw materials, particularly fabrics. This is likely to be accompanied by the development of high-quality textile products and the strengthening of the entire value chain.

Value Chain Advancement: Vietnam is gradually shifting from pure CMT contracts to higher value-added models such as OEM and ODM. Major companies are investing in design, branding, and automation to gain more added value. The government is also encouraging advancement to avoid dependence on low-wage labor. By 2025, domestic companies are expected to increase their share of FOB and ODM orders. Meanwhile, several domestic brands are seeking to strengthen their presence in the domestic market.

⁶² Tuoi tre (2023) <[Access](#)>

Industrial Real Estate Market

Industrial real estate regulations are clear. Land remains state-owned, and foreign investors secure long-term land use rights through leases. High-tech and export projects also benefit from tax incentives and preferential land rents. Growth is supported by state-owned developers and foreign capital and is being driven by the transfer of manufacturing functions from China+1 and demand for logistics and e-commerce. Major trends include expansion into neighboring provinces and the development of smart/green industrial parks. Although there are challenges such as land acquisition, skilled labor, and interregional competition, the medium-term outlook remains favorable.

Basic Statistics

Indicator	Unit	2020	2021	2022	2023	2024
Industrial land area	Thousand ha	73.6	82.6	NA	98.6	89.8
Industrial Park	Number	369	397	403	414	433
Northern Industrial Park Land Lease Price	USD/m ² /Lease Term	NA	109	120	123	133
Southern Industrial Park Land Lease Price	USD/m ² /Lease Term	NA	151	166	173	189
FDI Inflows	Billion USD	5.0	3.6	4.5	5.3	6.3

Source: General Statistic Office, Cushman & Wakefield

Regulations

All land belongs to the state, and foreigners cannot own land. Investors typically hold land use rights under leases of up to 50 years, which can be extended with approval, potentially allowing for longer terms. They can also own buildings and facilities constructed on leased land.

In practice, foreign industrial park developers lease land from the state, build infrastructure, and then sublease plots or rent out completed factories and warehouses to tenants. Tenants sublease land from the developer or rent existing facilities, allowing them to construct and own their own factories or equipment on the plot. They handle their own investment approval (IRC/ERC), environmental permits, construction permits (if building themselves), fire safety procedures, and utilities installation. If requirements are met, they can establish as an Export Processing Enterprise (EPE). The sublease period cannot exceed the remaining term of the industrial estate.

Industrial parks and economic zones facilitate smooth entry for manufacturers because developers have already secured all land rights

and approvals, making them the primary establishment method for foreign-invested manufacturing. Many developers are joint ventures with foreign capital (e.g., Amata, VSIP). Regarding taxation, the standard corporate income tax rate is 20%. However, projects meeting certain criteria such as high-tech, export-oriented, large-scale, or located within economic zones may qualify for preferential tax rates (e.g., 10–17% for a specified period), tax credits/exemptions, import duty exemptions for machinery not locally producible, and reductions in land rent paid to developers.

Market Overview

The industrial real estate market has shown steady growth and even expanded during the pandemic period. This boom stems from strong FDI inflows and shifts in global supply chains. Stable economic growth and trade agreements are attracting manufacturers of electronics, textiles, machinery, and more. Notably, the "China+1" strategy for production diversification is driving multinational corporations to establish factories in Vietnam. Major electronics players like

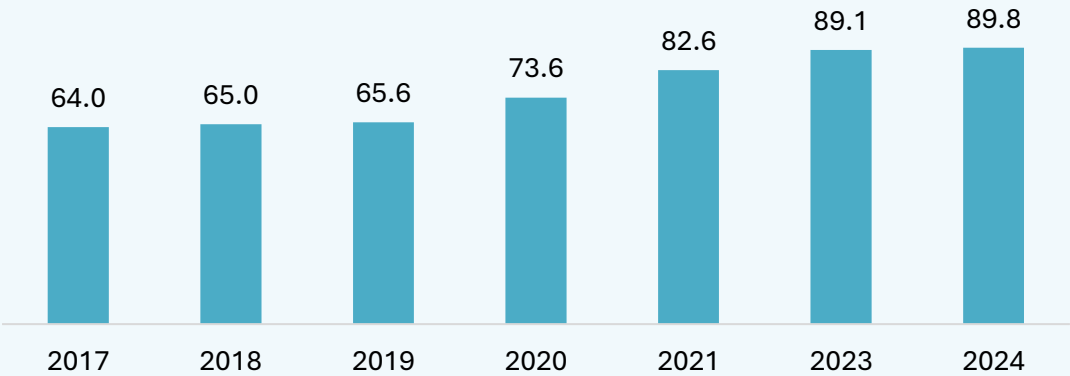
Samsung, LG, and Foxconn are expanding production, creating demand for millions of square meters of factory land.

As of 2024, there are approximately 89,900 hectares across 435 industrial parks. Most

investments are concentrated in key production hubs: Ho Chi Minh City, Dong Nai, Bac Ninh, Hai Phong, and Long An. The national average occupancy rate is around 80%, reaching 88-90% in major regions (northern and southern areas centered on Hanoi and Ho Chi Minh City)⁶³.

Industrial Zone Area

Unit: Thousand Ha



Source: Savills

Vietnam offers relatively low industrial land costs and benefits from its central location within ASEAN. In 2024, average prices are 133 USD/m² in the North and 189 USD/m² in the South. The price gap between North and South has narrowed somewhat, with Haiphong and Hai Duong seeing particularly strong price increases⁶⁴.

Since 2018, rental factories and warehouses have also been increasing⁶⁵. In 2024, the floor area of rental factories was 10.3 million m² with an

occupancy rate of 76%. Logistics and manufacturing warehouses totaled 7.7 million m² with an occupancy rate of 77%. Driven by robust expansion in manufacturing, rents and occupancy rates are trending upward.

Major Players

The industrial real estate market includes state-owned developers and foreign investment companies. Below are some main industrial park developers/operators.

Major players

No	Company	Country	Established	Headquarters	Overview
1	Becamex IDC	Vietnam	1976	Binh Duong	Vietnam's leading state-owned industrial developer, formerly a regional trading company. Developed numerous industrial parks (e.g., My Phuoc in Binh Duong Province) and co-founded VSIP

⁶³ Vietnam briefing (2025) [Access](#)

⁶⁴ Vietnam briefing (2025) [Access](#)

⁶⁵ Cushman & Wakefield (2024) [Access](#)

No	Company	Country	Established	Headquarters	Overview
2	VSIP	Singapore	1996	Binh Duong	A joint venture where Becamex holds 49% and Singaporean capital (including Sembcorp) holds approximately 40%. Developed 11 large-scale industrial parks nationwide (including Binh Duong, Quang Ngai, Hai Phong, Bac Ninh, Hai Duong, and Nghe An)
3	Kinh Bac City Development (KBC)	Vietnam	2002	Bac Ninh	A private developer specializing in northern Vietnam. Key locations include Que Vo and Trang Due Industrial Parks (home to Samsung and LG factories) and Quang Chau Industrial Park (Bac Giang)
4	Viglacera (VGC)	Vietnam	1974	Hanoi	Operates over 12 industrial parks (approx. 4,000 hectares) including Bac Ninh, Thai Binh, Phu Tho, and Ha Nam. Samsung is a tenant
5	Amata	Thailand	1994	Dong Nai	A major industrial park developer in Thailand, operating three eco industrial parks: Amata City Bien Hoa (Dong Nai), Amata City Long Thanh (Dong Nai), Amata City Ha Long (Quang Ninh)
6	DEEP C	Belgium	1997	Hai Phong	Developing a large-scale industrial and port-linked cluster spanning Hai Phong and Quang Ninh
7	BW Industrial Development	Vietnam	2018	Ho Chi Minh City	A leading provider of factory and warehouse space in major provinces and cities (Hanoi, Hai Phong, Ho Chi Minh City, Dong Nai, etc.)
8	WHA	Thailand	2017	Nghe An	International standard industrial park in the North Central region. Commencing with Phase 1 of the Dong Nam Economic Zone (498 hectares)
9	GLP	Singapore	2020	Ho Chi Minh City	Specializing in modern warehouses around Hanoi and Ho Chi Minh City. A major logistics real estate developer operating through its own Vietnam development fund.
10	Core5	Japan	2022	Hanoi	Providing complete Class A factories and warehouses. First project commenced in Haiphong in 2022, expanding nationwide

Source: B&Company Analysis

Market Trends

By 2024, industrial and logistics real estate attracted significant attention from foreign investors, achieving the highest transaction volume across all real estate sectors. In northern industrial parks, over 400 hectares of land were added due to expanded electronics and electric vehicle production. Meanwhile, the southern region saw approximately 265 hectares (growth was moderate due to limited available properties)⁶⁶. The rapid growth of logistics and e-commerce is also accelerating demand for warehouses and distribution centers. Cold storage and last-mile facilities grew at an annual rate of 25%⁶⁷. E-commerce growth has created a shortage of modern warehouse space (approximately 500,000 m²). Responding to this shortage, many logistics parks are planned for construction in major port cities.

Another trend is the emergence of new industrial zones and models. While traditional manufacturing hubs remain in the south (e.g., Dong Nai, Binh Duong) and north (e.g., Bac Ninh, Hai Phong), investors are also focusing on Tier 2 provinces (e.g., Nghe An, Thai Binh, Dak Lak, Phu Tho). Land is inexpensive (industrial land in some central provinces costs 60-90 USD/m²)⁶⁸, enabling the attraction of large-scale projects (e.g., Foxconn's multi-billion dollar factory in Nghe An Province). Low land costs allow for rental yields of up to 12-15%.

Construction of Foxconn electronic components factory in Nghe An Industrial Park



Source: Nhadautu

Developers are also modernizing industrial parks using technology. Next generation industrial parks are equipped with worker housing, R&D centers, and smart infrastructure (IoT, 5G). The government is promoting green industrial development, aiming for 30% of industrial parks to meet environmentally friendly standards by 2030. Solar power generation, the use of recycled materials, and wastewater recycling within the complexes are being promoted. These trends are particularly evident in new industrial parks (e.g., the Korea-Vietnam Green Industrial Park in Hung Yen Province).

Supply will increase as more than 220 new industrial parks are planned by 2030 and existing parks are being expanded. However, demand is also expected to increase accordingly.

⁶⁶ Vietnam briefing (2025) <Access>

⁶⁷ Vietdata (2025) <Access>

⁶⁸ Vietdata (2025) <Access>

[Special Topic]

Industrial Real Estate M&A Activity on the Rise

Industrial parks play a central role in Vietnam's economic development. Commercial buildings and logistics facilities are equally important. M&A activity in these sectors is increasing, presenting overseas investors with faster and lower-risk investment opportunities than before.

Real Estate Investment Amount

Foreign Direct Investment (FDI) shows manufacturing and real estate consistently rank first and second annually. In 2024, real estate reached 6.3 billion USD, accounting for 16.5% of all industries, an 18.8% increase year on year⁶⁹.

While industrial zones near Hanoi and Ho Chi Minh City are reportedly sold out, driving up prices, Vietnam has consistently seen new supply. Currently, 435 industrial zones are established, 72 are planned for expansion, 221 are newly planned, and 23 are under adjustment. Additionally, 299 are planned for development⁷⁰.

Top 3 Industries by FDI (Registered Amount)

Industry	2023 (Billion USD)	2024 (USD billion)	Share (%)	Growth Rate (%)
Manufacturing and Processing	253	256	66.9	1.1
Real Estate	53	63	16.5	18.8
Energy	24	14	3.7	-40.3

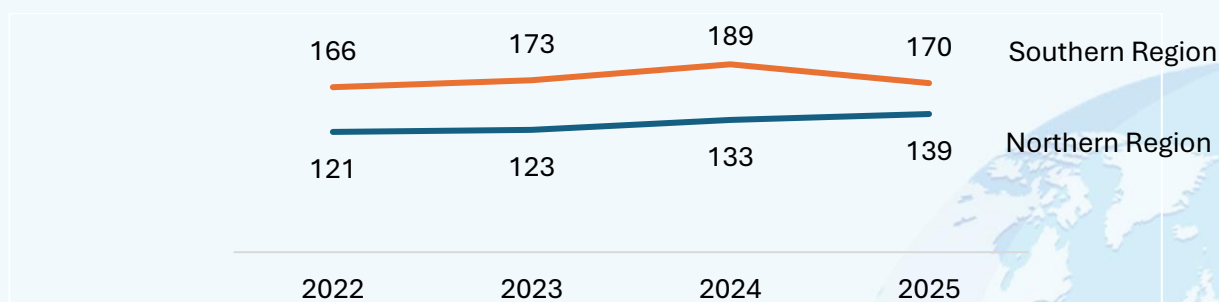
Source: Foreign Investment Agency

The average occupancy rate of industrial parks nationwide is 86%, reaching 78% in the northern region and 89% in the southern region. Industrial land rents rose by approximately 5% year-on-year in both the north and south during the first quarter, while the year-on-year increase in the Consumer Price Index (CPI) for the first quarter generally

remained between 2% and 4%. In the North, Hanoi (171 USD per sqm) and Bac Ninh Province (167 USD per sqm) have the highest industrial land rents, while in the South, Ho Chi Minh City (261 USD per sqm) and Dong Nai Province (186 USD per sqm) are particularly high.

Industrial Real Estate Rental Prices in Q1

Unit: USD/m², 70-year lease



Source: CBRE

Real estate M&A transactions reached a cumulative total of 2.94 billion USD over the 4 years and 9 months from 2020 to the third quarter

of 2024, with industrial real estate- including industrial park land, factories, and logistics facilities- accounting for 40% of this total. Notably,

⁶⁹ Ministry of Planning and Investment (2025) <Access>

⁷⁰ Vietnam Industrial Real Estate Yearbook 2030 (2025)

from January to September 2024, the share of industrial real estate reached 91%, with transaction value amounting to 180 million USD.

Investment Trends and Factors

The advantage of M&A lies in its speed. Starting development from scratch involves lengthy, complex procedures like land preparation, compensation, and construction approvals. Acquiring existing projects allows investors to avoid the hassle of land tender offers and negotiations with numerous landowners, saving significant time. Furthermore, in major metropolitan areas, available land is limited and

many existing industrial parks are already established, making it increasingly difficult to find suitable sites. Infrastructure like roads, electricity, and water, access to city centers that determine living environments, and surrounding service industries are all easier to evaluate in existing industrial parks⁷¹.

Here are some examples of M&A involving existing manufacturing facilities.

While there are more numerous cases involving logistics facilities, these are summarized in the logistics section, so please refer to that section.

Examples of Industrial Real Estate M&A

No	Investment Target	Investor	Investment Amount	Duration	Details
1	Nomura Haiphong Industrial Park (Haiphong City)	PC1 Group JSC (Vietnam)	Undisclosed	End of 2023 (Announced)	Acquired 70% stake in Nomura Hai Phong via NAIV (Singapore), marking full-scale entry into industrial park development
2	Industrial land in Ba Ria- Vung Tau Province	Tripod Technology Corporation (Taiwan)	Not disclosed	2023–2024 (based on media reports)	Large-scale industrial land M&A case involving the acquisition of 18ha of industrial land from Sonadezi Chau Duc

Source: Various media reports

Vietnam, located at the heart of Southeast Asia, is an attractive destination for companies pursuing a "China Plus One" strategy, and its appeal is growing with the development of transportation infrastructure. Internationally, major ports and airports are advancing, while domestically,

railways and road networks are being developed. In particular, the development of trunk roads is progressing significantly. For example, the area within a few hours' access from the provinces surrounding Hanoi City to Haiphong Port has expanded considerably.

Major Infrastructure Development

No	Facility	Type	Current Status	Effect
1	Long Thanh International Airport	Airport	Phase 1: Opening in 2026 All: By 2035	Relieving Ho Chi Minh City's Air Traffic Burden
2	North-South Expressway (Eastern Section)	Express way	Under Construction (2017–2025 Phase: 729 km)	Enhancing North-South Connectivity
3	North-South High-Speed Railway	Railway	Construction begins in 2027 Operational around 2035	A new option for nationwide passenger and freight transportation

⁷¹ EY (2024) <Access>

4	Cai Mep-Thi Vai Port Complex	Port	Expansion to be completed by 2030	Global route connections without transshipment hubs
---	------------------------------	------	-----------------------------------	---

Source: B&Company analysis

Provinces such as Dak Lak, Hue, Thai Nguyen, and Binh Phuoc are relatively underdeveloped, yet offer easier land acquisition and greater development flexibility. Tax incentives and infrastructure support often allow for more flexible arrangements in regional areas. In terms of investment efficiency, for example, the Huong Son Industrial Park (313 hectares) and Phase 2 of the Bac Dong Hu Industrial Park offer annual returns of 12-15%, yet their sales prices are up to 40% lower than in major urban areas⁷².

Challenges

While better than starting from scratch, complex legal frameworks remain a challenge even for acquisitions or capital participation. Laws such as the Land Law, Real Estate Business Law, Construction Law, and Planning Law lack consistency. Regional differences in interpretation and delays in approvals often prolong transactions. The absence of a nationwide real estate registration system reduces market transparency and makes accurate asset valuation difficult. Securing experienced external advisors for

valuation is also generally difficult. Foreign investors and domestic partners often experience operational, governance, and cultural misalignments post-M&A, though this is common across industries⁷³.

A new trend is environmental compliance. Environmental certification projects, such as Hitachi Energy's LEED Gold factory (Bac Ninh Province), Mitsubishi Estate's EDGE warehouse (Hai Phong Province), and LEGO's carbon-neutral factory (Binh Duong Province, with the administration building and play pavilion LEED Platinum certified, and the molding, packaging, and warehouse buildings LEED Gold certified), are gaining attention for their long-term value. Vietnam's 2050 net-zero target is driving initiatives like eco-industrial parks and circular economy models, expanding into pilot projects such as the net-zero industrial park in Ninh Thuan Province. However, due to the lack of economic viability, environmental risks cannot be considered adequately managed in the majority of current industrial parks overall.

⁷² Vietnam Industrial Real Estate Yearbook (Through 2030) (2025)

⁷³ CushmanWakefield (2024) <[Access](#)>

Energy Market

Driven by expanding demand, the transition to a more balanced power system is advancing, with the revised PDP8 serving as the framework. Wind, solar, and gas will play larger roles, while transmission reinforcement, energy storage, and LNG infrastructure development will support stable operations. Private capital is re-entering the market through power purchase agreements (PPAs) and platform transactions, but success hinges on credible scheme design, clear licensing, and flexible grid access.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Generation Capacity	GW	69.1	76.6	77.8	80.6	82.4
Power Generation	Billion kWh	247	268	271	281	309
Coal-fired power	%	50	44	39	46	50
Hydroelectric	%	30	29	35	29	29
Renewable Energy	%	5	11	13	14	13
Other	%	16	15	13	11	9
Average Retail Electricity Price (excluding VAT)	VND/kWh	1,864	1,864	1,864	2,007	2,103
Electric Power Sector FDI Inflows	Billion USD	5.2	8.0	2.3	2.4	1.4

Source: General Statistics Office

Regulation

The electricity sector is centrally managed through Power Development Plans (PDPs). The latest version is the revised PDP8 through Decision 768/QĐ-TTg dated April 15, 2025. This revision maintains the 2050 net-zero target while raising wind power targets (onshore/coastal 26-38 GW by 2030, offshore approximately 17GW), revising LNG introduction timelines, restricting new coal-fired power plants, and prioritizing grid expansion and energy storage.

Overall, the regulatory environment is in transition. The government balances investment incentives (opening ownership, public-private partnerships (PPP model), clear planning via PDP8) with state oversight (maintaining control over critical infrastructure and pricing). Recent legislation has strengthened alignment with international practices (e.g., grid access, wholesale electricity markets) and expanded private sector participation. Furthermore, the 2020 and 2021 amendments to the Investment Law and Enterprise Law have advanced procedural

simplification and regulatory easing, benefiting energy investors.

However, overall, investors remain confused by unclear and frequently changing policies. Progress in separating the roles of generation, purchase, and distribution at the Electricity Corporation (EVN) has been slow, and regulations concerning Direct Power Purchase Agreements (DPPA) and electricity pricing mechanisms remain in the pilot phase. The lack of transparent mechanisms for transmission grid connection approvals and output curtailment compensation, coupled with overlapping authorities among the Ministry of Industry and Trade, EVN, and local governments, creates uncertainty in project development and financial planning.

While bureaucratic barriers and challenges regarding PPA bankability remain, the overall direction aims to foster a more investor-friendly environment to meet the country's massive energy development needs. As Vietnam pursues its 2050 net-zero target, further regulatory updates are planned, including the enactment of a Renewable

Energy Law and the pilot launch of a carbon pricing mechanism in 2025. These are expected to provide investors with clearer guidance and incentives aligned with market mechanisms.

Market Overview

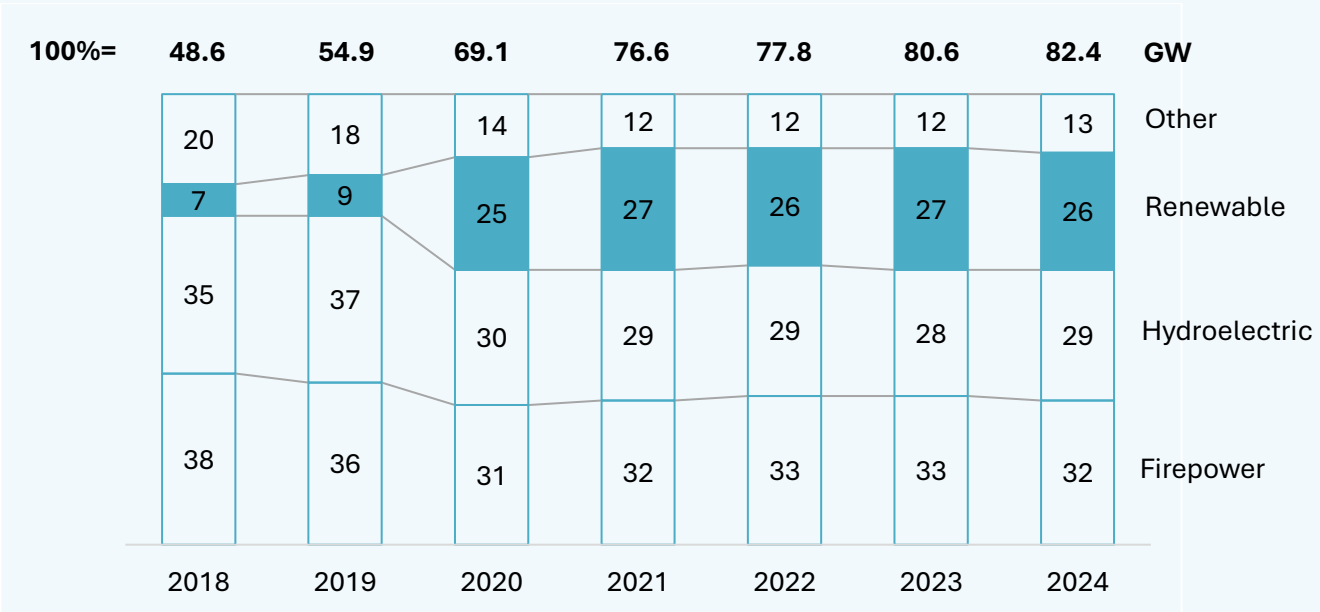
The energy market has grown rapidly in terms of generation capacity, rising from 49 GW in 2018 to 82 GW in 2024 (an annual growth rate of 9%). This growth was driven by significant expansions in renewable energy (solar and wind) and new gas-

fired power plants. Notably, the renewable energy boom succeeded, increasing from 3.4 GW in 2018 to 21.4 GW in 2024, accounting for approximately 26% of total capacity.

Meanwhile, electricity demand is growing at an annual rate of 10%⁷⁴. Reflecting this robust production expansion, the government forecasts electricity consumption will continue double-digit growth through 2030.

Installed Generation Capacity

Unit: %



Source: B&Company analysis

Electricity demand is primarily driven by manufacturing, which consumes over 50% of power (households approx. 31%, commercial approx. 12%)⁷⁵. With nationwide electrification essentially complete, current demand growth stems from new manufacturing facilities and urbanization. However, as living standards rise, supply occasionally struggles to keep pace. In 2023, record demand growth in the north and reduced hydroelectric output led to power shortages and planned blackouts. Ensuring energy security and stable electricity supply has become a top priority for both planners and investors.

Solar Energy

Vietnam's solar power capacity ranks among the highest globally. By the end of 2023, solar power capacity reached approximately 18.6 GW, making it one of the largest in Southeast Asia. Solar power generation amounted to about 26 TWh, accounting for approximately 68% of renewable energy.

Policies continue to support its expansion. The revised PDP8 reaffirms the 2050 net-zero target, positions solar power as central to the 2030 power mix and aims to strengthen transmission grids and storage. The government requires EVN to purchase surplus rooftop electricity at the previous year's average power market price.

⁷⁴ International Trade Administration (2024) [Access](#)

⁷⁵ Sipet (2024) [Access](#)

Foreign investment remains active, particularly through M&A.

- ACEN (Philippines) acquired up to 49% of Super Energy's solar power network (approx. 837 MWp: megawatts peak). This includes the Loc Ninh 1–3 Cluster (550 MWp, Binh Phuoc) and the An Giang-Ninh Thuan facility, among others.
- SP Group (Singapore) established a joint venture with BCG Energy. Initially acquired 61 MWp of rooftop installations in (former) 14 provinces, targeting 500 MWp by 2025.
- SkyX Solar (VinaCapital) and EDF Renewables (France) are expanding commercial and industrial rooftop facilities, including acquiring 30 MWp from Sungrow's operational assets. They provide services to corporate customers in multiple provinces.

Sinenergy's Ninh Thuan 1 Power Plant (one of Super Energy's 9 solar projects)



Source: Super Energy

Wind Power

Onshore/nearshore wind power expanded rapidly from nearly zero in 2018 to approximately 5GW by the end of 2023. Wind power generated about 12TWh, accounting for approximately 31% of renewable electricity.

The revised PDP8 raises the target for onshore and nearshore wind toward 2030, while aiming for a phased build-out of offshore wind (6-17GW between 2030 and 2035). During the formulation process up to early 2025, reflecting cost and feasibility, offshore wind and LNG were reduced in the short term, while solar, onshore wind, and energy storage were accelerated. Although the long-term vision for offshore wind remains, multiple international developers suspended their entry into Vietnam's offshore wind market in 2024.

Recent major investments include:

- B&T Quang Binh Onshore Cluster (252 MW, Quang Binh): Commercial operation commenced in October 2021. A joint venture between AMI Renewables (Vietnam) and ACEN (Philippines).
- BIM Wind (88 MW, Ninh Thuan): Secured approximately \$107 million in financing from ADB and JICA in December 2022
- Van Canh Onshore (143 MW, Binh Dinh): Approval expected in 2025. Led by Nexif Ratch Energy (Singapore/Thailand)
- PNE AG offshore proposal (approx. 2,000 MW, Binh Dinh): Under provincial review since 2024. PNE AG (Germany), estimated investment approx. 4.6 billion USD

Major Players

The power sector is dominated by the state-owned enterprise EVN. They manage power transmission and distribution and is the sole wholesale purchaser of electricity. Meanwhile, private and foreign-funded IPPs have gained significant market share in power generation. The market structure is gradually becoming more competitive at the generation level, but competition in wholesale and retail remains limited.

Major Players

No	Company	Country	Established	Headquarters	Overview
1	Vietnam Electricity Corporation (EVN)	Vietnam	1995	Hanoi	100% state-owned, vertically integrated management of power generation and distribution nationwide. Operates the national transmission grid and is the sole purchaser of electricity from all power plants.

2	Vietnam Oil and Gas Group (PetroVietnam)	Vietnam	1977	Hanoi	State-owned conglomerate responsible for oil and gas production and processing. Subsidiaries: PVEP (upstream exploration), PV Gas (gas pipelines and LNG), PV Power (power generation), BSR (refining)
3	Vietnam Coal and Mineral Industries Group (Vinacomin)	Vietnam	2005	Hanoi	State-owned enterprise overseeing coal and mineral mining, and coal-fired power plants. Manages major coal mines (primarily anthracite in Quang Ninh Province) and supplies coal fuel to power plants and industries
4	Vietnam Petroleum Group (Petrolimex)	Vietnam	1956	Hanoi	Largest petroleum distributor, dominating the downstream petroleum products market (gasoline, diesel, etc.). Not a power producer. Operates approximately 2,700 service stations nationwide.
5	Trungnam	Vietnam	2004	Ho Chi Minh City	Expanded operations from construction and infrastructure into the energy sector, becoming a pioneer in solar and wind power generation from 2018 to 2021. Invested in large-scale projects including Southeast Asia's largest solar power plant, Trung Nam Thuan Nam Solar Farm (450MW), and the Ea Nam Wind Power Plant (Dak Lak Province, 400MW).

Source: B&Company Analysis

Market Trends

Rapid Progress in the Renewable and Clean Energy Transition: From 2019 to 2021, feed-in tariffs spurred tens of billions of dollars in private investment, leading to the rapid construction of solar and wind power plants. In 2022, Vietnam became Southeast Asia's top solar power capacity holder, with renewable energy reaching 50% of electricity generation under favorable conditions⁷⁶. This rapid shift aligns with the government's PDP8 policy to phase out coal by 2050 and transition to renewable energy and gas. For investors, opportunities lie in solar, wind (offshore wind has estimated technical potential of 600GW⁷⁷), battery storage, and related supply chain businesses. However, the rapid expansion of renewable capacity has outpaced grid development, leading to curtailment of solar and wind output due to insufficient transmission capacity. In 2023, many completed solar and wind projects struggled to secure power purchase agreements (PPAs) and grid connections, leading the industry into a stagnation period. In response, authorities plan to expand the grid and introduce new pricing

mechanisms to facilitate the operation of stalled projects.

Infrastructure Investment: Investment is being strengthened to address shortages in power grids and fuel infrastructure. The government estimates that 15 billion USD is needed for power grid expansion by 2030. A priority is the construction of a new 500kV transmission line connecting regions rich in renewable energy (Central and Southern Vietnam) with high-demand areas in the North and Ho Chi Minh City. For energy import and overseas trade infrastructure, Thi Vai LNG (Ba Ria-Vung Tau) began operations in July 2023 after Vietnam's first LNG import and was officially inaugurated in October of the same year. Meanwhile, Son My LNG (Binh Duong) aims to commence commercial operations in 2027. Additionally, Vietnam is expanding electricity imports from Laos, targeting approximately 3,000 MW by 2025. Regarding energy cooperation between Vietnam and Singapore, renewable energy exports to Singapore have progressed from a Memorandum of Understanding (MoU) to the technical working stage. The PDP8 projects exports of 5-10 GW by

⁷⁶ Mekong eye (2024) [Access](#)

⁷⁷ VOV (2025) [Access](#)

2035. This infrastructure expansion is creating new business opportunities in transmission

facilities, power grid technology, LNG supply, and project finance.

[Special Topic]

Clean Energy Transition: Opportunities Amid Policy Shifts

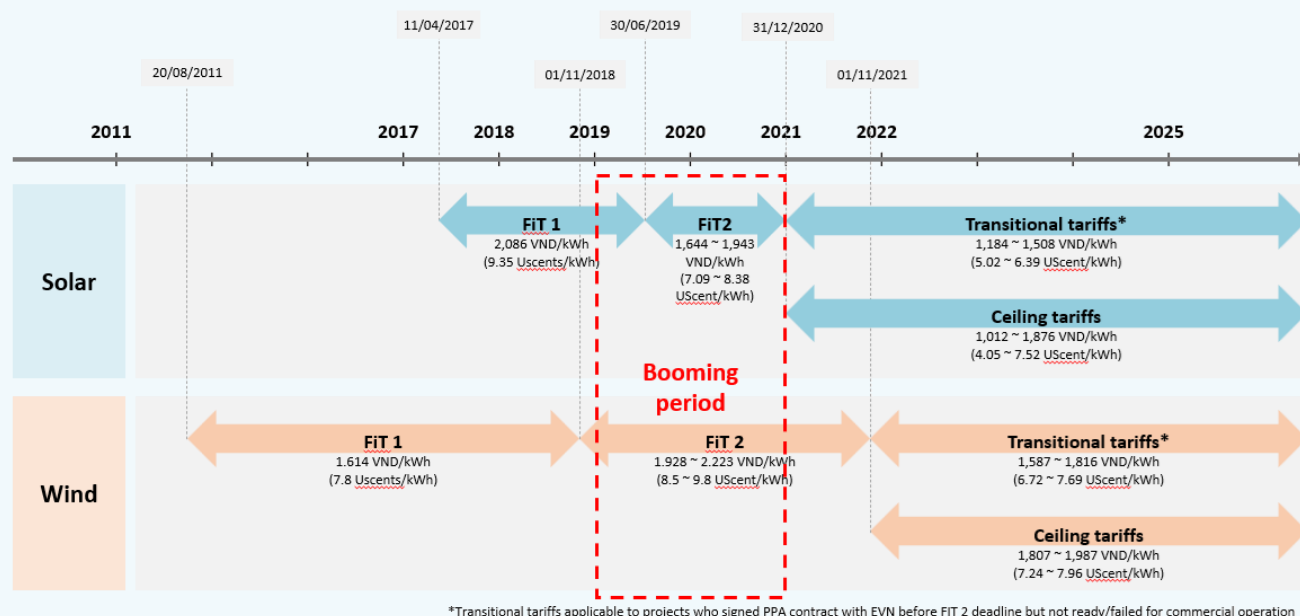
The path to reducing dependence on fossil fuels and transitioning to renewable energy is shifting from Feed-in Tariff (FiT) to competitive markets. Disputes stemming from the sloppy implementation of FiT permits still linger, making foreign investors cautious, but the emerging market offers broad entry opportunities.

Historical Achievements of the FiT System

The subsidy-based Feed-in Tariff (FiT1 and FiT2) introduced between 2011 and 2021 played a central role in building the renewable energy market. Renewable energy capacity expanded

from nearly zero in 2017 to 20 GW by 2025, establishing the foundation for a clean energy economy. Japan also ranked around 10th globally in the scale of large-scale solar and wind power generation (operational and planned)⁷⁸.

Evolution of the Electricity Pricing System



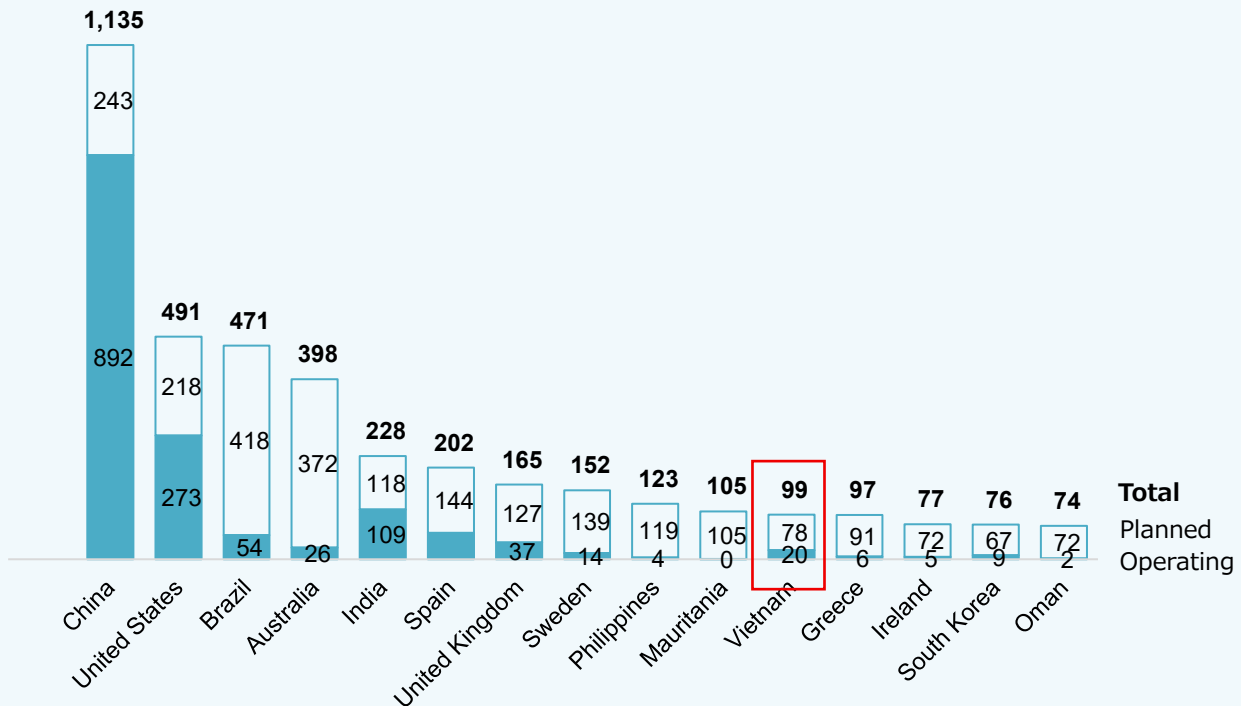
Note: Transition prices and cap prices are converted from VND to USD based on the central exchange rate published by the State Bank of Vietnam on the effective date of the regulation.

Source: B&Company analysis

⁷⁸ Global Energy Monitor (2025) <[Access](#)>

Top 15 Countries by Solar and Wind Power Capacity as of February 2025

Unit: 1,000 MW



Source: Global Solar Power Tracker, Global Wind Power Tracker

This success gave policymakers the confidence to actively promote clean energy policies, leading to renewable energy increasing to approximately 14% of total power generation in the first half of 2025. Meanwhile, conventional sources like coal still accounted for 54%.

However, a government audit at the end of 2023 revealed that feed-in tariffs for 173 renewable energy projects could be retroactively revised. Many of these projects began operations around 2021, just before or after the end of FIT2, during which the approval process was significantly impacted by social distancing measures implemented as part of COVID-19 countermeasures. The issue lies in these projects having not obtained a Certificate of Completion and Acceptance (CCA) that was valid at the time of their Commercial Operation Date (COD). Furthermore, multiple agencies were involved in these projects, including EVN as the power purchaser, and the Ministry of Industry and Trade (MOIT) and provincial People's Committees responsible for commercial operation and

completion/acceptance procedures. Differences in judgment and interpretation of procedures among these agencies led to inconsistencies and confusion. As a result, FIT1 may have been applied to projects that should have received FIT2, or FIT2 may have been applied to projects subject to transition pricing. This could lead to downward revisions of power purchase prices. Operator revenues would decrease by 25-50%, potentially triggering legal disputes and damaging investor confidence going forward.

Ensuring a stable investment environment will become increasingly critical to achieving the targets of the 8th Power Development Plan (PDP8): 73 GW of solar power and 38 GW of onshore wind power by 2030.

Strategic Transition to a Competitive Market

The moves under PDP8 and its revisions to move away from feed-in tariffs (FITs) for solar and wind power and establish a competitive market model align with global trends.

Globally, competitive bidding is being utilized not only to reduce prices but also to achieve goals such as timely project completion and grid integration of highly variable renewable energy sources.

India has been particularly successful, significantly reducing solar power costs while achieving rapid expansion of generation capacity. Solar power costs fell from 9.72 cents/kWh in 2014 to 3.04 cents/kWh by 2024⁷⁹.

In Cambodia, a 60 MW solar project in 2019 recorded a bid price of 3.87 cents/kWh against a cap price of 7.6 cents/kWh, marking the lowest bid price in Southeast Asia at the time.⁸⁰

In Malaysia, solar power auctions attract many bidders, largely due to clear and transparent bidding conditions. However, winning bid prices are not disclosed, leaving price comparisons difficult as an ongoing challenge.⁸¹

Many renewable energy projects initiated since 2021 are currently in negotiations with EVN for power purchase agreements (PPAs). In April and May 2025, the Ministry of Industry and Commerce established the long-awaited regional price caps.

These price caps are expected to serve as benchmarks for future PPA negotiations and competitive bidding processes. Under the new pricing system, investors will bid within the government-set price caps. This transparent mechanism aims to control costs and ensure the selection of efficient and viable projects.

However, compared to the period from 2017 to 2021 when the Feed-in Tariff (FiT) system was in effect, the cap price for solar power projects has been reduced to approximately half, at 4.05 cents per kWh. The impact on project profitability is drawing attention.

DPPA

The Direct Power Purchase Agreement (DPPA) system, enabling renewable energy generators to buy and sell electricity directly with consumers, is also drawing attention. DPAs enable flexible power supply without relying on the state-owned transmission grid, meeting corporate needs for diversified procurement.

Macroscopically, the DPPA system, targeting renewable energy sources of approximately 1,000 MW scale, has the potential to act as a catalyst. It could ease the structure dominated by EVN, which holds about 37% of generation capacity as a single

major buyer, and promote future competition in the wholesale and retail electricity markets.

Business-wise, it creates opportunities for investment in private infrastructure like transmission lines and entry into new fields such as energy storage technology. DPPAs enable renewable energy developers to secure a stable revenue base, while for electricity purchasers, they offer long-term price stability and the potential to enhance product international competitiveness through the acquisition of Renewable Energy Certificates (RECs) and carbon credits.

Originally proposed in 2021 as a pilot program limited to wind and solar projects totaling 1,000 MW (each over 30 MW), the DPPA was launched as a system covering all renewable energy sources following the promulgation of Decree 80/2024/ND-CP and Document 1543/NSMO-TTD in late 2024. This established the legal framework for DPPA, including transaction formats, pricing, registration requirements, and procedures.

However, skipping the pilot phase makes risk assessment difficult, and EVN's final pricing for transmission fees and other charges remains undetermined. Furthermore, the conditions for eligible consumers under the DPPA and the technical aspects of transmission connection requirements are unclear. Additionally, companies within industrial parks face constraints from existing long-term contracts, making it difficult to

⁷⁹ Institute for Energy Economics and Financial Analysis (2025) <[Access](#)>

⁸⁰ Taiyang News <[Access](#)>

⁸¹ International Renewable Energy Agency (2022) <[Access](#)>

switch to direct contracts with renewable energy generators⁸².

Therefore, for DPPA participation, the necessity of collaborating with energy and legal experts well-versed in the system has been pointed out at each stage of consideration and implementation.

⁸² Vilasia (2025) <[Access](#)>

Foodservice Market

After the downturn caused by the COVID-19 pandemic from 2020 to 2021, the food service market recovered to 27.6 billion USD in 2024. Demand is being driven by the normalization of dining out, the revival of tourism, the expansion of malls and chain stores, and the entrenched habit of delivery.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Number of Restaurant stores	Thousand stores	327	334	339	317	323
Number of Coffee Chain stores	Thousand stores	1.0	1.1	1.5	1.7	1.9
Number of Food Chain stores	Thousand stores	0.8	1.4	1.5	1.5	1.6
Number of Milk Tea Chain stores	Thousand Stores	0.5	0.4	0.4	0.4	0.3
Food Service & Accommodation FDI Investment	Millions USD	355	171	14	89	124

Source: General Statistic Office, Q&Me

Regulations

Since 2007, foreign investors have been allowed to set up wholly foreign-owned enterprises in the food service industry.

The food service industry is regulated by multiple agencies. The Ministry of Industry and Trade (MOIT) oversees commercial activities and is responsible for industry development strategies. The Ministry of Health (MOH) is in charge of food safety standards, while the Ministry of Agriculture and Rural Development (MARD) regulates the quality of agricultural inputs and food raw materials. For foreign investment approvals, the Ministry of Finance (MOF) and provincial-level People's Committees hold the authority to grant investment licenses.

Market Overview

The food service market is recovering from the COVID shock and growing more robustly. Market size decreased from 20.5 billion USD in 2020 to 17.5 billion USD in 2021. Lockdowns, border closures, and capacity restrictions curtailed dine-in services and tourism, though delivery and takeout partially mitigated the impact. In 2022, the market reopened, expanding by 39% to 24.4 billion USD driven by returning demand and travelers. 2023 saw a moderate adjustment as inflation tightened consumer spending. The pandemic also led to the exit of smaller independent operators. In 2024, supported by a normalized market, stronger operators, the rapid expansion of chain formats in modern retail malls, and entrenched delivery habits, the industry reached a record high of 27.6 billion USD.

Food Service Industry Sales

Unit: Billion USD



Source: iPOS

Food and beverage spending accounts for a significant 20-35% of consumer expenditures⁸³. Vietnam possesses a rich culinary heritage, and increasing prosperity is driving daily development. Each region, North, Central, and South has its distinct flavors, and expanding domestic travel is fueling new demand as businesses open outlets in different areas⁸⁴.

Domestic tourists exceeded 100 million in 2024. This tourism demand undoubtedly provides a significant boost to high-end restaurants and street food businesses. However, for typical establishments, demand primarily comes from residents rather than tourists. The main drivers of market development are the increasing prosperity of the population and the accompanying changes in lifestyle habits.

Additionally, the food service industry is supported by abundant agricultural production (rice, coffee, seafood, spices, etc.). To supply large quantities of fresh, high-quality ingredients, efforts are underway to strengthen traditional wholesale distribution networks, implement direct sourcing known as "farm-to-table," and advance cold chain logistics. However, full-scale development in these areas is still ahead.

Major Companies

Both domestic and international chain brands are expanding. In coffee and tea, domestic brands like Highlands Coffee, Phuc Long, and Trung Nguyen

lead, accelerated by investments from major players like Jollibee and Masan. In fast food, international brands such as Lotteria, Jollibee, KFC, and Pizza Hut hold strong positions but face rising costs and intense competition. Golden Gate, operating dozens of brands, has long been the industry leader. Its casual dining chains like Gogi House and Kichi-Kichi operate at a scale rivaling international brands. Chinese brand Mixue, representing a new wave of Chinese beverage brands, has disrupted market norms by opening over 1,000 stores at an incredible pace (perhaps common in China) using low prices and franchising as its weapons.

Ho Chi Minh City Van Hanh Mall Food Court Floor



Source: Cafef

⁸³ Vietnam Briefing (2022) <Access>

⁸⁴ Vietnam Briefing (2022) <Access>

Major Players

No	Field	Brand	Year of Entry	Country	Stores Number	Overview
1	Beverage	Mixue	2018	China	1,304	An ice cream shop characterized by ultra-low prices and franchise expansion
2		Highlands Coffee	2002	Vietnam	955	A coffee chain founded by Vietnamese American David Thai, currently owned by SuperFoods)
3		Trung Nguyen	1996	Vietnam	464	A leading Vietnamese coffee group originating in the central region. Engages in coffee product sales, café operations, and other businesses.
4		Phuc Long	1968	Vietnam	237	A long-established tea and coffee brand originating from Lam Dong. Masan Group holds an 85% stake.
5	Fast Food	Lotteria	1998	South Korea	222	One of the largest chains by number of stores
6		Jolibee	2005	Philippines	213	Famous for fried chicken and sweet spaghetti
7		KFC	1997	United States	172	Large number of stores
8		Pizza Hut	2006	United States	118	Yum! Brands subsidiary
9	BBQ/Hot Pot	GogiHouse	2013	Vietnam	146	A Korean-style BBQ restaurant in Golden Gate. Mid-range casual dining.
10		Kichi-Kichi	2009	Vietnam	116	Golden Gate's rotating (Kaiten-style) hot pot restaurant, a pioneer of this format

Source: B&Company Analysis

Market Trends

The food service market is large, attracts many young users, and changes rapidly. The growing middle class (projected to reach 40% of the population by 2030) is expanding consumption and shaping new preferences. Consumers embrace foreign cuisines and ingredients along with modern retail channels, while also valuing local flavors and traditions. Combined with strong economic growth and greater market access through FTAs, the food service industry is expected to have a bright outlook.

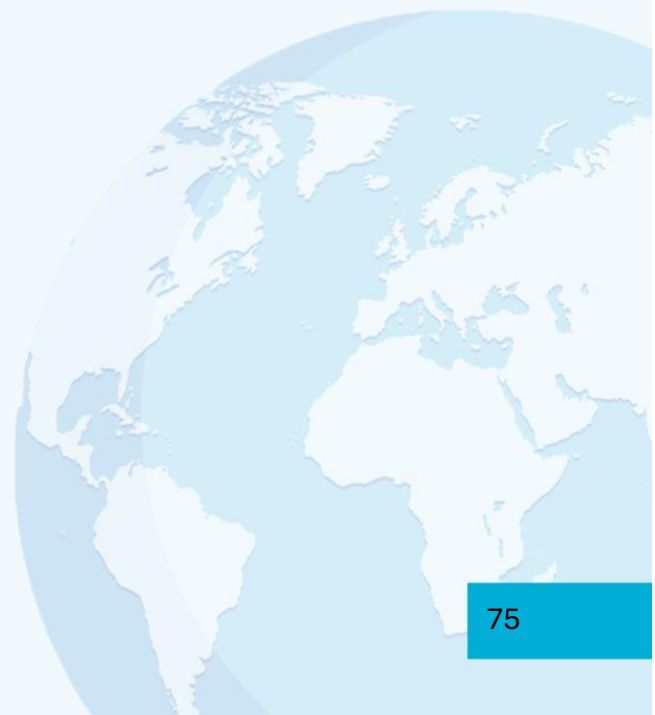
- **Health Consciousness:** Demand for fresh and organic food and beverages is increasing. Plant-based alternatives and nutritional foods are emerging. Awareness of health benefits is also driving increased consumption of dairy products and fruits.

- **Convenience & Modern Retail:** Urbanization and busy lifestyles are driving demand for convenience and ready-to-eat meals. Consumers in cities like Ho Chi Minh City and Hanoi are increasingly using food delivery services (GrabFood, ShopeeFood), convenience stores, and supermarkets. There are approximately 1,300 supermarkets nationwide.
- **Experience:** Dining out is a vital part of social life. As incomes rise, experiential dining has gained popularity, with consumers seeking not just delicious food but also ambiance and novelty. Cafes, bubble tea shops, and fast-casual restaurants are proliferating, appealing to young urbanites. Surveys from 2023-2024 indicate more people dining out on weekends, with a growing emphasis on quality and value. While Vietnam has a vibrant street food culture,

there is a gradual shift towards cleaner, branded establishments.

- **Beverage Preferences:** The beverage segment is vast and continues to evolve. Vietnam has the highest per capita beer consumption in Asia, and beer (especially domestic lager) remains the most popular alcoholic beverage.

A premiumization trend is also evident, with demand for craft beer, wine, and spirits rising, particularly among the middle class. Meanwhile, there are signs of a shift away from alcohol. In soft drinks, mineral water, carbonated beverages, energy drinks, and ready-to-drink tea and coffee are selling well.



Retail Market

The retail market has entered a new growth phase driven by stable consumer demand, urbanization, and rapid digitalization. Modern trade formats such as convenience stores, minimarts, supermarkets, and drugstores are expanding beyond major cities. Meanwhile, traditional channels retain significant influence in everyday shopping. E-commerce (EC) and social commerce are changing how consumers select products, make payments, and receive goods, making omnichannel the standard strategy.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Retail Company Revenue	Billion dollars	41	46	57	59	N/A
Number of Retail Companies	Thousand stores	58.3	58.1	55.2	69.2	N/A
Number of convenience stores/mini supermarkets	Thousand stores	5.2	5.2	6.7	6.7	7.4
Number of Electronics Retailers	Thousand stores	1.2	1.9	2.5	2.8	2.7
Number of Modern pharmacy chains	Thousand stores	0.7	1.1	2.0	2.7	3.2
Number of Supermarkets	Thousand stores	1.1	1.2	1.2	1.3	1.3
Retail FDI	Billion USD	1.8	1.4	1.1	1.3	1.4

Sources: B&Company Enterprise Database, General Statistic Office, Q&Me

Regulations

The regulatory environment is gradually liberalizing. Since 2009, 100% foreign ownership has been possible following WTO commitments.

However, while opening the first store is relatively unrestricted, expanding retail locations requires passing an Economic Necessity Test (ENT). Under current regulations (particularly Decree 09/2018/ND-CP), foreign investors must undergo ENT review for stores beyond the first, creating a significant disadvantage compared to domestic firms. Exceptions apply for stores under 500 m² located within commercial centers, provided they are not convenience stores or mini supermarkets.

The ENT was scheduled to be abolished for investments from the 10 CPTPP member countries starting January 2024. However, due to delays in legal implementation, the ENT remains required at present. Nevertheless, the Ministry of Industry and

Trade (MOIT) draft decree from August 2025, scheduled to take effect on January 1, 2026, is expected to finally abolish the ENT for CPTPP member countries (including Japan).

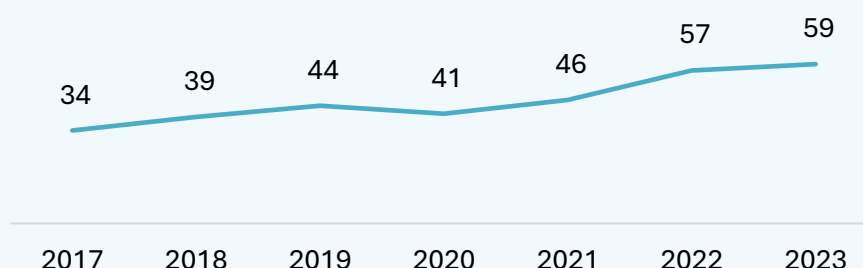
Market Overview

The retail market is supported by a growing middle class. It expanded at an average annual rate of approximately 10% from 2010 to 2024, with the value added by Wholesale and Retail Trade (including repair of motor vehicles and motorcycles) accounting for about 10% of GDP in 2024.

According to B&Company's database, total corporate sales in the retail industry grew at an annual rate of about 10% between 2017 and 2023, reaching 59 billion USD in 2023. However, a significant portion, such as individual shops, is not counted in corporate sales, and the total retail market size is estimated to be several times larger.

Retail Enterprise Sales

Unit: billion USD



Source: B&Company Enterprise Database

Traditional retail channels remain central to daily life but are gradually ceding ground to modern formats. In 2024, an estimated 61% of retail sales originated from traditional markets and small, independently owned mom-and-pop shops, down from 73% in 2020.

Meanwhile, the share of modern retail (supermarkets, hypermarkets, convenience store chains, etc.) increased from 22% in 2020 to 29% in 2024. During this period, the number of modern retail outlets more than doubled, reaching approximately 16,300 stores. Convenience stores and minimarts account for nearly half of all modern outlets.

Additionally, EC has risen to about 10% (from 5% in 2020). Consumers are gradually shifting from traditional wet markets to modern retail and online shopping, seeking quality, convenience, and variety⁸⁵.

The timing of transition to modern chain store formats varies significantly by sector. Electronics retailers have led this field for over a decade, with many retail brands rapidly expanding their store networks. This timing corresponded with the penetration of appliances, digital cameras, smartphones, and similar products. However, as a result, saturation may now have been reached in the two major cities. Between 2023 and 2024, major chains like Dien May Xanh and Nguyen Kim closed dozens of stores due to declining customer numbers. While growth continues in rural areas, store expansion has largely completed its cycle even in major provincial cities. Meanwhile, pharmacy chains are in the midst of rapid growth.

Major pharmacy chains like FPT Long Chau expanded their store count by 20% in 2024, reaching over 3,200 stores, responding to rising health demands. Companies like FPT and Mobile World, which operate multiple retail brands across diverse product categories, are shifting their focus based on changing consumer behavior, carefully testing new formats. Additionally, category chains are diversifying and expanding into various products, giving rise to modern chains specializing in furniture, apparel, children's goods, books/stationery, pets, wine, and fixed-price formats.

Supermarkets

Supermarkets form the core of the modern retail sector. Domestic and international companies are actively expanding operations in major cities and provinces. Saigon Co.op's Co.opmart (Vietnam's first local supermarket chain, established in 1996) operates 128 stores nationwide⁸⁶. Meanwhile, WinMart (formerly VinMart, now under Masan Group) and the Thai-owned hypermarkets Big C/GO! each operate over 100 stores, establishing a presence in most provinces. Foreign investors like Aeon and Lotte have also developed large supermarkets and shopping malls in Vietnam since the 2000s. Modern grocery retailers feature a wide range of products (including imports), clean and air-conditioned facilities, and high food safety standards, gaining support from the expanding middle class.

Supermarkets are growing rapidly in urban areas and gradually expanding into rural regions. Consumers increasingly prefer high-quality,

⁸⁵ B&Company (2025) <Access>

⁸⁶ The-siv (2025) <Access>

reliable branded products. Expansion into rural areas remains an untapped opportunity. With the rural population accounting for about 60%, it is expected to provide long-term growth potential for supermarkets outside major cities⁸⁷.

Convenience Stores

Convenience stores have experienced rapid growth over the past decade, beginning to reshape the urban retail landscape. These small, 24-hour stores stock takeout food, beverages, and daily necessities, catering to busy lifestyles. The number of convenience stores has surged, with foreign and domestic companies competing for market share. Circle K opened in 2008 as Vietnam's first foreign-owned convenience store chain and now operates approximately 500 stores nationwide. GS25, 7-Eleven, Family Mart, and Ministop are concentrated in the south. Foreign chains have introduced modern retail concepts, superior store design, and extensive product ranges (including many imported and prepared items), gaining popularity among younger and urban consumers.

7-Eleven



Source: Cafef

Growth of drivers includes urbanization (urbanization rate around 30%), demand for convenience, and the rapid increase in tech-savvy young consumers. Digitalization is advancing, with many chains offering cashless payments, online ordering, and delivery services to adapt to changing consumer habits. However, expansion is currently largely confined to major urban centers. Competition for limited demand is fierce, and chains are vulnerable to soaring real estate rental costs, making profitability a persistent challenge

⁸⁷ B&Company (2025) <Access>

⁸⁸ Vietnam briefing (2025) <Access>

for some. Nevertheless, the sector is expected to maintain double-digit growth driven by the expanding middle class and rising demand for consumer convenience.

EC

EC has grown to a scale that is fundamentally reshaping the entire retail industry, especially in recent years. In 2024, the e-commerce market size is estimated at 22 billion USD, a 20% increase from 2023. It is projected to reach 63 billion USD by 2030. Vietnam is already Southeast Asia's third-largest e-commerce market (behind Indonesia and Thailand), and overtaking Thailand is only a matter of time⁸⁸.

With 79 million internet users and widespread mobile connectivity, usage of platforms like Shopee, Lazada, Tiki, and the emerging social commerce platform TikTok Shop is surging. TikTok Shop's sales grew by 151% in 2024, while Shopee saw a 66% increase. Market shares are shifting rapidly, with some former giants experiencing sharp declines, creating a clear winner-takes-all landscape⁸⁹. The surge in online shopping is also supported by the expansion of digital payments (online payments reached 149 billion USD in 2024, an 18% increase) and policies promoting e-commerce development.

Challenges persist. National logistics infrastructure remains underdeveloped, causing delivery delays outside major cities. The proliferation of counterfeit and low-quality goods (including luxury knockoffs and fake cosmetics) is eroding consumer trust. Authorities have intensified crackdowns; China's platform Temu faced a temporary suspension shortly after entering Vietnam in early 2025 for regulatory violations.

However, EC is expected to maintain rapid growth. It currently accounts for two-thirds of the digital economy market size and plays a crucial role in enabling retailers to access customers nationwide. E-commerce and modern retail omnichannel strategies are becoming fundamental requirements rather than mere differentiators.

Retail Infrastructure

⁸⁹ B&Company (2025) <Access>

Payment and loyalty programs are transforming the shopping experience. Cashless transactions are growing rapidly, supported by the proliferation of QR codes and e-wallets (MoMo, ZaloPay, VNPay) alongside banks' digital transformation. This enables faster purchases online and in-store, along with data-driven loyalty programs.

To support EC and rapid delivery, logistics and distribution management systems (DMS) and are evolving. Vietnam's DMS, covering over one million traditional retailers, ranks among the world's largest. It continues to advance through competition between private and state-owned IT companies. Using this system, manufacturers can

efficiently sell to the traditional retail market, which accounts for 70% of the market.

Additionally, retailers are investing in urban distribution centers, partnering with last-mile logistics providers like GHTK, Ninja Van, and Ahamove, and adopting advanced inventory management and demand forecasting tools. This improves inventory visibility and shortens delivery times. As consumers expect fast and reliable service, meeting these expectations creates a competitive advantage.

Major Companies

A mix of domestic companies and major international players.

Some major players

No	Company	Established	Headquarters	Country	Number of Stores	Overview
1	WinCommerce (WinMart/WinMart+)	2014	Ho Chi Minh City	Vietnam	3,692	Largest retailer. VinMart (Vingroup) changed its name following the 2019 acquisition of Masan Group
2	Bach Hoa Xanh	2015	Ho Chi Minh City	Vietnam	1,864	Fresh food retail company of IT retailer Mobile World
3	Saigon Co-op	1989	Ho Chi Minh City	Vietnam	128	Pioneering modern retail
4	Central Retail (GO!/Big C)	1998	Ho Chi Minh City	Thailand	42 Shopping Malls	Big C acquired by Thailand's Central Group in 2016
5	MM Mega Market (Metro)	2002	Ho Chi Minh City	Thailand	21	Wholesale/warehouse-style stores (5,000–10,000 m ²) catering to both businesses and general consumers
6	Lotte Mart	2008	Ho Chi Minh City	South Korea	15 Shopping Mall	A large-scale complex (with Lotte Department Store and movie theaters)
7	AEON	2014	Hanoi	Japan	7 Shopping Malls 21 Supermarkets (MaxValu)	Opened in Ho Chi Minh City in 2014, expanding to regional cities. Constructing vast one-stop shopping complexes
8	Circle K	2008	Ho Chi Minh City	United States	499	First foreign-owned convenience store chain, open 24 hours a day, selling snacks, beverages, and daily necessities
9	GS25	2018	Ho Chi Minh City	South Korea	236	A joint venture between Korea's GS Retail and local SonKim. Targets younger

No	Company	Established	Headquarters	Country	Number of Stores	Overview
						demographics with Korean snacks and services
10	7-Eleven	2017	Ho Chi Minh City	Japan	130	Focused on Ho Chi Minh City, recently began expansion into Hanoi. Offers a wide selection of ready-to-eat meals and snacks developed to suit local tastes

Source: B&Company analysis

Convenience stores are led by major foreign chains (Circle K, FamilyMart, 7-Eleven, GS25), adapting to changing consumer lifestyles in urban areas. Among domestic players, VinCommerce previously operated VinMart+ (now under Masan), while smaller chains like B's Mart (Thai-owned but locally operated) also exist.

M&A has become a rapid means of expansion. Masan's 2019 acquisition of VinCommerce (VinMart) propelled the company to the top spot overnight. Central Group's 2016 acquisition allowed it to instantly gain Big C's nationwide store network and brand, built over many years.

[Special Topic]

EC: Can the enabling environment catch up to this huge market?

EC market has grown massively. Various developments are advancing in related sectors like logistics, fintech, and content, riding this major wave. As more players enter, success requires adapting to Vietnam's unique market dynamics- tailored strategies and strong partnerships. Meanwhile, addressing various issues stemming from the market's previously unregulated, free growth has become necessary. The government is advancing regulations, forcing businesses to respond.

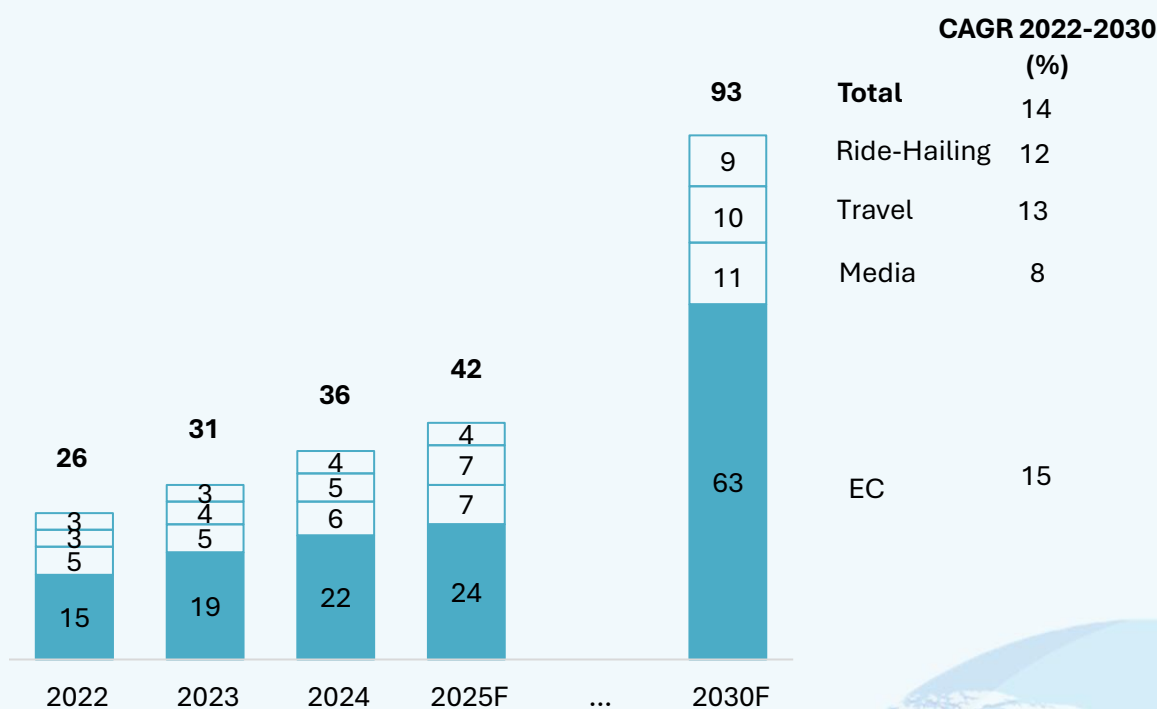
Market Outlook

Relating to the digital economy, the market size is estimated at 36 billion USD in 2024, equivalent to 8% of GDP⁹⁰, exceeding the Southeast Asian

average of 7% and the global average of 5%. The market is projected to continue growing, reaching 42 billion USD in 2025 and 93 billion USD by 2030. The compound annual growth rate (CAGR) from 2022 to 2030 is 14%.

Digital Economy Market Size

Unit: Billion USD



Source: Google e-Conomy SEA 2024

⁹⁰ Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam (6 countries)

Within digital economy, EC sales in 2024 reached 22 billion USD, a 16% increase year-on-year. Of this, EC platforms such as Shopee, TikTok, and Lazada accounted for 60%, while the remaining 40% came from company-owned websites/apps and social commerce. The EC market is expected to continue growing, reaching 63 billion USD by 2030 with a compound annual growth rate (CAGR) of approximately 20%. Usage is expanding beyond major metropolitan areas into regional cities.

The backdrop is the pervasive penetration of the digital economy. By 2024, 79% of the population (79 million people) were active internet users, a 4% increase compared to 2022. Over 50% of these users are under 35 years old. Many spend 3 to 5 hours per day online. Primary purposes include entertainment (59%), learning/research (48%), product information (46%), and social networking (46%). Consequently, 78% of internet users (62 million people) participate in online shopping.

Adjacent industries supporting e-commerce, such as last-mile delivery and online payments, are also developing synergistically. COVID-19 has prompted even the elderly to become accustomed to online shopping and payments, reducing barriers to internet use across society. In 2019, cash on delivery accounted for 88% of online purchases, but this decreased to 76% by 2023. Meanwhile, card payments, bank transfers, and e-wallets increased from 12% to 49%. E-wallet usage has grown significantly, with approximately 36 million users in 2023 and projections reaching 60 million by 2026⁹¹.

Major players

Foreign companies have entered the market through direct investment, including mergers and acquisitions (M&A) and joint ventures (JV). All major platforms are foreign owned.

Major EC Platforms

No	Platform	Origin	Investor	Expansion
1	Shopee	Singapore	SEA (Tencent Group)	- Founded in Singapore in 2016, expanded into Malaysia, Thailand, Taiwan, Vietnam, Indonesia, and the Philippines by 2018 - Currently holds dominant positions in Vietnam, Indonesia, and Thailand - Expanded into e-wallet Shopee Pay and food delivery Shopee Food from 2019 to 2021
2	Lazada	Singapore	Alibaba became the largest shareholder in 2017	- Founded in 2012, expanded into Indonesia, Malaysia, the Philippines, Thailand, and Vietnam by 2014 - After Alibaba acquisition, integrated with Alibaba services included cross-border shopping and LazMall (premium brand marketplace) - Losing market share to Shopee in Indonesia, Vietnam, and other regions
3	Tiki	Vietnam	JD.com invested in 2017	- Launched in 2010 as an online book purchasing platform, expanded into multi-category in 2012 - A major EC platform known for fast delivery and genuine product guarantees. Since 2019, faced funding shortages and declining market share due to price competition with Shopee and Lazada
4	TikTok Shop	China	ByteDance	Launched in 2022; over 50,000 domestic sellers registered by 2023⁹²

Source: B&Company

⁹¹ Vnexpress (2024) <[Access](#)>

⁹² Tuoi Tre News (2024) <[Access](#)>

Market Challenges: Tightening Regulations and Profit Compression

Strengthened VAT taxation

Since 2022, all sellers with annual sales exceeding 100 million VND are required to issue electronic invoices. Additionally, all online sellers must file tax returns. Crackdowns have also intensified on counterfeit goods, products without quality labels, and goods lacking certificates of origin or invoices. The government is working to increase transparency in commercial transactions. However, for micro-enterprises and sole proprietors, who make up the majority of EC sellers, profits are shrinking.

Furthermore, starting July 1, 2024, based on Decree 69/2024/ND-CP, enterprises (including foreign business owners) are required to register a VNeID account for their person responsible. This is required for tax-related tasks such as filing, payment, and inquiries. While this is expected to improve transparency, simplify administrative procedures, and strengthen tax management in

the online business environment, companies unfamiliar with electronic procedures may struggle to fulfill their tax obligations. Companies with incomplete or unclear tax records, especially those with past delinquencies, may face difficulties renewing their registration.

Businesses without a VNeID cannot access the electronic tax system



Source: VOV

Exit of Small-Scale EC Sellers

Some stores are raising prices to maintain profits. However, this is difficult to achieve given the high number of price-sensitive consumers. According to Metric.vn, while major sellers are expanding their scale in Vietnam's EC market, small-scale businesses are gradually exiting. In Q1 2025, the number of active stores decreased by over 38,000 compared to the same period last year.

Platform Revenue

EC has become a place for low-price purchases. EC platforms attract consumers with various sales campaigns, discount coupons, and free shipping.

Over 50% of online shoppers cite "low prices and many discounts" as their reason for purchasing via EC. Platform operators are prioritizing market share and scale expansion even while operating at a loss.

Major Platform Profitability

No	Platform	Profit/Loss Status
1	Shopee	- In 2022, it recorded a profit of 120 million USD for the first time. This was achieved with revenue of 440 million USD. - Profit margin declined in 2023. Revenue of approximately 700 million USD, profit of 56 million USD
2	Lazada	- Still operating at a loss across Southeast Asia - Vietnam: 2022 revenue over 260 million USD, loss of 9 million USD⁹³
3	Tiki	- Has not turned a profit since launch 2022 revenue of approximately 200 million USD, loss of 93 million USD⁹⁴

⁹³ The Leader (2024) <Access>

⁹⁴ Viettimes (2023) <Access>

Source: B&Company

Shortage of distribution centers

Another challenge in Vietnam's EC market is weak logistics infrastructure, particularly distribution centers and warehouses. While many players like NinjaVan, Giao Hang Tiet Kiem (GHTK), Giao Hang Nhanh (GHN), and Lalamove have entered the e-logistics market, they cannot keep up with demand. This tendency is especially pronounced during large-scale campaigns and year-end periods. By late 2023, GHTK halted accepting new orders into its warehouses, with processing times exceeding 10 days and sometimes stretching to a month. This imposed additional logistics costs on sellers, leading to buyer dissatisfaction and cancellations⁹⁵.

To reduce reliance risks on logistics providers, platforms are building hybrid delivery networks combining in-house and external capabilities. Shopee has built two distribution hubs, each exceeding 100,000 square meters, in Hanoi and Binh Duong, respectively, and is partnering with GHTK, GHN, and Ninja Van to optimize spoke warehouses and improve last-mile delivery. Improving logistics efficiency leads to cost reductions and service improvements for sellers, attracting many sellers and creating a virtuous cycle of market share expansion for the platform.

Transition to Green EC

Packaging and delivery have a negative impact on the environment. In 2023, EC used 332,000 tons of packaging materials, of which 171,000 tons will be plastic⁹⁶. If no measures are taken, plastic waste from EC could reach 800,000 tons by 2030. Delivery vehicles cause large amounts of carbon dioxide emissions, and express delivery further exacerbates this problem. In recent years, companies like Lazada, Grab, and Viettel Post have implemented measures such as introducing recyclable packaging and promoting slower delivery options.

Governments are working to establish national sustainability standards for EC, helping companies assess and improve their environmental impact. Businesses need to continuously gather information on evolving environmental regulations and adopt initiatives like energy-saving technologies and low-emission delivery methods. While the initial investment is significant, aligning with global sustainability standards enables companies to respond to the growing demand for environmentally conscious products and services.

⁹⁵ Thanhnien News (2024) <[Access](#)>

⁹⁶ VnEconomy (2024) <[Access](#)>

Beauty and Personal Care Market

The beauty and personal care industry is emerging as a high-growth market. Rising incomes, a large young population, and strong demand for personal grooming are driving market expansion. Industry sales reached approximately 2.7 billion USD in 2024⁹⁷. Overseas brands are gaining popularity.

Basic Statistics

Indicators	Unit	2019	2020	2021	2022	2023	2024
Beauty Product Market Size	Billion USD	2.3	2.2	2.2	2.4	2.6	2.7
Personal Care	%	44	45	45	46	42	45
Skincare	%	31	32	31	29	31	30
Makeup	%	22	18	18	21	19	22
Other	%	4	5	6	5	7	3
Natural Beauty Product Market Size ⁹⁸	Million USD	218	243	230	230	239	245

Source: Statista, Q&Me

Regulations

The beauty and personal care business is open to foreign investment under general trade and retail regulations. 100% foreign-owned enterprises can also enter this sector. Foreign-invested enterprises selling cosmetics require business registration and a retail license to engage in retail distribution (physical stores). A retail facility license is also required for each store. These are granted by the provincial/municipal Department of Industry and Trade.

All beauty or personal care products (whether imported or domestically produced) require notification to the Ministry of Health (Drug Administration Department) prior to sale. Companies must submit a complete set of documents per product, including Vietnamese labels, letters of authorization, and certificates of free sale to obtain a Cosmetic Product Notification (CPN) registration number. Sales are permitted only after the Ministry of Health issues the CPN number. Importers or manufacturers must

prepare the product documentation and obtain approval.

Market Overview

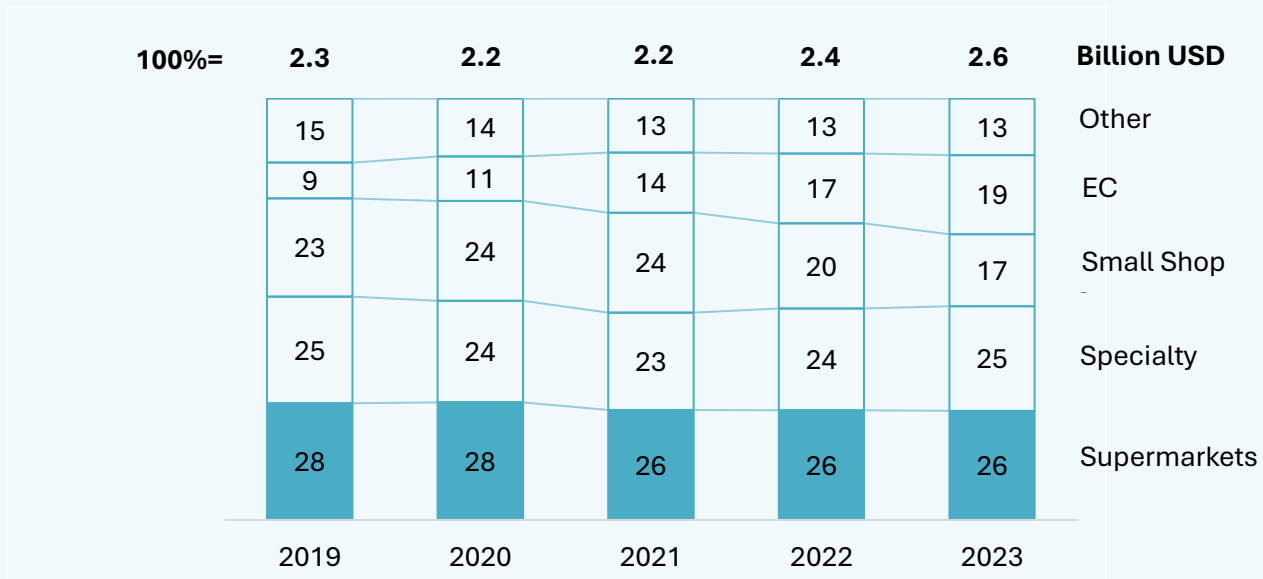
The beauty products market is growing slowly at an annual rate of about 3%. The personal care segment (hair care, oral care, bath/body, men's grooming, etc.) is the largest, accounting for 45% in 2024 at 1.2 billion USD. Skincare followed at about 30% (800 million USD), and makeup at about 22% (600 million USD).

The primary distribution channels are supermarkets, specialty cosmetics stores, small shops, and EC. Modern channels (national chains and mall stores) are expanding. Global chains like Guardian (DFI Retail) and Watsons (CK Hutchison) each operate over 100 stores, while domestic pharmacy chains such as FPT Long Chau and pharmacy collectively exceed 3,000 stores. E-commerce is also gaining attention, with online share surging from 9% in 2019 to 19% in 2023. Social media platforms like TikTok and Shopee Live significantly influence purchasing decisions.

⁹⁷ B&Company (2024) <[Access](#)>

⁹⁸ Refers to skincare, haircare, body care, and makeup products primarily composed of natural ingredients such as plant-derived or mineral-derived components, with minimal use of synthetic additives like parabens, mineral oils, petroleum-based surfactants, synthetic fragrances, and synthetic colorants. Certified organic products are included as part of natural beauty products.

Beauty Product Sales by Channel



Source: Euromonitor

A young population and steadily rising income levels are driving regular spending on self-care and grooming. With a median age of 33, consumers are concentrated in their 20s and early 30s, forming the most active segment for beauty spending. According to Statista (2023), over 60% of Vietnamese use skincare products daily, with common items being facial cleansers (49%), perfume (41%), sunscreen (31%), and moisturizers (25%). There is also a notable rise in men's grooming awareness, with many men actively using hair care and grooming products.

As consumers become more sophisticated, international brands are setting the standard for

product quality and brand strategy. Imported products account for over 90% of cosmetics sales. Korean brands lead with approximately 30% market share, followed by Europe (23%), Japan (17%), Thailand (13%), and the United States (10%).

Major Players

Local brands are beginning to grow in the natural and organic segment, but their market share remains small compared to global giants. Overseas companies benefit from strong research capabilities, global resources, and advanced product development, giving them an advantage in innovation.

Major Players

No	Company	Established	Headquarters	Country	Main Products	Overview
1	Unilever	1995	Ho Chi Minh City	United Kingdom	- Dove (Body/Hair) - Sunsilk (Hair) - Pond's (Skincare)	Local Production Base
2	Procter & Gamble	1995	Ho Chi Minh City	United States	- Olay (Skincare) - Pantene (Hair) - Gillette (Shaving)	Manufactured and distributed locally
3	LG Vina Cosmetics	1997	Dong Nai	South Korea	Physio gel (Dermocosmetic Skincare)	Focusing on dermatology-based skincare
4	Shiseido	1999	Ho Chi Minh City	Japan	Shiseido, Anessa (Sun Care/Skin Care)	High-end skincare and makeup brand development by local subsidiary

5	Kao	1996	Ho Chi Minh City	Japan	• Biore (Cleansing) • Liese (Hair) • Curel (Skincare)	Local Production Base
6	Rohto-Mentholatum	1994	Ho Chi Minh City	Japan	• Hada Labo (Skincare) • Acnes (Acne Care) • Lipice (Lip Care)	A wide range of skincare and OTC personal care products
7	Thorakao	1961	Ho Chi Minh City	Vietnam	• Herbal Skin Care Cream • Shampoo • Facial Mask	Traditional Vietnamese brand using natural ingredients
8	Cocoon	2013	Ho Chi Minh City	Vietnam	• Vegan Skincare (Turmeric, Coffee) • Hair Care	Fast-growing clean/vegan brand using local botanicals
9	Medix 5.5	2010	Ho Chi Minh City	Vietnam	• pH-Balanced Cleanser • Serum, Moisturizer	Science-Based Gentle Skincare
10	Hasaki	2016	Ho Chi Minh City	Japan	• Multi-brand cosmetics & skincare	Nationwide Beauty Retail Chain & Beauty Clinic

Source: B&Company Analysis

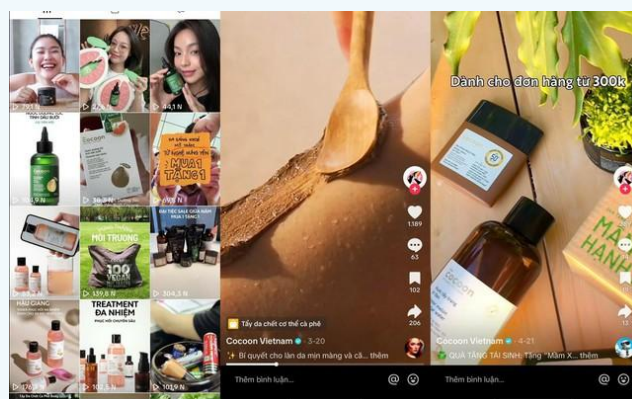
Market Trends

Clean beauty products made with natural and herbal ingredients are gaining attention, while harsh chemicals are being scrutinized. Products labeled organic, vegan, paraben-free, and sulfate-free are preferred. Vietnamese brands are developing affordable natural skincare products utilizing local resources like coconut oil, green tea, turmeric, and aloe vera. Cocoon incorporates coffee from Dak Lak Province and turmeric from Hung Yen Province into its products. This shift towards gentle, environmentally conscious beauty is also driven by heightened environmental awareness among Millennials and Generation Z.

Beauty product distribution is rapidly changing. While local small-scale convenience stores still hold a significant share, their market share is declining, falling from 23% in 2019 to 17% in 2023. Meanwhile, in modern trade, beauty chains are expanding rapidly: Hasaki operates about 170 stores, Guardian has 130 stores, and Watsons continues to open new stores in major cities. Local retailers like Nuty and Cocolux are also intensifying investments through 2024-2025.

EC, driven by platforms like Shopee, TikTok, and Lazada, has become a major market growth engine. Mobile payments and fast home delivery have made online shopping for cosmetics commonplace.

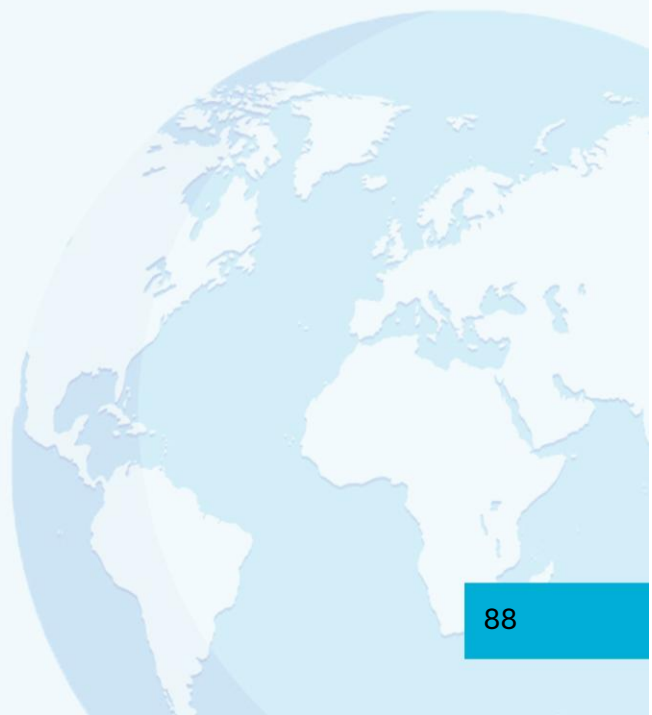
Natural cosmetics brand Cocoon on TikTok



Source: Cafef

Beyond rapid EC growth, digital platforms are transforming how beauty brands connect with consumers. Live shopping streams by influencers and KOLs enable real-time product demonstrations and direct interaction with viewers. Global brands like Estée Lauder, Lancôme, and Kiehl's actively leverage live streams, attracting younger consumers with new product launches and incentives like discounts, Buy 1 Get 1 offers, and free samples. The convergence of entertainment and sales aligns well with the digital native generation, which prioritizes convenience and digital touchpoints. To remain competitive, brands must integrate online and offline strategies, leverage e-commerce data

to understand customer behavior, and respond swiftly to emerging trends.



[Special Topic]

Natural Beauty Market

The Natural Beauty Market⁹⁹ is steadily growing due to increased interest in health and the environment. Consumers are shifting toward products with naturally derived ingredients and sustainable values, while domestic and international brands are incorporating environmentally conscious initiatives and traditional elements into their offerings. However, defining what constitutes "natural" and building consumer trust remains essential.

Market Size

Demand for natural products is rising within the broader beauty market's growth. In 2023, natural

beauty products reached 240 million USD, accounting for 9% of the total beauty market. The market is projected to grow at a CAGR of 3.3% from 2025 to 2030.

Beauty Products Market Size

Unit: billion USD



Source: Statista

*Products manufactured using synthetic chemicals or artificial ingredients. Includes beauty digital tools and devices (e.g., facial cleansing devices).

** Products made entirely or partially from naturally derived ingredients, with low or minimal synthetic chemical content.

Key Growth Drivers: Rising Health and Environmental Awareness

Increased consumer awareness of health and environmental issues is a key driver of demand for

natural beauty products. Domestic environmental pollution has reached severe levels, with major cities like Hanoi and Ho Chi Minh City frequently ranking among the world's worst for air quality. Public concern over the long-term health risks of synthetic chemicals is growing. Consumers are increasingly seeking safe, eco-friendly alternatives that align with their personal values regarding health and the environment. A 2024 survey by CocCoc¹⁰⁰ found that 80% of consumers prefer

⁹⁹ This article defines natural beauty products as those that use natural ingredients either entirely or partially and contain low levels of synthetic chemicals. Subcategories are as follows:

- Makeup: Face, lip, and eye makeup products, nail polish
- Skincare: Face and body skincare products
- Personal Care: Bath, hair care, oral care, deodorant, shaving, etc.

purchasing organic and environmentally conscious products. Similar surveys confirm this trend, indicating that health-conscious and sustainability-focused purchasing behavior is a continuing trend.

The potential target audience for natural beauty products is health- and sustainability-conscious urban youth (Millennials and Gen Z), who are middle-class consumers with the purchasing

power to prioritize eco-friendly, sustainable products. Beyond practical benefits, they are influenced by emotional and social factors that align with their personal values and lifestyles.

Major Brands

While international brands have long championed natural-oriented values, local companies are building their brand identities around natural cosmetics from the outset.

Major Brands

No	Brand	Country	Entry	2023 Sales (Billion VND)	Product	Natural Ingredients
1	Innisfree	South Korea	2006	687	Face Care, Body Care, Hair Care	Jeju green tea, volcanic ash, villa, purple orchid
2	Co Mem HomeLab	Vietnam	2015	302	Cosmetics, Hair Care, Body Care, Face Care, Fragrance	Mukuroji, Grapefruit Peel, Basil, Rose, Sweet Orange Essential Oil, Betel Leaf, Turmeric, Cinnamon
3	Cocoon	Vietnam	2018	247	Hair Care, Body Care, Face Care, Lip Care	Pumpkin, Grapefruit, Dak Lak Coffee, Hung Yen Turmeric, Hau Zan Lotus, An Zan Palm, Sugar, Centella Asiatica, Rose
4	The Body Shop	United Kingdom	2009	139	Cosmetics, Hair Care, Body Care, Face Care, Lip Care, Fragrance	Kenyan tea tree oil, Ghanaian shea butter, Mexican aloe vera, argan oil, almond, rose
5	Co Cay Hoa La	Vietnam	2013	24	Hair Care, Body Care, Face Care	Forti, Green Tea, Ginger, Turmeric, Adzuki Bean

Source: B&Company analysis, company database

One common strategy brand implements to connect with consumers is introducing unique plants and resources tied to specific regions or cultures, emphasizing local ingredients. Next is promoting environmental protection and building a sustainable ecosystem across the entire value

chain. This includes eco-friendly raw material sourcing, collaborating with environmentally conscious farmers, reducing packaging plastics, and campaigns encouraging environmentally mindful consumption.

Case Study 1: Cocoon Vietnam: Local Ingredients and Farmer Support

- Using traditional Vietnamese ingredients like turmeric from Hung Yen, lotus from Ha Giang, palm sugar from An Giang, and coffee from Dak Lak, each product is tied to a specific region and its culture.
- Collaborating with farmers in Dak Lak to support transition to sustainable agriculture, improve soil vitality, and promote organic fertilizer use
- Demonstrates environmental and social responsibility through campaigns like "Used Battery Collection - Protect Our Green Earth" and by offering packaging material collection programs

Cocoon's natural beauty products and environmental campaigns



Source: Cocoon Instagram

Case 2: Innisfree: Natural Ingredients and Eco-Friendly Farming

- Sourcing raw materials from Jeju Island, emphasizing clean and natural origins
- Focuses on environmentally conscious farming methods and collaborates with local farmers. Uses recyclable, lightweight packaging for items like serum bottles

Case Study 3: The Body Shop: Promoting Sustainability Through In-Store Initiatives

- Advocating environmental responsibility through campaigns like "Act for Change," promoting refill bottles and reusable packaging
- Introducing eco-friendly store concepts like the "Activist Workshop," incorporating refill stations, recycled furniture, and in-store recycling bins to make sustainability part of the shopping experience

The Body Shop's Activist Workshop and Refill Station



Source: Brandsvietnam

Challenges: Price differences, certifications

Most consumers spend between 200,000 and 500,000 VND monthly on beauty products¹⁰¹. Natural beauty products are more expensive than synthetic alternatives. While Ponds cleanser costs about 78,000 VND per 100g, Cocoon's natural cleanser is priced at 195,000 VND for 140ml—

roughly 2.5 times the price. International organic products like Melvita (France, ECOCERT certified) range from 320,000 to 500,000 VND, up to six times the price of standard products¹⁰². While urban areas show high willingness to pay for clean products, rural areas and developing provinces are price-sensitive and have limited access to information about natural cosmetics. According to

¹⁰¹ CocCoc (2024) <Access>

¹⁰² Prices are reference prices and may fluctuate over time. Ponds cleanser prices were obtained from Watsons' online

store, Cocoon product prices from the brand's official website, and Melvita prices from the EC platform's product list.

a CocCoc survey¹⁰³, 44% of rural consumers spend less than 200,000 VND monthly on beauty products, compared to 26% in urban areas.

There is no official definition or national standard for "natural cosmetics," nor are there requirements for natural ingredient content. This ambiguity enables misleading labeling and erodes consumer trust. Brands aiming to enhance credibility and enter international markets must obtain third-party certification, which requires transparency in raw material sourcing and supply chains. This poses challenges for small and medium-sized local brands due to costs and procedures, undermining their competitiveness in the premium segment.

Growth Opportunities

Local Brands

According to the latest WGSN (US) survey, 76% of consumers prefer domestic brands. This presents an opportunity for local beauty brands to leverage strengths like competitive pricing, transparency, regional identity, and ease of distribution. While

international recognition may be lower, trust can be built through certifications and maintaining transparency in ingredient sourcing and product processing. Affordable pricing makes natural products more accessible compared to imports. Furthermore, local brands can develop products tailored to Vietnamese skin types, preferences, and habits. Domestic production and locally sourced ingredients enable both quality assurance and cost reduction.

International Brands

Global beauty brands with worldwide recognition, R&D capabilities, and international certifications attract consumers seeking authenticity and sustainability. Beyond the premium segment, they can expand into mass and upper-mass markets through adjusted pricing strategies, smaller packaging, and region-specific brand messaging. Localization—incorporating ingredients favored by Vietnamese consumers and brand narratives resonating with local culture and needs—further enhances appeal.

Logistics Market

The logistics industry is expanding rapidly. Growing at an annual rate of approximately 14-16%, it has reached about 52 billion USD, accounting for roughly 10% of GDP. Its accessible location for overseas trade (extensive coastline, rivers, and land borders) and trade agreements (EVFTA, CPTPP, RCEP, etc.) facilitate integration into global supply chains and are essential elements enabling the processing trade model. While high logistics costs were a challenge, improvements in transport infrastructure and competition have boosted efficiency. By 2023, Vietnam's ranking in the World Bank's Logistics Performance Index rose to 43rd out of 139 countries.

Basic Statistics

Indicator	Unit	2020	2021	2022	2023	2024
Cargo Volume	Million tons	1,622	1,622	2,031	2,289	2,575
Road	Million tons	1,282	1,303	1,595	1,806	2,030
Inland Waterways	Million tons	258	242	332	368	410
Seaport	Million tons	76	70	98	110	130
Rail	Million tons	5.2	5.7	5.7	4.6	5.1
Aviation	Million tons	0.3	0.3	0.3	0.3	0.4
Market Size	Billion USD	35	40	44	48	52
Number of Companies	Thousand	32	35	38	40	42
FDI Inflows	Million USD	663	742	454	491	488

Source: General Statistics Office

Regulation

Foreign ownership restrictions in the logistics sector range from 34% to 100%. Foreign equity is capped at 34% for air cargo, 49% for maritime, rail, and inland waterway transport, and 51% for road freight transport. Conversely, warehousing, express delivery (parcel and package), and freight forwarding allow for full foreign ownership. While license acquisition and compliance with industry regulations remain necessary, institutional reforms accompanying WTO accession and various FTAs have gradually eased entry procedures and equity restrictions for foreign investment, particularly in warehousing and forwarding. Furthermore, while the government maintains foreign ownership caps for core transport services like aviation, shipping, and railways to safeguard sovereignty and security, it actively promotes foreign and private capital

participation in infrastructure sectors such as airports, ports, and highways through FDI and PPP schemes.

In 2023, Government Decision 163/NQ-CP 2022 established a national logistics strategy emphasizing digitalization and efficiency. Looking ahead, growth is anticipated for new 4PL (Fourth-Party Logistics) ¹⁰⁴ providers and digital freight platforms aiming to offer end-to-end supply chain management for exporters and major retailers. Overseas investors have opportunities to invest in infrastructure such as port terminals, cold storage, and inland logistics hubs, as well as software platforms that enhance efficiency and visibility.

Market Overview

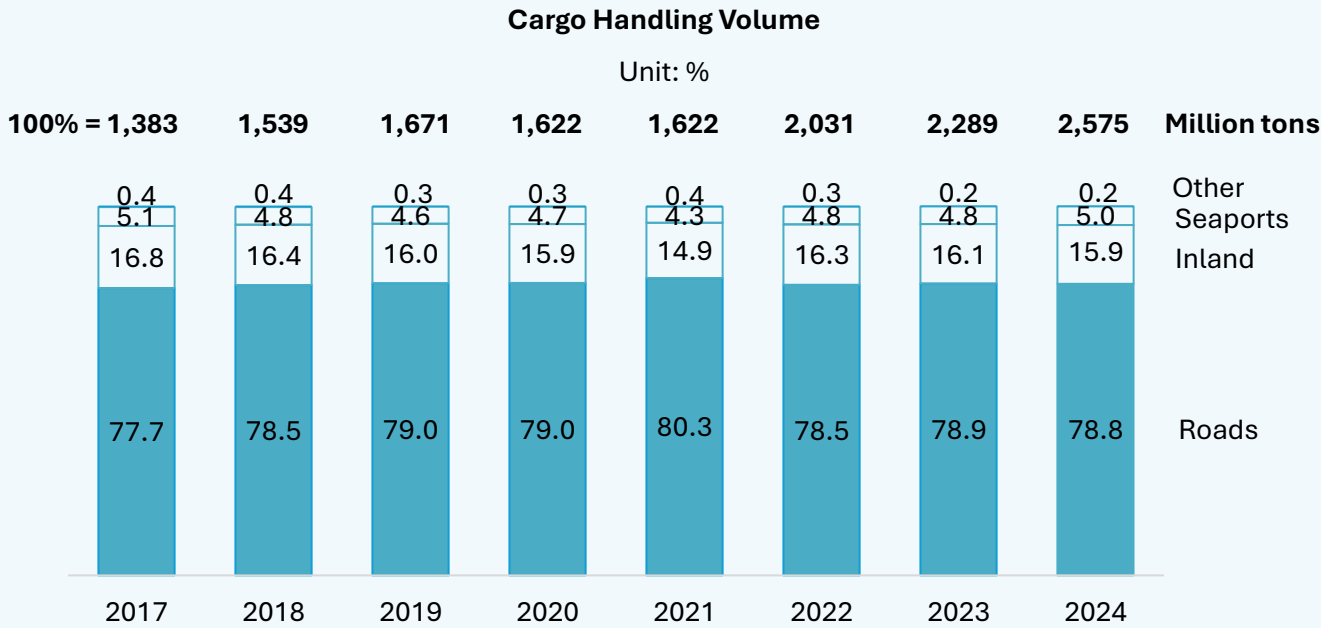
Total cargo volume rose at a 9% annual rate from 1.38 billion tons in 2017 to 2.58 billion tons in 2024.

and measures the effectiveness of integrated supply chain solutions for client companies.

¹⁰⁴ 4PL (Fourth Party Logistics) is a model where logistics operations are comprehensively outsourced to a single partner. This partner evaluates, designs, builds, operates,

Road transport accounts for 80% of total cargo volume. Inland waterways follow at 16%, concentrated in river-dense regions like the Mekong Delta and Red River Delta. Meanwhile,

seaports represent 5% but are experiencing robust growth with the utilization of new deep-water ports like Lach Huyen and Cai Mep¹⁰⁵.



Source: General Statistics Office

Key Sectors:

- **Forwarding and Transportation:** The use of multimodal transport- combining sea, air, rail, and road for international and domestic cargo is expanding.
- **Warehousing & Distribution:** Modern warehouses are growing due to the expansion of industrial parks and retail networks. Demand for warehouses for refrigerated agricultural products (fruits, seafood) and pharmaceuticals is increasing. Logistics parks are being built near cities and ports by domestic and foreign investors.
- **Last-Mile Delivery:** EC logistics infrastructure is being established. The e-commerce market is projected to reach 22 billion USD by 2024 and 63 billion USD by 2030. Developments are anticipated in home delivery services, small urban distribution centers, mobile platforms, real-time tracking, and route optimization.
- **Cold Chain:** Frozen and refrigerated logistics are growing, supported by strong demand for seafood, fruits, vegetables, and pharmaceuticals in both export and domestic

markets. The industry consists mostly of small players, but major players include Lineage Logistics (expanding foreign company), Transimex (domestic player in the south), and ABACooltrans. The market size is 163–211 million USD in 2023¹⁰⁶ and is projected to more than double by 2029. However, equipment and technology have not caught up to international standards (see next section).

Major Players

The industry is segmented into specialized services such as freight transport, warehousing, third-party logistics, cold chain, and e-commerce delivery. While Hanoi and Ho Chi Minh City host most hubs, port, road, and rail infrastructure development is expanding networks to regional areas. Hundreds of medium-sized local companies fiercely compete with major domestic and international players. SMEs leverage flexibility and local knowledge, while large firms provide comprehensive IT-driven solutions.

Major players include domestic firms such as Vietnam Post, Viettel Post, VIMC, Transimex, Bee

¹⁰⁵ Vietnam Briefing (2023) <Access>

¹⁰⁶ GII Global Information (2024) <Access>

Logistics, Indo Trans, and Vinafreight, alongside international giants like DHL, Kuehne+Nagel, DB Schenker, and Expeditors.

Major Players

No	Company	Country	Established	Headquarters	Overview
1	Transimex	Vietnam	1983	Ho Chi Minh City	Long-established corporation. Multimodal transport, ICD, warehousing
2	Schenker	Germany	1991	Hanoi	International Air/Sea Freight, Land Transportation, Contract Logistics
3	Vietnam Maritime Corporation	Vietnam	1995	Hanoi	State-owned holding company engaged in maritime transportation and port operation management. Owns major ports such as Haiphong and HCMC
4	Vinafreight	Vietnam	1997	Ho Chi Minh City	Air and sea freight forwarding, liner shipping agency services, warehousing services
5	Viettel Post	Vietnam	1997	Hanoi	Major postal, courier, and e-commerce delivery provider. Part of Viettel Group. Nationwide operational network
6	Do Trans Logistics	Vietnam	1999	Ho Chi Minh City	Major forwarder. Integrated logistics covering air, sea, rail, and land transport; digital platform support
7	Bee Logistics	Vietnam	2004	Ho Chi Minh City	A private 3PL provider offering sea and air freight forwarding, customs clearance, trucking, and express supply services. Extensive overseas network
8	Vietnam Post	Vietnam	2007	Hanoi	A state-owned enterprise under the Vietnam Post and Telecommunications Group, providing nationwide postal, delivery, and logistics services
9	DHL	Germany	2008	Ho Chi Minh City	International Air & Ocean Freight Forwarding & Customs Clearance Services
10	Expeditors	United States	2013	Ho Chi Minh City	Providing global ocean and air freight transportation, customs clearance services, and supply chain management functions

Source: B&Company Analysis

M&A activity in the logistics sector remained robust from 2023 to 2024, with investment scale expanding (56.3 million USD in the first nine months of 2024). Investment targets include warehouses, industrial logistics (third-party

logistics, distribution, cold chain), ports, and inland container depots.

Examples of Industrial Real Estate M&A

No	Investment Targets	Investor	Investment Amount	Term	Details
1	D PROJECT TAN DUC 2 (Long An Province)	Daiwa House Logistics Trust (Japan)	26.5 million USD	July 2024	Acquisition of a cold storage warehouse (REAT's first project in Vietnam)
2	Two logistics facilities in Binh Duong and Hung Yen provinces	Mapletree Logistics Trust (Singapore)	Over 50 million USD	March 2024	Acquired two Grade A warehouses at VSIP II (Binh Duong) and Yen My Industrial Park (Hung Yen)
3	Khai Mep-Thi Vai LNG Terminal	AG&P LNG (Singapore)	Approximately 500 million USD, 49% stake	March 2024	Receiving terminal with an annual capacity of 3 million tons (including logistics and energy plant functions)
4	Joint venture with SK Logistics (Vietnam)	Lineage Logistics (U.S.)	NA	August 2023	Expanding refrigerated warehouse capacity in Hanoi and Ho Chi Minh City
5	Sotrans (Vietnam)	PSA International (Singapore)	NA	May 2023	Strengthening Port, Inland Container Depot, and Forwarding Network
6	Three Logistics Properties (Bac Ninh, Binh Duong)	Mapletree Logistics Trust (Singapore)	95 million USD	January 2022	Acquired a portfolio of three logistics warehouses located in Bac Ninh and Binh Duong provinces in a single transaction
7	Logistics facility within Yen Phong Industrial Park (Bac Ninh Province)	Boustead Projects (Singapore)	6.9 million USD	January 2021	Acquired a 49% stake in KTG Bac Ninh Industrial Development to enter the logistics warehouse project within the Yen Phong Industrial Park

Source: Various media reports

Market Trends

National logistics infrastructure development is advancing across various transportation modes. Digitalization and public-private partnerships are prioritized, poised to significantly enhance connectivity and efficiency. The Lach Hong Deep-Water Port (Hai Phong) is expanding to 12 berths with a maximum annual capacity of 6 million TEUs. A 136-hectare logistics and bonded zone is being developed at Long Thanh International Airport, positioning it as an air cargo hub adjacent to Dong Nai and Binh Duong. Recent expressways, such as the Ben Luc-Long Thanh and Hai Phong-Quang Ninh routes, are reducing transit times between

industrial zones and deep-sea ports, helping to alleviate supply chain bottlenecks.

Long Thanh Airport is undergoing final preparations for operations in June 2026



Source: Baophapluat

Environmental concerns are promoting green logistics. Hanoi and Ho Chi Minh City are introducing restrictions on gasoline vehicles in central areas and promoting a shift to biofuels and electric vehicles. Logistics and EC companies are trialing electric delivery motorcycles and trucks, while warehouses are increasingly adopting solar panels and LED lighting. These measures align with the country's green growth strategy promoting low-emission, energy-efficient transportation. Ports are also advancing initiatives, with Cat Lai Port replacing diesel-powered cargo handling equipment with electric alternatives, achieving annual fuel cost savings of 1.5 to 2 million USD¹⁰⁷.

FTAs (such as the AEC, EVFTA, CPTPP, and RCEP) are promoting improvements in cross-border logistics efficiency. These agreements have eliminated or reduced tariffs on many items, simplified customs procedures, promoted electronic customs clearance and the unification of rules of origin, and steadily reduced the lead time and cost of cross-border transactions. Furthermore, the gradual opening of logistics service markets and the harmonization of standards and specifications are accelerating the development of regional networks and the restructuring of hub locations. This is also driving increased demand for advanced logistics services such as 3PL and 4PL.

¹⁰⁷ Vietnam Logistics (2025) [Access](#)

[Special Topic]

Regional Disparities in the Cold Chain

Refrigerated warehouse capacity is expanding quickly, driven by rising demand from agriculture, food processing, and modern retail. However, supply remains heavily concentrated in the South, and nationwide capacity is still insufficient. This report assesses the most promising provinces for future investment. (Refrigerated transport such as trucks is outside the scope, though a similar regional imbalance likely applies.)

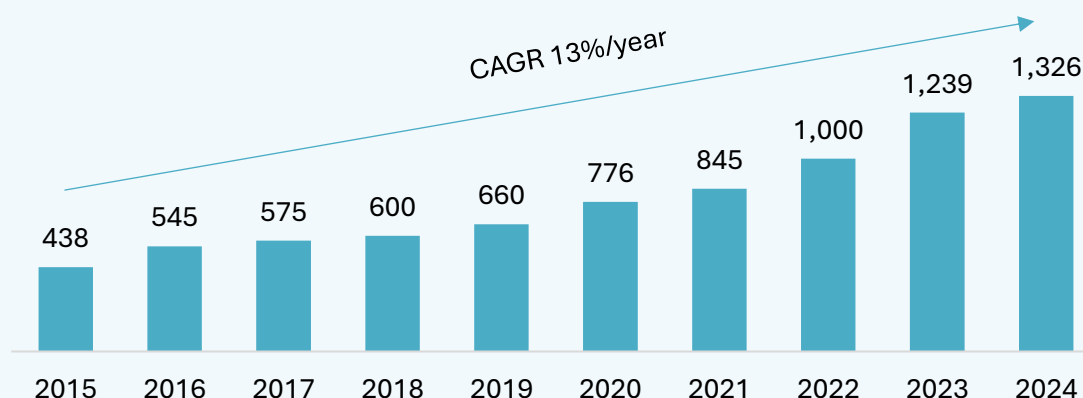
Supply and Demand for Cold Storage Facilities

Cold storage facilities have expanded at a compound annual growth rate (CAGR) of 13% over the past decade. By 2024, there were 117 facilities nationwide with a total capacity of approximately

1.3 million pallets, maintaining a high average utilization rate of 80% ¹⁰⁸. Approximately 90 companies operate these facilities, with over half being small-scale operations handling less than 10,000 pallets. They are primarily located within industrial parks (IPs), leveraging stable power supply and convenient logistics infrastructure.

Cold Warehouse Capacity

(Unit: Thousand Pallets)



Source: Fiin Group, Sciencedirect

Current facility capacity stands at a mere 132 pallets per 10,000 people, significantly lower than Thailand (204), China (913), and Japan (1,592). The growth momentum from 2015 to 2024 is expected to continue, with a projected CAGR of 14% from 2024 to 2029¹⁰⁹.

Currently, the southern region accounts for approximately 87% of the national capacity, while the northern region holds 11% and the central region a mere 1%¹¹⁰. The south is a major food production area, concentrating on the cultivation

and processing of aquatic products, fruits, and vegetables, and serving as a key hub for imports and exports. The concentration of cold storage facilities in the south necessitates transporting goods to the central and northern regions, leading to costs, delivery time delays, and risks of quality deterioration.

Major cold storage facilities are currently distributed in Ho Chi Minh City, Hanoi, and their satellite provinces: Tay Ninh and Dong Nai (South), and Hung Yen and Bac Ninh (North). Foreign

¹⁰⁸ Fiin Group (2025) <Access>

¹⁰⁹ Research and Markets (2024) <Access>

¹¹⁰ WTO (2023) <Access>

companies from the US, Japan, South Korea, Singapore, and others are increasing their presence. While local firms hold a cost advantage, foreign companies excel in advanced technology and energy efficiency. Three of the top five

companies are foreign-owned, accounting for about 15% of the market. Although foreign investment is restricted in many logistics sectors, warehousing allows 100% foreign ownership, suggesting continued foreign entry.

Major Cold Storage Companies 2023

Company	Logo	Country	Founded	Revenue (billion VND)	Capacity (thousand pallets)	Region		
						Northern	Central	Southern
Lineage Logistics		United States	2023	NA	81	Hanoi	x	Ho Chi Minh
Transimex		Vietnam	2010	636	77	x	Da Nang	Ho Chi Minh, Tay Ninh
Hung Vuong		Vietnam	2003	199	72	x	x	Ho Chi Minh City
AJ Total		South Korea	2021	151	60	Hung Yen	x	Tay Ninh, Dong Nai
Meito		Japan	2014	128	56	X	x	Ho Chi Minh, Tay Ninh
Harano TNS		South Korea	2023	1,268	51	Bac Ninh, Hai Phong	x	X
Gemadep		Vietnam	2016	769	50	x	x	Can Tho
ALS		Vietnam	2017	79	45	Hanoi, Bac Ninh	x	X
ABA Cooltrans		Vietnam	2016	338	40	Hanoi	x	Ho Chi Minh
Phan Duy Corporation		Vietnam	2009	43	30	x	x	Tay Ninh
Top 10 Total					562 (42% of total)			

Source: B&Company analysis

Japanese Companies as Pioneers

Established in Ho Chi Minh City in 1996, the Japanese-led joint venture Konoike Vinatrans had a capacity of 15,000 pallets. Since then, Japanese companies have continued investing primarily in southern regions like Ho Chi Minh City and Tay Ninh Province, utilizing advanced cold chain technology and high operational standards.

In Ho Chi Minh City, Meito (30,000 pallets) and CLK Cold Storage (20,000 pallets) have been operational since 2014 and 2016, respectively. In

recent years, Tay Ninh Province has become a particularly attractive investment destination. Large-scale investments by Japanese companies have followed in succession: a joint venture between Sojitz and Kokubu (26,000 pallets) in 2023, Nichirei (20,000 pallets) in 2024, and Meito's second facility (26,000 pallets). Meanwhile, the top 10 companies mentioned above have seen successive entries by US and South Korean firms in the 2020s, creating a competitive landscape. For Japanese companies, the challenge lies in whether

they can take the risk of making large-scale investments ahead of the curve.

Most recently, Yokorei opened a 18,000-pallet cold warehouse in March 2025. Covering 4.5 hectares with an investment of 52 million USD, it is considered Japan's most advanced facility, equipped with automation systems and energy-saving technologies.

Yokorei Cold Warehouse in Tay Ninh



Source: Yokorei website

Tay Ninh Province's appeal to investors stems not only from its strategic location adjacent to Ho Chi Minh City and connected to the agricultural production hubs of the Mekong Delta, but also

from the strong relationships built by the former Long An Province (now integrated into Tay Ninh) with Japanese municipalities and institutions. Japan holds 161 FDI projects in Tay Ninh Province, totaling over 1.2 billion USD, ranking fourth among all investor countries in both project count and investment amount ¹¹¹. Japanese companies operating in the region represent potential customers for cold storage facilities.

Evaluation of Promising Regions

High storage costs are limiting the use of cold storage facilities. In Vietnam, logistics costs account for approximately 17% of GDP, significantly exceeding the developed country average of about 10%¹¹². Cold storage facilities are located near ports, airports, and major cities, serving imports, exports, and modern retail. Promising provinces were evaluated based on future supply and demand aspects. For comparison with the table, the average industrial park land cost is 139 USD/m² in the South and 170 USD/m² in the North.

Evaluation of Key Provinces for Cold Storage Investment

(○: Positive, △: Neutral, X: Negative)

Region	Province/City	Demand Side			Supply Side		Overall Evaluation
		Location (Relative to: International Ports/Demand Areas)	Retail Sales Share (2023, %)	Agricultural Production Share (Meat/Fisheries/Vegetables/Fruit) (2023, %)	Competition (Existing Major Operators)	Industrial Park Land Price (USD/m ² , 70-year lease) Q1 2025	
Southern	Ho Chi Minh City	○ 15km to Cat Lai Port	○ 21	○ 4	X High (Lineage, Transimex)	X 261	○
	Dong Nai	○ 40 km to HCMC, 40 km to Cat Lai Port	○ 5	○ 4	X High (AJ Total, NECS)	X 186	○
	Tay Ninh	○ 40 km to HCMC, 25 km	○ 3	○ 3 Connecting the Mekong Delta (30% of	X High (Transimex, AJ Total, Meito)	X 182	○

¹¹¹ Ministry of Industry and Trade News (2025) <Access>

¹¹² Ministry of Industry and Trade (2024) <Access>

		to Hiep Phuoc Port		domestic agricultural products) and the Southeast			
Northern	Ha Noi	○ 30 km to Noi Bai Airport, 120 km to Hai Phong Port	○ 11	△ 2	X High (Lineage, ALS, ABA)	X 171	△
	Bac Ninh	△ 30 km to Hanoi, 140 km to Hai Phong Port	△ 2	△ 2	△ Medium (Harano, ALS)	X 167	△
	Hai Phong	○ Major Port, 120km to Ha Noi	○ 4	○ 4	△ Medium (Harano)	△ 141	○
	Hung Yen	○ 40 km from Ha Noi, 80 km to Hai Phong Port	△ 2	○ 4	△ Medium (AJ Total)	○ 128	○
	Quang Ninh	△ Major ports: 30km to Ha Noi, 50km to Hai Phong Port	○ 3	X 1	○ Low	○ 102	○

Source: B&Company Analysis

The southern region shows promising prospects in Ho Chi Minh City, Dong Nai Province, and Tay Ninh Province. These provinces are strategically located near major ports, offering advantages for distribution, and possess high potential on the demand side. Tay Ninh Province serves as a key transit hub connecting the Mekong Delta (Vietnam's primary agricultural production area) with the southeast, holding significant importance as a cross-regional frozen storage and distribution center.

The North faces less intense competition than the South, with Hai Phong City, Hung Yen Province, and Quang Ninh Province gaining attention as promising investment destinations for cold storage warehouses. Hung Yen Province is ideally situated along the main route connecting Haiphong Port and Hanoi, making it an ideal regional distribution hub. Foreign investment is also increasing in these areas. Following its first warehouse opening in Thai Nguyen Province, South Korea's AJ Total established a 23,000-pallet facility in Hung Yen Province in 2022. Additionally, Harano TNS constructed a total of 51,000-pallet cold storage

facilities in Bac Ninh Province and Hai Phong City in 2023.

In the central region and central highlands, development of cold storage facilities has not progressed significantly. However, Da Nang and Khanh Hoa boast thriving fisheries industries and serve as key transit hubs between the north and south, presenting potential as future investment destinations. Provinces such as Dak Lak and Lam Dong are expected to develop cold storage infrastructure to support fruit and vegetable production.

Demand for cold storage facilities is expected to continue growing.

- **Agricultural and Aquatic Products:** Vietnam is growing as a global supplier of rice, coffee, shrimp, and basa (pangasius), bolstered by free trade agreements like the EVFTA, CPTPP, and RCEP. To maintain this momentum, the government is promoting the development of logistics hubs and transportation infrastructure to strengthen the entire cold chain, from pre-cooling facilities at farms to

cold storage warehouses at ports and border crossings.

- **Pharmaceuticals:** The pharmaceutical market is projected to grow at an annual rate of 5% from 2025 to 2030¹¹³. Vaccines and biopharmaceuticals (which gained importance post-COVID-19), requiring cold storage at 2–8°C or below, are driving demand for refrigeration and freezing facilities. While infrastructure remains limited at present, demand for GSP/GDP (Good Storage Practice/Good Distribution Practice)-compliant cold storage facilities is expected to expand as domestic vaccine manufacturing progresses. Although requiring significant investment and commanding high rents, this represents a promising sector.

As part of its logistics development strategy for 2025-2030, the government plans to establish

guidelines for cold chain logistics centers and storage facilities that meet food safety standards, which is expected to simplify licensing procedures and accelerate projects. The government is also promoting greening in the logistics sector as part of its efforts to achieve net zero emissions by 2050. The national plan (Prime Minister's Decision No. 496/QĐ-TTg dated June 11, 2024) calls for the phasing out of ozone-depleting substances and greenhouse gases in refrigeration, requiring the introduction of sustainable technologies such as low-GWP (global warming potential) refrigerants, environmentally friendly insulation materials, and solar power generation. Although this green transition involves initial costs, it is expected to enhance the competitiveness of the refrigeration and cold storage industry and provide an opportunity to improve compliance with international sustainable supply chain standards.

¹¹³ Statista (2025) <Access>

Education Market

The education industry is entering a new phase of development, driven by strong demand, a growing middle class, and encouragement of private sector participation. While public schools form the foundation, the private sector is expanding rapidly, offering diverse options ranging from K-12 (kindergarten through high school) to vocational training. Advances in educational technology are creating dynamic learning environments that transcend traditional models, bringing opportunities for investment and innovation.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Kindergarten	Thousand	15.0	15.5	15.3	15.3	15.2
General Schools (Elementary, Junior High, High)	Thousand	26.3	26.2	26.1	25.9	25.7
Vocational Education Institutions	Thousand	3.0	3.0	2.8	2.7	2.5
University	Unit	237	241	242	242	243
Education Company	Thousand	16.6	17.4	18.8	21.4	NA
Education Expenditures	Billion USD	10.3	10.1	10.6	12.1	13.0
FDI Inflows	Million USD	109	512	254	48	40

Source: General Statistics Office

Regulations

The education sector permits full foreign ownership. Foreign investors must obtain an operating license and comply with domestic education standards. Under Decree 86/2018, foreign-invested schools offering foreign curricula in kindergarten and compulsory education are permitted to admit up to 50% Vietnamese students.

However, many schools marketed as international schools are not legally classified as foreign-owned schools. Instead, they are often registered as Vietnamese-owned private schools (bilingual schools or schools with cooperative programs). In such cases, they are exempt from the 50% Vietnamese student cap stipulated by Decree 86. Consequently, it is not uncommon for these schools to have 80-95% Vietnamese students among their actual enrollment. Branding using terms like international or academy is widespread. While they appear identical as international

schools to parents, the legal classification and applicable regulations can differ entirely from school to school.

The government actively encourages private and foreign investment. Resolution 35/2019 aims to increase the share of private educational institutions (to 13.5% of the total by 2025¹¹⁴). Key laws include the 2019 Education Law (liberalizing private school structures), the 2020 Investment Law, and the new Decrees 124/125. The registration process remains multi-stage (IRC, ERC, operating license), though reforms in 2024-25 aim to streamline approval procedures.

Market Overview

The public sector underpins the education system, with near-universal coverage of basic education. Primary school completion rates exceed 98%, and adequate educational standards are ensured in all provinces. For the 2024-2025 academic year, there are approximately 12,000 primary schools, 8,500 middle schools, 2,400 high schools, and 2,900

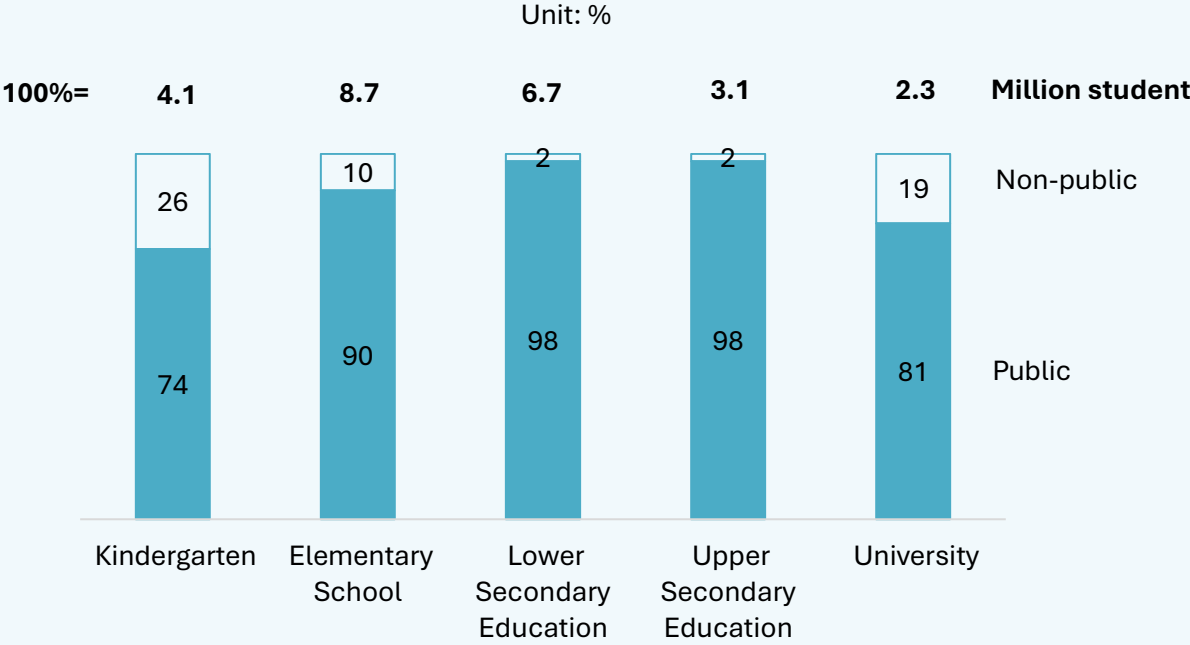
¹¹⁴ Vietnam Briefing (2024) <[Access](#)>

comprehensive schools (e.g., primary-middle, middle-high, primary-middle-high). The majority of these are open to the public.

Private and international schools are steadily gaining popularity, and while their share remains small, their presence is growing. For the 2024-

2025 academic year, approximately 2% of junior high and high school students and about 10% of elementary school students attend non-public schools. For kindergartens and universities, non-public institutions account for about 19-26% of enrollment.

Student Enrollment (2024-2025)



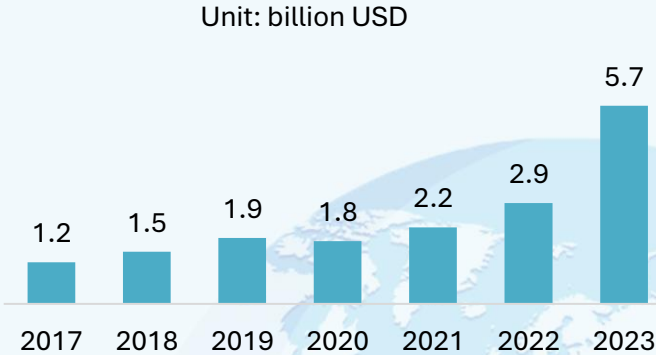
Source: General Statistics Office, Ministry of Education and Training

Meanwhile, many Vietnamese are studying abroad. By 2025, approximately 250,000 Vietnamese are expected to be studying overseas at the high school, university, and graduate school levels, indicating strong demand for international pathways. The main destinations are Japan (approx. 44,000), South Korea (approx. 43,300), Australia (approx. 33,000), the United States (approx. 31,300), and Taiwan (approx. 27,400)¹¹⁵.

Households invest heavily in education (24% of household expenditure goes to education¹¹⁶). At the primary and secondary levels, tuition fees are the main expense. Semi-private schools (institutions relying on both government funding and other sources) also exist. In higher education, extracurricular lessons, exam preparation, and private university tuition are significant costs. English learning is particularly prevalent, with hundreds of private language centers (ILA, Apollo, VUS, etc.) operating. Parents view English fluency as a critical skill. STEM and IT training also see

strong demand. Market growth drivers include an expanding middle class, a tech-savvy younger generation, and government incentives (such as tax breaks).

Revenue of Education Sector Companies



Source: B&Company Enterprise Database

¹¹⁵ Lao Cai News <[Access](#)>

¹¹⁶ Hanoi Times (2022) <[Access](#)>

STEM Education in Schools



Source: FPT School

Challenges persist. In major cities, competition between private and international schools has intensified, leading to saturation in the high-end market. High operating costs and pricing pressures have forced some smaller schools to close or downsize. International school tuition ranges from 5,000 USD to 20,000 USD per year, placing it out of reach for the majority of families. Meanwhile, quality varies significantly, with insufficient

teacher qualifications and inconsistent curricula. Concerns persist regarding disparities between urban and rural areas, teacher shortages, and the need for stronger quality assurance.

In recent years, the education sector has attracted record investment. In 2025, the ADB arranged a 150 million USD sustainability-linked loan for VinSchool¹¹⁷.

Major players

Private operators are categorized into three groups: K–12 schools like Vinschool and Edufit; English language, qualification testing, and study abroad platforms such as Apollo, ILA, British Council, and IDP; and higher education systems including FPT University, RMIT, and Vin University. To meet demand for seamless pathways from kindergarten through university, there is a trend toward expanding operations by partnering with educational institutions in the US, UK, and Australia, or leveraging strong support from group companies. While the market is moving toward higher-priced programs and vertical integration, mid-tier K–12 operators still have room for growth.

Major Players

No	Company	Country	Established	Headquarters	Overview
1	Vinschool	Vietnam	2013	Hanoi	A K–12 school operated by Vingroup. Western-style curriculum, CIS accredited
2	Vin University	Vietnam	2018	Hanoi	A private, non-profit research university established with investment from Vingroup and in partnership with Temple University (USA). Focuses on engineering, IT, and business. Admitted its first students in 2020
3	FPT Education	Vietnam	1999	Hanoi	A subsidiary of FPT. Includes FPT University, FPT High School, and various training institutions (IT, foreign languages, vocational training). Partners with overseas universities (e.g., the University of Greenwich).=
4	Edufit Education	Vietnam	2011	Hanoi	Operates Dewey International School (K–12) and Sakura Montessori (early childhood education). Raised \$34 million in 2019

¹¹⁷ ADB (2025) <[Access](#)>

5	EQuest Education	Vietnam	2003	Ho Chi Minh City	Private education conglomerate. English instruction, international K-12 schools, U.S. degree programs through Broward College Vietnam
6	Apollo English	United Kingdom	1994	Ho Chi Minh City	The largest English education center. Serving all generations: children, teenagers, and adults. Global curriculum and extensive classroom network
7	ILA (International Language Academy)	Vietnam	1993	Ho Chi Minh City	Pioneer English Academy. Offers K-12 English programs and overseas study counseling. Operates dozens of schools
8	British Council	United Kingdom	1993	Hanoi	A UK cultural and educational organization. Provides English language exams (IELTS), language courses, arts programs, teacher training, and consulting services. A hub for international educational cooperation.
9	RMIT University	Australia	2000	Ho Chi Minh City	A branch campus of the Melbourne university. Faculties include Design, Business, IT, and Engineering. Campuses in Ho Chi Minh City, Hanoi, and Da Nang. Enrollment exceeds 12,000 students (as of 2024); Vietnam's first foreign university
10	IDP Education	Australia	1996	Ho Chi Minh City	Provides overseas study placement services, English language testing (IELTS), and study support for at multiple locations

Source: B&Company analysis

Market Trends

Market Entry: International educational institutions are entering Vietnam, including Western Sydney University (Hanoi, 2023), Greenwich Vietnam (a joint program between the University of Greenwich and FPT University), and Waseda University and Vietnam National University Hanoi's double degree program. Domestic companies such as Vinschool, Edufit, and EQuest are also expanding their classrooms in various provinces, promoting bilingual classes and international curricula. The education sector is diversifying, becoming more competitive, and shifting toward private companies.

EdTech: The pandemic accelerated online learning and EdTech investment. The e-learning market was worth 330 million USD in 2023, up 15% year-on-year¹¹⁹. In 2023 alone, millions of dollars in investment from dozens of investors flowed into EdTech startups.

Rising internet penetration (79%)¹²⁰ and improved IT literacy have normalized digital education (apps, online tutors, coding platforms). Notable players include TOPICA EdTech Group (online degree programs, corporate training), Elsa Speak (AI-based English pronunciation app), Vuihoc.vn, Marathon Education (K-12 tutoring platform), and

¹¹⁸ IELTS is administered by multiple providers

¹¹⁹ Statista (2024) <[Access](#)>

¹²⁰ Data Reportal (2024) <[Access](#)>

Edmicro (adaptive learning, data-driven assessment tools).

Schools and language centers are adopting integrated IT systems, also known as Learning Management Systems (LMS). Major IT companies like VNPT, FPT, and CMC are developing integrated digital education systems.

International and Private Schools: Enrollment in K–12 schools adopting foreign curricula and bilingual programs is increasing, particularly in Hanoi and Ho Chi Minh City. Major foreign schools include the Canadian International School (CIS) and the Australian-based St. Nicholas schools under the EQest umbrella. Vietnam also aims to attract branch campuses of top universities; for example, the government's 2030 strategy encourages the establishment of campuses by renowned foreign universities. Simultaneously, many Vietnamese companies (often conglomerate-affiliated) are opening private academies to capture expanding middle-class demand. Market research indicates that registrations for new private schools surged in the early 2020s, responding to policies permitting non-public schools.

Demand for Language & Skills Classes: Globalization and the advancement of the knowledge economy have heightened demand for English and vocational skills. Parents continue to spend heavily on after-school language courses, with language centers (e.g., ILA, Apollo, British Council) being popular. Demand for STEM and technical classes is also increasing, with many students participating in coding boot camps and robotics clubs or taking specialized exam preparation courses for international certifications. This growing interest in practical, globally applicable skills is reshaping the educational landscape. Educational institutions are being urged to expand bilingual education, digital education, and skills-based learning programs.

English has been a compulsory subject in the general education curriculum since the third grade

of elementary school. However, not all teachers meet the required standards, and there are cases where students struggle to keep up with the lesson content. According to EdTech Agency, only about 58% of students reach CEFR (Common European Framework of Reference for Languages) level B1 (intermediate: able to communicate on everyday topics at a basic level), while just 5% reach level B2 (upper-intermediate: able to understand and express themselves relatively fluently on more complex topics). Furthermore, rising demand for overseas study has increased the need for English proficiency required for visas and entrance exams.

A similar trend is observed for Japanese language learning. Surveys by organizations like the Japan Foundation indicate that the number of Japanese language learners in Vietnam reached approximately 170,000 by 2021, making it one of the largest markets globally. As of 2019, approximately 73,000 Vietnamese students were studying in Japan, accounting for about a quarter of all international students. This indicates significant learning demand aimed at studying in Japan or securing employment with Japanese companies. Against this backdrop, demand for diverse foreign language learning—including tutoring centers, language schools, and online learning services focused not only on English but also Japanese—is expanding further.

Meanwhile, the number of K-12 (elementary through high school) students in 2024 is approximately 23.2 million, about ten times the number of university and junior college students (approximately 2 million). The general education curriculum (2018) requires 12th-grade students to achieve B1-level language proficiency. While many university students are also expected to achieve B1 level, this is the level they should have attained by high school graduation. The supplementary and additional education mentioned earlier for K-12 students has ended up covering content at a level far exceeding that of university.

[Special Topic]

The Rise of E-Learning

E-learning is growing rapidly due to digital expansion, government support, and an increasingly tech-savvy population. Online education delivers improved accessibility, personalization, and scalability for learners of all ages.

Market Potential: Youth Population, Policy Support, Macroeconomic Foundation

Households place high value on education, with some spending up to 40% of their income on it¹²¹, creating strong demand and willingness to pay for quality educational methods.

Policy and regulatory tailwinds also exist. Alongside the government's "National Digital Transformation Program 2030," Decision 131/QĐ-TTg, which mandates IT adoption and digital transformation in education, and Decision 1373/QĐ-TTg, promoting the construction of a learning society, outline policies and frameworks encouraging schools, parents, and students to utilize e-learning.

In an increasingly competitive global job market, particularly with the growing presence of international companies, students and working adults are leveraging EdTech for skill enhancement. They utilize STEM hubs, certified platforms, soft skills courses, and language learning materials for exams like IELTS and JLPT. A

2022 survey by JICA and B&Company of 1,000 companies, including Japanese firms, revealed that 98% of companies and organizations prioritize soft skills, 83% consider language proficiency a priority, and 64% require ICT skills for job performance¹²². This rising demand opens significant potential for online course providers to diversify their services.

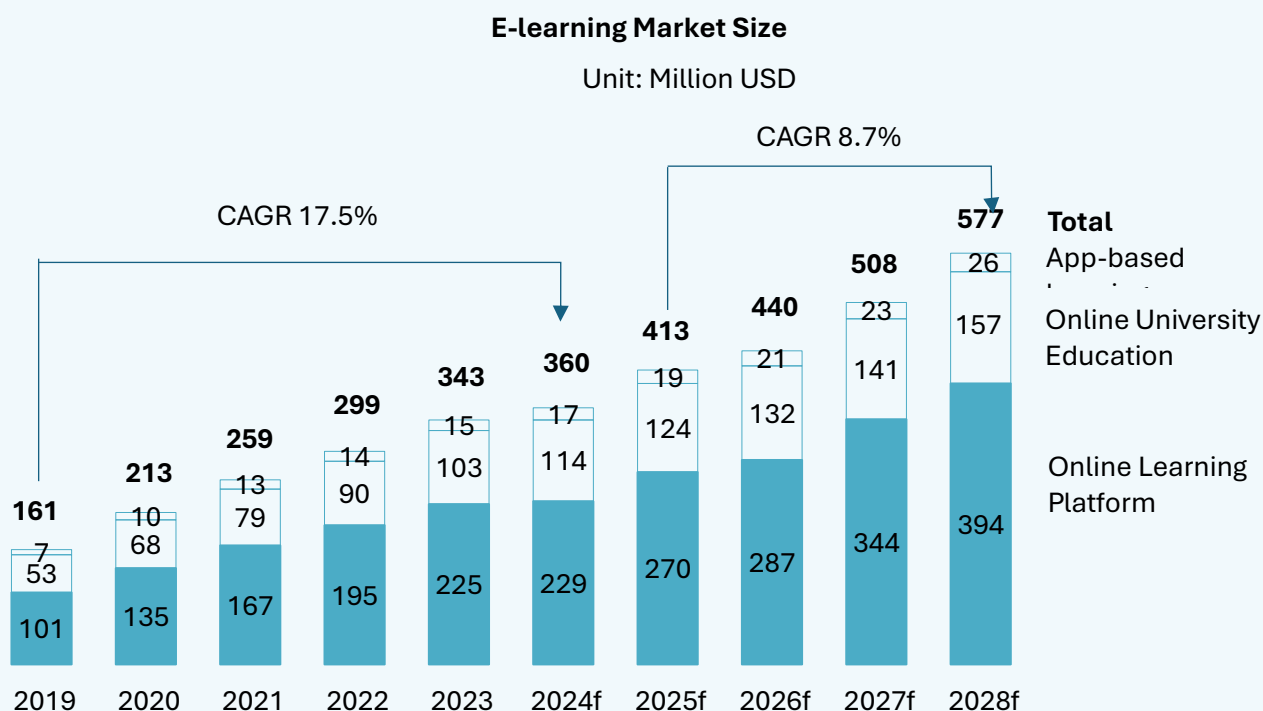
Market Size and Growth Forecast

E-learning is defined as a new teaching and learning method based on internet-connected systems or platforms. The three main segments are app-based learning, online university education, and online platforms. The market reached 343 million USD in 2023, growing 15% from 2022. Online learning platforms account for over 60%, reflecting a strong preference for flexible, digital-first education. Online university education accounts for 27% and continues steady growth. Meanwhile, app-based learning, including mobile apps for self-study, accounts for 4% (15 million USD), growing 7% compared to 2022.

¹²¹ Hanoitimes (2022) [Access](#)

¹²² B&Company, JICA (2022) [Access](#)

The e-learning market is projected to grow steadily at a CAGR of 8.7% from 2025 to 2028¹²³.



Source: Statista

Market Trends: Investment in Education Startups

The e-learning sector is attracting substantial investment. According to the Vietnam Edtech White Paper, Vietnam received over 400 million USD in investment from 70 investors in 2023, with the majority focused on language learning, STEM, and educational materials. Between 2021 and 2023, approximately 90,000 STEM lessons were

conducted nationwide, including at the kindergarten level. This STEM learning is delivered through diverse formats: formal school classes, after-school courses at private learning centers, one-on-one tutoring at home, weekend robotics and programming clubs, and home study using online courses and learning apps. This trend of combining out-of-school learning to enhance STEM skills presents a significant market opportunity for EdTech companies.

Examples of Startups That Raised Funds

	TEKY	ELSA	Kyna English	EDUPIA	Vuihoc	SMAS
Established	2017	2015	2020	2018	2019	2012
Field	STEAM	Language Learning	Language Learning	Language Learning	Content and Learning Materials	Tools and Platforms
Users	Over 1 million	Over 10 million	Over 150,000	Over 5 million	Over 1 million	N/A
Investor's Country of Origin	Singapore	Singapore, United States	Japan, Singapore	Singapore	Singapore	Vietnam

¹²³ Statista <Access>

Funding/Investment Model	N/A	Series A-B	N/A	Series A	Series A	N/A
Features	- Children's Programming & STEAM - Utilizing AR/VR, Robotics, and 3D Printing in Education - Fostering critical thinking and creativity	- IELTS Preparation & Practice Tests - AI Speaking Partner - Personalized Learning for Individuals - API Provision for Businesses Utilizing Speech Recognition	- Online Courses Taught by Native Speakers - Progress Management via Application - AI-Powered Personalized Learning	- Video lessons with foreign instructors - AI-powered pronunciation correction - Parent management and progress reports	- Leveraging cloud computing to ensure speed and scalability - Homework Support, Teacher Q&A Blog, Videos, and Live Streaming	- Reporting on Grades and Learning Progress - Data management using online synchronization, student evaluation and ranking

Source: B&Company Analysis

Challenges: Infrastructure shortages, teacher/curriculum quality, competition

First and foremost, the infrastructure gap poses a major barrier. According to a 2023 UNESCO survey, approximately 50% of rural students lack access to basic technology such as computers and reliable internet. This gap hinders equitable access to digital learning opportunities¹²⁴.

Second, the quality of educational content and teacher training has not kept pace. Many teachers lack sufficient digital skills, foreign language proficiency, and soft skills. According to GetCourse (a Russian e-learning platform that entered Vietnam in 2023), local leaders and educators rely on outdated software and tools, lagging global trends and hindering the smooth operation of online education. Meanwhile, digital educational content lacks consistency and is incomplete, a tendency particularly pronounced regarding local language and cultural nuances.

Third, Vietnam's e-learning market faces intense competition. The number of operators surged from

approximately 53 in 2021 to over 750 by 2024, showing no signs of slowing down. This includes diverse services varying in scale and business models, such as language learning apps, K-12 online courses, STEM/programming schools, exam preparation, and corporate LMS platforms. Notable companies include ELSA Speak (English pronunciation correction app), Edupia and Vuihoc (K-12), Monkey (children's English and literacy materials), Hocmai (well-known online prep school), Topica (adult online courses), TEKY (STEM education), as well as services from major telecom companies like Viettel's SMAS and VNPT's learning management platform. The market is crowded, forcing many providers to rely on discount promotions and heavy advertising. This increases customer acquisition costs and heightens the risk of declining profit margins. Consequently, startups must achieve strong differentiation. Adapting to user habits and achieving financial stability remain significant challenges.

¹²⁴ ChildFund Australia (2024) [Access](#)

Agriculture, Forestry and Fisheries

Primary industries such as crop cultivation, livestock farming, fisheries, and forestry form the foundation of the country. They account for 12% of GDP and support the livelihoods of millions. Even as the economy shifts its focus toward industry and services, these sectors remain robust, with agricultural exports experiencing significant growth¹²⁵. Fisheries, rice, coffee, fruits, and rubber are particularly strong. Riding the wave of increased FDI and policies promoting high-tech, organic, and sustainable agriculture, the transition from traditional rural areas to a modern agricultural economy is gaining attention.

Basic Statistics

Indicators	Unit	2020	2021	2022	2023	2024
Agricultural, Forestry, and Fisheries Product Exports	Billion USD	41	49	53	53	63
Agricultural, Forestry, and Fishery Products Import	Billion USD	12	19	22	18	24
Number of Farms	Thousand	23.7	23.8	24.1	24.9	26.1
Rice production	Million tons	42.8	43.9	42.7	43.5	43.5
Major Livestock Production - Pigs, Poultry, Cattle	Million tons	6.3	6.8	7.2	7.7	8.2
Fisheries production	Million tons	8.6	8.8	9.1	9.4	9.7
Number of Agricultural, Forestry, and Fisheries Enterprises	Thousand companies	11.4	12.0	12.1	12.2	NA
Agriculture, Forestry, and Fisheries FDI Inflows	Millions USD	229	161	74	69	78

Source: General Statistics Office

Regulation

Agriculture, forestry, and fisheries are heavily regulated industries, but regulations have been relaxed in recent years to attract investment. Plant and livestock production are included in the conditional business list. Investors must obtain an investment license and meet industry-specific requirements (such as business scale and technology), but there is no foreign ownership cap. The Land Law (2013) prohibits foreign companies from owning agricultural land. Foreign investors must establish a local subsidiary, which then leases land from the state¹²⁶ (often under long-term contracts).

The 2020 Investment Law and related decrees provide incentives for agriculture. For example,

Decree 57/2018 stipulates tax and fee exemptions for new agricultural investments, as well as subsidized loans. Projects meeting specific rural development criteria can receive infrastructure cost exemptions (e.g., water, electricity) and funding from provinces and cities. The government's "Sustainable Agriculture Strategy 2021–2030" (Decision 150/QĐ-TTg) promotes high-tech, organic, and clean agriculture to increase added value¹²⁷. These policies aim to modernize production, improve food safety, and connect farmers to global value chains.

Market Overview

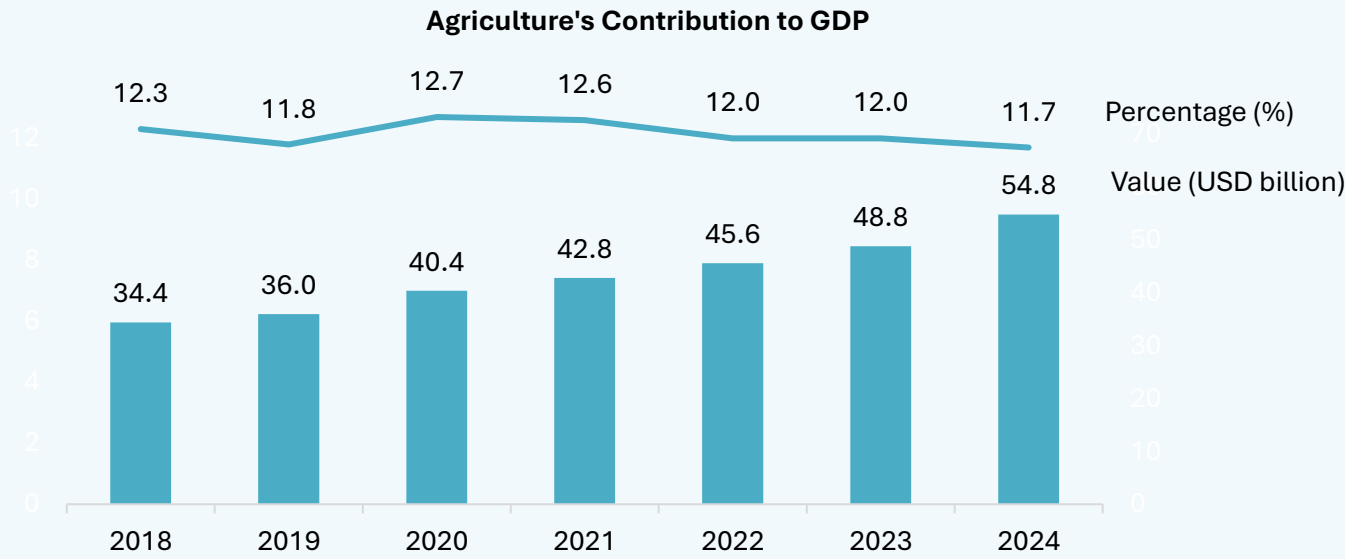
Agriculture, forestry, and fisheries form a key pillar of the economy. While its contribution to GDP is declining, it has maintained an average annual

¹²⁵ VOV (2024) <[Access](#)>

¹²⁶ Vietnam Briefing (2023 <[Access](#)>

¹²⁷ Vietnam Government Portal (2022) <[Access](#)>

growth rate (CAGR) of 7.2% from 2012 to 2023, reaching 54.8 billion USD in 2024 and accounting for 12% of GDP.



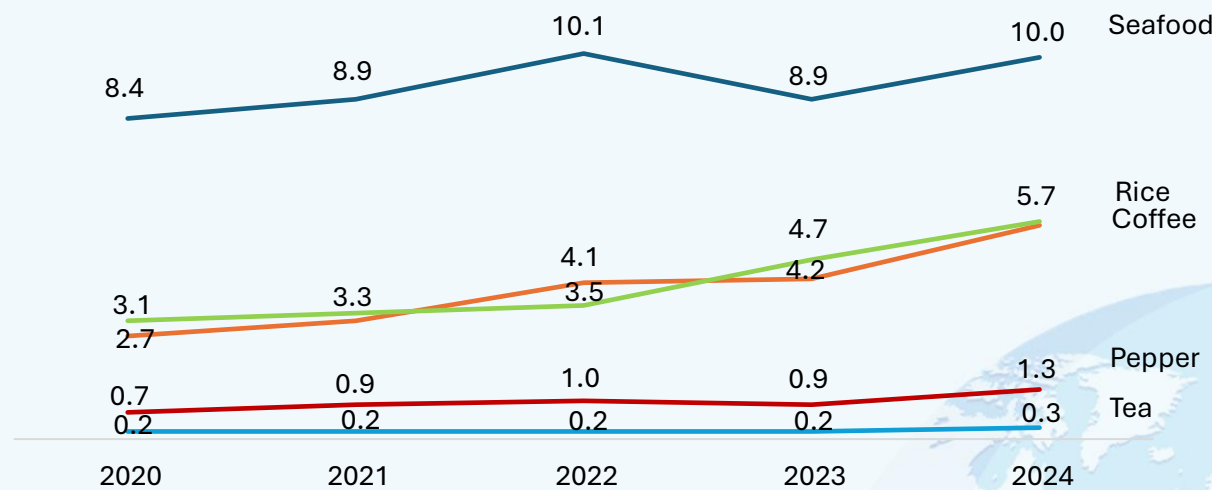
Source: General Statistics Office

Exports in 2024 exceeded 63 billion USD, reaching a record high. This placed Vietnam second in Southeast Asia and 15th globally, with a trade surplus of 39 billion USD, an 11% increase from

the previous year¹²⁸. Key export items include aquatic products, fruits and vegetables, coffee, cashew nuts, and rice.

Major Export Items

Unit: Billion USD



Source: Statistics Bureau

Most farms are small-scale and family-run, with an average farm size of approximately 2 to 5 hectares, and land is highly fragmented. While cooperatives and contract farming are increasing to

compensate for this, there are limits to economies of scale. The Mekong Delta is the primary region (65% of fruit and 70% of aquaculture¹²⁹). Livestock farming is geographically more dispersed, with the

¹²⁸ Vietnam Organic Agriculture E-Magazine (2025) <[Access](#)>

¹²⁹ VietnamPlus (2025) <[Access](#)>

Red River Delta and Central Highlands being key areas for pig and poultry farming.

Sector Overview¹³⁰:

- **Crops:** Rice is the staple food. In 2024, production was approximately 43 million tons, with exports around 9 million tons. Major cash crops include coffee (world's second-largest exporter), black pepper, rubber, cashew nuts, and tropical fruits. In 2024, eight export items each exceeded 1 billion USD. Notably, timber, aquatic products, rice, and vegetables surpassed 3 billion USD. The government and private sector are strengthening cultivation of high-value vegetables and organic fruits (bananas, dragon fruit, etc.) while advancing food processing.
- **Livestock:** In 2024, pork production reached 5 million tons and poultry meat reached 2.5 million tons, an increase of 500,000 tons compared to the previous year. Exports reached 500 million USD that same year. Dairy production also saw significant growth due to rising urban demand, with raw milk production exceeding 1.2 billion liters in 2024 (averaging 4-5% annual growth, with substantial increases of over 50-60 million liters per year from 2021-2024, particularly 2022-2024). Livestock farming is increasingly commercialized, with major companies (often partnering with foreign entities) expanding modern farms for

pigs, chickens, and cattle. However, household-scale pig and poultry farming remains predominant in terms of numbers.

- **Aquaculture:** Vietnam is a leading global exporter. Total aquaculture production reached approximately 9.6 million tons in 2024. Shrimp (export value: \$4 billion) and pangasius catfish (2 billion USD) are the largest export commodities. The Mekong Delta (with its warm waters) accounts for the majority of exports. Lobster, crab, and ornamental fish are growing as high-value niche markets. Aquatic processors range from small-scale smokehouses to large exporters, relying on foreign feed and breed resources.

Major Players

The sector is characterized by a mix of numerous small-scale farmers and a few large corporations. Domestic conglomerates hold strong positions in dairy, animal feed, and fertilizer sectors. Multinational corporations (Cargill, CP, Nestlé, etc.) have made significant investments in processing and distribution. Competitiveness hinges on productivity improvements, technology adoption, and meeting export quality standards. 80-90% of exports consist of minimally processed raw materials, with logistics and cold chain deficiencies squeezing profits¹³¹. Adding value through processing and branding remain critical.

Major Players

No	Company	Established	Country	Headquarters	Overview
1	Vinamilk	1976	Vietnam	Ho Chi Minh City	Largest dairy processor (milk, yogurt, juice, etc.) and top market share in powdered milk and raw milk
2	Masan	2004	Vietnam	Ho Chi Minh City	A conglomerate known for consumer goods. Owns brands such as food products (e.g., Nam Ngu fish sauce, Chinsu chili sauce) and instant coffee (Vinacafé), and has expanded into animal feed
3	CP	1993	Thailand	Dong Nai	A long-established company in animal feed and poultry/pig farming. Operates large-scale integrated farms and feed mills, selling processed meat products domestically
4	Dabaco	1994	Vietnam	Bac Ninh	A major private company producing animal feed. Raises pigs and poultry, processes meat products

¹³⁰ General Statistics Office (2025) <[Access](#)>

¹³¹ Business Forum Magazine (2024) <[Access](#)>

5	Loc Troi	1993	Vietnam	An Giang	Leading producer of rice seeds, seedlings, and pesticide formulations
6	HAGL Agrico	2007	Vietnam	Gia Lai	A subsidiary of Hoang Anh Gia Lai. Large-scale plantations of rubber, cashew nuts, and fruits (longan, durian) in the Central Highlands.
7	TH Food	2009	Vietnam	Nghe An	Private dairy and agricultural conglomerate. Produces TH True Milk and yogurt through high-tech farms. Invests in biotech seeds and organic farming to improve quality
8	Cargill	1995	United States	Ho Chi Minh City	Operates grain processing plants and animal feed plants. Focus areas include livestock feed, edible oils, and animal feed distribution
9	Olam	1989	Singapore	Ho Chi Minh City	Exporter of cashew nuts, pepper, and coffee beans. Invests in agriculture, production, and packaging
10	Nestlé	1995	Switzerland	Ho Chi Minh City	Manufactures dairy products, coffee (Nescafé), bottled water, and infant formula. Introducing foreign technology in the food processing sector

Source: B&Company analysis

Foreign investment continues to increase. By early 2025, over 530 FDI agricultural investments had been implemented. The total investment amount reached 3.8 billion USD, accounting for 1% of total FDI. FDI contributes to business model transformation, product diversification, and increased export value through capital and expertise.

CP Group (Thailand) leads the pork and poultry industry, establishing a vertically integrated business model spanning feed production, breeding stock and chick supply, fattening, slaughter and processing, and distribution and retail as branded products. Nestlé, PepsiCo, and Cargill have also introduced advanced processing and management technologies. Nestlé's Nescafé business collaborates with over 21,000 coffee farmers annually in the Central Highlands, distributing millions of high-yield, disease-resistant seedlings and promoting regenerative agriculture.

The challenge lies in integrating fragmented farmers into global value chains. Many FDI companies are seeking to secure reliable raw material supply regions. Models such as cooperatives (groups of farmers pooling land, resources, and bargaining power) and contract farming (farmers supplying products to companies

under specified standards with guaranteed purchase and support) are expanding. In 2024, there were 33,000 cooperatives, a 4.7% increase from the previous year. Approximately 2,000 of these have introduced advanced technologies and digital tools to enhance traceability and develop export capabilities¹³². Furthermore, Decree 98/2018/ND-CP aims to expand production and link it to processing and market demand, leading to the launch of approximately 2,940 cooperation and linkage projects.¹³³ This consolidates raw material supply, raises quality standards, and connects farmers more directly to domestic and international markets.

Market Trends

IT & Mechanization

The government is actively promoting agricultural mechanization. Prime Ministerial Decision 858/2022 sets a target to mechanize 70% of agricultural tasks by 2030. Smallholder farmers and cooperatives are increasing their use of tractors, harvesters, and drones. In parts of rice production in the Red River Delta, nearly 100% of plowing and over 90% of harvesting have been mechanized. Productivity has improved and post-harvest losses have been reduced¹³⁴. Furthermore, traceability (utilizing QR codes, blockchain, and IoT) is being rapidly introduced. One survey

¹³² Vietnam.vn (2025) <[Access](#)>

¹³³ Business Forum Magazine (2025) <[Access](#)>

¹³⁴ B&Company (2024) <[Access](#)>

indicates that 80% of consumers are willing to pay a premium for food confirmed to be environmentally friendly and safe¹³⁵.

High Value-Added and Sustainable Agriculture

There is growing interest in high value-added crops (organic vegetables, GI-certified coffee and fruit, etc.) and climate-conscious agriculture. Green agriculture (using organic fertilizers and environmentally conscious pest control, etc.) is also becoming more widespread. Export-oriented producers are focusing on obtaining certifications (GlobalGAP, ISO, organic certification: EU Organic, JAS, etc.) to gain access to premium markets. Avoiding synthetic chemicals and using natural fertilizers and pest control methods). In livestock farming, large-scale farms are introducing advanced biosecurity and waste disposal systems. In aquaculture, the shift to offshore cages and recirculation systems is progressing to reduce the environmental impact.

Organic vegetables sold at supermarkets



Source: VnEconomy

Challenges include producer dispersion, inadequate infrastructure, and climate risks. The scattered nature of small-scale farms increases costs for quality control, traceability, and certification. Shortages in cold chains, inspection systems, and collection/shipping hubs hinder stable supply of high-value agricultural products. Additionally, climate change events like floods, droughts, and salinity damage heighten uncertainty in yields and quality. Amid these challenges, the industry is working to enhance supply chain efficiency and resilience through precision agriculture, digital platforms, joint certification and shipping mechanisms, and partnerships with financial institutions and distributors.

¹³⁵ B&Company (2025) <[Access](#)>

[Special Topic]

Organic Food Market: Supply Chain Integration and Consumer Trust Are Key Challenges

The organic food market has been slowly gaining momentum. It is estimated to have reached 1 billion USD in 2023, a 20% increase compared to 2020¹³⁶. Two key challenges for future development are stable supply chains and consumer trust.

Market Potential and Challenges

The use of organic food has accelerated due to recent income growth and heightened health awareness. Furthermore, the COVID-19 pandemic has further increased interest in safe, high-quality food. According to PwC's "Voice of the Consumer 2024," 54% of respondents indicated willingness to pay up to 10% more for premium goods made from sustainable materials like recycled content, slightly exceeding the Asia-Pacific average of 50%¹³⁷. Furthermore, a series of food safety scandals in early 2025 heightened consumer interest in trustworthy products.

However, while the market is certainly taking off, there are also persistent obstacles. A major retail chain in Ho Chi Minh City points out that price is still more important than health considerations in the purchasing decisions of the general public (B&Company interview, end of 2023)¹³⁸. According to the 2024 Green Consumption Survey by the Vietnam Association of High Quality Products, even in large cities such as Hanoi and Ho Chi Minh City, only 12-18% of consumers regularly purchase "green" products¹³⁹.

Recent Food Incidents

Case: Cooking oil sold under the "Ofood" brand name was actually animal feed oil, distributed under false pretenses

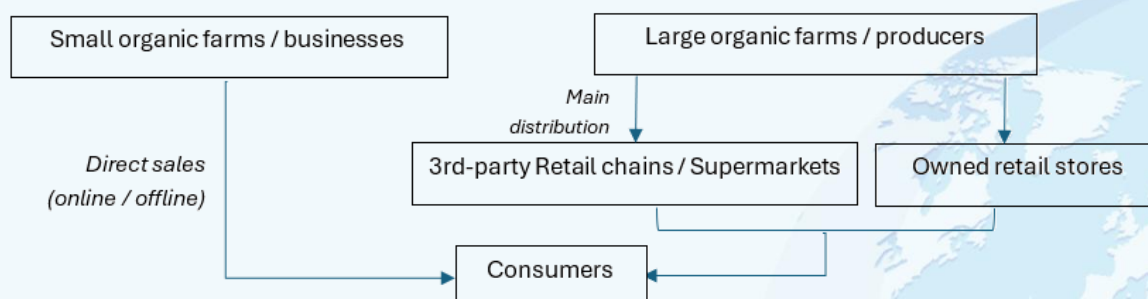
Case: An infant formula counterfeiting manufacturing and selling a total of 573 counterfeit products under multiple brand names including Talacmum, Cegold, and Sure IQ, targeting vulnerable groups such as the elderly, the sick, and infants

Supply Chain Challenges

Let's look at the supply chain in the organic food sector by producer size. Small-scale producers

sell directly to consumers through their own sales efforts. Large-scale producers, on the other hand, sell wholesale to retail chains and have their own brand stores.

Organic Food Supply Chain



¹³⁶ Vietnam Organic Agriculture News (2024) [Access](#)

¹³⁷ PwC (2024) [Access](#)

¹³⁸ B&Company (2024) "2023 Vietnam Health Food Report"

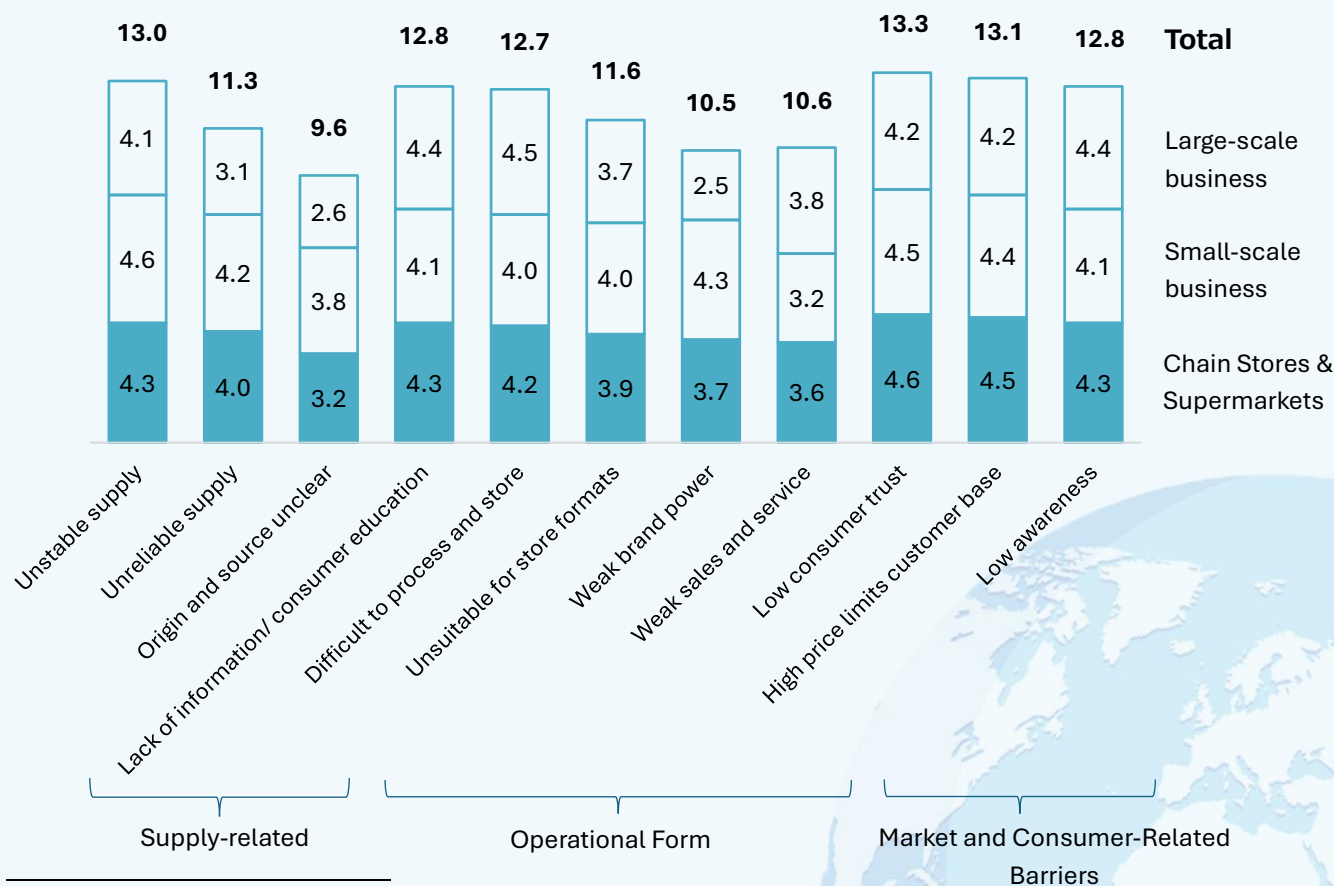
¹³⁹ Vietnam High-Quality Products Business Association (2024) [Access](#)

To identify market challenges, the journal "National Management Studies" conducted a survey in March 2024 targeting 132 organic businesses in Hanoi and Ho Chi Minh City.¹⁴⁰

Survey Participants

Business	Role	Number of Responding Companies	Estimated Total (2023) ¹⁴¹
Chain Stores & Supermarkets	- Distributes organic products through large-scale retail networks - Procuring from organic farms and producers, leading the supply chain	54 (41%)	Over 5,600
Small-scale organic farms and processors	- Individuals, households, small-scale organic farms, etc. - Distribute organic food directly from production areas or their own small-scale organic farms	42 (32%)	Farmers: Over 17,000 Food factories: 97
Large-scale organic operations and processors	- Including major players with their own brands - Distribution primarily through external retail networks such as supermarkets and food stores - Owns company retail stores	36 (27%)	

Challenges in Organic Food Distribution¹⁴²



¹⁴⁰ Journal of State Management (2024) <Access>

¹⁴¹ B&Company Database, Vietnam Government Statistics

¹⁴² Barriers were assessed using a Likert scale from 1 (very minor constraint) to 5 (very major constraint)

Source: Journal of State Management

Challenges were rated on a 5-point scale. On the production side, besides supply instability, inadequate processing and preservation facilities were identified as challenges. On the demand side, low consumer awareness and trust were noted, likely due to insufficient information dissemination from producers and retailers. High prices also hindered penetration among a broad consumer base. These challenges scored between 4.3 and 4.4 out of 5 points, indicating many respondents viewed them as significant barriers.

Fragmented Supply Chain

A major industry challenge is unstable supply in both quantity and variety. According to the Vietnam Organic Agriculture Association (VOAA), organic farming area stood at approximately 75,000 hectares by the end of 2023, representing only 0.5% of total cultivated land¹⁴³. Most producers are small-scale family units. They do not rely on advance orders, lack public certification, and plan production autonomously, leading to unstable supply.

Many farmers are cautious about converting to organic farming due to increased costs from adhering to production standards and uncertainties surrounding sales and profitability. Since the number of implementing farms isn't growing, major buyers like supermarkets and exporters cannot rely on domestic sources.

Consumer trust, awareness, and price sensitivity

Social trust is also lacking. In 2024, VOAA reported that 63% of urban consumers doubt the reliability of organic labels¹⁴⁴. Dr. Pham Manh Quan, former Director of the Department of Agricultural Environment at the Ministry of Agriculture and Rural Development (MARD), sounded the alarm, stating this reaction is natural since there are no third-party checks or public registration systems for businesses to meet standards. Producers can actually obtain certification without complying with the standards. This is leading to a decline in

social trust, especially given the current situation where many food fraud cases are occurring.

On the other hand, according to the 2024 Green Consumer Survey, the biggest barrier to organic food is price. 78% cited high prices as a reason for not using it, which is hindering its widespread use¹⁴⁵.

To address these issues, the Ministry of Agriculture, Forestry and Fisheries is developing a national organic certification portal and plans to publish information on certification bodies, businesses, and products. It aims to justify high prices and increase consumer trust through a transparent national platform.

Industry Solutions

Some producers and retailers are building closer partnerships with farmers or introducing overseas models. To stabilize supply, efforts are being made to establish collaborations with producers and cooperatives. Examples include contract farming, joint ventures, and long-term purchase agreements, which can align production with market demand and stabilize prices.

Enhancing Credibility: It is crucial to partner with certified businesses that undergo farm visits and third-party audits, while also adopting digital technologies like QR codes and crop management tools to enable tracking from farm to store shelf. Organica, Ho Chi Minh City's organic specialty chain, collaborates with its own USDA/EU organic-certified farms and partner farms. Using the TraceVerified electronic traceability system, it assigns QR codes to all products, enabling consumers to verify origin and cultivation processes via smartphone. TH Food, operator of the dairy brand "TH true MILK," has also introduced a traceability system that discloses information via QR codes from milk origin to manufacturing and distribution processes, enhancing brand credibility in the premium dairy market.

¹⁴³ Vietnam Organic Agriculture News (2024) [Access](#)

¹⁴⁴ Vietnam Organic Agriculture News (2025) [Access](#)

¹⁴⁵ Vietnam High-Quality Products Business Association (2024) [Access](#)

Agricultural Product Traceability Stamp



Source: National Barcode Center

Enlightenment: Utilizing both online and offline channels is beneficial for increasing consumer exposure to and understanding of organic products. It is necessary to explain the differences between organic and labels such as "clean" or "safe," and to inform consumers where they can purchase organic products. Additionally, improvements in distribution and retail methods are needed to ensure organic products reach consumers in optimal condition and are offered at competitive prices. Examples include enhancing the visibility of organic products within stores and establishing dedicated warehouses.

[Special Topic]

Forest Carbon Credits

Development of the forest carbon market is progressing through domestic initiatives and international cooperation, with a domestic carbon exchange expected to be established by 2028. Forest Deforestation Mitigation in Developing Countries (REDD+) ¹⁴⁶ Progress has been made through pilot projects and agreements with the World Bank and the LEAF Alliance. Key challenges include legal frameworks, technical infrastructure, and funding.

Voluntary Initiatives and International Partnerships

As part of efforts to reduce greenhouse gas emissions and foster sustainable forestry, initiatives for a forest carbon credit market are advancing. Forest carbon credits are generated from various activities aimed at reducing greenhouse gas emissions, such as reducing

deforestation, promoting forest regeneration, and improving forest management. In 2024, the country has approximately 149,000 km² of forest, comprising 101,000 km² of natural forest and 47,000 km² of planted forest, covering 42% of its land area. This vast forest area holds the potential to become a significant player in the global carbon credit market¹⁴⁷.

Forest Area (2024)

Unit: 10,000 km²

Region	Total	Natural Forests	Plantations	Forest Cover Rate (%)
North-Central and Central Coastal Regions	5.7	3.8	1.9	54
Northern Mountainous Region	5.5	3.8	1.7	54
Central Highlands	2.6	2.1	0.5	46
Southeastern	0.5	0.3	0.2	20
Red River Delta	0.4	0.2	0.3	21
Mekong Delta	0.2	0.1	0.2	5
Nationwide	14.9	10.3	4.8	42

Source: Ministry of Agriculture, Forestry and Fisheries

There is no mandatory carbon credit market yet. Emissions reductions are currently being achieved through bilateral negotiations between stakeholders within the voluntary market. Vietnam has participated in greenhouse gas emissions

reduction programs since 2011, but the reduction agreements are still in the implementation and feasibility study phase. Currently, only the ERPA (Emission Reduction Payment Agreement) for the North Central region¹⁴⁸ has been concluded.

Partner	ERPA for the World Bank	Agreement for the Emergent Forest Finance Accelerator
Agreement Year	2020	2021

¹⁴⁶ An international framework to reduce greenhouse gas emissions from deforestation and forest degradation in developing countries, and to support forest conservation, sustainable forest management, and enhanced forest carbon stocks

¹⁴⁷ People's Council (2024) [Access](#)

¹⁴⁸ Contract stipulating that purchasers pay funds on a results-based basis for realized greenhouse gas emission reductions

Target Regions	Six provinces in North Central Vietnam (Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Hue)	Central South and Central Highlands Regions
Target Period	2018–2024	2022–2026
Emissions Reductions	Transfer of 10.3 million tons of CO ₂ emission reductions generated through REDD+ activities to the World Bank	Transfer of 5.15 million tons of forest-based carbon emission reductions to Emergent
Minimum Price per Ton	5 USD	10 USD
Transaction value	51.5 million USD finalized as of 2023	Negotiations ongoing (minimum price basis; subject to future determination)

Source: B&Company analysis

Outlook: Toward the 2028 Carbon Credit Market

Commitment to sustainable forest management, diverse forest ecosystems, and international partnerships position the forest carbon market for significant future growth. According to the Ministry of Agriculture and Rural Development (MARD), Vietnam could generate hundreds of millions of dollars annually (at 5 USD per carbon credit) by selling approximately 40 to 70 million carbon credits to international organizations¹⁴⁹ between 2021 and 2030.

The government has issued guidelines on greenhouse gas reduction and a roadmap for developing the carbon credit market. For example, Decree 06/2022/ND-CP defines the roadmap for developing and implementing the domestic carbon market. According to this decree, priorities until the end of 2027 include establishing regulations for carbon credit management, setting up a carbon credit exchange, conducting pilot transactions, and developing capacity. After 2028, the carbon credit exchange is scheduled to begin formal operations, and regulations for connecting and exchanging domestic carbon credits with

regional and global markets will be established. Furthermore, to prepare for the carbon market, large-scale emitting facilities are required to record greenhouse gas emissions, initiate assigned emission reduction plans, and engage in exchange trading of greenhouse gas emission allowances and carbon credits between 2026 and 2030.

Meanwhile, several domestic and international organizations support forest carbon credit projects. The Vietnam Forest Fund (VNFF) acts as a coordinator and provides resources for sustainable forest management. Key international partners—the World Bank, UN-REDD, and JICA—currently provide technical assistance, capacity development, and funding for ongoing and future pilot initiatives. Specifically, JICA is collaborating with Vietnam to implement the National REDD+ Action Plan, focusing on forest restoration and carbon emission reduction. Additionally, private entities like the V-startup Group are exploring the use of blockchain and AI in the carbon credit market for businesses. SK Forest is conducting feasibility studies for forest emission reduction projects and forest carbon credit transfers and is also participating in Vietnam's carbon credit market.

¹⁴⁹ VTV Online (2024) <Access>

JICA and MARD Working Session on REDD+ (February 2024)



Source: [Doanhnghiepkinhthexanh](#)

Challenges: Law, Technology, Investment

Despite the significant potential for greenhouse gas reduction offered by vast natural forests, the forest carbon market faces significant delays in development due to numerous challenges.

First, the legal and regulatory framework is incomplete and lacks consistency. The 2020 Environmental Protection Law and Decree 06/2022/NĐ-CP establish the foundation for carbon credits and the domestic carbon market but lack detailed provisions. Specifically, clear guidance is absent on: (1) pricing mechanisms, (2) trading procedures, (3) credit custody and securitization, and (4) risk mitigation related to carbon credits as intangible assets. Furthermore, the absence of a clearly defined roadmap for emissions reductions based on the Nationally Determined Contribution leaves fundamental ambiguities regarding forest areas' participation in carbon credit programs. This legal uncertainty also means that the Monitoring, Reporting, and Verification (MRV) system has not been designed in a clear and enforceable manner, creating risks of double counting of emissions reductions.

Furthermore, the legal framework lacks a clear mechanism for determining ownership of forest carbon credits (who holds, trades, and receives benefits from the credits). Article 7 of the 2017 Forest Law stipulates that the state is the representative owner of publicly owned forests (such as natural forests), while plantation forests are owned by organizations, households,

individuals, and communities. In natural forests, multiple stakeholders—including the state, local administrative bodies, forest management committees, and local communities—may be involved in management. This creates uncertainty regarding carbon credit ownership, making it difficult to determine who has the right to trade and receive benefits.

Second, technical infrastructure for carbon market operations is inadequate. While the REDD+ Information System and centralized forest database have been developed, administrative use remains limited, and data updates lack consistency. A 2022 Center for International Forestry Research (CIFOR) report identified the following technical challenges: (1) Many provinces lack the technical capacity to conduct forest carbon inventory surveys and reporting, compromising the accuracy and reliability of carbon credits. (2) Reference data such as land cover maps and satellite-based monitoring tools are insufficiently developed, with their implementation limited to pilot operations in some REDD+ sites like Quang Binh, Thua Thien Hue, and Lam Dong. (3) As noted by the FCPF Carbon Fund, many regions still rely on manual estimation methods, leading to uncertainty and increased costs. (4) Independent third-party verification systems are not in place, increasing the risk of reduced reliability and misreporting.

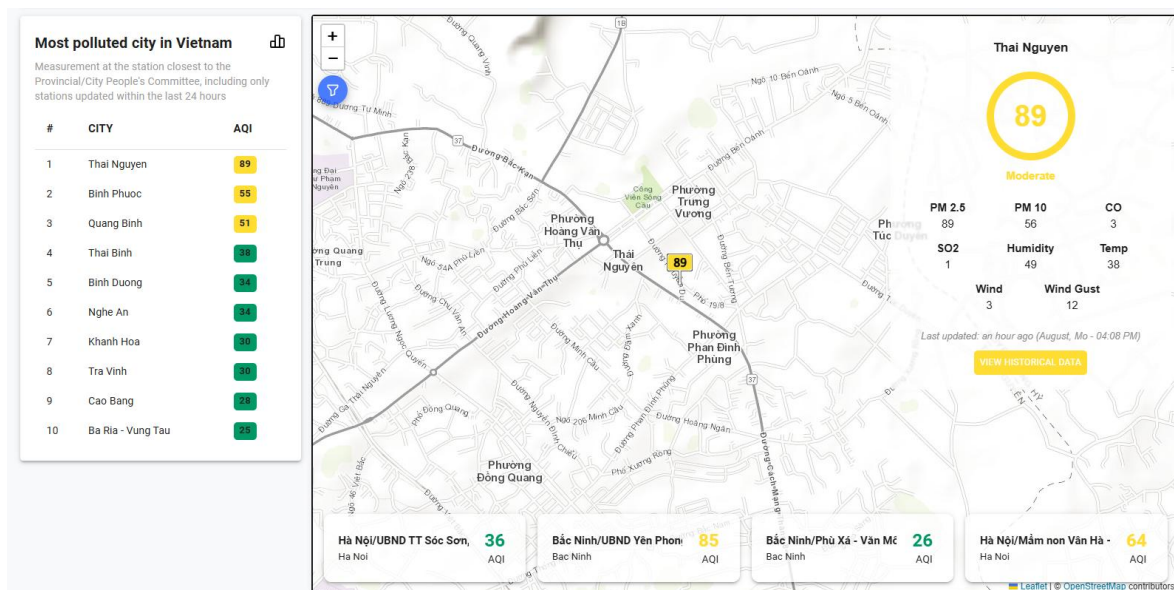
Finally, there are also financial constraints. Sustainable forest projects require significant investment in the introduction, training, and monitoring of MRV systems, while revenues from carbon credits are unstable, especially for small-scale projects. At present, there are no attractive green financial products to attract investment from local governments and the private sector.¹⁵⁰ For example, despite a \$51.5 million ERPA signed with the World Bank in 2020, procedural bottlenecks are hindering the disbursement of funds in provinces such as Quang Tri and Quang Binh. Investors are cautious due to the lack of risk-sharing mechanisms such as carbon credit insurance.

¹⁵⁰ Business Forum Magazine (2025) <[Access](#)>

About AirData360 — The growing need for air quality monitoring in Vietnam

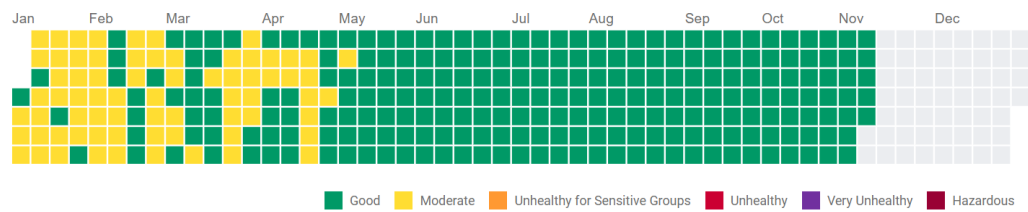
Air pollution is worsening in Vietnam, particularly in major cities. In 2023, the country was reported as having the second most severe air pollution in Southeast Asia and the 22nd most severe globally. Hanoi ranks among the most polluted capital cities worldwide. Analysis of nationwide air quality data by B&Company revealed that in the first half of 2025, only about one-third of days in Hanoi were rated as having "good" air quality.

Given this situation, AirData360 was developed to provide a mechanism for understanding trends in when and where pollution tends to intensify.



Intended Users	We envision a wide range of users, from individuals wanting to check air quality in their daily lives to those in education, healthcare, research, and government administration - General Public: Check current pollution levels and understand health precautions before going out - Parents/Caregivers: Monitor children, the elderly, and those with respiratory conditions; refer to advice on reducing exposure on days with high pollution - Environmental researchers and government officials: Utilize past data and trend analysis for research and policy development The interface supports three languages (Vietnamese, Japanese, English).
Main Features and Services	Real-time and historical air quality data Provides AQI (Air Quality Index) updated from nationwide monitoring stations and allows access to historical data. Enable users to not only track current conditions but also grasp long-term trends considering factors like seasons Interactive Maps & Visualizations Displays pollution hotspots and relatively clean air areas across all of Vietnam. Shows changes over time using color-coded charts and heatmaps

Ho Chi Minh City (HCMC) Air Quality Heatmap: January 1, 2025 - November 7, 2025



View real-time air quality information for free at airdata360.com

B&Company was established in 2001 with main businesses are (1) overseas expansion support services and (2) market research consulting. Over the years, we have supported the strategic planning of various private companies and public institutions across different industries through comprehensive market information analysis, building a reputation of trust.

B&Company Vietnam was established in 2008, and as the first Japanese full-scale market research company in Vietnam, we have been providing services to private companies, governments, and organizations around the world. Using our network of internal and external consultants, researchers, and industry experts, we support business strategy formulation, various surveys, and policy formulation. In addition, we have recently created a database of over 900,000 companies in Vietnam, which we use to search for corporate partners and analyze the market.

The “B” in B&Company stands for “Buoyancy”. B&Company has dynamic staffs and is committed to providing flexible and high-quality service.



Main sectors



Medical & Healthcare



Education



Finance



Retail



Real Estate



F&B



Public Institution



NGOs



Construction



ICT



Manufacturing



Logistics



Agriculture



Service



Lifestyle



Others

Main services



Industry report

Providing comprehensive reports that offer an understanding of the overall picture in various industries and fields



Industry interview

Conducting interviews with market experts, industry stakeholders, major companies, government agencies, etc.



Consumer survey

Implementation of quantitative and qualitative research (including questionnaires, group interviews, etc.)



ビジネスマッチング

現地パートナー候補とのマッチングを選定から交渉・実施までトータル支援



進出総合コンサルティング

F/S調査から進出計画の立案、会社設立までトータル支援

WORLD IN INTELLIGENCE

since 2001

info@b-company.jp



www.b-company.jp

Tokyo Headquarters

B&Company Co., Ltd.
2F, Decom Building, 2-17-6 Iwamoto-cho,
Chiyoda-ku, Tokyo 101-0032
TEL: 81-3-5829-4006
FAX: 81-3-5829-4009

Hanoi Headquarters

B&Company Vietnam Co., Ltd.
4F, VINARE Building, 141 Le Duan,
Hoan Kiem Ward, Hanoi
TEL: 84-24-3978-5165

Ho Chi Minh City Branch

5F, Duong Anh Building,
181 Dien Bien Phu, Tan Dinh Ward,
Ho Chi Minh City
TEL: 84-28-3910-3913