



While reaffirming its continued contributions to building up ASEAN, Vietnam has expanded ties with Indonesia and Singapore, with investment and trade fuelled by a series of new deals. **Khoi Nguyen** reports.

Last week, Vietnamese Party General Secretary To Lam paid a state visit to Indonesia, and an official one to the ASEAN Secretariat and Singapore, where Vietnam has expanded cooperation, especially in investment and trade.

In Jakarta, Party General Secretary Lam met with Secretary-General Kao Kim Hourn and the Committee of Permanent Representatives to ASEAN. He highlighted Vietnam's long-standing commitment to and contributions towards the development of the bloc over the past 30 years. He stressed Vietnam would continue its efforts to contribute to the common development of the ASEAN Community, and that it must continue to be a united and cohesive grouping.

His visit marked the upcoming 30<sup>th</sup> anniversary of Vietnam's accession in 1995 and the 10<sup>th</sup> anniversary of the establishment of the ASEAN Community.

Secretary-General Hourn said Vietnam had made significant contributions to the bloc and the ASEAN Community, and he expressed hope that Vietnam would continue to play a leadership role in the organisation.

The ASEAN Secretariat has commended Vietnam's investment facilitation, helping to engage more investment inside and outside the region.

"Vietnam's government has continued to reform and take steps to further improve the country's investment environment, including implementing resolutions and regulatory directives on strengthening information provision, simplifying processes and reducing administrative requirements," the Secretariat said.

Foreign direct investment from ASEAN member states into Vietnam increased from \$10 billion in 1995 to nearly \$40 billion last year.

Vietnam's total two-way trade with regional nations reached \$83.9 billion in 2024, with the country suffering from a \$9.9 billion trade deficit. Vietnam's export turnover from member states stood at \$37 billion, up 13.7 per cent on-year, and the country's import turnover reached \$46.9 billion, up 14.7 per cent on-year.

In the first two months of 2025, bilateral trade hit \$13.5 billion, with Vietnam's exports of \$5.7 billion, down 1.4 per cent; and imports of \$7.8 billion, up 15.9 per cent, meaning a trade deficit of \$2.1 billion. The ASEAN is Vietnam's third-largest



Photo: VNA

# ASEAN relations take on fresh perspective

trade partner.

## Elevating cooperation

During Party General Secretary To Lam's visit to Indonesia, he and President Prabowo Subianto agreed to elevate their bilateral relationship from a strategic partnership forged in 2013 to a comprehensive strategic partnership between Indonesia and Vietnam, marking a significant milestone in celebration of the 70<sup>th</sup> anniversary of diplomatic relations.

"With the elevation of bilateral relations to a higher level, both leaders are committed to advancing ties into a new chapter. They pledged to deepen relations in all channels, including between people to people and business communities," read a joint statement released during the visit.

Both countries have set a bilateral trade target of \$18 billion by 2028 and will continue to strengthen cross-sectoral economic cooperation. The leaders also agreed to expand cooperation into new areas for a sustainable future, such as green economy, food and energy security, Halal industries, fisheries, agriculture, maritime cooperation, sci-tech, digital transformation, AI and finance, and banking, the statement added.

On March 10, the Ministry of Finance, the Vietnamese Embassy in Indonesia, and Ciputra Group jointly organised the business dialogue "Vietnam and Indonesia: Partnership for Progress and Prosperity" in Jakarta. A number of corporations between the two countries signed and exchanged cooperation agreements. VinFast signed an MoU with Bank Negara Indonesia on comprehensive strategic cooperation on green transformation solutions and long-term green finance sources. Meanwhile, Sovico inked an MoU with Ciputra Group on cooperation in developing real estate projects,

smart urban areas, industrial parks, logistics centres, and trade-service areas in Vietnam and Indonesia.

Denny Abdi, Indonesian Ambassador to Vietnam, said that in 2025, as both countries are striving towards even more rapid economic growth to reach the shared vision of becoming high-income countries by 2045, a much stronger trade and investment should be expected.

"Collaboration in the development of a regional electric vehicle ecosystem will continue to be a priority in Indonesia-Vietnam relations, especially given both countries' commitments to transition to clean energy," said Ambassador Abdi. "In this sense, cooperation in renewable energy will also be essential, as Indonesia and Vietnam are striving to reach our respective net-zero targets. I also expect more collaboration in new areas to be conducted, including semiconductor and technologies such as AI."

According to the Indonesian Embassy to Vietnam, many Indonesian businesses are targeting Vietnam as an attractive business and investment location. They are operating in many sectors, such as coal, education, vehicle components, infrastructure, property, consumer products, agriculture, and plastic moulding. Many Indonesian companies have been successfully operating in Vietnam, including Thang Long Cement, Ciputra Group, Dynaplast Vietnam, Japfa Comfeed, Akebono Brake Astra Vietnam, and Vietmindo Energitama.

Last week, Party General Secretary To Lam met with leaders of several major Indonesian enterprises in Jakarta, such as Ciputra Group, PT GoTo Gojek Tokopedia Tbk, PT Alamtri Resources, and Sungai Budi Group, who expressed their big interest in the Vietnamese market.

According to the Foreign Investment Agency (FIA) under Vietnam's

Ministry of Finance, cumulatively as of late February, Vietnam had 130 valid ventures by Indonesian enterprises registered at \$670 million.

Most Indonesian investments in Vietnam are located in the southern region. The sectors range from manufacturing products, fast-moving consumer goods, chemicals and pharmaceuticals to transportation, travel, and logistics. These companies produce goods and services for the Vietnamese market, as well as for export.

Vietnam's VinFast has committed \$1.2 billion in investment in Indonesia, while Dien May Xanh has opened over 100 stores in the nation, and Saigon Cafe owns a chain of 40 Vietnamese restaurants in Indonesia, and hopes to raise the number to 200 over the next few years.

Indonesia is now the second-biggest trade partner of Vietnam in Southeast Asia, and Vietnam is the fourth trade partner of Indonesia in the region.

Bilateral trade rose from \$5.6 billion in 2014 to \$11.5 billion in 2021, up 40 per cent against 2020. The figure hit \$16.7 billion in 2024, including Vietnam's exports of \$10.5 billion and imports of \$6.2 billion.

## Strengthening ties

Last week, during Party General Secretary Lam's trip to Singapore, both nations raised their strategic partnership established 12 years ago to a comprehensive strategic partnership. Vietnam and Singapore will also amplify economic, trade, and investment cooperation.

Over the last three years, Singapore has been Vietnam's largest source of foreign investment. Figures from the FIA show that cumulatively as of late February, Singapore was Vietnam's second-largest foreign investor after South Korea, with total registered capital of near-

ly \$84.4 billion for nearly 4,000 projects. This has also made Singapore the biggest ASEAN investor in Vietnam.

There are many big projects, including the \$4 billion liquefied natural gas-to-power plant in the Mekong Delta province of Bac Lieu; the \$4 billion South Hoi An integrated casino resort in the central province of Quang Nam; and the Long An I and II power plants, costing \$3.1 billion.

Additionally, there are 18 Vietnam-Singapore Industrial Parks (VSIPs), icons for the bilateral relationship in 13 localities in Vietnam. Many have become operational, with an occupancy rate of over 83 per cent, attracting \$18.7 billion for over 860 projects employing about 300,000 local employees.

It is expected that in the coming years, there will be many more investments into Vietnam by these VSIPs, with much more employment. For instance, VSIP Binh Duong III, in the southern province of the same name, has lured in Lego Corporation to develop Vietnam's first green manufacturing facility.

At present, more than 90 per cent of construction and building infrastructure of the facility has been completed. Its total investment is more than \$1 billion, which will create up to 4,000 jobs.

An energy initiative is also being implemented and supports Vietnam's renewable energy resources, particularly offshore wind, so that the country can partake in the ASEAN Power Grid. Moreover, it will connect all member states together in order to not only help Vietnam and Singapore achieve energy security but also the common aspiration for net-zero by 2050.

The Vietnamese government has also called for Singaporean investors to expand their investments into the key and prioritised sectors in Vietnam, such as electronics, smart manufacturing, IT, high technology, and new materials.

Singapore has also been asked to support Vietnam to develop many industrial sectors, such as garments and textiles, wood processing, shipbuilding, industrial infrastructure, petrochemicals, and more.

Meanwhile, currently, Vietnamese investors have invested 180 projects in Singapore, registered at over \$668.4 million, focusing on science and technology (18 projects worth \$264.2 million), information and communications (66 initiatives costing \$193.2 million), and others.

In 2024, bilateral trade hit \$23.8 billion, including Vietnamese exports worth \$6.45 billion, up 30.8 per cent on-year, and Singaporean exports valued at \$17.35 billion, up 3.24 per cent on-year. This made Vietnam the 11<sup>th</sup> largest trade partner of Singapore. ■

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Vietnamese and Singaporean businesses are expected to enjoy new opportunities, driven by new commitments of the two countries. **Seck Yee Chung**, vice president, Singapore Chamber of Commerce Vietnam spoke to *VIR*'s **Thuy Nguyen** about future prospects following the state visit of Party General Secretary To Lam to the island nation last week.

*What were your expectations of the results of the state visit to Singapore by Vietnam's Party General Secretary To Lam?*

The economic, trade, and investment relations between the two countries have been highly dynamic, yielding significant and measurable achievements. Therefore, it is hopeful that the visit created a more conducive environment for business and investment, benefiting both countries.

# A new chapter for investment with Singapore and Vietnam

We expect that Vietnam will be looking for more legal framework reform to accommodate investment from Singaporean businesses.

It is noted that Vietnam has been making efforts in issuing several new laws, as well as introducing new draft regulations to catch up with global fast-paced developments, and also to remedy regulatory and administrative inefficiencies.

Having said this, additional effort from the government is still needed to ensure a conducive business environment for foreign investors, including those from Singapore.

*With the new commitments of the two countries, what future opportunities for Vietnamese and Singaporean companies?*

Being the first visit of the Party general secretary to Singapore under his current role, this marked a new step forward in the relationship between Vietnam and Singapore ever since the two countries became strategic partners in 2013.

This visit, including high-level meetings with Singapore's President Tharman Shanmugaratnam and Prime Minister Lawrence Wong, elevated the bilateral rela-

tionship between the two countries to the highest level - a comprehensive strategic partnership. This visit paved the way for more substantive cooperation, including cooperation in the fields of green economy, digital economy, science, technology and innovation, clean energy, and financial centres. More investment opportunities can be explored in addition to traditional cooperation areas such as trade and investment.

As an example, science, technology, and innovation are crucial emerging fields. Many Singaporean investors have vast experience obtained from being a global hub for multinational technology corporations, which matches Vietnam's wide interest in technological advancement.

The development of financial centres will be another key topic of collaboration. As Vietnam is focusing on transforming Ho Chi Minh City and Danang into international financial hubs, Singapore's expertise can offer valuable insights for Vietnam while still leveraging Singapore's status as a world-class financial centre.

This can also create investment opportunities for Singaporean financial institutions seeking to ex-

pand further.

*Do you think the visit will make changes in the business and investment landscape?*

Singapore has always been one of Vietnam's largest partners. In 2024, Singapore maintained its position as the country investing the most in Vietnam, with the total registered investment capital of around \$10.2 billion, accounting for one-quarter of the total foreign capital.

Singapore's projects are present in many provinces and cities, focusing on, among others, processing and manufacturing industry, real estate business, and production and distribution of electricity, gas, water, and air conditioning.

Vietnam's trade with Singapore has also increased stably throughout the years, reaching approximately \$23.5 billion in 2024. Therefore, we are hopeful that the visit will further boost the collaboration and relationship between the two countries.

During this visit, Party General Secretary To Lam reaffirmed Vietnam's commitment to creating better conditions for foreign investors, including those from Singapore.

This includes support for long-term business ventures and enhanced cooperation in strategic sectors, such as healthcare, high-tech manufacturing, and real estate.

Emphasising Vietnam's commitment to administrative reforms, authorities and local governments are also committed to collaborating with businesses to facilitate project implementation.

Singaporean businesses were encouraged to see this visit and are hopeful to see positive changes and efforts to make Vietnam a desirable investment destination. Overall, Singaporean businesses are optimistic that the visit will pave the way for a more robust business and investment landscape in Vietnam.

There are some notable points of interest. Firstly, emerging sectors such as carbon credits, clean energy, climate resilience, green finance, semiconductor and high-tech industries, digital transformation and digital economy, and AI are of high interest.

Secondly, the success of the 18 Vietnam-Singapore Industrial Parks in Vietnam, the flagship project in bilateral cooperation, is seen as a model for future collaboration.

The result of the visit is anticipated to lead to policy enhancements that create a more favourable business environment, including better infrastructure, streamlined regulations, and increased support for foreign investors. ■

## Strong Singapore-Vietnam ties can be capitalised on

Party General Secretary To Lam's visit to Singapore promises to help further increase bilateral trade and investment ties. **Pham Duy Khuong**, managing partner of ASL Law, talked with *VIR*'s **Tra My** about the potential, challenges, and key legal considerations for businesses on both sides.

*Which sectors are currently prioritised in trade and investment cooperation between Vietnam and Singapore?*

There are several sectors emerging as top priorities, including the digital economy and digital transformation. Singapore is exceptionally strong in technology, digital infrastructure, and expertise in digital transformation. Vietnam is actively encouraging such a transition and has substantial investment needs in digital infrastructure, e-government, smart cities, e-commerce, fintech, and related areas.

Renewables also hold immense potential. Singapore is deeply committed to green development and possesses advanced technologies and experience in renewable energy and environmental technologies.

Vietnam is experiencing strong growth in offshore wind, solar energy, and green hydrogen, while Singapore has the financial capacity and resources to provide significant support. Cooperation will be centred on clean energy projects, emissions reduction technologies, and the circular economy.

As for innovation, Singapore

is a leading innovation hub in the region. Collaboration in this area will encompass investments in Vietnamese startups, tech transfer, experience sharing, and more.

*What policies or legal reforms could Vietnam implement to facilitate Singaporean businesses investing in strategic sectors?*

Vietnam needs to continue enhancing its investment environment and implement specific policies. Firstly, admin procedure reform should remain a top priority for Vietnam. It is crucial to further simplify, increase the transparency of, and digitise procedures related to investment and business operations.

Secondly, the legal framework needs to be developed to ensure clarity, stability, transparency, strong enforceability, and predictability, especially for these new sectors. Finally, Vietnam should implement targeted investment incentive policies, including preferential tax treatments, land access, and financial support.

*What advantages can Singaporean businesses leverage when invest-*



*ing in Vietnam amidst a volatile regional economic climate?*

In the context of regional economic volatility, Singaporean companies can capitalise on Vietnam's inherent strengths. Most prominent is Vietnam's rapid economic growth coupled with political stability.

Secondly, Vietnam offers a large domestic market, combined with a geographic location at the heart of Southeast Asia. Vietnam's participation in numerous free trade deals also expands export markets and creates a competitive edge.

Thirdly, Vietnam has an abundant and youthful labour force with increasingly strong skills in technology and manufacturing sectors. At the same time, labour costs in Vietnam are competitive.

*What are the key issues that businesses should concern about when expanding investment or business operations in Singapore?*

One of the most prominent hur-

dles is the high cost of operations. Singapore ranks among the most expensive countries globally for both living and conducting business. Vietnamese companies must anticipate substantial expenditures, such as office rentals, labour costs, legal and accounting services, and other operational expenses.

Another equally critical factor is the extremely high level of competition. Singapore is a global economic centre, attracting businesses large and small from all corners of the world. This creates a fiercely competitive environment. Vietnamese companies, particularly smaller ones, must possess truly unique and high-quality products or services, along with a sharp strategy.

Furthermore, legal regulations and standards in Singapore are very stringent. Vietnamese businesses need to dedicate time to thoroughly understand and rigorously comply with Singaporean law, spanning corporate law, labour regulations, taxation, environmental standards, and quality benchmarks.

*What are the current legal barriers to two-way trade between Vietnam and Singapore? What measures can both sides take to overcome these barriers?*

In the context of the very positive and robustly developing bilateral relationship we currently enjoy, I believe that legal barriers are not

a major impediment to two-way trade between Vietnam and Singapore. Both nations are members of ASEAN and regional free trade agreements, which have already established a quite favourable legal framework.

There are several measures that both sides could collaboratively undertake. Firstly, it is necessary to continue to harmonise and simplify regulations. Within the ASEAN framework and bilaterally, both countries can further collaborate to harmonise standards, technical regulations, and simplify customs procedures, quarantine processes, and administrative procedures related to trade and investment.

Secondly, both nations need to further encourage the public availability and transparency of legal regulations, trade and investment policies, and ensure information is readily accessible to businesses.

We must accelerate the digitalisation of procedures. Additionally, it's necessary to establish effective dispute resolution mechanisms.

Finally, it is critically important to enhance information exchange. Regularly organising forums, seminars, and dialogues between the governments and businesses of both countries to exchange information, listen to business perspectives, and promptly address any legal issues that arise during the course of cooperation is paramount. ■