



# Vietnam Market for Industrial Equipment

By U.S. Commercial Service – Vietnam  
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## Overview

U.S. Industrial Equipment Exports	Value 2008	Value 2009	Value 2010	Value 2011	Percentage growth or (decline) over 2010
Other industrial supplies	23,781	31,879	49,770	58,855	18.2
Generators, accessories	12,955	11,055	14,628	55,851	281.8
Electric apparatus	32,454	31,005	40,131	50,066	24.7
Industrial engines	24,989	25,779	24,383	58,182	138.6
Metalworking machine tools	23,506	26,246	38,520	31,284	(18.8)
Measuring, testing, control instruments	28,792	26,652	35,596	41,411	16.3
Materials handling equipment	29,596	45,922	53,382	72,835	36.4
Industrial machines, other	38,642	45,809	45,853	70,188	53.1
Vietnam's Total Import of Machinery, Equipment and Parts (from the World)	-	-	-	15,200,000	n/a

Source: U.S. Census Department Foreign Trade Data; Vietnam Customs; USD Thousands

Vietnam's industrial sectors – and its markets for industrial equipment – have been growing rapidly in the last few years. This is largely driven by increased foreign direct investment in manufacturing, combined with the Vietnam government's desire to move beyond labor intensive/light manufacturing into more value-added/technology-intensive industries, creating demand for higher-end manufacturing technologies. Increased pressure among Vietnam-based suppliers to meet higher quality requirements and tighter product specifications by the country's growing electronics, petrochemical and food processing industries is also fueling the demand for these technologies. While competition can be fierce, American industrial equipment companies enjoy a strong reputation for quality, reliability and technology, and are well positioned to sell into this changing market.

## Opportunities

In the last few years, the Vietnam government has championed a number of high-profile investments in key sectors such as petrochemical refining, power generation, and heavy industry which have bolstered demand for a wide range of industrial products. For example, the government hopes to reduce reliance on the export of commodities, and instead encourage

more onshore processing –including downstream manufacturing and packaging of food, chemicals and plastics. The country’s three major refinery investments (see Oil and Gas Best Prospect Report) which are at various stages of developments are good examples of this trend.

In recent years, Vietnam has also successfully attracted a number of major multinational investors in electronics, pharmaceuticals and consumer goods sectors, and this is attracting networks of suppliers and services companies that are generating demand for precision manufacturing equipment, testing instrumentation and other sophisticated industrial tools and inputs. Recent investments from major multinationals include Nokia, Kyocera Mita, and an expansion of Samsung’s existing facility. While much of this investment is geared toward export-oriented sectors, a number of firms are also eyeing Vietnam’s domestic market for both durable and consumer goods production, with companies like Honda, Yamaha, Hyundai and others expanding their Vietnam production.

Opportunities for U.S. supplies to expand into Vietnam are growing, accessed through multiple procurement channels:

First, U.S. equipment suppliers would be well served to track the major investments by multinational manufacturers, identify the major EPC providers, and approach both the project owner and EPC contractor to identify their capital equipment investment needs.

Second, there is a growing network of industrial product distribution companies that are actively looking to represent foreign products. Many have established after-sales service and maintenance capabilities with growing sophistication and integration know-how.

Despite – or perhaps because of – global economic uncertainties, 2011 saw continued movement among Asian regional manufactures toward Vietnam. While selling into these supply chains can be challenging, their increased interest in Vietnam will further support a growing base of support companies, suppliers, materials and service companies. To accommodate these growing investments, Vietnam has also recently announced the expansion of several industrial zones, such as Amata and Long Duc in Dong Nai and the Vietnam-Singapore Investment Parks, and others in Haiphong, Da Nang and Can Tho, with major investments in the pipeline from Thai, Korean and Japanese firms, among others.

Vietnam’s large state-owned sector, which dominates major utilities, oil & gas, shipbuilding and strategic heavy industrial sectors is another important customer segment for industrial equipment and materials.

Overview of Industrial Parks in Vietnam

[http://www.business-in-asia.com/industrial\\_zones\\_vietnam\\_all.htm](http://www.business-in-asia.com/industrial_zones_vietnam_all.htm)

Technical Education:

Recognizing the need for qualified technical expertise in the workforce, several universities and vocational universities have established manufacturing and automation departments – these programs present partnering opportunities for equipment suppliers as well as provide much-needed graduates with technical training to build sales and distribution networks for equipment suppliers.

Hanoi University of Science and Technology

<http://en.hustech.edu.vn/>

HCMC University of Technical Education  
<http://www.hcmut.edu.vn/en/>

HCMC Vocational College of Technology  
<http://english.hvct.edu.vn/>

## Best Prospects

Automation – with increasing labor costs combined with larger production targets, local companies are increasingly looking to automate portions of their production.

Materials Handling/Storage Equipment – From feed grains to coal supplies, companies are putting in the necessary supply chain infrastructure to handle and store raw materials.

Generators and equipment for onsite/back-up power – with unstable power supply in many parts of the country, virtually every factory or commercial facility must invest in on-site back-up power supply.

Energy Efficiency – power shortages combined with increasing prices for power make energy efficient industrial solutions (hvac, boilers, etc) more practical and cost effective. The introduction of Energy Service Companies (ESCO) financing models should spur further investment in energy efficiency.

## Trade Shows:

Vietship 2012, February 28 – March 1, 2012, Hanoi

MTA Vietnam Hanoi, March 28-30, Hanoi

Vietnam Expo 2012, April 4 -7, Hanoi

Vietnam Metal Working, June 5 – 8, 2012, Hanoi -- <http://www.linkagemtai.com/hanoi/>

Vietnam International Industrial Machinery Exhibition (IIME) 2012, HCMC,  
June 19 – 23 - <http://www.machinery-vietnam.com/>

Viet Pack and Print, October 24 – 25, 2012, HCMC. <http://www.vietnamprintpack.com/hcm/>

Vietnam Machine Tool and Automation Exhibition 2012 – TBD, HCMC  
<http://www.linkagemtai.com/>

Nepcon Vietnam Electronics Testing and Measurement Expo, October 4 – 6, 2012, HCMC,  
<http://www.nepconvietnam.com/>

Vietnam Manufacturing Expo, October 2013, HCMC, <http://www.intermoldvietnam.com/>

## Resources

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