

## NEWSLETTER FROM VIETNAM

July 2018



*In Bat Trang – the pottery village*

---

### **A warm welcome to all our readers**

*Information in this newsletter is presented on a synthetic basis with a reference number. On request, our offices will be pleased to assist any Brussels company who wishes to receive further information on any of the topics exposed hereunder. Please return by e-mail the topic with its official heading, mentioning the issue and the reference number.*

*You may also find our newsletters on the website of: <http://www.invest-export.irisnet.be>*

---

### **In this issue:**

- ✓ Placing M&A bets on the bright future of Vietnam
- ✓ Confectionery market to reach US\$ 1.76 bil this year
- ✓ Import ban on used machinery set to be loosened
- ✓ Policies encourage renewable energy development
- ✓ MB Ageas Life thrives on bancassurance
- ✓ FiT deadline extended for solar projects in Ninh Thuan
- ✓ Bright future for cloud computing
- ✓ President bids farewell to Belgian ambassador
- ✓ E-payments head for a boom

- ✓ Vietnam imports large volume of medical equipment
- ✓ HCMC to hold contest to seek consultant for underground space
- ✓ VN should become a top 15 farming nation: PM

#### **Fairs and exhibitions in October 2018**

- ✓ Homeland Security Expo 2018
- ✓ Vietnam Int'l Plastics and Rubber Industry Exhibition-VietnamPlas
- ✓ Metalex Vietnam 2018
- ✓ MTA Hanoi 2018
- ✓ Vietstock 2018
- ✓ Oil and Gas Vietnam 2018
- ✓ Marine Vietnam 2018
- ✓ Vietnam International Industrial Fair- VIIF 2018
- ✓ Vietnam Motorshow 2018

#### **Placing M&A bets on the bright future of Vietnam**

The 1st quarter of 2018 saw a record volume of capital target Vietnamese real estate of US\$ 750 mil either directly or indirectly. If investors are seeking to invest in existing real estate assets, they have to consider equity capital investment in locally held companies with single or small portfolios of holdings. FDI into real estate is currently dominated by large capital injections into manufacturing, dominated by South Korean giant Samsung and LG. Large scale commercial and residential development projects are a very close second with CapitalLand, Keppel Land, Gaw Capital, Hongkong Land Lotte, and Sumitomo Real Estate. *(Vietnam Investment Review, 09-15/07/2018)*

#### **Confectionery market to reach US\$ 1.76 bil this year**

The latest report from Business Monitor International estimated sales of the local confectionery market will reach US\$ 1.76 bil this year, consistent with a global trend in which revenue in the bread and bakery products segment amounts to US\$ 555 mil, with annual growth of 12.9%. Vietnam's cake intake will grow strongly to reach an average per capita consumption of 3.3kg this year. As this is still only half of the per capita cake consumption in Thailand, there is still room to grow. *(Vietnam Investment Review, 09-15/07/2018)*

#### **Import ban on used machinery set to be loosened**

Firms in Vietnam will be able to import used machinery and equipment into Vietnam for their investment project's production under the decision to take effect on 01/01/2019. The decision will support production firms which import used machinery and equipment for their domestic usage without trading. *(Vietnam Investment Review, 09-15/07/2018)*

### **Policies encourage renewable energy development**

A series of preferential policies on credit, import tax, export tax, corporate income tax, calls for electricity buyers to purchase all the electricity generated from grid-connected projects at the price US\$ 0.93/kWh have encouraged the development of renewable energy. As of now, Vietnam has a total of 245 renewable energy projects, however, only 19% of the projects are in the construction stage, and only 8% actually generate electricity, while the rest are still in preparation phase. *(Vietnam News, 13/07/2018)*

### **MB Ageas Life thrives on bancassurance**

MB Ageas Life Insurance Company, a joint venture between Military Commercial JSC and two foreign shareholders-insurance group Belgian Ageas and Thailand's Muang Thai Life- has reaped outcomes beyond expectations. Just over a year after its debut, the company ranks top 9 life insurance companies having biggest new turnover. *(Vietnam Investment Review, 16-22/07/2018)*

### **FIT deadline extended for solar projects in Ninh Thuan**

The Vietnamese government has approved to extend the feed-in-tariff incentive for solar projects until late 2020 for projects in Ninh Thuan, thus heating up the market and raising hopes that the extension may take effect nationwide. *(Vietnam Investment Review, 16-22/2018)*

### **Bright future for cloud computing**

The cloud computing market in Vietnam will see a boom in the next two or three years. Vietnam is spending on cloud computing in the country in 2010-2016 period rose by 64.4%- the highest rate in the ASEAN region. In 2018, Vietnam's Cloud Readiness Index reached 14.1 out of 100 points, taking 14<sup>th</sup> position in the ranking of cloud service coverage in Asia. The annual cloud computing expenditure of Vietnam of US\$ 1.7/capita remains extremely low compared to the other country in the region. The demand for cloud computing in Vietnam would be big in the future and due to its benefit. *(Vietnam News, 18/07/2018)*

### **President bids farewell to Belgian ambassador**

President Tran Dai Quang hosted a reception for the Ambassador of Belgium Jehanne Roccas who is due to finish her visit to Vietnam. Vietnam attaches great importance to strengthening its friendship with Belgium, adding that the two nations are now significant economic partners with bilateral trade relatively higher than that between Vietnam and Belgium compared to other European countries. Ambassador Roccas said her country will continue support Vietnam in the future and that Belgium, along with some other European nations, are looking to set up a university in Vietnam. *(Vietnam News, 27/07/2018)*

### **E-payments head for a boom**

E-commerce and e-payments in Vietnam have been growing quickly alongside each other in recent years. Vietnam had around 35.4mil e-commerce users out of total population of over 90mil in 2017.

In 2018, the number of e-commerce users is forecast to reach 37.3mil. By 2021, it could go up to 42mil, representing 58% of the country's total population. On average, a user spent US\$62 online in 2017 and the amount is anticipated to rise to US\$96 by 2021. Total revenue of the local e-commerce market was estimated at some US\$ 2.2 bil in 2017, with a compound annual growth rate for the period of 2018-2022 of 13.5%, resulting in market volume estimated at US\$ 4.45 bil by 2022. *(Vietnam Investment Review, 30/07-05/08/2018)*

#### **Vietnam imports large volume of medical equipment**

Vietnamese medical equipment market has grown 18% annually over the last 5 years, but more than 90% of medical equipment is imported from other countries. Last year, the country spent US\$ 1.1 bil on medical equipment imports, well above US\$ 950 mil in 2016. Domestic enterprises account for only 10% of the local market share and can manufacture simple and low value-added products. Vietnam's 5 largest suppliers of medical equipment are Japan, Germany, the USA, China and Singapore. Medical products from these markets make up 55% of Vietnam's total medical equipment imports. Vietnam has purchased mainly diagnostic imaging equipment such as X-ray, ultrasound, magnetic resonance imaging and computed tomography scanners, as well as equipment used for surgery, endoscopy, sterilization, testing and medical waste treatment. *(Saigon Times Daily, 30/07/2018)*

#### **HCMC to hold contest to seek consultant for underground space**

The Hochiminh City government has approved the use of an international contest to choose the best consulting firm to handle the planning of the city's underground space. The plan will help the city execute breakthrough programs for urban areas, waterways and waterborne tourism. The city is constructing a number of metro lines and underground car parks and plans to build underground shopping centers in the coming period. However, problems such as power, telecom cables and water pipelines have led to the slower-than-expected progress of these projects. If the underground space is mapped out for better planning, the projects can be executed more easily. *(Saigon Times Daily, 30/07/2018)*

#### **VN should become a top 15 farming nation: PM**

In a conference on promoting corporate investment in the agriculture sector, the Prime Minister set the target that in the next 10 years besides being one of the top 15 agricultural countries, the country's agricultural processing industry must rank in the top 10. Vietnam should be the world's largest processor of and trading hub for agriculture products. The PM called on ministries and other agencies to continue with administrative reform, improve the quality of planning, promoting competition as part of the market economy mechanism with a focus on three areas in which the country is in the top 5 in the world, namely vegetables, fisheries and medicinal plants besides some other strengths such as shrimp and rice. Last year, 9 big agricultural exports are fisheries with US\$ 8.3 bil, cashew with US\$ 3.5 bil, fruits and vegetables with US\$ 3.5 bil, coffee with US\$ 3.24 bil, rice with US\$ 2.6 bil and pepper with US\$ 1.1 bil. *(Vietnam News, 31/07/2018)*

---

## FAIRS AND EXHIBITIONS

### Homeland Security Expo 2018

**Time:** 03-04 October 2018

**Venue:** International Center for Exhibition (ICE Hanoi), Hanoi

**Website:** <http://homeseceexpo.com/>

### Vietnam Int'l Plastics and Rubber Industry Exhibition-VietnamPlas

**Time:** 04-07 October 2018

**Venue:** Saigon Exhibition and Convention Center, HCMC

**Website:** <https://www.vietnamplas.com/>

### Metalex Vietnam 2018

Vietnam's International Exhibition on Machine Tools & Metalworking Solutions for Production Upgrade 2018

**Time:** 11-13 October 2018

**Venue:** Saigon Exhibition and Convention Center, HCMC

**Website:** <https://www.metalexvietnam.com/>

### MTA Hanoi 2018

Precision Engineering, Machine tools and metal working Exhibition & Conference

**Time:** 16-18 October 2018

**Venue:** International Center for Exhibition (ICE Hanoi), Hanoi

**Website:** <http://mtahanoi.com/>

### Vietstock 2018

Vietnam's Premier International Feed, Livestock & Meat Industry Show

**Time:** 17-19 October 2018

**Venue:** Saigon Exhibition and Convention Center, HCMC

**Website:** <https://www.vietstock.org/en-us/>

### Oil and Gas Vietnam 2018

**Time:** 23-25 October 2018

**Venue:** Pullman Conference Centre & Events, Vung Tau Province

**Website:** <http://vietnam.oilgasvietnam.com/>

### **Marine Vietnam 2018**

**Time:** 23-25 October 2018

**Venue:** Pullman Conference Centre & Events, Vung Tau Province

**Website:** <http://marinevietnam.com/>

### **Vietnam International Industrial Fair- VIIF 2018**

**Time:** 23-26 October 2018

**Venue:** International Center for Exhibition (ICE Hanoi), Hanoi

**Website:** <http://www.viif.vn>

### **Vietnam Motorshow 2018**

**Time:** 24-28 October 2018

**Venue:** Saigon Exhibition and Convention Center, HCMC

**Website:** <http://www.vietnaminternationalmotorshow.vn/>

### **EXCHANGE RATE**

1US\$ = 23,119.7 VND

1EUR = 27,015.3 VND (*Oanda on 31/07/2018*)

*Cover photo: by Tuyet Trang*

---

### **CONTACT US**

**Mrs. Tran Thi Hien | Economic and Commercial Attache**

**Brussels invest & export Vietnam | Royal Embassy of Belgium**

9th fl, Hanoi Tower, 49 Hai Ba Trung, Hanoi, Vietnam

T: 84-24-3 934 61 82 | F: 84-24-3 934 61 85

E: [hanoi@hub.brussels](mailto:hanoi@hub.brussels)

W: [www.brussels-in-vietnam.be](http://www.brussels-in-vietnam.be)

***THANK YOU AND SEE YOU IN VIETNAM !***