American Chamber of Commerce
Round-table discussion “Meet Los Angeles – Vietnam

On behalf of AmCham Vietnam  September 2018
Content:

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1. AmCham Overview: Objectives

The Chamber is a not-for-profit, non-governmental and non-political organization.

1. To promote the develop of trade, commerce and investment between the U.S. and Vietnam
2. To provide a forum in which American business people in Vietnam can identify and discuss common interest regarding the commercial interests in Vietnam
3. To work with organization in Vietnam on matters of mutual interest
4. To maintain relations with chambers of commerce in the U.S. and other chambers of commerce or commercial organizations
1. AmCham Overview:

AmCham 13 Committee/Networks

• Performing creative activities of AmCham Vietnam
• Representing our different Industries and Firms
• Organize industry-focused events/meetings
• Identify & analyze issues; Prepare position papers/joint papers
• Advocacy to Vietnamese government on how to improve the business environment
1. AmCham Overview:

**Members by type**
- Association Firms (VN), 116
- Association Firms (Intl), 162
- Member Firms (U.S.), 154
- Non-Resident, 18

**Member Firms (U.S.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Firms (U.S.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-13</td>
<td>142</td>
</tr>
<tr>
<td>Dec-14</td>
<td>140</td>
</tr>
<tr>
<td>Dec-15</td>
<td>148</td>
</tr>
<tr>
<td>Dec-16</td>
<td>134</td>
</tr>
<tr>
<td>Nov-17</td>
<td>154</td>
</tr>
</tbody>
</table>
1. AmCham Overview:
2. Vietnam Market Overview:

- Area: 331,210 sq km
- Population: 96,160,163
- By 2020, the urban population will reach 35 million – a 35% increase from 2010
- 60% of the population under the age of 35
- 84% of population has a favorable view of the U.S.
2. Vietnam Market Overview:

- Vietnamese living in extreme poverty fell to a mere 3% by 2012, down from half the population in the early 1990s (source: World Bank)

- HCMC is the economic engine of the country – 11% GDP growth in 2017

- HCMC is key region for the Vietnam’s inward FDI, manufacturing and export activity
2. Vietnam Market Overview:

- Middle class expected to double by 2020 – accounting for 50% of the population (source: Boston Consulting Group)
- Affluent class is growing faster than any economy in the world. (source: Knight Frank’s Wealth Report)
- 7% increase in consumer spending (source: BMI Research)
- Opportunities for U.S. education, travel/tourism, franchising and consumer goods

Vietnam: Gross domestic product (GDP) per capita in current prices from 2012 to 2022 (in U.S. dollars)
### 3. U.S. – Vietnam Trade

#### Foreign Merchandize Trade

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Billions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports to the world</td>
<td>162.0</td>
<td>176.6</td>
<td>N/A</td>
</tr>
<tr>
<td>Imports from the world</td>
<td>165.8</td>
<td>175.0</td>
<td>N/A</td>
</tr>
<tr>
<td>U.S. exports to Vietnam</td>
<td>7.1</td>
<td>10.1</td>
<td>8.2</td>
</tr>
<tr>
<td>U.S. imports from Vietnam</td>
<td>38.0</td>
<td>42.1</td>
<td>46.5</td>
</tr>
<tr>
<td>Trade balance with U.S.</td>
<td>-30.9</td>
<td>-32.0</td>
<td>-38.3</td>
</tr>
</tbody>
</table>

#### U.S. Trade in Services

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Billions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. exports to Vietnam</td>
<td>1.9</td>
<td>2.0</td>
<td>2.2</td>
</tr>
<tr>
<td>U.S. imports from Vietnam</td>
<td>0.9</td>
<td>1.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Addition Trade Data/Figures</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Ranking as a U.S. export market</td>
<td>32nd Largest (0.5% of U.S. exports)</td>
</tr>
<tr>
<td>Ranking as a source of U.S. imports</td>
<td>12th Largest (2.0% of U.S. imports)</td>
</tr>
<tr>
<td>Ranking in total U.S. trade</td>
<td>16th Largest (1.4% of U.S. trade)</td>
</tr>
<tr>
<td>U.S. merchandize exports to Vietnam (2017)</td>
<td></td>
</tr>
<tr>
<td>Computer &amp; Electronics (26%)</td>
<td></td>
</tr>
<tr>
<td>Cotton &amp; Woven Fabric (13%)</td>
<td></td>
</tr>
<tr>
<td>Machinery (6%)</td>
<td></td>
</tr>
<tr>
<td>Fruit &amp; Nuts (5%)</td>
<td></td>
</tr>
<tr>
<td>Oil Seed (5%)</td>
<td></td>
</tr>
<tr>
<td>U.S. merchandise imports from Vietnam (2017)</td>
<td></td>
</tr>
<tr>
<td>Computer &amp; Electronics (24%)</td>
<td></td>
</tr>
<tr>
<td>Knit Apparel &amp; Accessories (15%)</td>
<td></td>
</tr>
<tr>
<td>Footwear (12%)</td>
<td></td>
</tr>
<tr>
<td>Non-Knit Apparel (10%)</td>
<td></td>
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<tr>
<td>Furniture (10%)</td>
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</table>
4. Market Opportunities – Energy

✓ Electric of Vietnam (EVN) is the largest power purchaser

✓ Energy demand will increased of 10% - 12%
  Existing energy sources: Hydro, Coal-fired, Gas-fired, other renewable-solar and wind

✓ Poor energy infrastructure

Export Opportunities:
  • Conventional power transmission equipment
  • Smart Grid technology to increase network stability and efficiency in system operation
4. Market Opportunities – Healthcare

✓ Per capita income is on the rise.
✓ Middle class expected to double by 2020
✓ Affluent and ultra-rich population growing
✓ Non-communication diseases impacting people’s live
✓ Percent of population enrolled in universal health is increasing
✓ Overcrowded hospital with outdate equipment

Export opportunities:
• Equipment for new hospitals and replacing outdated and incompatible devices – Imaging diagnostics, Surgical devices, devices for operating theaters and ICU, Intensive care unite equipment, test kits, etc.
• Healthcare IT – hardware and electronic health records software

Increasing expectations by Vietnamese citizens for the delivery of healthcare services

Increasing burden on the existing healthcare system
4. Market Opportunities – Smart cities

✓ Twenty-one cities and provinces
✓ Ho Chi Minh City Smart Cities Master Plan – planned IOC and cybersecurity center

Export opportunities:
• Business analytics software
• E-government solution
• Advanced metering infrastructure
• Smart grid technology
• Smart street lighting
• Intelligence traffic management solutions
• Emergency response solutions
• Cybersecurity solutions
5. Market Challenges

✓ Regulatory environment (2017 World Bank Ease of Doing Business Ranking: 82 of 190)

✓ Transparency and corruption (2017 Transparency International Corruption Perceptions Index Ranking: 107 of 180)

✓ IPR Protection

✓ “Tied” Official Development Assistance

✓ Competition

✓ Education and skill mismatch
5. Tips for Doing Business in Vietnam

- **Patience**
  - Consider multiple trips to Vietnam to understand the market
  - New products or services that are unfamiliar may take time to familiarize

- **Appoint a Local Agent/Distributor**
  - Decide on market entry: National or Regional (North vs. South)
  - A local partner should have offices in Hanoi and HCMC for national coverage
  - HCMC: Wealthier and more business friendly
  - Hanoi: Government procurement and developing relationships with Vietnamese Government and SOEs

- **Due Diligence**
  - References and financial histories may be difficult to verify
  - Ensure all contracts are reviewed by a reputable law firm that has knowledge on Vietnam business laws and regulations.
Contact:

AmCham Vientam, Ho Chi Minh City
Room 323, New World hotel, 76 Le Lai Street, Dist. 1, HCMC
Telephone: 84 8 3824 3562
E.mail: contact@amchamvietnam.com
www.amchamvietnam.com