

SUMMARY REPORT

INDUSTRIAL EQUIPMENT & MACHINERY INDUSTRY AND INVESTMENT SUPPLY CHAIN VIET NAM

2024

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Colorbond® Steel

An aerial photograph of a large industrial complex, likely a steel mill or processing plant. The main building has a vast, grey, corrugated metal roof. The facility is surrounded by paved roads, parking areas, and some greenery. In the background, there are mountains and a residential area. A red diagonal line is visible in the bottom left corner of the image.

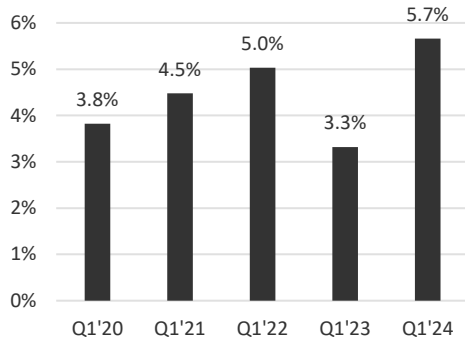
I. VIETNAM'S MACROECONOMIC INDICATORS

SECTION 1: VIETNAM'S MACROECONOMIC INDICATORS

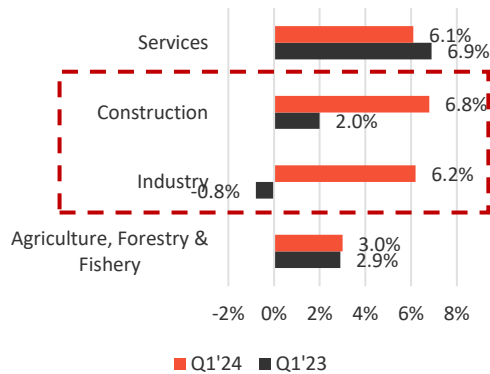
1. GDP Growth, Inflation, Foreign Exchange Rate, IIP & PMI

The Construction & Industry sectors drove GDP growth in Q1'24

Q1'24 GDP growth was recorded the highest level in the past 5 years



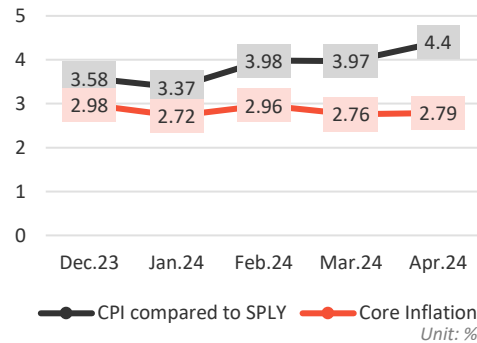
The improvement in GDP growth in the Construction & Industry sectors provided momentum for GDP Q1



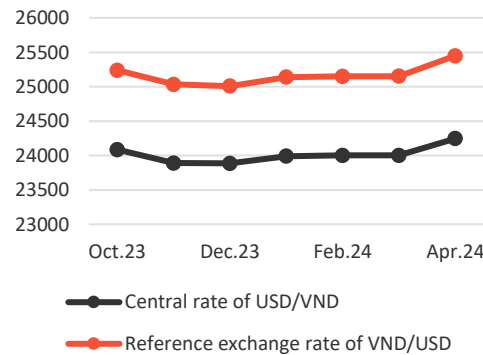
Source: GSO

Inflation remained under control, the exchange rate rose again in Q1'24

Inflationary pressures increased at the start of 2024, yet remaining under control of National Assembly



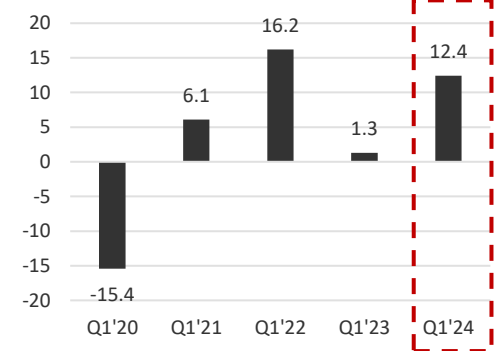
The exchange rate increase posed challenges, yet being forecasted to decrease as of Q3'24



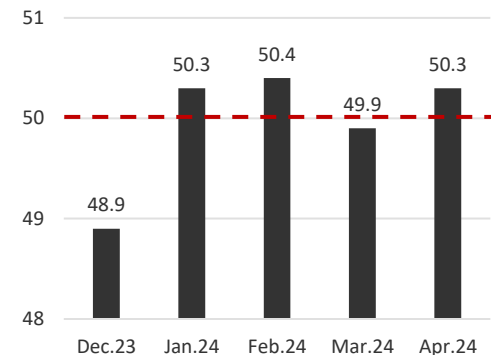
Source: SBV, GSO

The IPP was expected to rise, PMI improved in Q1'24

The IPP increase in Q1 was the second highest level in the last 5 years, it was expected to rise as of Q2'24



PMI improved in April 2024, bringing a quite positive signal for Vietnam's industrial production

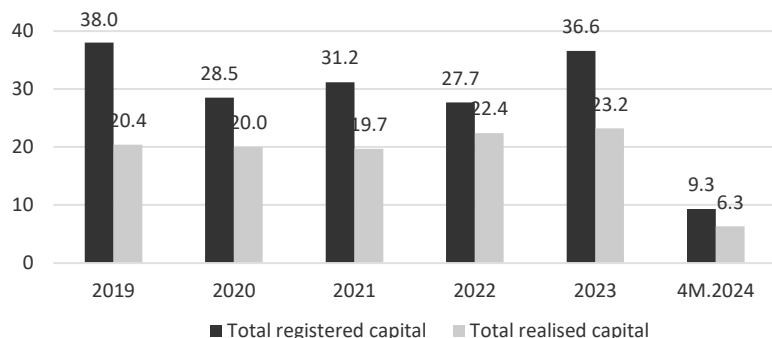


Source: GSO, S&P Global Intelligence

SECTION 1: VIETNAM'S MACROECONOMIC INDICATORS

2. Foreign Direct Investment and Import & Export

Significant improvement in attracting FDI was observed in 2023, despite high inflation in many countries. New capital injection in the first four months of 2024 saw strong growth, reflecting Vietnam's attractiveness



Source: GSO

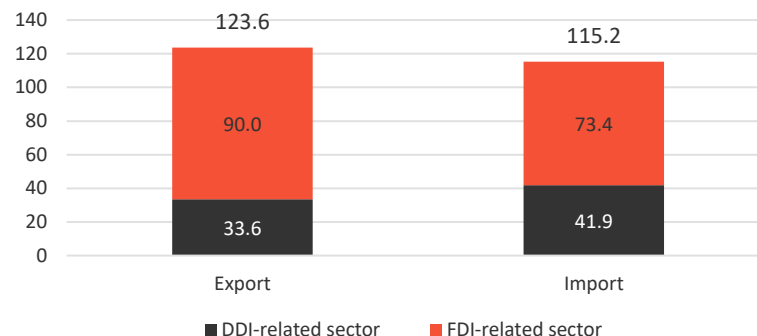
Unit: USD Billion

In 2023, the situation of attracting FDI significantly improved compared to the period from 2020 to 2022. Despite being a year marked by high inflation in many countries, FDI into Vietnam increased by 32.1% compared to 2022, reaching \$36.6 billion USD. Particularly, realised capital reached the highest level in 5 years, at \$23.2 billion USD.

In the first four months of 2024, FDI attraction has shown strong growth. The total registered capital in the first four months reached \$9.3 billion USD (up 4.5% compared to the same period last year), and the total realised capital reached \$6.3 billion USD (up 7.4% compared to the same period in 2023).

The strong growth of new capital sources in the first four months, with 966 newly registered projects and a total registered capital of \$7.1 billion USD. In the context of global investment flows facing many difficulties, the growth rate of new capital sources in Vietnam reflects the country's attractiveness as an ideal destination for international investors

Exports and imports in the first four months of 2024 showed good growth. Machinery and equipment stood as the second largest import category by value, indicating significant potential and opportunities for manufacturers



Source: GSO

Unit: USD Billion

After a period of decline in import-export value due to reduced orders and significantly decreased consumption demand in major countries, Vietnam's exports and imports both recorded good growth in the first four months of 2024. The trade balance of goods achieved a surplus of \$8.4 billion USD.

The United States, China, and Europe remain the main export markets for Vietnam in the first four months of 2024, with the highest export growth to the United States.

Meanwhile, in the first four months of this year, Vietnam mainly imported from China (up 25% compared to the same period in 2023), followed by South Korea and ASEAN countries. With the advantage of a highly open economy, businesses in Vietnam will have significant potential and advantages in import-export activities.

Among the main import-export commodity groups, machinery, equipment, and other spare parts rank third in terms of export value and second in terms of import value.



**II. VIETNAM'S INDUSTRIAL EQUIPMENT &
MACHINERY MARKET**

SECTION 2: VIETNAM’S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

1. Equipment & Machinery Market Size

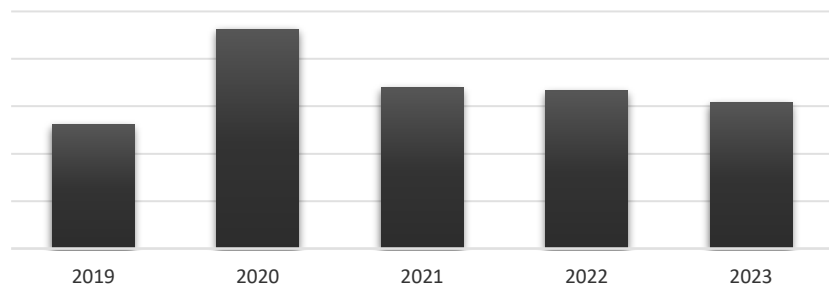
Vietnam Equipment & Machinery Market

The dynamic economy alongside increasing demand for goods production forms the basis for the development of the equipment & machinery manufacturing industry.

Vietnam has witnessed a growing number of investment projects in manufacturing, with both foreign and domestic investment trends on the rise, especially in key industries such as electronics, metals, plastics-rubber, etc. This reality boosts the demand for machinery and equipment, particularly in the industrial manufacturing sector.

The market value of machinery and equipment in Vietnam in 2023 saw a slight decrease compared to 2022. The Vietnamese machinery and equipment market peaked in 2020 with an estimated market value of around \$92.6 billion USD (a significant increase from 2019). However, it faced a sharp decline afterward. According to our research, the substantial increase in the market value in 2020 was mainly due to the prices of machinery and equipment globally being affected by the disruptions in supply chains caused by the Covid-19 pandemic (in 2020, the estimated average value of machinery and equipment increased compared to 2019).

Figure: Vietnam’s Equipment & Machinery Market Size, 2019 - 2023 (USD Billion)



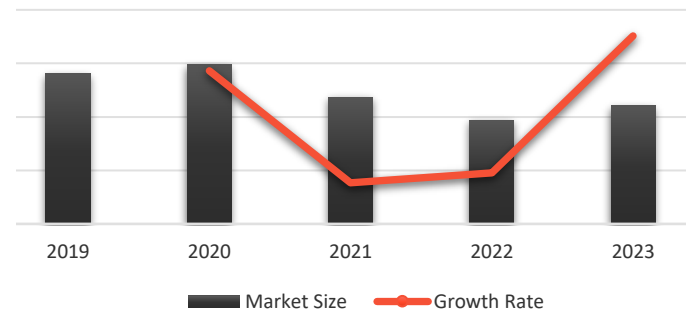
Source: HOUSELINK Research

Industrial Equipment & Machinery Market

The machinery and equipment sector includes sub-sectors such as Agriculture, Industry, Construction, Civil, etc. Among them, the industrial machinery and equipment market accounts for approximately 19% of the total machinery and equipment market on average. The industrial machinery and equipment sector mainly comprises various types of machinery and equipment used in industrial production and operations.

The growth trend of the industrial machinery and equipment market closely followed the general trend of the machinery and equipment sector, experiencing a decrease in market size from 2020 to 2022.

Figure: Vietnam’s Industrial Equipment & Machinery Market Size, 2019 - 2023 (USD Billion)



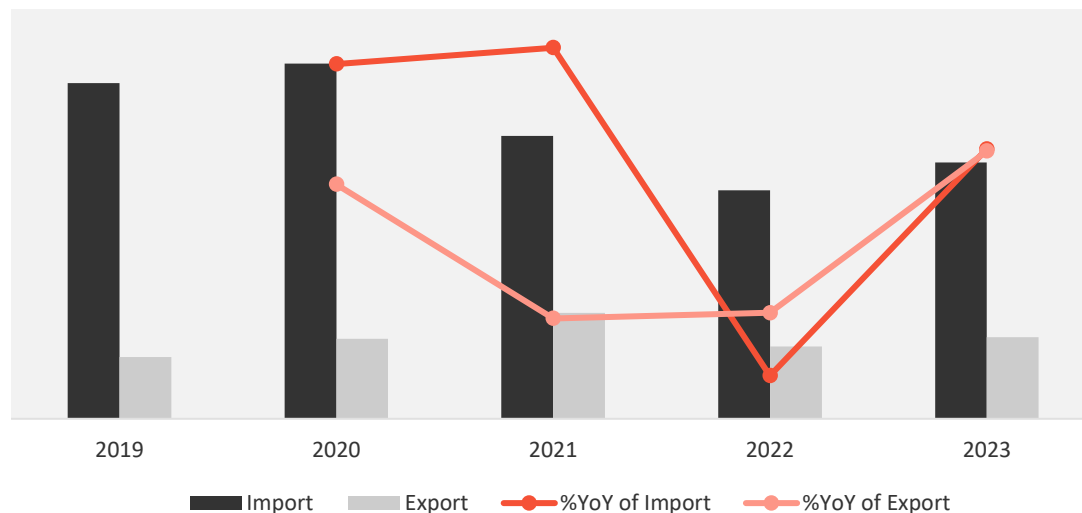
Source: HOUSELINK Research

In 2023, despite the overall decline in the machinery and equipment market volume, the industrial machinery and equipment segment recorded an increase compared to 2022, driven by increased investment momentum from manufacturing projects in Vietnam during that year. Moving into 2024, the significant increase in investment attraction for manufacturing projects, both FDI and DDI, in the first four months of the year serves as a major driver for the industrial machinery and equipment market.

SECTION 2: VIETNAM'S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

2. Import and Export of Equipment & Machinery

Figure: Import & Export Market Size of Industrial Equipment & Machinery, 2019 - 2023 (USD Billion)



Source: Vietnam Customs, HOUSELINK Research

"The industrial machinery and equipment sector in Vietnam still largely relies on imports".

Importation accounts for approximately 68%-70% of the total value of the sector, with only about 30%-32% being domestically manufactured.

It's evident that there is a significant demand for industrial machinery and equipment in Vietnam, making it a highly potential market for businesses to invest and develop in the future.

In reality, the data shows that imports of industrial machinery and equipment into Vietnam are trending downwards. However, this trend is mainly influenced by external economic movements impacting import demands. Importation decreased in 2021 and 2022, but in 2023, there was a turnaround with imports beginning to grow again (increasing compared to 2022). Although import values remain lower than pre-pandemic levels, the slow recovery of the global and Vietnamese economies suggests potential market recovery in Vietnam's industrial machinery and equipment sector.

Despite the high volume of imports, the value of Vietnam's exports of industrial machinery and equipment remains relatively low compared to imports. On average, the export value is only about 30% of the import value. Export trends showed growth during the 2019-2021 period, with 2021 recording the strongest export growth in 5 years (increasing compared to 2020). Exports decreased significantly in 2022 due to reduced demand, but export values remained higher than in 2019. In 2023, exports also showed signs of recovery, increasing compared to 2022.

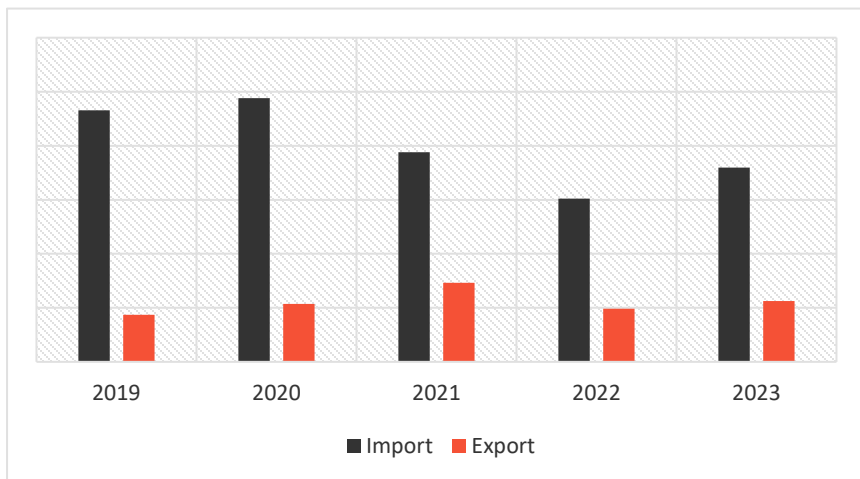
SECTION 2: VIETNAM’S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

2. Import and Export of Equipment & Machinery

For the import market of industrial machinery and equipment, completely built-up (CBU) machines constitute a high proportion (often accounting for over 80% of the total import value of industrial machinery and equipment). Therefore, they share the same trend with the overall industrial machinery and equipment sector. CBU machines also showed a slight recovery in both exports and imports in 2023 after a period of decline during the pandemic.

The growth rate of imports and exports of CBU machines is slightly higher than that of other products in general. Specifically, imports of complete CBU increased by 19% and exports increased by 14% in 2023 compared to 2022.

Figure: Import & Export Value of CBU Industrial Equipment & Machinery, 2019 - 2023 (USD Billion)

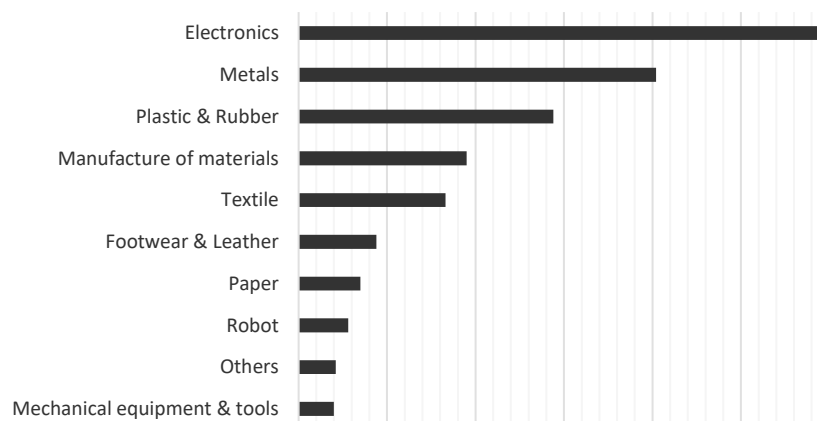


Source: Vietnam Customs, HOUSELINK Research

In terms of types of complete machinery and equipment, products used in the electronics industry are the most imported, accounting for 29% of the total value of complete machinery imports into Vietnam. Following this are various types of machinery and equipment used in industries such as metals, plastics-rubber, materials manufacturing, textiles, etc.

The market share gap between these application industries is quite significant. This figure also corresponds to the investment situation in the respective manufacturing industries in the Vietnamese market in recent times, with the electronics industry being the most attractive in terms of investment. Industries such as metals or plastics-rubber have also seen growth in investment attraction in terms of both quantity and scale.

Figure: Top 10 applied industries of Imported CBU Industrial Equipment & Machinery, 2019 - 2023 (USD Billion)



Source: Vietnam Customs, HOUSELINK Research

SECTION 2: VIETNAM’S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

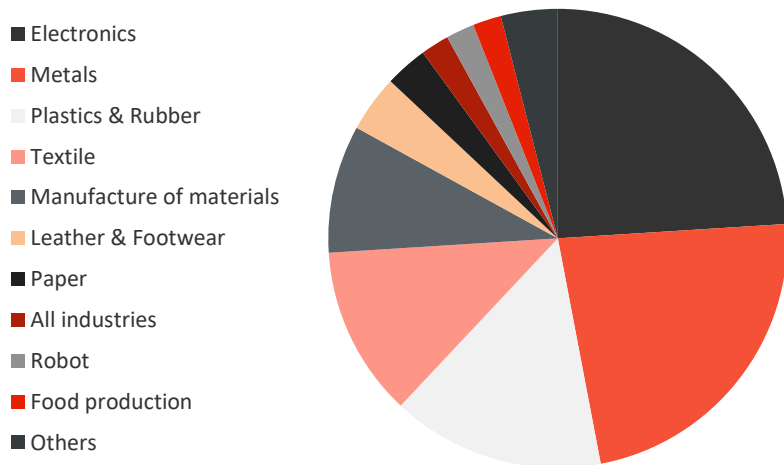
2. Import and Export of Equipment & Machinery

Alongside industries such as electronics, metals, plastics & rubber consistently ranking top in market share for industrial machinery and equipment, the import of robots is showing a rapid upward trend year by year.

In 2019, robots ranked only 9th in terms of import market share, but by 2023, robot imports climbed to 5th place, surpassing traditional industries such as textiles, paper, and leather & footwear.

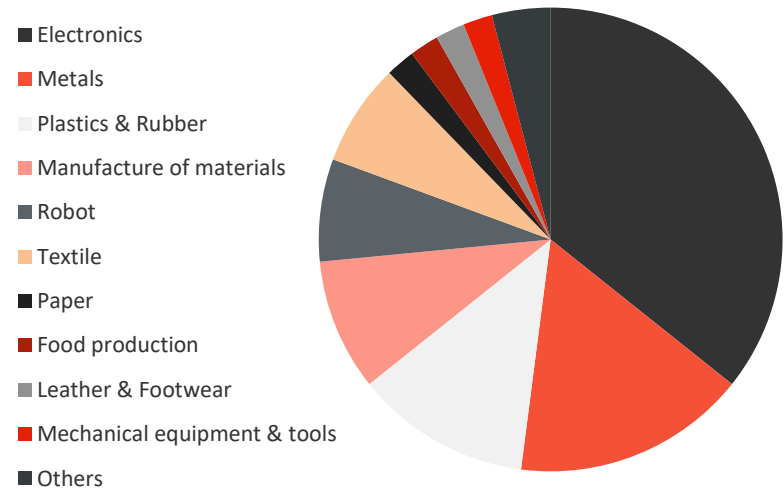
It's evident that in the future, the most promising segment of the industrial machinery and equipment sector will be robots and automation machinery. According to surveys by the Provincial Competitiveness Index (PCI), from 2018 to 2020, 67% of foreign and domestic investors partially automated their operations, while 75% planned to automate new tasks in the next 3 years. The direction towards industrialization and modernization is being earnestly pursued and rapidly implemented by businesses.

Figure: Imported CBU Industrial Equipment & Machinery by Applied Industry, 2019



Source: Vietnam Customs, HOUSELINK Research

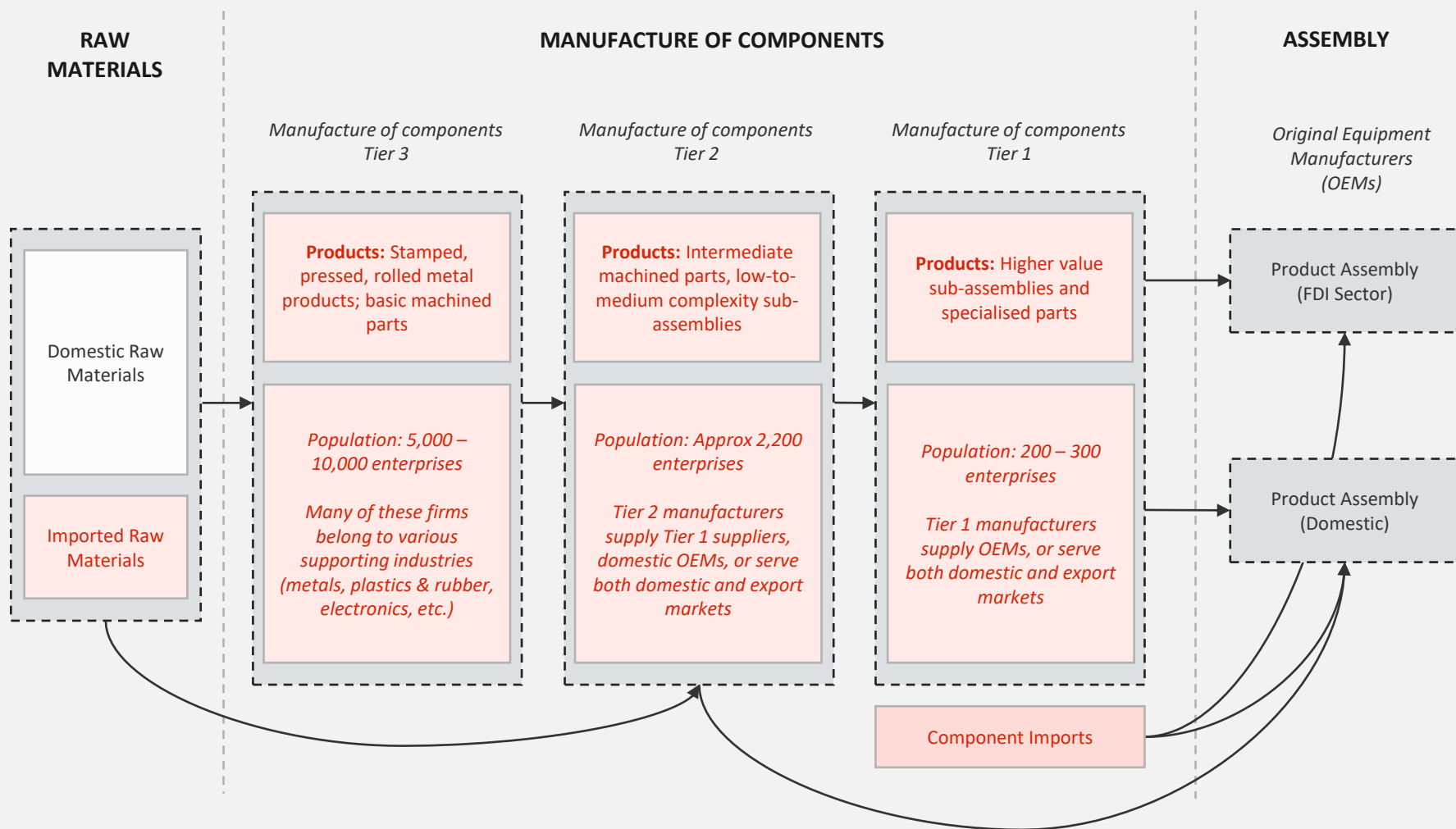
Figure: Imported CBU Industrial Equipment & Machinery by Applied Industry, 2023



Source: Vietnam Customs, HOUSELINK Research

SECTION 2: VIETNAM'S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

3. Investment Supply Chain of Equipment & Machinery Industry

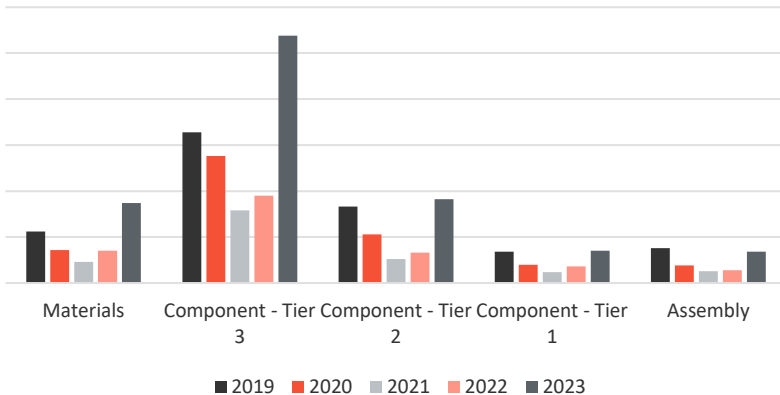


Source: International Labour Organisation, HOUSELINK Research

SECTION 2: VIETNAM'S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

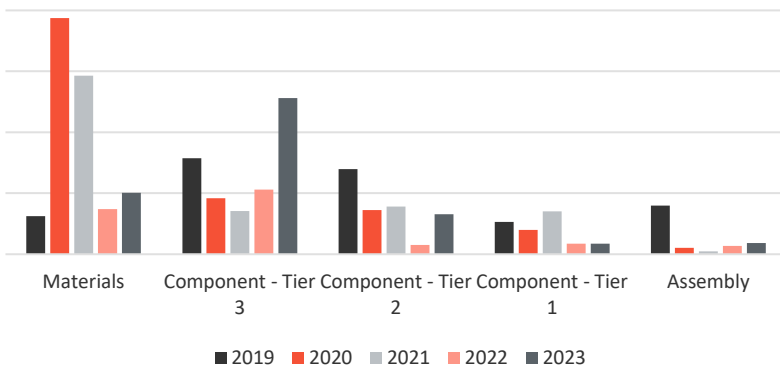
3. Investment Supply Chain of Equipment & Machinery Industry

Figure: The number of registered (FDI & DDI) projects by each stage in the supply chain, 2019 – 2023



Source: HOUSELINK Data

Figure: The total amount of registered (FDI & DDI) capital by stage in the supply chain, 2019 - 2023 (USD Billion)



Source: HOUSELINK Data

It can be observed that, in terms of project quantity, all stages in the Machinery and Equipment supply chain share a common pattern: a significant decrease during the period from 2019 to 2021, followed by recovery in 2022 to 2023.

- During the period from 2019 to 2021, the number of projects recorded a decline each year and hit a bottom in 2021 due to the negative impacts of the pandemic in Vietnam and key investing countries such as China, South Korea, and Japan.
- The period from 2022 to 2023 has shown recovery across all stages. The number of projects in 2023 saw a significant increase, surpassing the pre-pandemic level of 2019 in the Materials and Components stages - Tier 3, 2, and 1. However, the Assembly stage indicated a slower recovery compared to the 2019 level.

The strong recovery and growth of the first three stages of the supply chain: Raw materials, Tier 3, and Tier 2 can be explained by the flexibility of products in these stages (metal, plastic & rubber, electronics, electrical equipment, etc.) to be applied as supporting products for various industries, not just the industrial machinery and equipment sector.

The high specialisation in the Tier 1 stage results in its final products having less flexibility beyond supplying specific parts and assemblies for machinery assembly at OEMs (Original Equipment Manufacturers) in the Assembly stage. Therefore, the synergy of other industries on this stage is limited.

The low number of projects in the Manufacturing & Assembly stage is due to the majority of FDI investment projects in this stage focusing on assembly and supplying machinery to their partners and customers in the Vietnamese market, rather than supplying to the broader market.

The domestic supply source shortage has put pressure on imports to meet the huge demand of the domestic market: Vietnam maintains a machinery and equipment trade deficit over the years. Thus, there is still much room for growth in Vietnam's machinery market, with the final stages like Tier 1 and Assembly still being in very early stages of development.

SECTION 2: VIETNAM'S INDUSTRIAL EQUIPMENT & MACHINERY MARKET

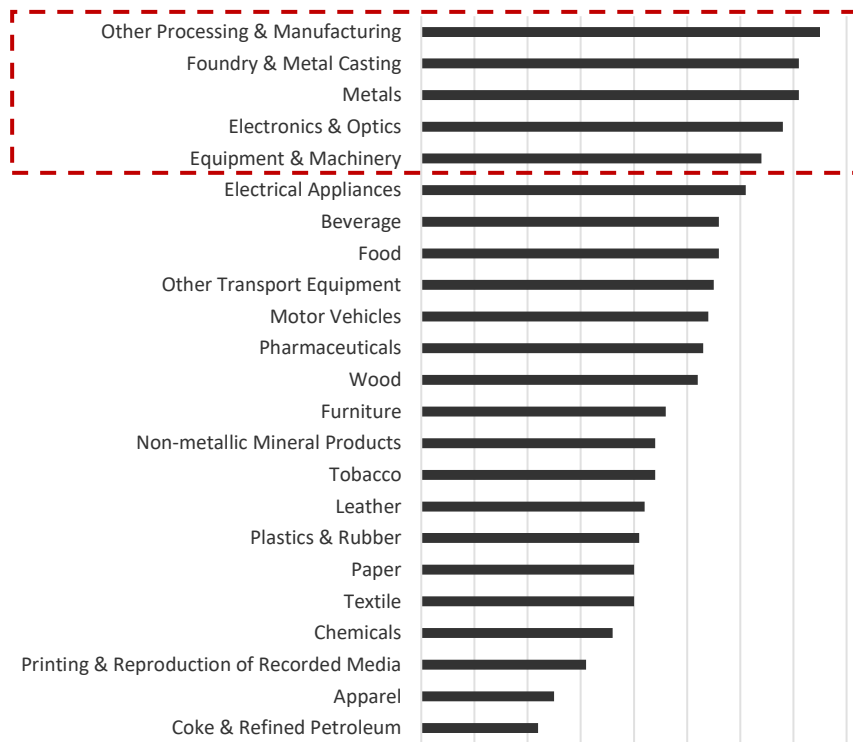
3. Investment Supply Chain of Equipment & Machinery Industry



The industry sectors utilising machinery are classified based on data regarding Completely Built-up Industrial Machinery and Equipment from FDI projects in the Assembly stage during the period from 2019 to 2023.

It can be observed that Other Processing & Manufacturing, Foundry and Metal Casting, Metals, Electronics & Optics, and Machinery & Equipment are the top five industrial manufacturing sectors that can utilise machinery from numerous projects at the final Assembly stage.

Figure: The number of FDI Industrial Equipment & Machinery projects by Applied Industry, 2019 - 2023



Source: HOUSELINK Data

An aerial photograph of a large industrial facility, likely a steel mill or processing plant. The main building has a long, low profile with a bright blue corrugated metal roof. To the left, there are several tall, white cylindrical structures connected by a network of pipes and conveyor belts. The facility is situated in a hilly, semi-arid landscape with some green vegetation. In the foreground, there are more industrial structures and a road. A semi-transparent dark grey box is overlaid on the bottom half of the image, containing the text.

III. FAVOURABLE FACTORS BOLSTERING VIETNAM'S INVESTMENT ATTRACTION

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

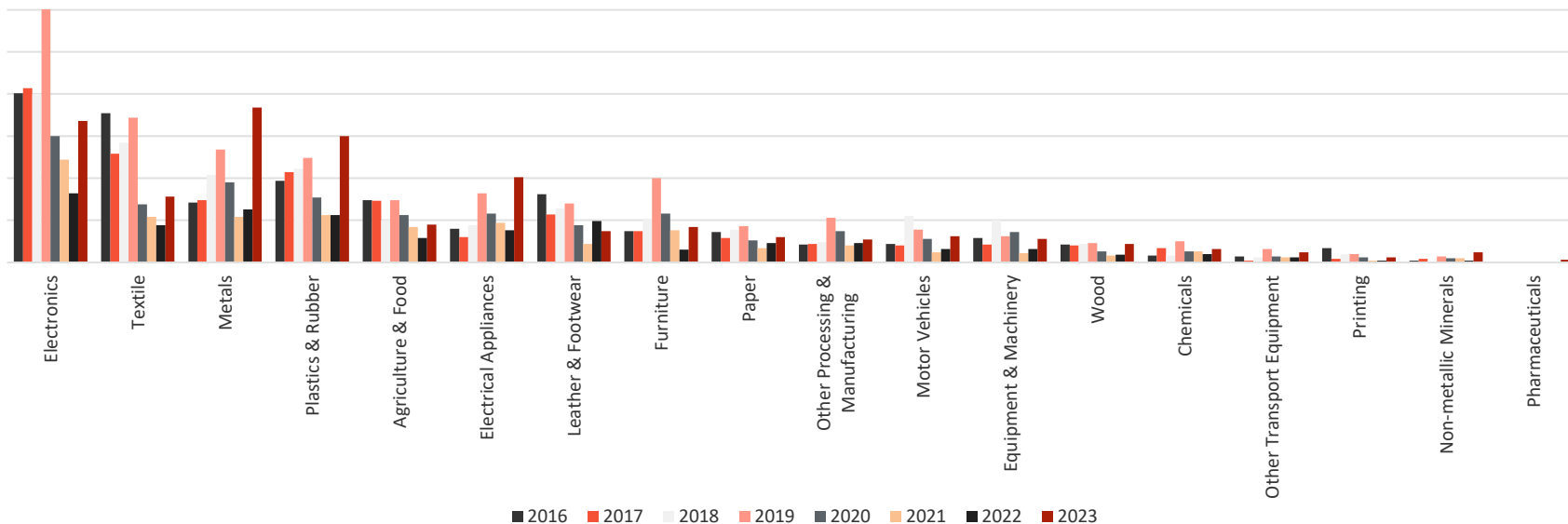
1. An upward trend in attraction of foreign direct investment projects

Maintaining the growth trend in investment during the period 2016 - 2019 and rebounding after the pandemic, the electronics, plastic & rubber, metal and metal products, furniture, other processing and manufacturing, motor vehicles & other transport vehicles, machinery & equipment, and chemicals industries are expected to continue this objective trend in the coming years.

During the period 2020 - 2021, the economy and FDI inflows, along with investment situations in manufacturing sectors in particular, experienced a downturn due to the negative impacts of Covid-19 in Vietnam and investing countries. This sharp decline is attributed to external factors, thus it does not reflect a long-term downward investment trend.

In the period 2022 - 2023, as Covid-19 has passed, initiating a new investment cycle after the disruption from the pandemic shock, the objective trend from the period 2016 - 2019 is once again demonstrated as the number of investment projects shows strong recovery and growth.

Figure: The number of FDI registered projects by Manufacturing Industry, 2016-23



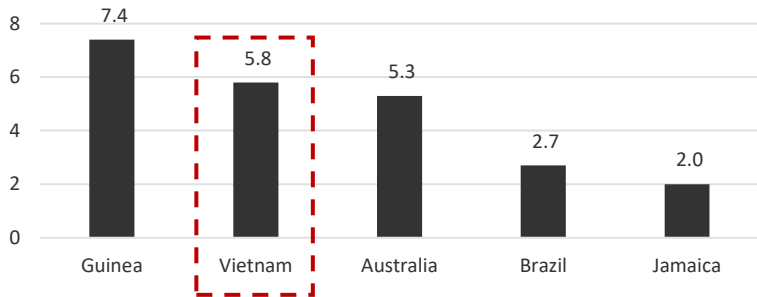
Source: HOUSELINK Data

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM'S INVESTMENT ATTRACTION

2. Vietnam is increasingly enhancing its participation in the industry supply chain

2.1. Boosting the supply of raw materials

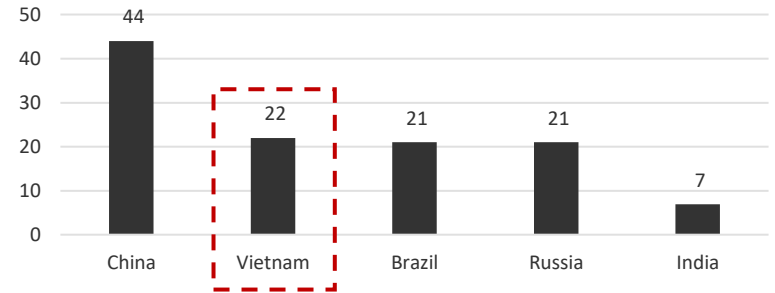
Vietnam ranks second globally in bauxite ore reserves, which are used to produce aluminum - a crucial input material for manufacturing parts for the Machinery and Equipment industry



Source: Statista

Unit: Million Tons

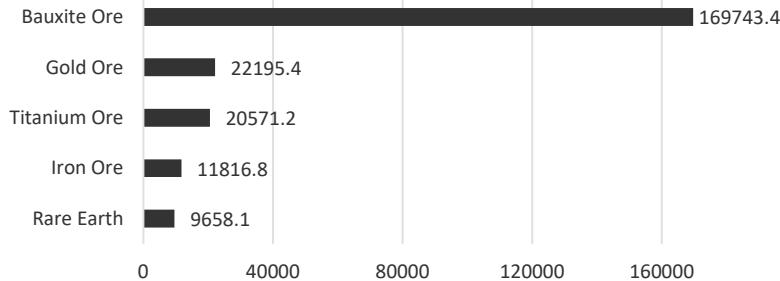
Vietnam ranks second globally in rare earth reserves, which are used to produce permanent magnets, glass, or superconductive materials - important supporting products in the Machinery and Equipment supply chain



Source: Statista

Unit: Million Tons

During the period from 2021 to 2030, Vietnam is prioritizing the expansion of new bauxite mining projects (in terms of area), aiming to create abundant supply sources for the Machinery and Equipment supply chain



Source: HOUSELINK Research

Unit: Hectare

The participation of the DDI sector with large-scale investment projects in steel, iron, and steel production is expected to contribute significantly to the supply chain of the industry



Hoa Phat II Steel Production Plant (2020)

- Total Investment: 3.4 USD Billion
- Products: Iron, Steel, Cast Iron



Xuan Thien Steel Production Plant (2021)

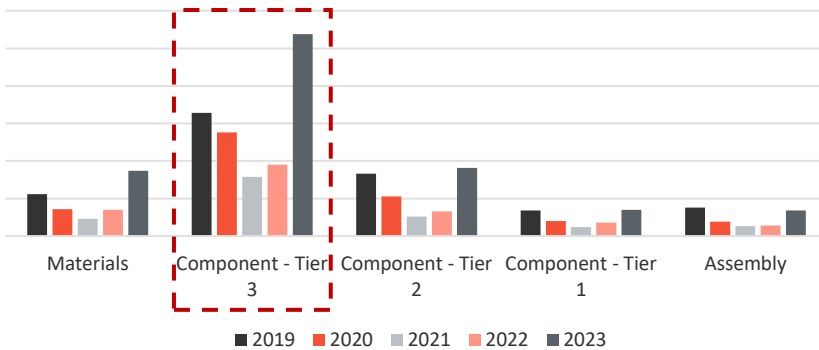
- Total Investment: 2.7 USD Billion
- Products: Iron, Steel, Cast Iron

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

2. Vietnam is increasingly enhancing its participation in the industry supply chain

2.2. The Tier 3 component manufacturing stage is noted for attracting the most prominent investment

Figure: The number of registered (FDI & DDI) projects by each stage in the supply chain, 2019 – 2023



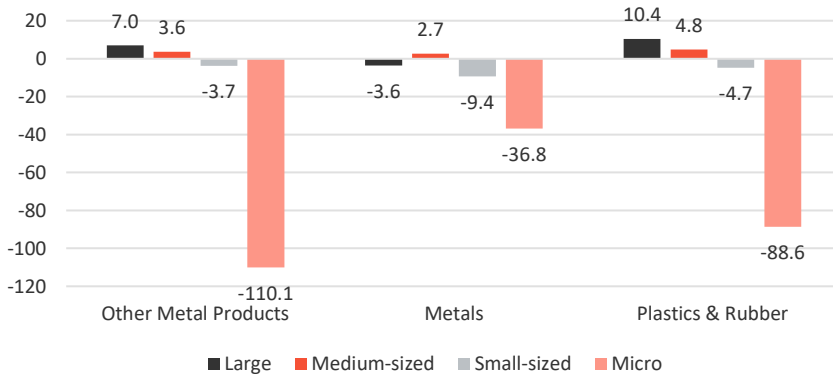
Source: HOUSELINK Data

It can be observed that the production and processing stage of Tier 3 Components has recorded the most dynamic investment activities, with the number of projects each year, even during the pandemic period, reaching the highest level compared to other stages in the supply chain.

The strong participation of both FDI and DDI regions in the Tier 3 stage indicates that Vietnam possesses strong advantages in metal processing, as well as manufacturing small and simple machine components. This implies that the quality of the output products at this stage is somewhat ensured to supply downstream manufacturers.

The prominent number of projects also implies the capability to supply sufficient and relatively complete basic components for the Machinery and Equipment industry, laying a solid foundation for other companies to enter higher stages in the supply chain.

Figure: The profit margin as a percentage of gross revenue of FDI enterprises by certain industry and by enterprise scale, 2021 (%)



Source: GSO, HOUSELINK Research

Considering FDI-funded enterprises operating in the Metals, Other Metal Products, and Plastic & Rubber industries (encompassing manufacturers operating at Tier 3 in the supply chain) in 2021, most enterprises ranging from Micro to Small scale recorded negative profit margins, especially Very Small enterprises due to 2021 being the year with the most severe impacts from Covid-19. Enterprises ranging from Medium to Large scale showed a more favorable business situation, with the majority of companies in the industry recording positive profit margins, thanks to their advantages in having large and diversified customer bases, serving both the domestic and export markets.

However, in the context of the sluggish commodity market causing production activities to stagnate in 2021, the low or negative profit margins witnessed by various industries did not accurately reflect the market's potential as it normally would. The demand in the Machinery and Equipment industry mirrored the trends in the commodity market. Therefore, as the economy enters the recovery phase, the business efficiency of supporting industries will be synergised and improved.

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

2. Vietnam is increasingly enhancing its participation in the industry supply chain

2.3. The investment trends in the Tier 2, 1, and Manufacturing & Assembly stages have been shaped

Stage in the Supply Chain	Country of Investment	Investment Capital	Type of Investment	Location of Investment	Chosen Infrastructure
Manufacture of Components – Tier 2	<ul style="list-style-type: none"> • South Korea • China • Hong Kong • Japan • Taiwan 	The majority (75%) of projects have investment capital of 7 USD Million or less	<ul style="list-style-type: none"> • Before 2021, greenfield projects were overwhelming • After 2021, investors tend to lease factories (Brownfield projects) 	<ul style="list-style-type: none"> • Concentrated in the North and South (Bac Ninh, Dong Nai, Long An, Bac Giang, Vinh Phuc, Binh Duong) • The majority are located near or very close to highways (<30 km) • The distance to seaports and airports is from close to moderate (<70 km). 	The majority of projects choose locations that have: <ul style="list-style-type: none"> • Water supply capacity ranges from 25.000 m³/day/night or less • Wastewater treatment capacity ranges from 10.000 m³/day/night or less
Manufacture of Components – Tier 1	<ul style="list-style-type: none"> • South Korea • Japan • China • Hong Kong 	The majority (75%) of projects have investment capital of 7 USD Million or less	<ul style="list-style-type: none"> • Before 2022, greenfield projects were overwhelming • After 2022, investors tend to lease factories (Brownfield projects) 	<ul style="list-style-type: none"> • Concentrated in the North and South (Dong Nai, Vinh Phuc, Bac Ninh, Long An, Ha Nam) • The majority are located near or very close to highways (<30 km) • The distance to seaports and airports is from close to moderate (<70 km). 	The majority of projects choose locations that have: <ul style="list-style-type: none"> • Water supply capacity ranges from 24.225 m³/day/night or less • Wastewater treatment capacity ranges from 10.000 m³/day/night or less
Assembly	<ul style="list-style-type: none"> • China • South Korea • Japan • Hong Kong • Singapore 	The majority (75%) of projects have investment capital of 6.2 USD Million or less	<ul style="list-style-type: none"> • Before 2022, greenfield projects were overwhelming • After 2022, investors tend to lease factories (Brownfield projects) 	<ul style="list-style-type: none"> • Concentrated in the North and South (Bac Ninh, Binh Duong, Hai Duong, Hai Phong, Dong Nai) • The majority are located near or very close to highways (<30 km) • The distance to seaports and airports is moderate (>30 km và <70 km) 	The majority of projects choose locations that have: <ul style="list-style-type: none"> • Water supply capacity ranges from 30.000 m³/day/night or less • Wastewater treatment capacity ranges from 12.000 m³/day/night or less

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM'S INVESTMENT ATTRACTION

3. Attractive Investment Incentives

3.1. Signed FTAs and Import Tax Rate Incentives

Currently, Vietnam has participated in and signed **16 FTAs** at both bilateral and multilateral levels with various parties, establishing free trade relationships with many leading economies worldwide.



ACFTA

Effective from 2003



AKFTA

Effective from 2007



AJCEP

Effective from 2008



VJEPA

Effective from 2009



AIFTA

Effective from 2010



AANZFFTA

Effective from 2010



VCFTA

Effective from 2014



VKFTA

Effective from 2015



VN – EAEU FTA

Effective from 2016



CPTPP

Effective from 30/12/2018, effective in Vietnam from 14/1/2019



AHKFTA

Effective for all members from 12/02/2021



EVFTA

Effective from 01/08/2020



UKVFTA

Effective from 01/05/2021



RCEP

Effective from 01/01/2022



VIFTA

Officially signed from 25/07/2023



ATIGA

Effective from 17/05/2010

The Import Tax Incentives include:

In the case where enterprises import machinery and equipment for use as fixed assets to serve production and operation needs:

- Import Tax: Enterprises are exempt from import duties when importing goods to create fixed assets for projects eligible for investment incentives. Conversely, they will be subject to corresponding import duties if not eligible for investment incentives.

In the case where enterprises import machinery and equipment for commercial purposes:

- Import Tax: The tax rate ranges from 0% to 7.5% depending on the type (0% applies to domestically unproduced machinery and equipment).

The types of domestically produced machinery, equipment, and components are regulated by Circular No. 01/2023/TT-BKHDT dated April 14, 2023.

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

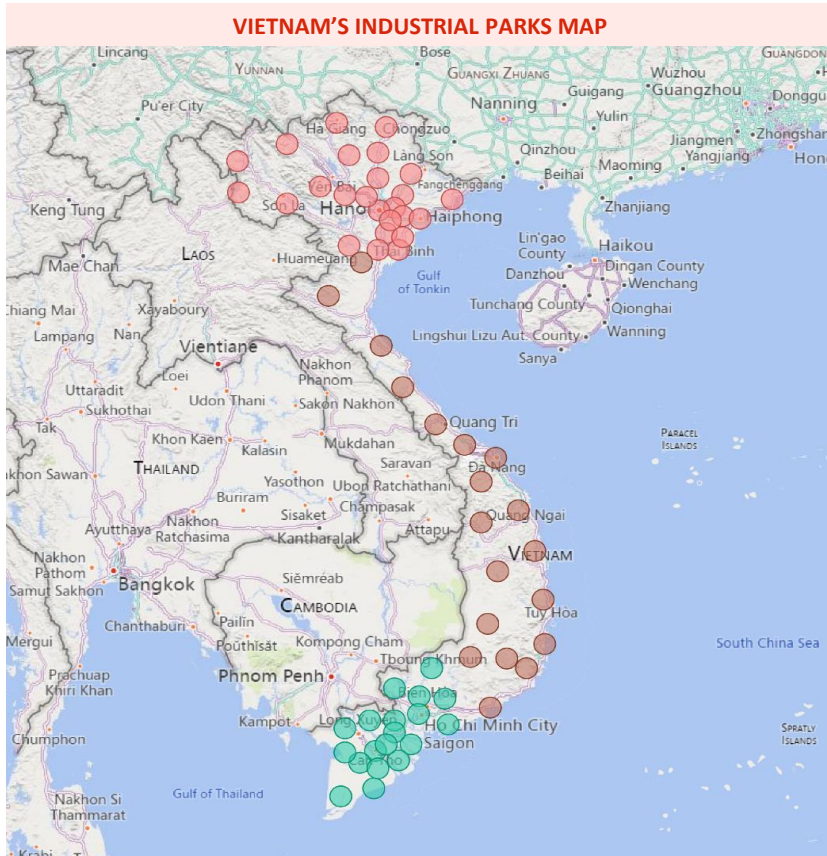
3. Attractive Investment Incentives

3.2. General investment incentives

Corporate Income Tax – CIT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Ordinary Tax	20%																			
<p>For new projects in industrial parks:</p> <ul style="list-style-type: none"> Applied to enterprises (companies) from the first year of revenue In the case where a company incurs consecutive losses in the first 3 years from the year of establishment, it will apply from the fourth year onwards 	0%		10%									20%								
<p>For projects in economic zones:</p> <ul style="list-style-type: none"> Projects in the fields of high technology, scientific research, and technology Projects with investment capital exceeding 6 billion VND 	0%								5%					10%		20%				

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM'S INVESTMENT ATTRACTION

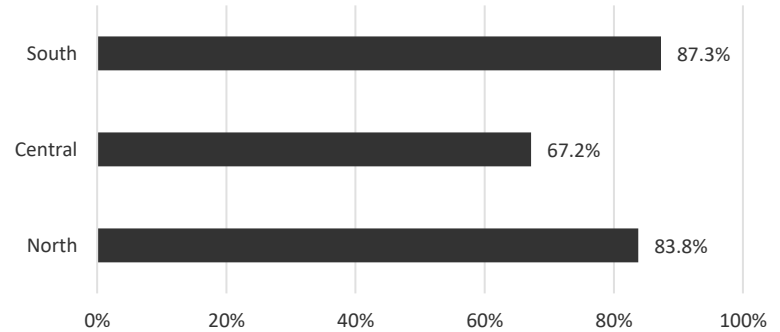
4. Industrial Real Estate Infrastructure ready to attract investment



Industrial zones in Vietnam are distributed across provinces and cities, especially in the Red River Delta region, North Central region, Central Coast, and Southeast region.

Most industrial zones are located in near highways, seaports, and airports. With the advantage of a long coastline and special attention to investment in road infrastructure, 58% and 46% of active industrial zones are located within 30km of highways and seaports, which is very convenient for project implementation and operation.

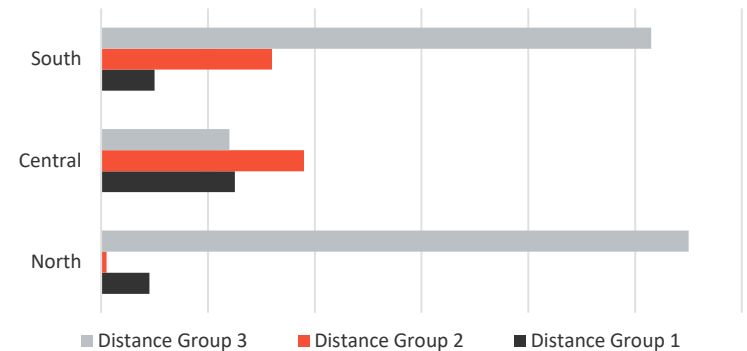
At the end of 2022, the occupancy rates in the North and South regions are quite high: South (87.3%), North (83.8%), and Central (67.2%)



Source: HOUSELINK Research

Unit: %

The remaining clean land area available for lease (as of the end of 2022) reached 35.2 thousand hectares



Source: HOUSELINK Research

Unit: Thousand Hectares

SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

4. Industrial Real Estate Infrastructure ready to attract investment

Development direction for types of industrial zones

(According to the Draft Law on Industrial Zones, Economic Zones in Decision No. 7304/BKHĐT-QLKKT)

Encouraging the development of eco-industrial parks

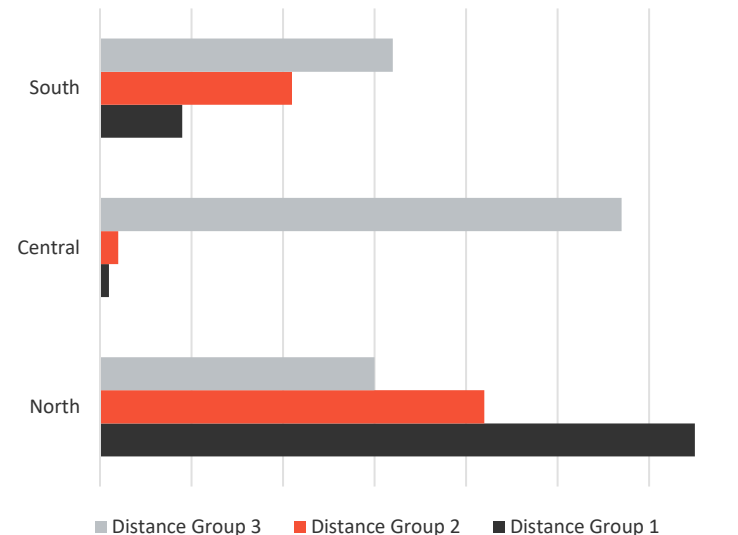
Developing specialised and supporting industrial parks

Developing high-tech industrial parks

Regarding the additional industrial land area classified by distance groups to major cities in different regions: The North region has the largest supply of industrial land in groups 1 and 2 (located less than 30 km from Hanoi or Haiphong and from 30 to less than 70 km) nationwide. The industrial land reserve in group 3 is mostly located in the Central region, with distances to major cities such as Da Nang exceeding 70 km.

The additional new industrial land area (as of the end of 2022)

25.9 Thousand Hectares



Source: HOUSELINK Research

Unit: Thousand Hectare

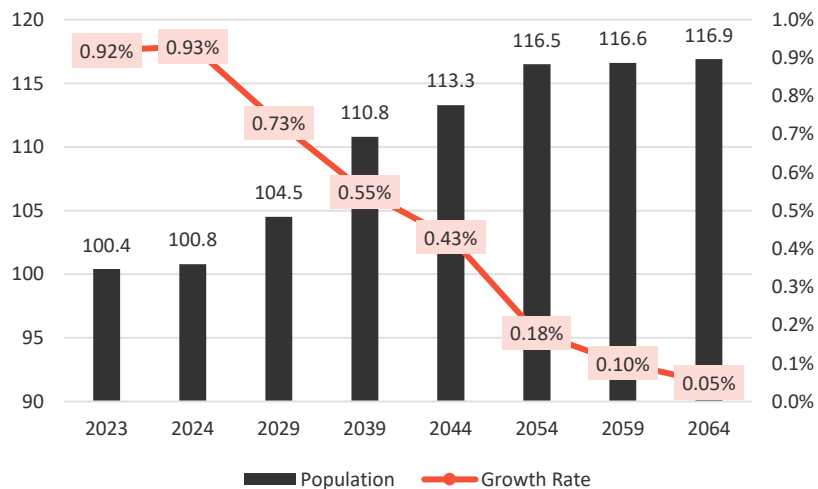
SECTION 3: FAVOURABLE FACTORS BOLSTERING VIETNAM’S INVESTMENT ATTRACTION

5. Other Factors

The average population of Vietnam in 2023 reached 100.4 million people. The population growth rate is trending downwards as the birth rates in most provinces and cities have decreased in recent years. It is forecasted that by 2029, Vietnam's population will be around 104.5 million people, entering a phase of slower population growth.

Currently, Vietnam is still in the golden population period, with 68% of the population being of working age (66.6 million people - According to the GSO). Among them, more than 63% of the workforce is aged 25 - 49 (According to the GSO), which is the age group with work experience and good professional skills.

Figure: The population forecast and population growth rate of Vietnam, 2023 – 2064 (Million people, %)

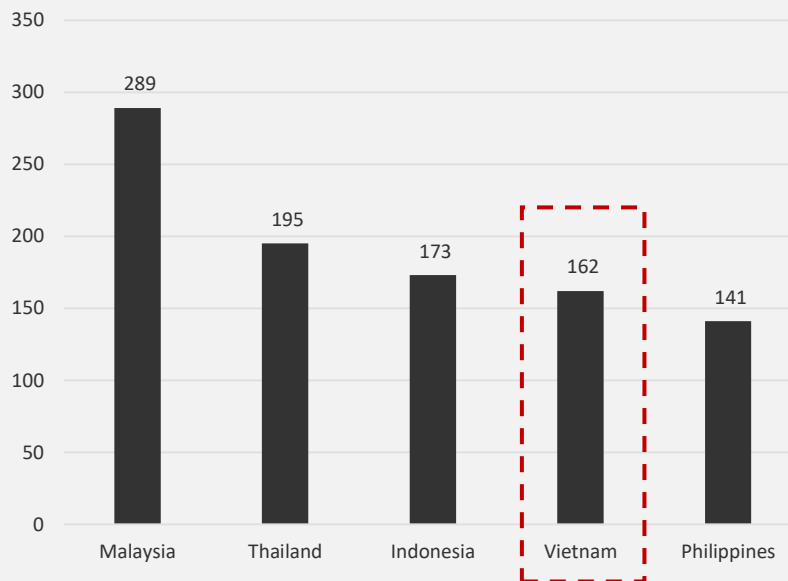


Source: GSO

As of the end of 2022, Vietnam's average minimum wage stands at \$162 USD per month, which is relatively low compared to other countries worldwide (ranked 159th out of 167 countries surveyed by Picodi, U.S. Department of Labour).

Compared to some ASEAN countries, Vietnam's average minimum wage is also only average, being higher than the Philippines but lower than most other countries such as Malaysia, Thailand, and Indonesia. This is one of Vietnam's significant advantages in attracting FDI.

Figure: Average minimum wage per month in ASEAN countries, 2022 (USD)



Source: Picodi, The US Department of Labour, HOUSELINK Research

SOME TYPICAL PROJECTS



Location: Ho Nai Industrial Park, Dong Nai, Viet Nam

Type of Investment: FDI

Project Scale: 49,000 m²

Contact: (+84) 908 883 531 - marketing@pebsteel.com.vn

Project: PRECISION COMPONENT MANUFACTURING PLANT



Location: Phu An Thanh Industrial Park, Long An, Viet Nam

Type of Investment: DDI

Project Scale: 75,000 m²

Contact: (+84) 908 883 531 - marketing@pebsteel.com.vn

Project: REBUILT FACTORY & WAREHOUSE FOR RENT



Location: Nghe An

Investor: Goertek Vina Co., Ltd

Material: COLORBOND[®] steel (for wall) & ZINCALUME[®] (for roof)

Contact: (+84) 25 4 3922 666 – colorbond@bluescope.com.vn

Project: GOERTEK VINA FACTORY



Location: Hung Yen

Investor: Korea Electrical Equipment JSC.

Material: ZINCALUME[®] (for roof)

Profile: LYSAGHT[®] KLIP-LOK[®] OPTIMA[™] (roofing)

Contact: (+84) 25 4 3922 666 – colorbond@bluescope.com.vn

Project: ELECTRIC CABLES PRODUCTION FACTORY



Location: Ba Ria – Vung Tau, Viet Nam

Project Scale: 51,000 m²

Scope of Work: Manufacturing & Erection

Contact: (+84) 28 3926 0666 – sales@atad.vn

Project: WH3 LONG SON WAREHOUSE FOR RENT



Location: Long Son Industrial Park, Ba Ria – Vung Tau, Viet Nam

Project Scale: 21,500 MT

Scope of Work: Detail Design & Fabrication

Contact: (+84) 28 3926 0666 – sales@atad.vn

Project: LONG SON PETROCHEMICAL COMPLEX



IV. EQUIPMENT & MACHINERY PROJECTS UNDER PREPARATION

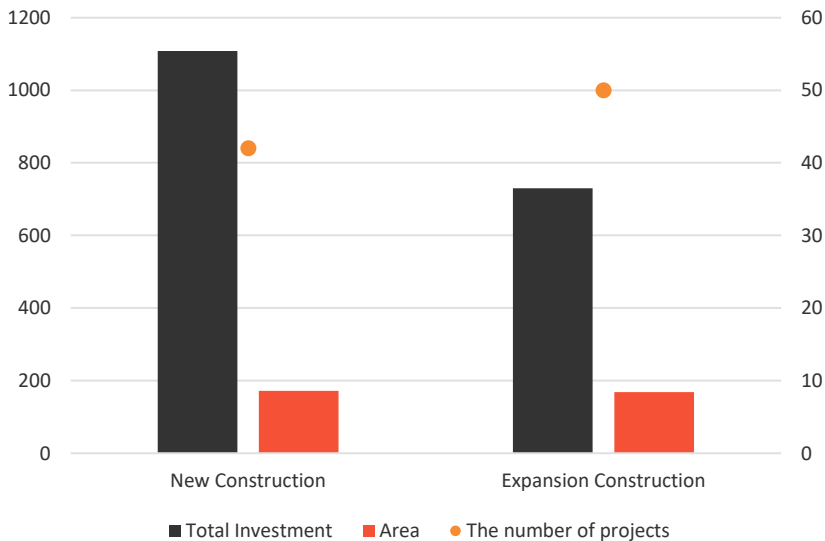
This section focuses on analyzing machinery & equipment investment projects from FDI and DDI sources of capital, each project has an investment capital of 2 million USD or more and has been authenticated on the HOUSELINK system. All projects are in the process of preparing for construction (Project preparation, Design, Bidding, Selecting main contractor)

SECTION 4: EQUIPMENT & MACHINERY UNDER PREPARATION

There are more than 90 machinery and equipment projects preparing to be implemented in Vietnam. Among them, expansion projects have slightly higher average capital than new construction projects. However, the difference in the number of projects preparing to be implemented between these two types is not significant. Both types of construction include the appearance of large-scale projects with capital investment in the hundreds of millions of USD, but their number is not high. In addition to existing investors expanding production, Vietnam continues to attract many new investors choosing Vietnam as their investment destination.

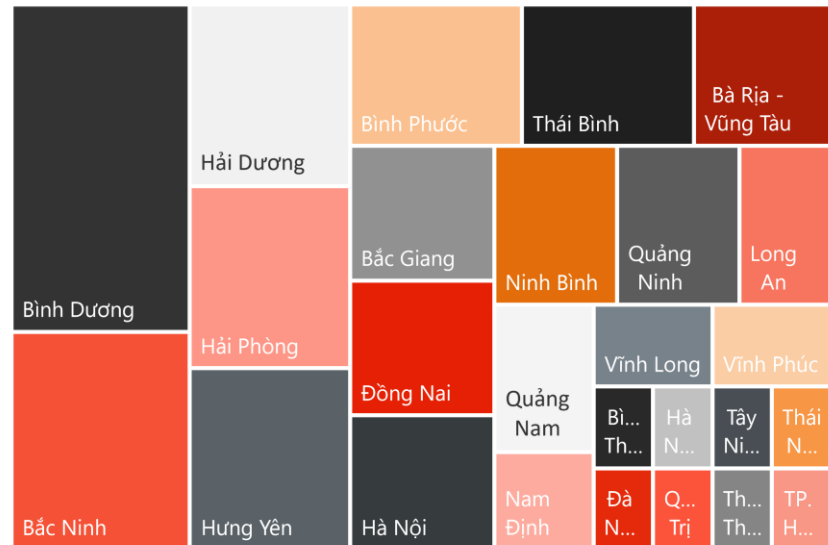
Machinery and equipment projects preparing to be implemented are distributed across all three regions of Vietnam. However, the Northern region concentrates the most machinery and equipment projects, with over 50% of investment projects allocated to this area. Particularly, provinces such as Bac Ninh, Hai Duong, Hai Phong, and Hung Yen attract the most projects in the Northern region. This area also attracts the highest investment capital in the industry. The Southern region ranks second in the number of projects but third in total investment capital, mainly due to foreign-invested projects. Binh Duong province is expected to be quite vibrant in the near future with several projects preparing to be implemented.

Figure: Overview of Equipment & Machinery projects about to be constructed by Type of Construction (USD Million, Hectare)



Source: HOUSELINK Data

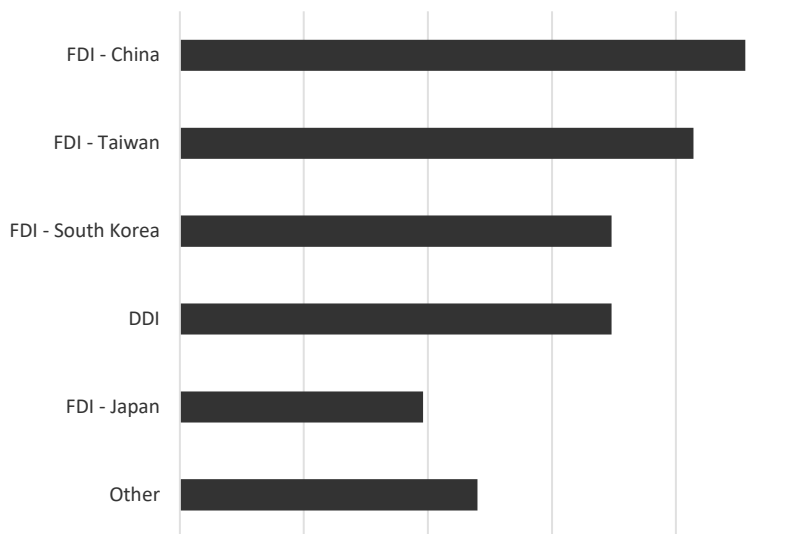
Figure: The number of projects about to be construction by province



Source: HOUSELINK Data

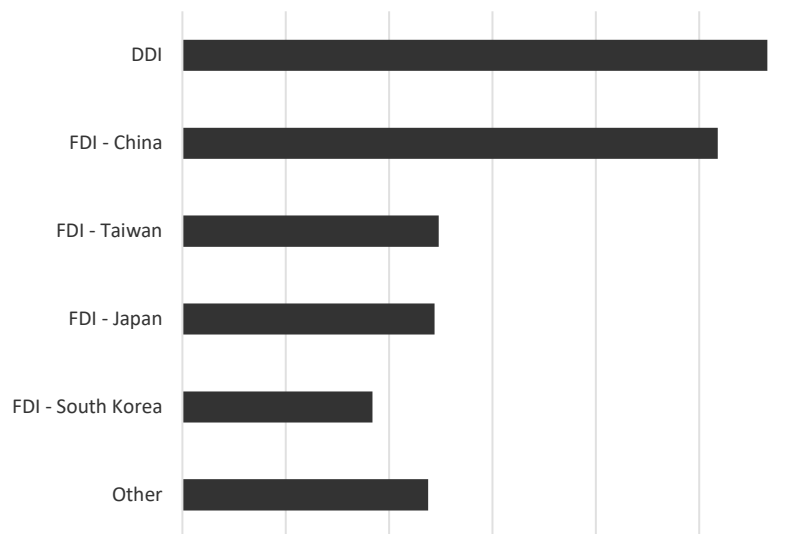
SECTION 4: EQUIPMENT & MACHINERY UNDER PREPARATION

Figure: The number of projects by Type of Investment



Source: HOUSELINK Data

Figure: The total amount of capital by Type of Investment



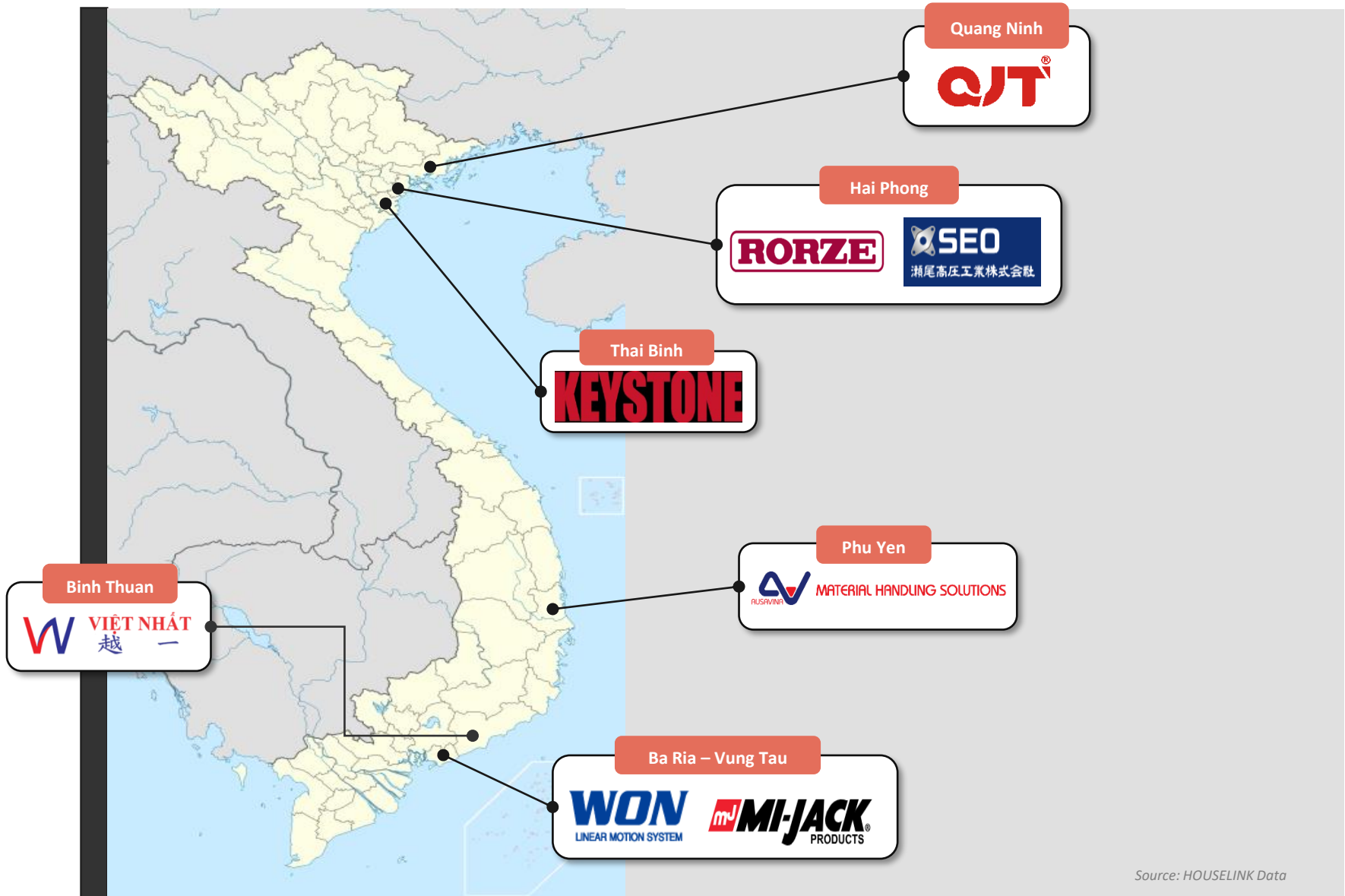
Source: HOUSELINK Data

- Projects with a capital of over 2 million USD prepared for construction are primarily invested by domestic sources, accounting for the highest proportion of total investment, although they rank fourth in terms of quantity.
- Meanwhile, Chinese projects lead in the number of projects preparing for implementation, but their total investment ranks second after domestic DDI sources. Taiwan, South Korea, and Japan are also among the top countries with many machinery and equipment projects preparing for implementation.
- It can be observed that the majority of projects preparing for implementation are invested by East Asian countries, and domestic investors are actively participating in the industry's supply chain by implementing large-scale projects.



**V. PROMINENT EQUIPMENT &
MACHINERY PROJECTS IN VIETNAM**

SECTION 5: PROMINENT EQUIPMENT & MACHINERY PROJECTS IN VIETNAM



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