

Supporting Industry Enterprises to optimize the opportunities in the transition of Global Supply Chain in the post COVID-19 era



Presenter: Mrs. Do Thi Thuy Huong (Alisa), M.P.P.
Vice-Chairwoman of VASI; Executive Board Member of VEIA
Editor in Chief of the Vietnet24h: www.vietnet24h.vn

“Vietnam Supporting Industry Forum 2021”

Friday, July 2th 2021

MAIN CONTENT

1. Vietnam's electronics industry in the current regional and international economic context.
2. Opportunities and challenges of Vietnam's electronics industry post-COVID-19 times.

Part 1

Vietnam's electronics industry in the current regional and international economic context



Import – Export of The Vietnam Electronic Industry

Unit: Bill. USD

Note: Growth compared with the same period of previous year. Source: www.gso.vn

No.	Category	Export	Growth	Import	Growth
01	Computer & component 2016	18,5	18,4%	27,7	20,1%
02	Mobile Phone and Component 2016	34,5	14,4%	10,5	-0,1%
	Total of year 2016	53,0		38,3	
01	Computer & component 2017	25,8	36,5%	37,5	34,4%
02	Mobile Phone and Component 2017	45,1	31,4%	16,2	53,2%
	Total of year 2017	73,9		53,7	
01	Computer & component 2018	29,4	13,4%	42,5	12,5%
02	Mobile Phone and Component 2018	50,0	10,5%	16,0	-2,6%
	Total of year 2018	79,4		58,5	
01	Computer & component 2019	35,92	22,17%	51,35	20,8%
02	Mobile Phone and Component 2019	51,37	4,69%	14,61	-8,68%
	Total of year 2019	87,29		65,96	

Import – Export of The Vietnam Electronic Industry

Unit: Bill. USD

Note: Growth compared with the same period of previous year. Source: www.gso.vn

No.	Category	Export	Growth	Import	Growth
01	Computer & component year 2020	42.93	25.81%	60.10	17.91%
02	Mobile Phone and Component year 2020	49.05	-5.21%	14.18	0.06%
	Total of year 2020	91.98		74.28	
01	Computer & component Q1 - 2021	11,95	31,6%	16,54	20,31%
02	Mobile Phone and Component Q 1 - 2021	14,37	11,6%	4,81	47,29%
	Total of Q1 - 2021	26,32		21,35	

Forecast for import and export of 2021:

1. Demand for phones decreased by 15-20% in the whole world market, and decreased 5% in the export volume of Vietnam.
2. Change in demand orientation: Mid-range and low-priced technology products will be given priority.



Big investment in the electronic industry in Vietnam

No.	Project Name	Place of Investment	Investment Capital (Mil. USD)	Main Product	Year of Operation
1	Samsung Electronics Việt Nam - Bac Ninh (SEV)	Bac Ninh	2,500	Mobile phone, Mobile devices and ICT hi-tech devices	2008
2	Samsung Electronics Việt Nam - Thai Nguyen (SEVT)	Thai Nguyen	5,000	Mobile phone, Mobile devices and ICT hi-tech devices	2013
3	SEMV	Thai Nguyen	1,230		2013
4	Samsung Display Bắc Ninh (SDV)	Bac Ninh	6,500		LCD & OLED
5	SDIV	Bac Ninh	133	2009	
6	Samsung Electronic HCMC CE Complex (SEHC)	HCMC high-tech park	2,000	Development and manufacturing hi-tech household goods	2014
7	Samsung Vietnam Mobile R&D Center (SVMC) - Hà Nội	Under construction: West of Hanoi	220	R&D Center	2020
8	LG Electronic Vietnam	Hai Phong	1,500	Household electric goods, mobile phone, electronic device for cars	2015
9		Hai Phong	2,500		2016
10		Hai Phong	750		2021
11		(to be invested)	1,500		OLED TV, OLED display devices, LCD
12	Intel Products Vietnam	HCMC high-tech park	1,000	Micro chip	2006
13	Canon Vietnam	Hanoi, Bac Ninh	306	Printer and scanning machines	2001
14	Nokia Vietnam	Bac Ninh	302	Mobile phone	2013
15	Panasonics Vietnam	Thang Long - Hanoi	224	Households electric goods and components	2003
16	Fukang Technology (Foxconn Singapore PTE. Ltd.)	Quang Chau, Bac Giang	270	Manufacturing laptop, tablet	2021
17	Ja Solar Vietnam	Quang Chau, Bac Giang	210	Manufacturing optical panel, cell	2021



Top 20 biggest electronic & IT companies in the world (by revenue, year 2015-2016)

Company name	Revenue (Mil. USD)	Total labors (person)	Origin country	Company name	Revenue (Mil. USD)	Total labors (person)	Origin country
1. Apple	233 715	110 000	USA	12. Sony	67 510	125 300	Japan
2. Samsung Eletronics	177 440	319 000	S.Korea	13. Panasonic	62 920	249 520	Japan
3. Foxcomn	141 213	1 060 000	Taiwan, China	14. Huawei	62 850	170 000	China
4. General Electric	140 389	333 000	USA	15. Intel	59 380	106 000	USA
5. Hewlett Packard	103 355	287 000	USA	16. Toshiba	50 170	188 000	Japan
6. Hitachi	100 340	335 244	Japan	17. LG Electronics	50 000	77 000	S.Korea
7. Alphabet Inc.	90 270	61 814	USA	18. Fujitsu	47 300	169 000	Japan
8. Microsoft	85 320	114 000	USA	19. Nokia	23 610	101 787	Finland
9. IBM	79 919	380 300	USA	20. Philips	---	114 000	Netherland
10. Siemens	79 640	351 000	Germany	21. Ericson	25 000	111 464	Sweden
11. Dell	74 000	140 000	USA	22. Schneider Electric	26 840	144 000	France

Source: IndustriAll 2017. Black: Revenue above 50 Mil. USD; Red: Revenue below 50 Mil. USD



Top 20 biggest electronic & IT companies in the world (by revenue, year 2018-2019)

Company name	Revenue (Mil. USD)	Total labors (person)	Origin country	Company name	Revenue (Mil. USD)	Total labors (person)	Origin country
1. Apple	265 234	132 000	USA	12. Dell	78 700	145 000	USA
2. Amazon	232 887	647 000	USA	13. Sony	77 100	114 400	Japan
3. Samsung Electronics	211 597	320 671	S.Korea	14. Panasonic	72 000	273 858	Japan
4. Foxconn	175 617	667 680	Taiwan, China	15. Intel	62 761	102 700	USA
5. Alphabet Inc.	136 189	98 771	USA	16. LG Electronics	54 314	157 831	S.Korea
6. General Electric	120 268	283 000	USA	17. JD.Com	54 000	157 831	China
7. Microsoft	125 800	144 106	USA	18. Hewlett-Packard	52 056	157 831	USA
8. Huawei	105 191	188 000	China	19. Lenovo	45 350	54 000	China
9. Siemens	91 585	397 800	Germany	20. Pegatron	39 238	177 950	Taiwan - China
10. Hitachi	84 559	307 275	Japan				
11. IBM	79 139	397 800	USA				

Source: IndustriAll 2019.

Average salary of labor in the Asia Electronic Industry (2015-16, in US dollar/month)

(Source: JETRO)

No.	Country/region	Blue Engineer	Worker	No.	Country/Region	Blue Engineer	Worker
1	Yokohama, Japan	3248	2588	8	Manila, Philipine	477	312
2	Seoul, Korea	2241	1823	9	Jakarta, Indonesia	413	255
3	Singapore	2596	1580	10	Chennai, India	452	209
4	Taipei, Taiwan	1249	985	11	Hanoi, Vietnam	346	180
5	Shenzen, China	674	424	12	Phnom Penh, Campuchia	325	152
6	Kuala Lumpur, Malaysia	724	418	13	Yangon, Myanmar	388	127
7	Bangkok, Thailand	651	344	14	Dhaka, Bangladesh	285	95

Average salary of labor in the Asia Electronic Industry (2018-19, in US dollar/month)

(Source: JETRO)

No.	Country/region	Blue Engineer	Worker	No.	Country/Region	Blue Engineer	Worker
1	Yokohama, Japan	3595	2834	8	Manila, Philippine	373	234
2	Seoul, Korea	2702	2208	9	Jakarta, Indonesia	457	308
3	Singapore	3064	1946	10	Chennai, India	470	211
4	Taipei, Taiwan	1428	1097	11	Hanoi, Vietnam	436	217
5	Shenzen, China	831	490	12	Phnom Penh, Campuchia	648	201
6	Kuala Lumpur, Malaysia	728	413	13	Yangon, Myanmar	349	162
7	Bangkok, Thailand	728	413	14	Dhaka, Bangladesh	287	109

Part 2

Opportunities and challenges of Vietnam's electronics industry post- COVID-19 times



The mainstream of the global economy in 2021

1. Types of economic linkages continue to be promoted (new generation FTAs and free trade agreement);
2. The trend of protectionism continues to increase in the context of the US-China trade war becoming more complicated and deepening, especially the impact of the COVID-19 pandemic;
3. Due to the impact of the COVID-19 epidemic, reshaping the global supply chain, following the trend of supply shifts to reduce dependence on China;
4. Temporary shortage of components and parts for the electronic industries, especially from the semiconductor industries.
5. New consumer habits and behaviors were formed after COVID-19.
6. Global technology governance: to be dominated by Big Tech.



Opportunities for Vietnam's electronics industry

1. Opportunity to increase exports to the US and EU due to the post-COVID-19 supply chain adjustment;
2. Increasing FDI attraction: the trend of shifting investment and production capital from China to other countries, creating opportunities for Vietnam to increase FDI attraction, especially in the electronics sector.
3. The countries promote bilateral and regional economic links, so the ratification process of CPTPP, EVFTA, ... takes place more urgently.
4. Increasing export opportunities to difficult capital markets such as the US, Europe, ...



Challenges in Vietnam's electronics industry

1. Changing habits and methods of consumption in a normal state requires Vietnam to promptly adjust policies in supporting businesses and attracting foreign investment to ensure selective FDI flows. Priority is given to advanced technology, sustainability and spillovers to the Vietnamese economy.
2. The risk of falling further behind due to the rapid development of Industry 4.0, forced development based on innovation and creativity; Low-cost labor and the availability of natural resources are no longer advantages.
3. Lack of resources in skilled labors, in finance and in technology to receive advanced technology value from FDI flows, The risk of low and medium technology transfer into Vietnam.
4. Non-traditional security challenges: climate change, unsustainable exploitation of natural resources will have a strong impact on Vietnam's goals of sustainable development.
5. Temporary lack of supporting materials, components and parts for the electronic industries.

What should the Vietnamese electronics industry do?

- 1. Government:** It is necessary to focus on investing in leading companies so that SMEs can develop and form a supply chain for Vietnamese enterprises. Especially in the field of production, start-up, innovation and mid- and high-tech transformation in electronics.
- 2. Enterprises:** Improving competitiveness: human resources, technology, production management. Accelerating the adoption of solutions to support enterprises, especially export enterprises, to improve their capacity and competitiveness, improve the business environment, and promote supply chain linkages. Strengthen the connection between domestic enterprises and FDI enterprises in the electronics industry. Promote digitization in enterprises.
- 3. Policy:**
 1. Focus on infrastructure development. Continue to improve the administrative system, improve the judicial system, improve the domestic business environment, improve the national competitiveness. Promote digitization in the business.
 2. Take advantage of the opportunity to shift production to Vietnam to promote Vietnamese enterprises to grow up, actively participating in the supply chain in a higher-tech position.
 3. Having a strategy to attract FDI with a selective, concentrated filter, prioritizing FDI in the high-tech, innovative industrial sector, closely linked with the domestic economy. At the same time, effectively prevent the flow of low-quality investment capital, transfer risks to the environment and technology.
- 4. Association:** Strengthening connections, supporting businesses to access support resources from the Government and international organizations (in terms of technology, business capacity improvement, international marketing). Helping businesses understand and apply policies.

Thank you!

Website: www.veia.org.vn Email: dthuong@veia.org.vn

Contact person: Ms. Do Thi Thuy Huong
VEIA Executive Board

Access: www.vietnet24h.vn to download the presentation

