

Vietnam draws attention from FDI firms

Several foreign direct investment (FDI) enterprises are planning to develop big projects in Vietnam this year in view of an improved investment environment.

Katsuyoshi Soma, general director of Canon Vietnam told Hai quan (Customs) newspaper that the company had achieved significant success in 2014 in Vietnam despite a slow recovery in the world market.

This year, the company plans to maintain stable production and focus on renewing quality, technique and automation. It will also actively seek local suppliers in the support industry for boosting localisation and reducing inventory as well as prices.

Samsung Vietnam has designed a big plan for investing in the energy, shipbuilding and airport sectors in the country this year with an expected total investment of \$20 billion.

In the field of infrastructure, Samsung C&T has signed a memorandum of understanding to develop the Vung Ang 3 Thermopower Plant in the central Ha Tinh Province under a build-operation-transfer (BOT), with a total investment of \$2.45 billion. It has been preparing a feasibility study and will submit it to the prime minister for approval this year.

Samsung has also exhibited an interest in transport projects in Vietnam. It will research and participate in investment, construction and operations for some categories at the Long Thanh Airport, such as terminal and duty-free shops, if the project is approved.

It expects the feasibility study to take place during the first quarter of this year.

The company has also invested in shipbuilding plants in the southern-central Khanh Hoa Province.

Han Myoung Sup, Samsung Vietnam's general director said the company planned to set up two factories in the northern Thai Nguyen Province, while investing in the Centre for Research and Development in Hanoi's Cau Giay District with 1,200 labourers.

The FDI's big plans this year show that Vietnam's investment environment is attracting numerous foreign investors.

Soma of Canon said Vietnam was still a young economy and would develop strongly with politically stable and favourable policies for foreign investors and an abundant labour workforce.

However, FDI firms expect further improvement. A recent survey conducted by the Japan External Trade Organisation (JETRO) showed that 66 per cent of Japanese businesses want to expand into Vietnam and consider the country an important investment location.

In addition, they have also expressed concern for risks in the investment environment, such as administrative procedures and ramping up labour costs.

Soma added that the Vietnamese business environment should be improved through better

infrastructure, upgrading the electricity system and developing seaports and roads.

The supporting industry should be also developed, he said, adding that the government plans to promulgate a decree for developing the sector.

He expects the decree to create a better legal framework and opportunities for businesses to improve their competitiveness globally.

Samsung expansion

The Ministry of Industry and Trade and Samsung Electronics Vietnam has organised a trip for Vietnamese enterprises to visit eight of Samsung's tier 1 and 2 electronics and mechanical parts suppliers.

The two-day trip for 20 Vietnamese firms was the latest effort by Samsung towards promoting the development of Vietnam's supporting industries.

Samsung has been expanding in Vietnam with its latest and premium products, and will reportedly continue to enhance investments in mobile phone manufacturing in the country in the future. It has said that it will always welcome Vietnamese firms to join its supply chain, provided they satisfy the three criteria of quality, timely delivery and price.

Jang Hoyoung, general director of Samsung's purchase division, expected that after the visit, the Vietnamese firms can send a registration form to the group's project department to confirm whether they can produce components for Samsung.

"The purchase division will be willing to support them, if the Vietnamese firms meet the criteria required to become Samsung's suppliers," he said.

Samsung currently has 87 suppliers in Vietnam. Jang emphasized that Samsung will not discriminate between Vietnamese and Korean suppliers. Samsung is willing to cooperate if Vietnamese enterprises can provide goods at reasonable prices and with timely delivery.

Last September, Samsung held a seminar in Hanoi to search for local suppliers. It is expected that Samsung will organise a similar seminar before June 2015, to increase the number of Vietnamese suppliers in its supply chain.

Samsung has affirmed its priority for cooperation with competent authorities in Vietnam to support electronics and mechanical parts manufacturers to develop their capacities. Samsung has prioritised the need to find local suppliers in order to reduce charges and meet the production requirement, which will benefit both Samsung and Vietnam.

Source: <http://www.intellasia.net/>