

Vietnam – The New Trading Frontier

North America - Vietnam Trading Agency

NAVTA

**Chess Conference
September 9-10th, 2008**

Overview of Vietnam

- Geography
- Key Statistics
- Economy
- Tourism
- Trade
- Manufacturing
- Transportation
- NAVTA Activities
- Questions and Answers



City Hall - Ho Chi Minh City, Vietnam

IHA's Strategic Partner in Vietnam

- Mr. Dinh Tran, President - NAVTA
- Born and educated in Ho Chi Minh City before immigrating to Canada in 1979.
- Co-Owner of "*North America – Vietnam Trading Agency (NAVTA)*", a Supply Chain Management Company

Positioning

- NAVTA has acquired a Vietnamese business license and has developed mature relationships with key government and business contacts throughout Vietnam
- NAVTA in partnership with the International Housewares Association is hosting a 3rd Vietnam Sourcing Trade Mission in Ho Chi Minh City this coming October



Vietnam's former Deputy Prime Minister Vu Khoan with Dinh Tran

“Vietnam’s Growth Rate today is second only to China!”

“Companies from all over the world are flocking to Vietnam now!”

“Will Vietnam live up to its potential as the next Asian Tiger?”



Why the Interest in Vietnam?

- Worldwide Companies are seeking new primary and secondary sources for manufacturing
- The China factor of increasing production costs, removal of incentives, rising foreign exchange rates, new employment protection laws and political uncertainty have effected the bottom-line of Buyers everywhere
- Vietnam represents a “first mover opportunity” for those who want to make the investment in time, energy and money
- Vietnam represents both import and export opportunities

Positive Factors include:

- WTO Ascension in Jan 2007
- Large Foreign Direct Investment
- Commodity Boom
- Low Labor Rates
- Plentiful Young Labor Force
- Strong Demand for
Capital Goods
- Political Stability
- Welcoming Business Climate



- “VN has hard working, intelligent people in a stable environment” ... “Business people are welcome in Vietnam”

Former VN Prime Minister Phan Van Khai

- “ I feel VN has a very stable gov’t ... Healthy future for VN investments”

Dave Mathews, CEO Vietnam Manulife Financial

- “VN is receptive to investment ... favorable tax structure ... motivated workforce ... safe & stable.”

Mario Caron, President Tiberon Metals Ltd.

Vietnam Geography

Vietnam - The New Trading Frontier



Location: South-Eastern Asia, bordering the Gulf of Thailand, Gulf of Tonkin, and South China Sea, alongside China, Laos, and Cambodia

Coastline: 3,444 km; extending 1,650 km north to south, the country is only 50 km across at its narrowest point

Climate: tropical in south; monsoonal in north with hot, rainy season (May to September) and warm, dry season (October to March)

Terrain: low, flat delta in south and north; central highlands; hilly, mountainous in far north and northwest

Natural Resources: phosphates, coal, manganese, bauxite, chromate, offshore oil and gas deposits, forests, hydropower

Its Boom Time for Vietnam Tourism!

- Totally, international visitors in 12 months of year 2007 reached 4,171,564 arrivals, 16.0% higher than those in the same period of year 2006.
- Vietnam is a place for travellers posing few safety problems and the promise of exciting adventure, good food, and friendly people.



Ha Long Bay, North Vietnam

- Full name: Socialist Republic of Vietnam
- Population: 86,116,559 (July 2008 est.)
- Capital: Hanoi
- Largest city: Ho Chi Minh City
- Area: 329,247 sq km (127,123 sq miles)
- Major language: Vietnamese
- Major religion: Buddhism
- Life expectancy: 68 years (men), 72 years (women) (UN)
- Monetary unit: dong (VND) ... 16,500 VND = \$ 1.00 USD
- Main exports: Petroleum, rice, coffee, clothing, fish
- GNI per capita: US \$620 (World Bank, 2006)
- Internet domain: .vn
- International dialing code: +84

- Economy
 - Open Market Economy since 1995
 - 2nd fastest growing economy in the world
 - GDP Growth = 7% + annually for past 10 years
 - Growth driven by:
 - Domestic Private Sector
 - Foreign Direct Investment
 - Growing Exports
 - Over 107,000 Small-Medium Enterprises (SME's) set up business since Year 2000 when Enterprise Law became effective
 - Diplomatic and Trade Relations with 170 countries
 - Vietnam became a Member of the World Trade Organization (WTO) in January 2007

- Population Age
 - 0-14 = 26.3%
 - 15-64 = 67.9%
 - 65+ = 5.8%
 - Average Age is 25 years old, thus a young ambitious workforce
- Business Environment
 - Stable and equal socio-political environment
 - Competitive cost of labor
 - Foreign Direct Investment strongly supported by Government
 - Main investors ... USA, Japan, Singapore, Taiwan, South Korea and Hong Kong



- Airports
 - 3 International Airports ... Ho Chi Minh City, Hanoi, Da Nang
 - 19 Domestic Airports
- Ports and Harbours
 - Major ports at Cam Ranh, Da Nang, Hai Phong, Ho Chi Minh City, Ha Long, Quy Nhon, Nha Trang, Vinh, Vung Tau
- Railways
 - 2,928 million ton-km were transported in 2005
- Roadways
 - 222,179 km total ... only 42,167 Km paved

Observations from the Field ...

- Vietnam is not China ... it is very early days in their business development
- It consists of what we would consider small and medium size companies (SME's)
- They are new to the game of export to the North American Marketplace having been solely domestic producers and a labor camp for other Asian companies
- They are early in their western business education thus they need education on compliance and regulatory laws, understanding in artwork, software and measurements etc.
- They are hungry and eager for American contracts and are willing to work hard to earn your business

Observations from the Field cont'd ...

- It is hard to “Google” Vietnam, as many manufacturers have not promoted themselves online
- Universities are just starting to teach key management principles, branding and self promotion
- Most Vietnamese labor work hard, and up to 28 days per month, 8 – 10 hours per day ... never have we witnessed any child labor in the countless visitations to factories
- English although prevalent in factories often breaks down when dealing with Artwork, measurements, printing and packaging
- Vietnam has huge advantages if they possess the raw materials within the country

Specific to the Housewares industry, Vietnamese factories manufacture a wide variety of Housewares products including:

1. Cook & Bakeware

Cook & Bakeware
Tea Kettles & Brewers

2. Home Décor

Candles
Decorative Accents
Giftware
Lighting and Accessories
Pictures and Frames

3. Kitchen Accessories

Cutlery and Accessories
Food Storage
Kitchen Tools and Gadgets
Textiles

4. Table Top

Bar Accessories
China, Crystal & Silver
Dinnerware, Flatware,
Glassware (Drink ware, Serve
ware)

5. Bath & Shower Accessories

6. Cleaning

Cleaning Products & Supplies
Floor care

7. Home Organization

Closet and Clothing Storage

- NAVTA is a “**Business Sourcing, Supply Chain and Trade Solutions Provider**” for Vietnamese and North American companies
- We ensure that our clients immediately overcome the two key challenges associated with international trading:

**Language/
Communication
Break-down**

&

**Foreign Business/
Cultural
Understanding**

- We operate three international offices:
 - **Vietnam:** A modern, fully-staffed and conveniently-located 3 story office building in Ho Chi Minh City, Vietnam
 - **Canada:** Our North American Headquarters in Toronto, ON
 - **United States:** Branch Office in Missouri, USA

NAVTA offers a wide-range of services that fall under six broad categories:

1. Product Sourcing & Manufacturing
2. Sales and Marketing
3. Intelligence and Business Consulting
4. Vietnam-Source Web Portal
5. VNBusinessSolutions.com
6. Represent Registrar Corp for FDA – USA Agent Services

In addition we work with the International Housewares Association to provide Sourcing Trade Missions and Factory visitations.

- Key NAVTA Staff

- **Bill Gadd, CEO** (billgadd@navta-trade.com)
- **Dinh Tran, President** (dinhtran@navta-trade.com)
- **Nguyen Thi Yen, Chief Representative Officer – Vietnam**
- **Tran Thanh Tra, Quality Control Engineer**
- **Hoang Thi Thuy Hang, Manager Sourcing, Quotations and Data Management**
- **Tang Buu Linh, Business Development Executive**
- **Cao Thanh Xuan, IT Services Specialist – Vietnam**
- **Le Thi Hung, NAVTA Customer Service – Vietnam**

- Online

- www.Navta-Trade.com (English)
- www.Navta-Trade.net (Vietnamese)
- www.Vietnam-Source.com (English)
- www.VNBusinessSolutions.com (English)



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