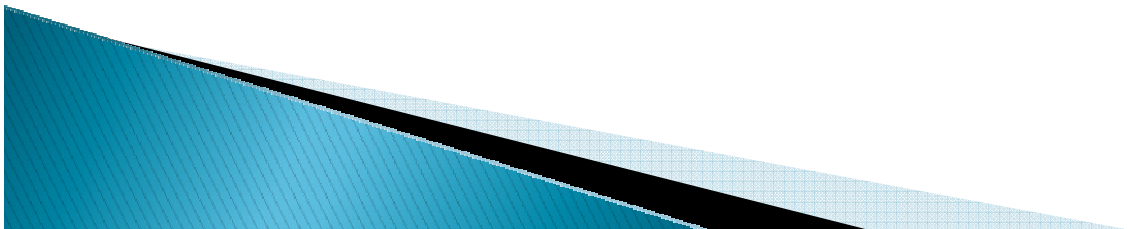


VIETNAM COUNTRY REPORT

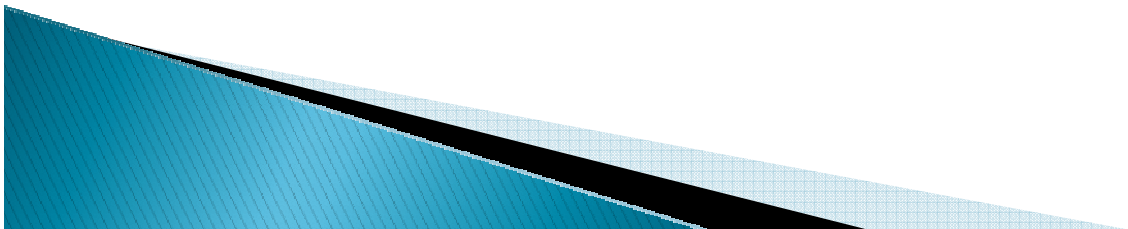
THE 18TH CICA COUNCIL MEETING

29/07/2011 – HANOI, VIETNAM



THE OVERVIEW OF ECONOMY 2010

- ❖ 2010 is the final year of The 5-year-plan of social economic development 2006 – 2010:
 - GDP growth rate increases 6.78%, of which:
 - + Agriculture – Forestry – Aquaculture: + 2.78%
 - + Industry and construction: +7.7%
 - + Service: +7.52%
 - Xây dựng, đầu tư phát triển:
 - + The value of construction and manufacturing increase 23.1% compared to the level of 2009.
 - + Total of capital investment for construction reaches US\$ 41.5 billion.



THE OVERVIEW OF ECONOMY 2010

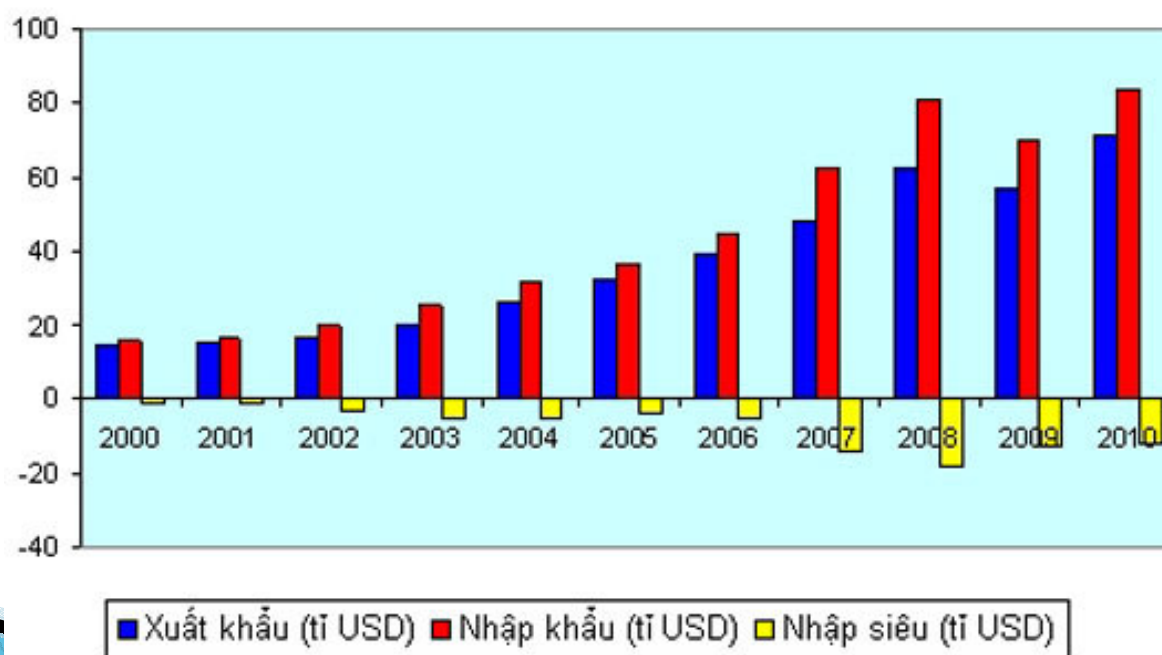
❖ Total export: US\$ 71. billion, + 25.5% in comparison with the data of 2009

Major export markets: - USA, EU, Asean

❖ Total import: US\$ 84 billion, + 20,1%

Major import markets into Vietnam: - China, Asean, South Korea

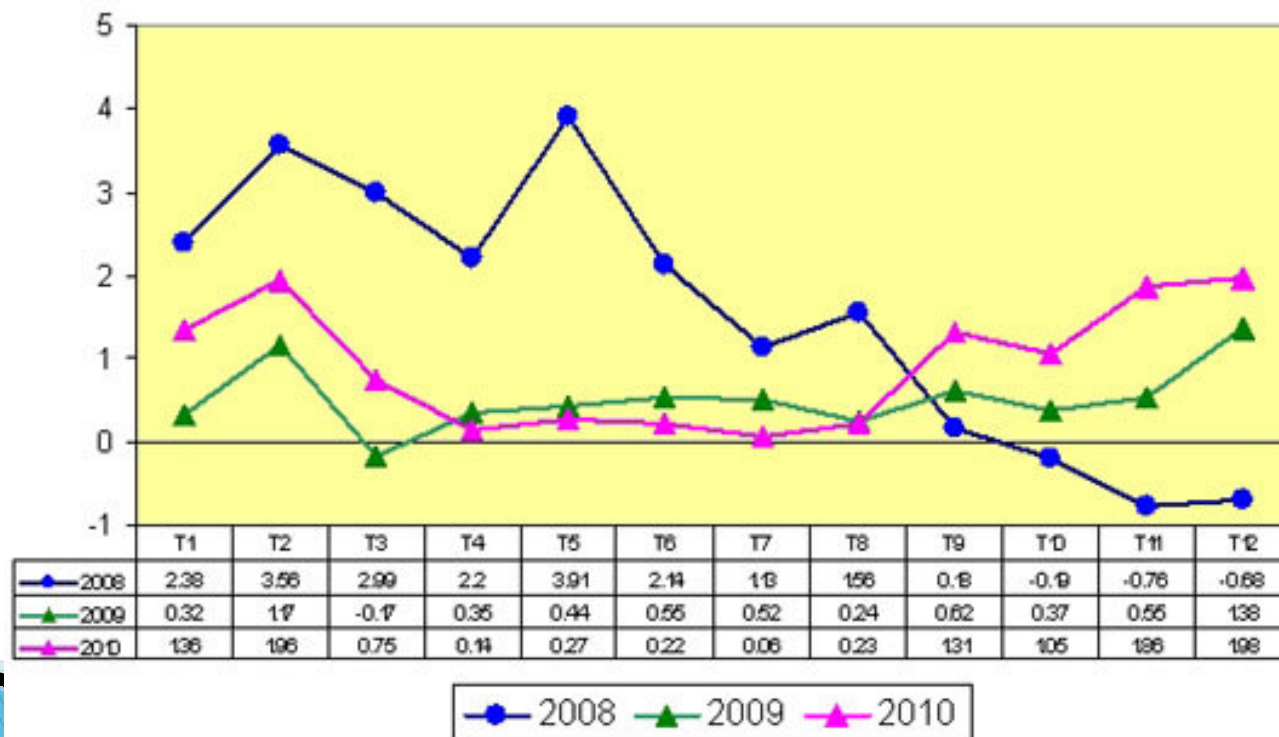
Import – Export in the period of 2000 - 2010



THE OVERVIEW OF ECONOMY 2010

- ❖ Inflation rate in 2010 increases +11.75%. The main reasons are the domestic unstable economy, the changeable world prices and other related domestic economic factors.
- ❖ CPI in 2010: +9.19%

The performance of CPI from 2008 - 2010

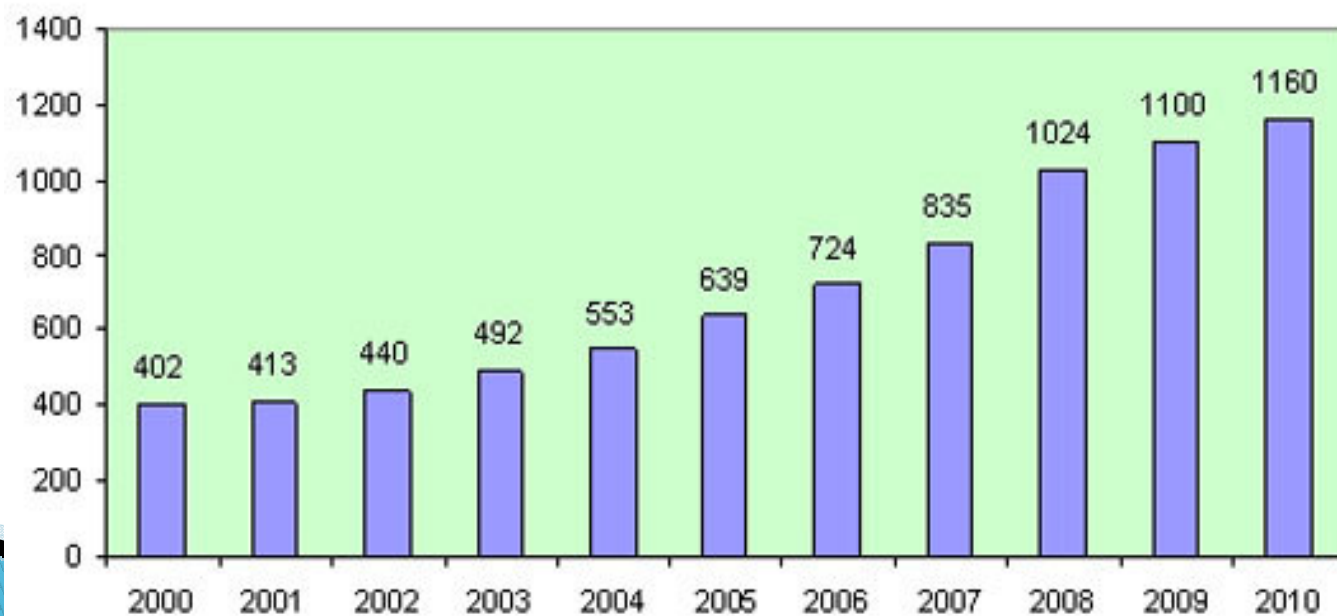


THE OVERVIEW OF ECONOMY 2010

- ❖ In 2010 the Vietnam population reaches 86.93 million, + 1.05% compared to 2009
- ❖ Labour force: 46.21 million
- ❖ Unemployment: 2.88%
- ❖ Per capital income: 1,160 USD/person/year (2009: 1,050 USD).

Average per capital income 2000 - 2010

GDP bình quân đầu người (USD)



VIETNAM KEY ECONOMIC INDICATORS

Indicator	2009	2010	2011 (estimated)
Population (million people)	85.789	86.93 .	87.63
GDP (US\$ billion)	90.4	102.2	114.6
GDP grow rate	5.32%	6.78%	7-7.5%
Per capital income	1,050 USD	1,160 USD	1,200 USD
Inflation	8%	11.75%	17%
CPI	6.88%	9.19%	16.9%
Labour force (million people)	45.2	46.2	46.2
Unemployment	2.9%	2.88%	2.6%
Total export (US\$ billion)	56.6	71.6	80
Total import (US\$ billion)	68.8	84	93
Major export products	Textile and garment; timber and timber based products; shoes; seafood products; rice; crude oil; petroleum; agricultural products, ...		
Major import products	Textile and garment; shoes; electric and electrical products; computer and its spare parts; machines and equipments; cloth material; steel,		

Source: Annual report – Department of Vietnam Statistics
Central institute of economic management (CIEM)



VIETNAM BUILDING CERAMIC INDUSTRY 2010 - 2011

Local production

Product	2008		2009		2010		2011*		Unit
	Capa city	Fact	Capa city	Fact	Capa city	Fact	Capa city	Fact	
Gạch ceramic	250	230	270	250	355	320	360	310	million m2
Gạch granite	44	40	50	45	61	55	66	50	million m2
Sứ vệ sinh	10	9	10.5	9.5	12	11	12	10.5	million pcs

Product Output	2008	2009	2010	2011	Unit
Clay fired tile	20.5	24.2	27.8	31.97	million m2
Cotto tile	5.28	6.86	7.8	7.8	million m2
Roofing tile	38.82	44.52	51.12	58.92	million m2
Brick	27.31	28.67	30.1	29.5	Billion pcs

Tiêu thụ nội địa đối với gạch ốp lát (granite và ceramic) và sứ vệ sinh

Sản phẩm	2008	2009	2010	2011*	Unit
Gạch ốp lát	220	240	330	350	million m2
Sứ vệ sinh	8	8.5	10.5	11	Million pcs

(*): estimated

VIETNAM BUILDING CERAMIC INDUSTRY 2010 - 2011

Ceramic export

Product	2008	2009	2010	2011*	Unit
Ceramic tile	110	120	120	130	US\$ million
Sanitaryware	41	45	50	55	US\$ million
Raw material	0.5	0.6	12	15	US\$ million
Total	151.5	165.6	182	200	US\$ million

Ceramic import

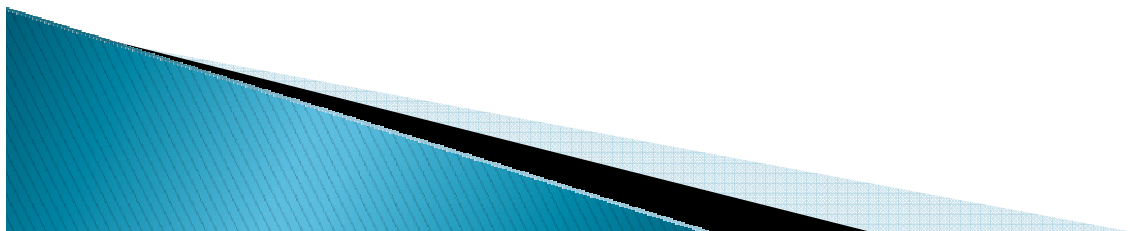
Product	2010	2011*	Unit
Ceramic tile	95.5	85	US\$ million
Sanitaryware	8	7	US\$ million
Raw material	80	75	US\$ million
Total	183.5	167	US\$ million

Source: Vietnam Department of Custom; (*):estimated



VIETNAM BUILDING CERAMIC INDUSTRY 2010 - 2011

- ❖ The major export of Vietnam building ceramic products are Taiwan, Japan, Thailand, Cambodia, Malaysia, Indonesia, UAS, Australia, ...
- ❖ The major import country into Vietnam is China:
 - Ceramic tile: US\$ 76,119 million
 - Sanitaryware: US\$ 2,533 million
 - Raw materials: US\$ 48,004 million
 - ▶ The current production capacity reaches nearly 400 million sqm, utilizes 90% of total capacity (about 355 million sqm).
 - ▶ Domestic consumption occupies 75% of output

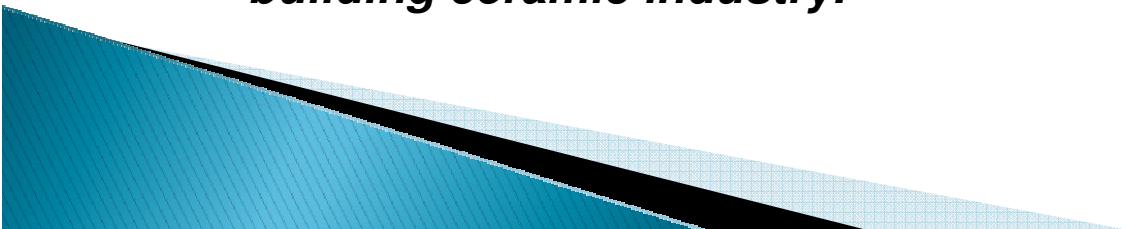


OUTLOOK FOR 2011

The current challenges of Vietnam building ceramic industry:

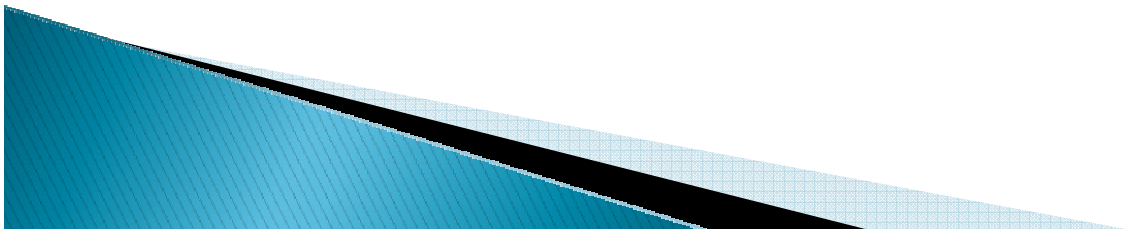
- ❖ Inflation rate likely to reach 20%
- ❖ The raw material and fuel prices are more and more increasing (oil and petroleum, electricity, coal, raw material, labour, exchange rate, ...)
- ❖ High bank interest rate, the Government tightens the bank loans that make difficult for ceramic manufacturers. The current interest rate is over 20%.

In 2011 the Government implements measures to tighten the money market, adjust the growth rate goals, reduce public investment and curb inflation. These strongly impact to the real estate market and building ceramic industry.



OUTLOOK FOR 2011

- ❖ In 2010-2011 the Government launched the Programme “Vietnamese use Vietnamese products” and “Bring made in Vietnam products to the rural areas” that open the big opportunity for Vietnam manufacturers, especially building ceramic products.
- ❖ One more chance for the ceramic products with the future infrastructure construction projects and House projects for low income people.
- ❖ Introduction of the Decision No. 14 issued by Ministry of Construction relating to the quality control of ceramic tile came to effect in October 2010 contributed to increase the local manufacturing products and significantly reduced the low quality import products (mainly from China) into Vietnam market.
- ❖ 2011 is the very difficult for ceramic manufacturers (due to the difficult world economy and domestic economic policies) so all the ceramic players must be careful in operation, reorganize the factory activities and use full installed capacity.



OUTLOOK FOR 2011

The development strategies of Vietnam building ceramic industry:

- ❖ **Balance the manufacturing cost and selling price to increase the profit, overcome the current difficulties.**
- ❖ **No more new investment (except for some factories which have to move or some that have the advantages of natural gas like in Vung Tau province).**
- ❖ **Utilize about 80% of production capacity and improve product quality.**
- ❖ **Merge factories that have small capacity to strengthen the advantages of management, market, transportation and competition.**
- ❖ **Increase product quality and designs, enlarge the tile dimension, use full all the invested machines and equipments.**
- ❖ **Intensify the export to the world market**
- ❖ **Cooperate to produce raw materials for ceramic industry. In Vietnam, we have not had the industry of raw materials, and this is the biggest difficulty for the future of building ceramic industry.**



ABOUT VIETNAM BUILDING CERAMIC ASSOCIATION VIBCA

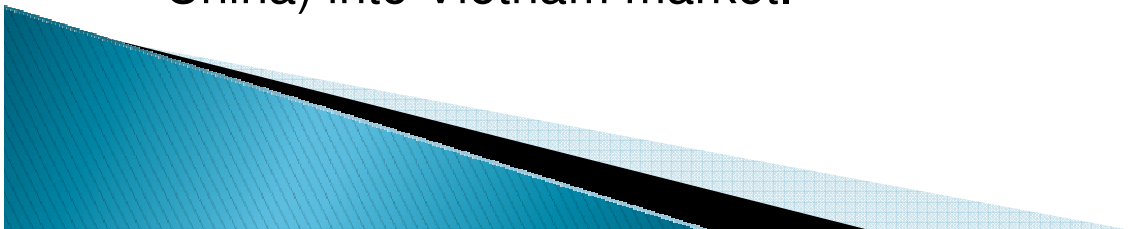
Established year	1999
Number of members	130 companies and organizations
Chairman	Mr. Dinh Quang Huy
Vice chairman	Mr. Nguyen Quang Mau
Vice chairman	Mr. Thai Phong Nha
Vice chairman	Mr. Vo Quoc Thang
General Secretary	Mr. Vu Quoc Hung

VIBCA's company members mainly work in the building ceramic sector (ceramic tile, sanitaryware, clay fired brick and roofing tile, raw materials, ceramic trading services, R&D, ...)



VIBCA'S ACTIVITIES IN 2010 – 2011

- ❖ Supply to VIBCA's members and ceramic companies all information relating to latest building ceramic production, import, export and technologies of Vietnam, the region and the world; Open technical conferences cooperating with foreign companies to find the best solution that help manufacturers to save energy, reduce production cost and increase the effect.
- ❖ Compile and publish technological books, handbooks as well as implement building ceramic research projects with Ministry of Construction.
- ❖ Petition to the Government and related authority branches and bodies for the favourable prices such as electricity, coal, petroleum, value added tax (VAT), ...
- ❖ Petition to the Government the measure of ceramic quality control in order to reduce the inflow of low quality import ceramic tiles (mainly from China) into Vietnam market.



THANK YOU!

