VIETNAM AS AN EXPORT MARKET

Factors to Consider

- Limited consumer demand
- Distribution challenges
- Population by the year 2002 - 85.1 million
- Great long-term potential
- Relatively stable government
- Adjustment phase of the economy
- Inability to purchase non-essential goods
- Foreign currency shortages
- Undeveloped infrastructure
- Limitations on local agents
- Uncommon practice to appoint sales agents

Rules and regulations applying to agents and distributors have not received high priority by the government. Investment has been the main preference of the government while the purchase of goods and services has received low priority.

Nevertheless, Vietnam offers Canadian exporters long-term opportunities that will eventually provide access to a market population of over 71 million. Many companies are excited over the opportunities in a relatively new market which needs goods and services in all sectors.

Even though the long-term potential in Vietnam is great, there are difficulties in reaching satisfactory deals. Exporters will have to learn about the market before selling their products. Presently, Vietnam is a very weak export market for Canadian firms as it has limited foreign exchange to purchase goods and services. Nor is the country technologically advanced enough to be positioned for the types of goods and services Canadians traditionally export. Export opportunities for Canadian companies already active and/or familiar with the region are to be found in in essential items such as: vehicles and parts, basic telecommunications equipment, marine equipment, and pharmaceuticals.

Export Environment

The average per capita income in Vietnam is difficult to determine; however, estimates range between US$200 and US$300. For instance, Ho Chi Minh City and the southern portion of the country have higher income levels than Hanoi and the north.

At the same time, some Vietnamese have benefitted from receiving remittances of foreign currency from relatives living in Canada, the United States, the United Kingdom, France, and Australia.

In the past, inadequate banking facilities created a scepticism towards placing money in banks, which has led people with hard currency to participate in the black market.

Many consumer goods are smuggled into Vietnam. Canadian exporters will have to compete against those goods, which are sometimes counterfeit and usually offered at a cheaper rate, which reduces the marketability of legitimate goods.

One of the biggest obstacles to selling to Vietnamese companies remains their inability to access