

Vietnam: A rising star

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Our commercial relations are reaching record levels, as Canadian exports to Vietnam grew by 18% and imports by almost 20% in 2002. There are also noteworthy Canadian investment success stories, such as **Manulife** which currently has over 6,000 employees in Vietnam. However, as only the 22nd largest source of foreign direct investment and with only 0.5% of the import market in Vietnam, Canada may be falling short of achieving its full potential in this vibrant economy.

Two Canadian trade commissioners are packing their bags; Michael Danagher (M.D.) and Francis Uy (F.U.), who have served in Hanoi and Ho Chi Minh City respectively, are leaving after seven years of combined service. *CanadExport* (CE) spoke with the two trade commissioners recently about opportunities and emerging trends in Vietnam.

CE: What would you say was the biggest change in Vietnam's economic environment during your assignment there?

M.D.: We have seen very high, sustained rates of growth in Vietnam for over a decade, although admittedly from a very low base. The cumulative effect has been, at least in the cities and adjacent areas, a real improvement in people's standards of living. Vietnam has one of the world's most successful poverty alleviation records, with the number of those living below the poverty line decreasing from 60% of the population to less than 20% in a decade. Many observers have made a parallel between Vietnam and China of the late 1980s.

F.U.: I would agree with Michael and add that we are seeing the emergence of a middle class in the two biggest cities, Hanoi and Ho Chi Minh City. Over the past three years, I have been surprised by the increases in vehicle

traffic, construction, tourism and services. Overseas education and travel, which were unimaginable five years ago, are becoming established market opportunities. For example, between 1998 and 2001, the number of Vietnamese students studying in Canada increased by over 200%.

CE: Where do you see opportunities for Canadian companies in Vietnam and what are the emerging sectors?



Canada's incoming and outgoing trade commissioners in Vietnam (from left): Michael Danagher, Pierre Delorme, Robert Coleman and Francis Uy.

M.D.: For a country that is developing at a breakneck pace, but with still relatively low per capita incomes, you could say that just about every product or service has a market here. Canadian companies have had export success in sectors as diverse as marine systems (lighting, inland waterway navigation systems, ship design), telecommunications (Internet backbone, fibre-optic cable, consulting), and environment (consulting services, incineration equipment).

Although incomes are still low, the urban population is consuming products such as insurance, overseas education, health products and services, and contributing to a construction boom. We also closely monitor sectors which are export-dependent, such as agricultural technology, oil and gas services and tourism infrastructure. Also, Vietnam is endowed with considerable natural resources, so opportunities exist in

sectors such as oil and gas, mining, forestry and fisheries.

F.U.: I would re-emphasize one sector that Michael mentioned above: agriculture and agri-food. This has been a big sector for us, with successes in sales of dairy cattle and other livestock, wine, canola, and swine genetics and equipment. There are also several Canadian companies active in agri-food processing for export to North America.

CE: What kind of companies succeed in Vietnam?

M.D.: In general, the bigger companies find more success here. This is a country where marketing costs can be high, decision cycles can be long and client expectations border on the unreasonable. Larger companies, which have the resources to pursue a project over several years, can better absorb these costs. At the same time, in some product areas, margins can be quite high, and projects in Vietnam can be very profitable.

F.U.: We don't want to give the impression that small or medium-sized enterprises (SME) should avoid Vietnam. The increasing sophistication of Vietnamese companies, along with further private sector development, means that there are potential partners here for smaller companies. We have also seen smaller companies considering Vietnam as a low-cost production platform, and several of the most successful Canadian companies in Vietnam are SMEs.

CanadExport's full interview with Michael and Francis can be found at www.dfait-maeci.gc.ca/canadexport/menu-en.asp. The two trade commissioners provide insight on future challenges facing Vietnam, advice for Canadian companies considering doing business there, Canadian success stories and why we should have confidence in Vietnam's commitment to trade and investment liberalization. CanadExport also introduces Pierre Delorme and Robert Coleman (Francis Uy and Michael Danagher's successors). ❁

Trade events calendar

AGRICULTURE, FOOD AND BEVERAGES

SYDNEY, AUSTRALIA — September 9-12, 2003 — **Fine Food Australia 2003** is an international food and drink exhibition not to be missed. **For more information**, contact Pierre Desmarais, Second Secretary (Commercial/Economic), Canadian Embassy in Canberra, tel.: (011-62-2) 6270-4000, fax: (011-62-2) 6270-4069, e-mail: pierre.desmarais@dfait-maeci.gc.ca, Web site: www.foodaustralia.com.au/.

SINGAPORE — December 9-11, 2003 — Be a part of **Food Ingredients Asia 2003**. **For more information**, contact Anne Woo, Senior Market Development Officer, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7480, e-mail: woo@agr.gc.ca, Web site: <http://singapore.fi-events.com>.

AEROSPACE AND DEFENCE

LONDON, U.K. — September 9-12, 2003 — **Defence Systems & Equipment International** is a leading international defence show. **For more information**, contact Robyn Hori, Defence Industries, Industry Canada, tel.: (613) 946-6730, fax: (613) 998-6703, e-mail: hori.robbyn@ic.gc.ca, Web site: www.dsei.co.uk.

BUILDING PRODUCTS

GUADALAJARA, MEXICO — September 4-6, 2003 — **ConstruExpo 2003** is a major international construction show. **For more information**, contact Fernando Baños, Senior Commercial Officer, Canadian Consulate in Guadalajara, tel.: (011-52) 3615-6215, fax: (011-52) 3615-8665, e-mail: fernando.banos@dfait-maeci.gc.ca, Web site: www.construexpo.com.mx.

ENVIRONMENTAL INDUSTRIES

GÖTEBORG, SWEDEN — September 8-10, 2003 — **Ecology 2003**, the largest environment-related conference in Scandinavia, will be held in conjunction with **Ecoprocura 2003**, a major international environmental conference for decision-makers, buyers and suppliers. **For more information**, contact Inga Lill-Olsson, Business Development Officer, Canadian Embassy in Stockholm, tel.: (011-46-8) 453-3000, fax: (011-46-8) 24-24-91, e-mail: inga-lill.olsson@dfait-maeci.gc.ca, Web site: www.swefair.se/ecology.

NEW DELHI, INDIA — September 10-12, 2003 — The Canadian High Commission in India is organizing a Canadian pavilion at Water Asia 2003, an excellent introduction to the \$5 billion Indian water and wastewater treatment market. **For more information**, contact Viney Gupta, Advisor (Trade), Canadian High Commission in India, tel.: (011-91-11) 687-6500, fax: (011-91-11) 687-5387, e-mail: viney.gupta@dfait-maeci.gc.ca.

HEALTH INDUSTRIES

TOKYO, JAPAN — October 7-9, 2003 — **Health Ingredients Japan** is the leading health food ingredients exhibition in Japan, and includes the **Safety & Technology Japan** exhibition, the only exhibition for food safety and quality control in that country. **For more information**, contact Anne Woo, Senior Market Development Officer, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7480, e-mail: woo@agr.gc.ca, Web site: www.hijapan.info.

ICT

MUNICH, GERMANY — October 20-24, 2003 — **SYSTEMS 2003** is the second largest ICT trade fair in Germany. **For more information**, contact Brian

Young, Vice-Consul, Canadian Embassy in Munich, tel.: (011-49-89) 21-99-57-0, fax: (011-49-89) 21-99-57-57, e-mail: brian.young@dfait-maeci.gc.ca, Web site: www.canada-unlimited.com.

METALS AND MINERALS EQUIPMENT, SERVICES AND TECHNOLOGY

AREQUIPA, PERU — September 15-19, 2003 — Be a part of the Canadian pavilion at **Extemin 2003**, South America's premier mining show. **For more information**, contact Oscar Vasquez, Commercial Officer, Canadian Embassy in Peru, tel.: (011-511) 444-4015, fax: (011-511) 444-4347, e-mail: oscar.vasquez@dfait-maeci.gc.ca, Web site: www.camese.org.

MULTI-SECTORAL

DOHA, QATAR — December 17-19, 2003 — The **1st International Franchise Expo for the Middle East and Gulf Region** assembles the world's industrialists, companies and institutions and introduces them to the regions's entrepreneurs interested in franchise opportunities in a variety of sectors. **For more information**, contact the Xperimental Group, tel.: (011-971-4) 321-1164, fax: (011-971-4) 321-1165, e-mail: president@mefex.com, Web site: www.mefex.com.

OIL AND GAS EQUIPMENT AND SERVICES

ALGIERS, ALGERIA — September 28-October 1, 2003 — Be a part of **Alger Energy 2003**, the 2nd international energy, mines, petrochemical and electrical engineering trade fair. **For more information**, contact Rachid Benhacine, Trade Officer, Canadian Embassy in Algeria, tel.: (011-213-21) 91-49-51, fax: (011-213-21) 91-47-20, e-mail: rachid.benhacine@dfait-maeci.gc.ca. ❁