



Fifty2Laps

Vietnam – Asia's New Rising Star

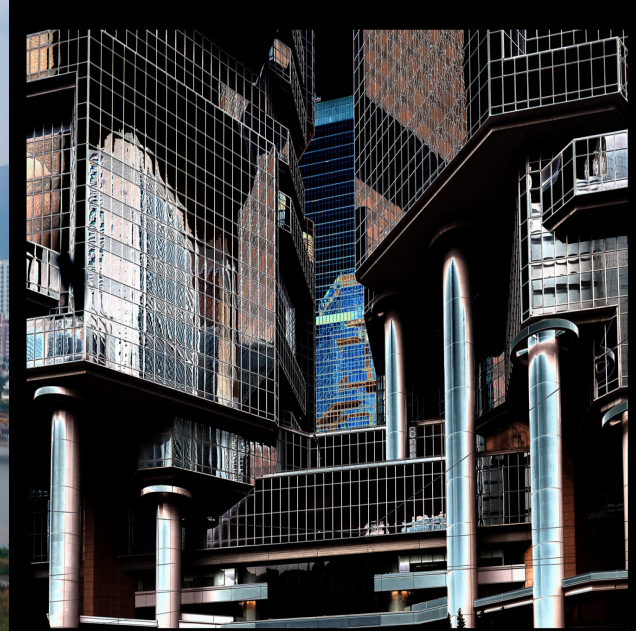


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What is the purpose of this presentation?

We aim to provide an informed insight into Vietnam's overall political, economic and social strategies that supports Vietnam's vision to become a major production, supply chain and logistics hub in Asia.





About Fifty2Laps

Fifty2Laps expands its consultancy activities to Vietnam: a strategic move for supply chain and manufacturing opportunities to connect into a fast-rising economy. In this dynamic landscape of global business, **Fifty2Laps** has made a strategic decision to extend its operations to Vietnam. This move comes as no surprise given Vietnam's emergence as a prime destination for supply chain and manufacturing relocation, an alternative to the conventional China-based supply chain.

Vietnam covers an area of about 331,000 sq km, 1.4 times that of the UK. Its population is about 100 million with an average age (2019) of 31 years. The main cities are HCMC, Hanoi, Hai Fong and Da Nang. Around those municipalities are grouped the largest industrial districts.



VIETNAM'S FAST FACTS

Vietnam on the Rise pt. 1



- While global trade continues to be impacted by macroeconomic and geopolitical issues, corporations focus more and more on supply chain resilience by diversifying manufacturing partners. In this highly volatile context, Vietnam is fast emerging as the preferred destination for supply chain alternatives.
 - A Citi report (May 2024) indicates that Asian economies, particularly Vietnam and ASEAN, are poised for significant growth in global technology supply chains, despite China's dominant role.
 - Over half of global respondents in the Citi survey indicated that they already had or were considering supply chain diversification to ASEAN, with North America leading other regions at 63%.
 - Outside of China, Vietnam was the preferred secondary destination for supply chains, as indicated by respondents, except those in Latin America. In particular, the coronavirus outbreak has emphasized the supply chain's over-reliance on China. As a result, international manufacturers are planning and executing supply chain alternatives in order to minimize this reliance.
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Vietnam on the Rise pt. 2




- What are the reasons behind this major shift in supply chain policies? Why are major global corporations relocating part of their manufacturing from China to Vietnam (Intel, Samsung Electronics, Nestle', Foxconn, Luxshare, Nike, Jabil, 3M, ABB, Coca Cola, Wistron, Hansol Electronics), only to name but a few.

- **"China+1 Policy": Diversification Beyond China**

The **"China+1 Policy"** has gained traction among multinational corporations seeking to mitigate risks associated with over-reliance on China. As the world's factory for decades, China now faces challenges such as rising labour costs, supply chain disruptions, and geopolitical tensions. By diversifying their manufacturing and sourcing activities outside of China, in particular Vietnam, companies can safeguard against single-point failures.

- **Vietnam's Strategic Location in ASEAN**

Vietnam's geographical position within the **ASEAN (Association of Southeast Asian Nations)** region is a key factor. A central gateway to Southeast Asia with the government heavily investing in the development of the transport and logistic infrastructures.



Vietnam on the Rise pt. 3




- **Favourable Business Environment**

Vietnam has made significant strides in creating an investor-friendly business environment. The government has implemented reforms to streamline bureaucracy, enhance transparency and promote foreign investment. Companies benefit from tax incentives, simplified procedures and robust legal protections. These factors encourage long-term commitment and sustainable growth.

- **Skilled Workforce and Competitive Labour Costs**

The workforce is young and dynamic and skilled in various industries. Labour costs remain competitive compared to China, allowing companies to maintain cost-efficiency without compromising quality. The availability of technical talent (especially in electronics, textiles, automation & robotics, AI, and automotive sectors) positions Vietnam as an attractive talent pool.



Vietnam on the Rise pt. 4




- **Infrastructure development**

Investments in infrastructure have transformed Vietnam's logistics capabilities. Modern ports, highways, and industrial parks facilitate seamless movement of goods. The upcoming North-South Expressway and deep-sea ports enhance connectivity, making Vietnam an efficient link in global supply chains. A project to build a cargo super port in the south-east coast of Vietnam is underway.

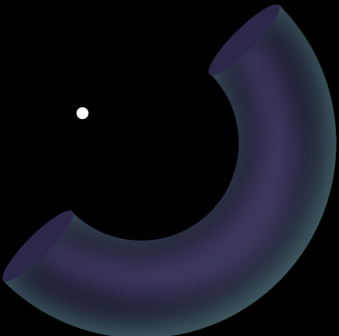
- **Sustainability and Environmental Responsibility**

Vietnam prioritizes sustainable development and environmental protection. Companies relocating here can align with responsible practices, minimizing their ecological footprint. This resonates well with consumers and investors who value ethical business conduct.



More news & updates on Vietnam's policies



- The Ministry of Information and Communications (MIC) has approved the extension of Vietnam's international fibre optic cable system with 10 new undersea cables by 2030, bringing the country's undersea routes to at least 15. By 2027, Vietnam will deploy four of the new undersea fibre optic cable lines for public use, bringing the total capacity to at least 134 TeraBytes Per Second (Tbps).
 - The Ministry of Finance has proposed corporate income tax on small and micro-sized enterprises be cut to 15-17% from a current common rate of 20%, depending on previous revenues. In comparison with ASEAN countries, the ministry said that the common tax rate of 20% is equal to that of Thailand, Laos and Cambodia, lower than the Philippines (at 30%), Myanmar (at 25%) and Indonesia (at 22%) but higher than Singapore (at 17%) and Brunei (at 18.5%). The ministry is therefore proposing a tax rate of 15% for enterprises with revenues of less than VND3 billion per year and 17% for enterprises with revenues between VND3 billion and VND50 billion.
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More news & updates on Vietnam's policies



- The Ministry of Transport revealed that a project to build a cargo port across 350 hectares in Ba Ria – Vung Tau Province in southern Vietnam has been proposed with a cost of VND50.82 trillion (US\$2 billion). The project's first phase has begun and will continue until 2030. This project will result in two docks which will accommodate ships up to 250,000 DWT.
- In Da Nang City, the local municipality has approved the creation of the Free Trade Zone linked to Lien Chieu Port. The Da Nang Free Trade Zone will have production areas, logistics centre, commercial-service zones and other functional areas dedicated to inspection, supervision and customs control. Lien Chieu Port currently under construction is scheduled for completion in 2025. It will cover an area of 450 hectares and will be able to moor ships up to 30,000-200,000 DWT once fully operational. Foreign investors setting up businesses in the zone do not need to go through the usual investment procedures and will also benefit from customs priority for export and import. Logistic and operational synergies with Da Nang International Airport are expected to create significant inflow of investment, flow of goods and general trade.



Summary

Vietnam is a fast-growing economy presenting foreign enterprises with opportunities to expand their footprint and access into the ASEAN region.



Thank You

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