

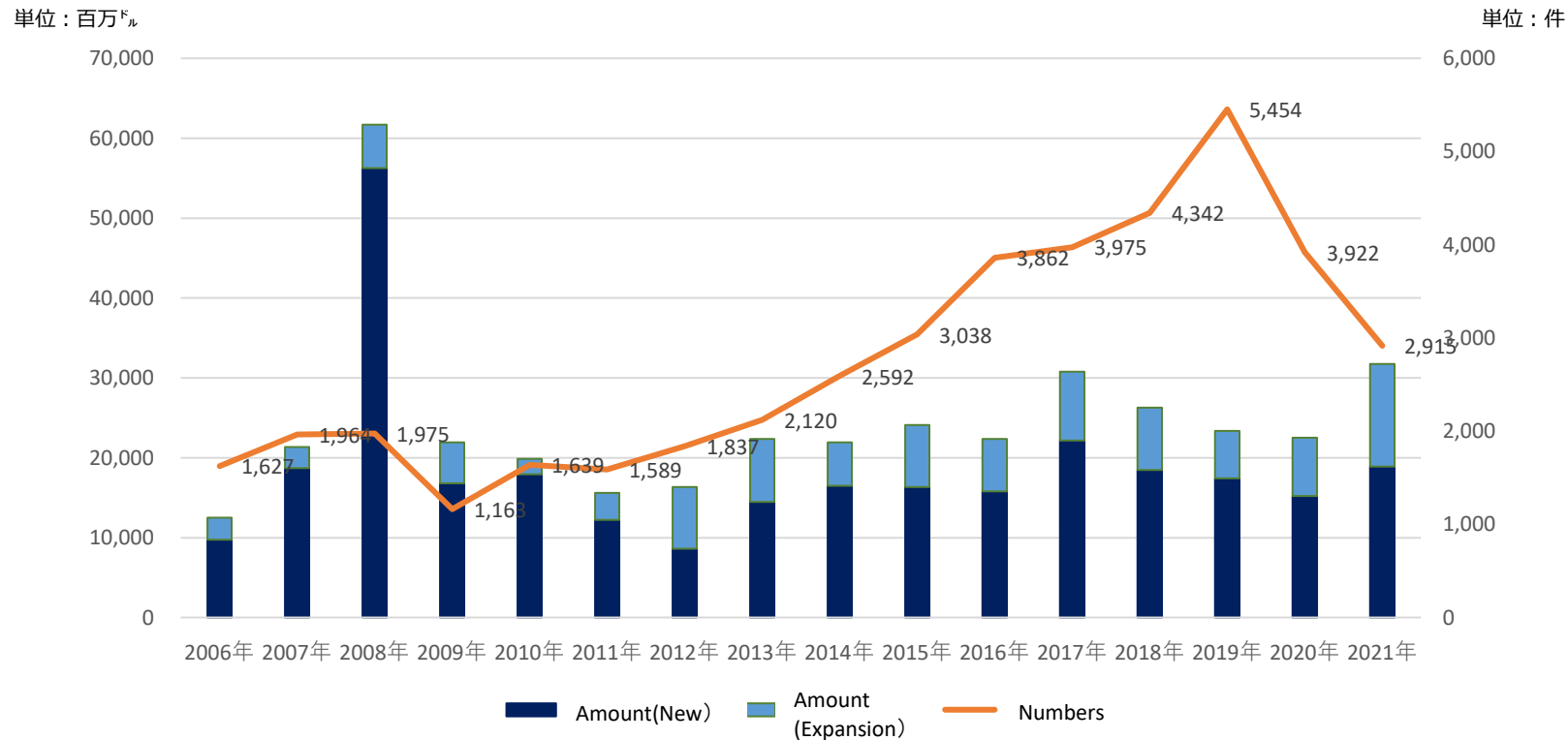
The Trend on FDI from Japan

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Trends in Foreign Direct Investment



- Due to the new Corona, the number of investments will decrease significantly in 2020/2021; the amount of approvals in 2021 will increase, supported by large investments in the energy sector and expansion of the manufacturing sector.
- The number of direct investments during the period from January to June 2022 was 1,239 (down 2.0% from the same period last year) and the amount was \$11.76 billion (down 13.9% from the same period last year).
- By country, Singapore, South Korea, Denmark, China, and Japan were the top three, in that order. By province/city, Binh Duong Province (South), Ho Chi Minh City, and Bac Ninh Province (North) followed.

Cumulative total from 1988-2021

	Economies	Numbers	Amount	Ratio
1	Korea	9,635	77,445	18.5%
2	Singapore	2,962	64,741	15.5%
3	Japan	4,992	64,652	15.5%
4	Taiwan	2,931	37,041	8.9%
5	Hong Kong	2,178	28,177	6.7%
	Total	35,977	417,979	100.0%

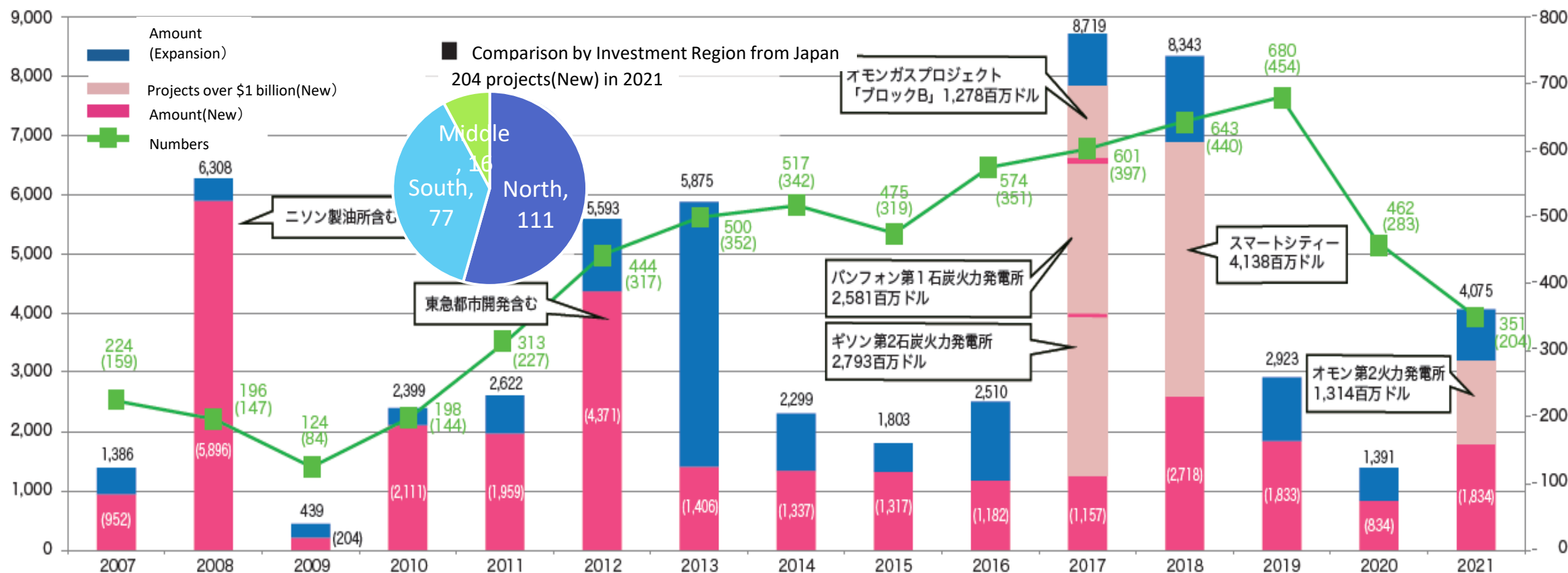
Single year 2021

	Economies	Numbers	Amount	Ratio
1	Singapore	332	7,886	24.8%
2	Korea	685	7,002	22.1%
3	Japan	351	4,075	12.8%
4	Netherland	42	3,393	10.7%
5	China	347	2,790	8.8%
	Total	2,915	31,746	100.0%

Jan-Jun 2022

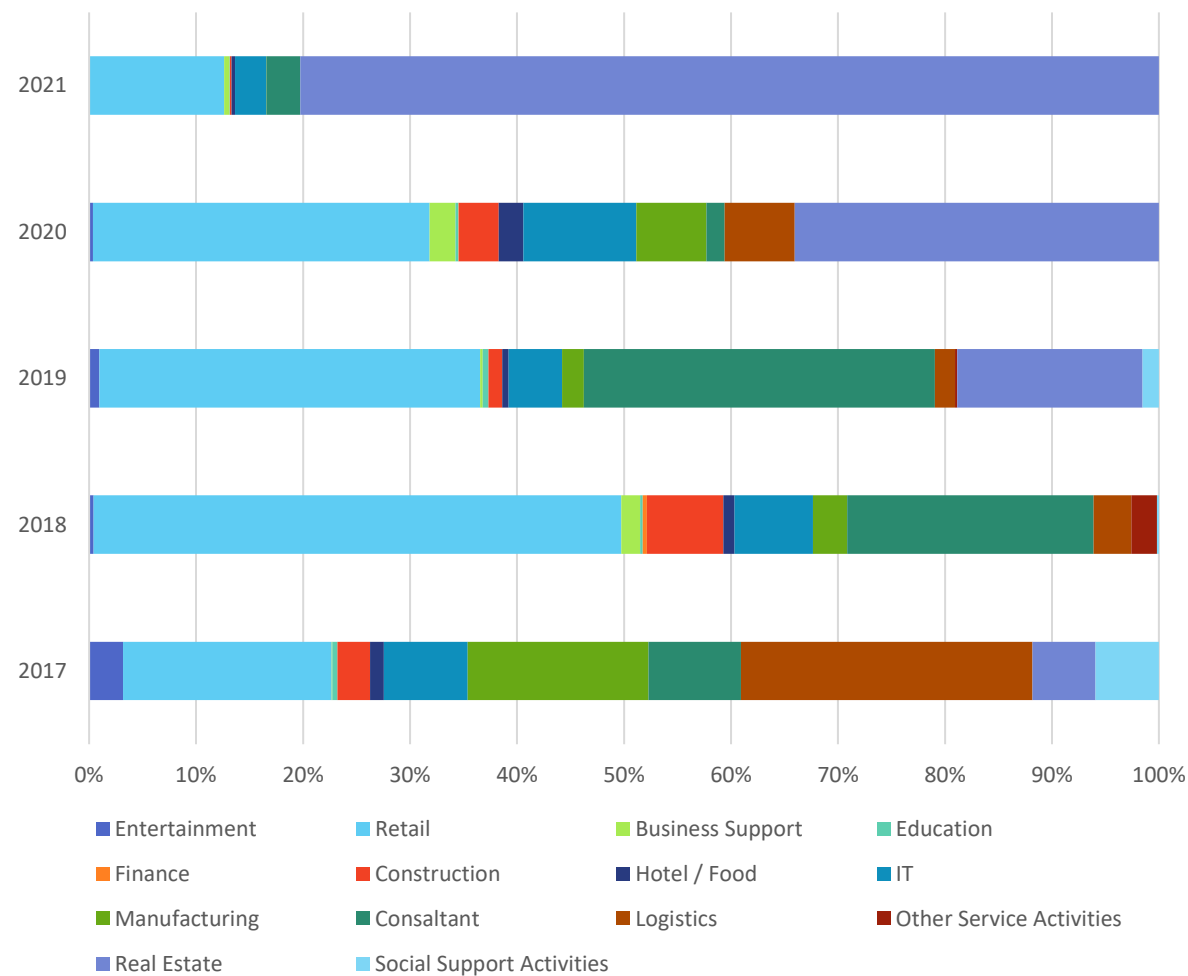
	Economies	Numbers	Amount	Ratio
1	Singapore	142	3,565	30.3%
2	Korea	335	2,364	20.1%
3	Denmark	7	1,321	11.2%
4	China	151	1,212	10.3%
5	Japan	146	943	8.0%
	Total	1,239	11,760	100.0%

Trends in Direct Investment from Japan

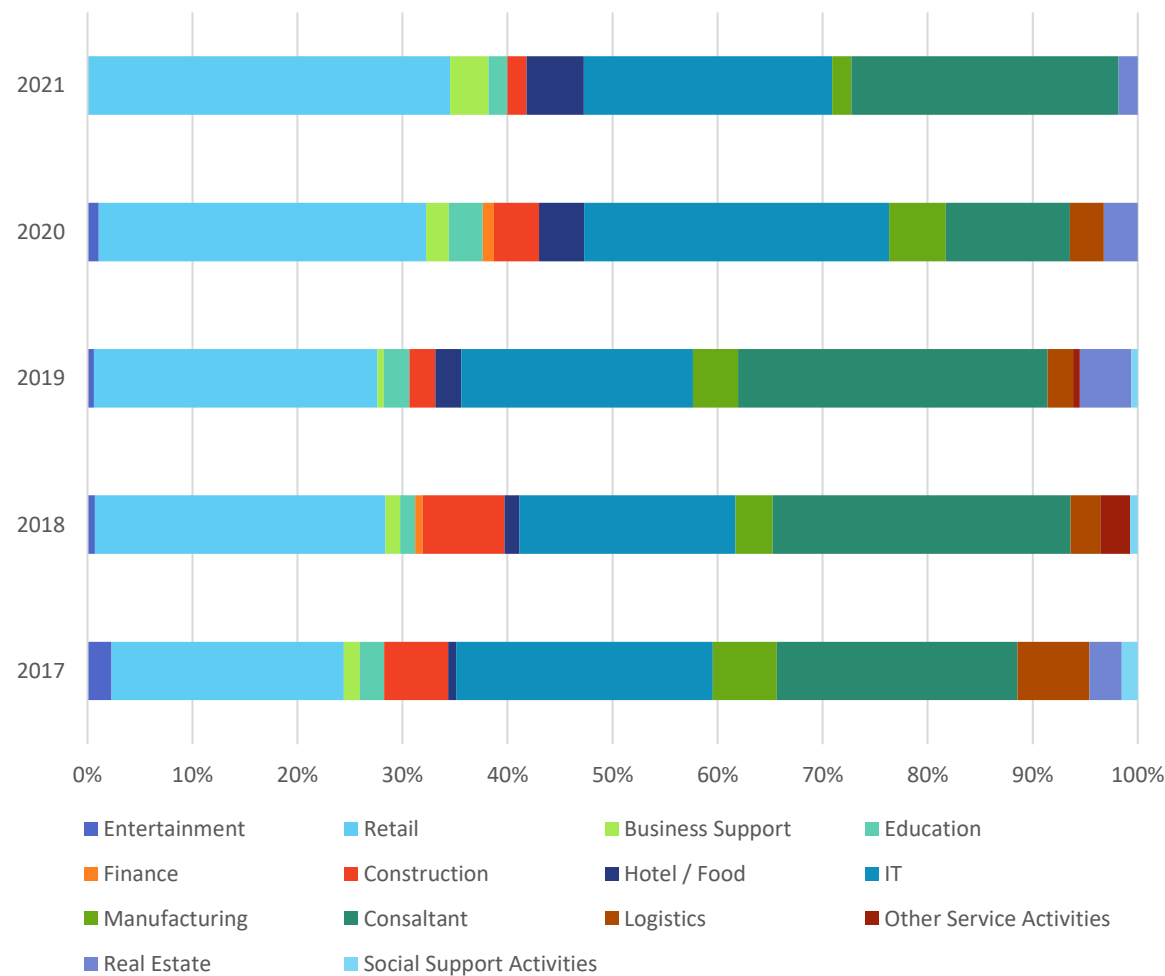


Direct Investment in Ho Chi Minh City

DI from Japan in HCMC (Amount)

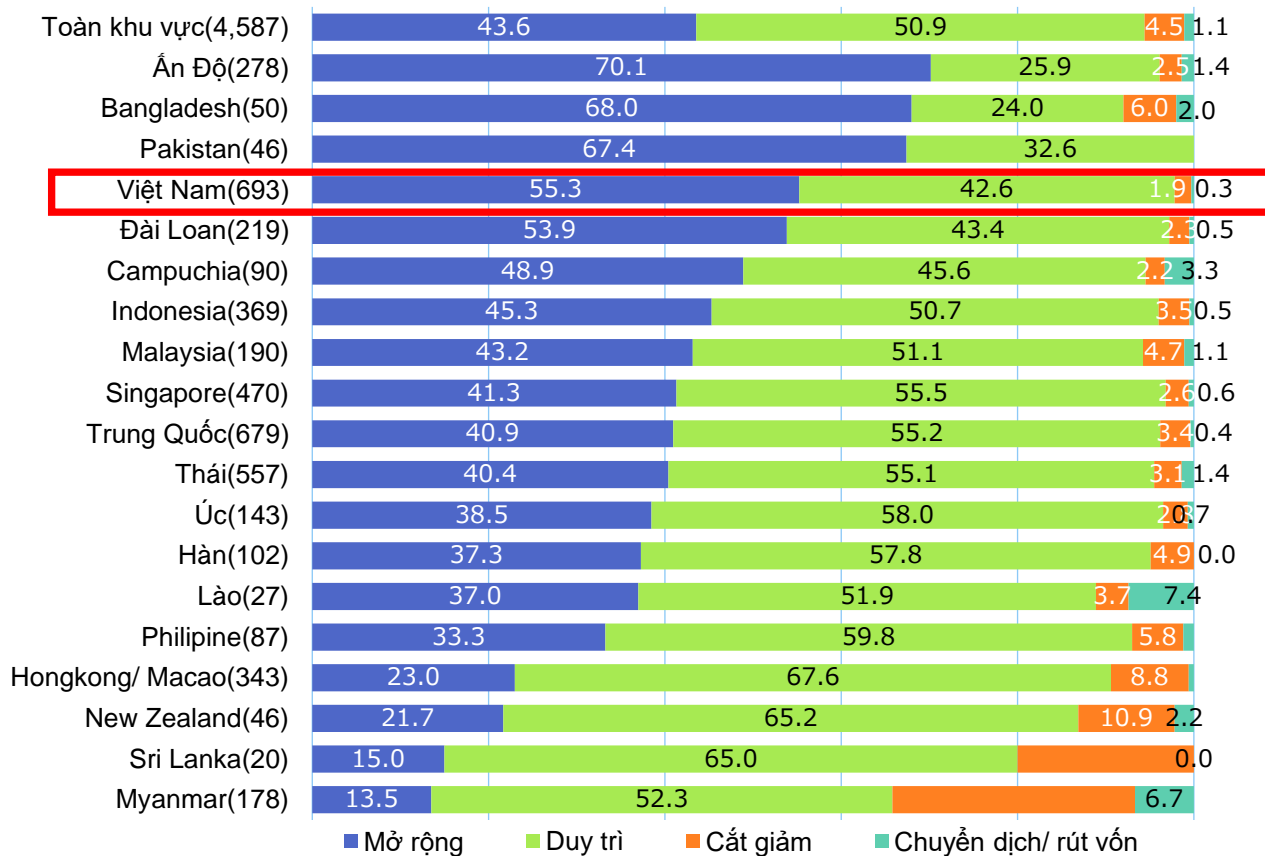


DI from Japan in HCMC (Number)

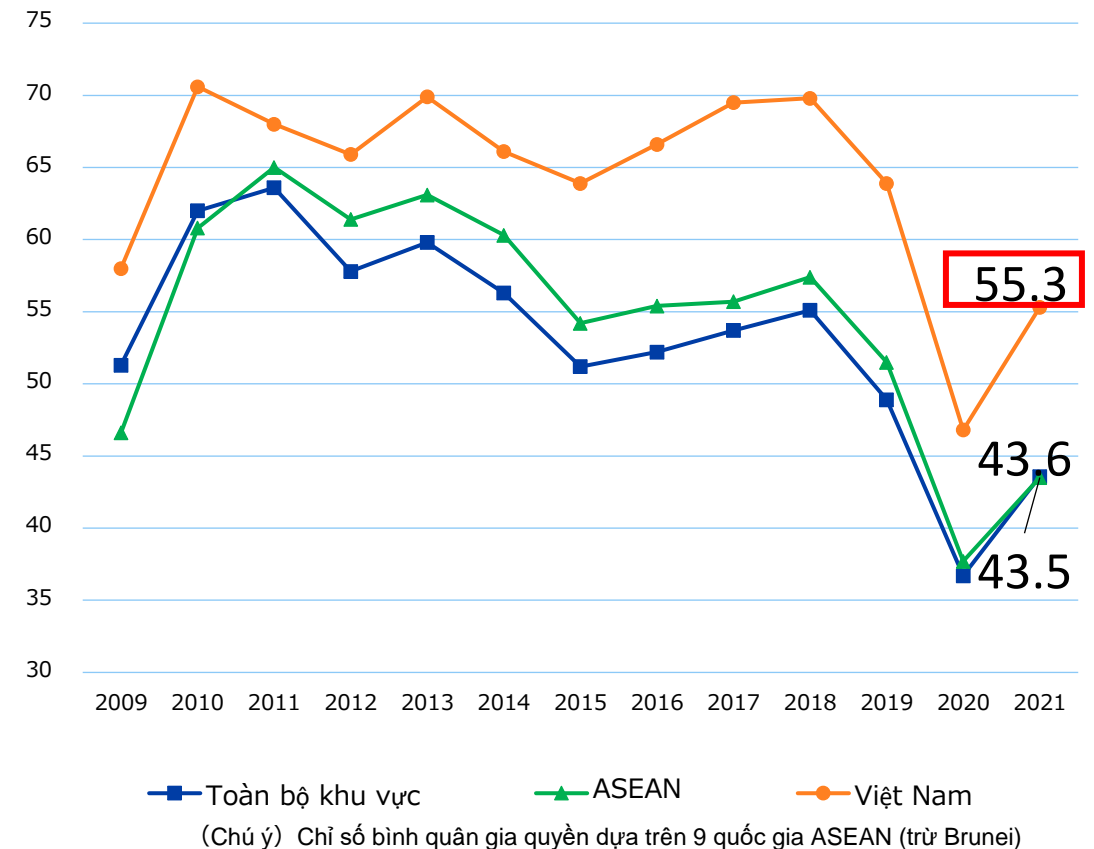


- 55.3% answered “Expanding their Business” which is the biggest among ASEAN
- 2.2% answered “Decreasing or Transferring their Business” which is smallest among ASEAN

Direction of business development for the next 1-2 years



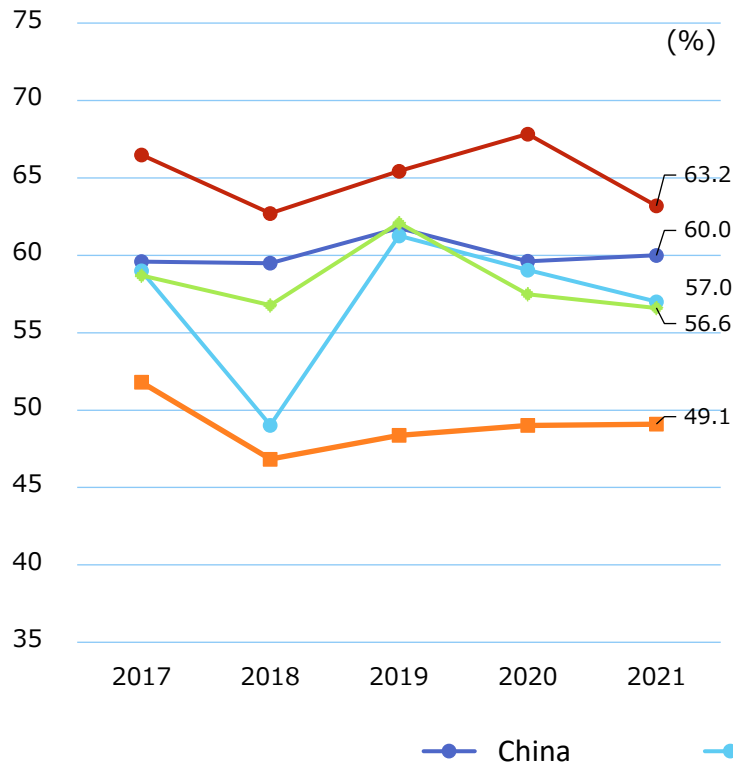
Percentage of Business Expanding



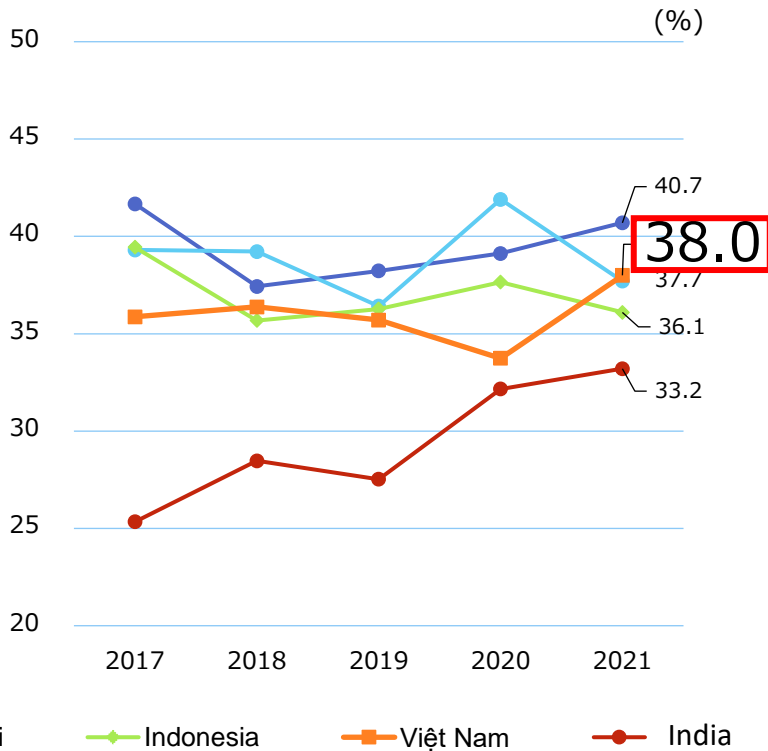
- Competitiveness in general commodities
- Demand in high value-added products

Expanding Functions by Major Country

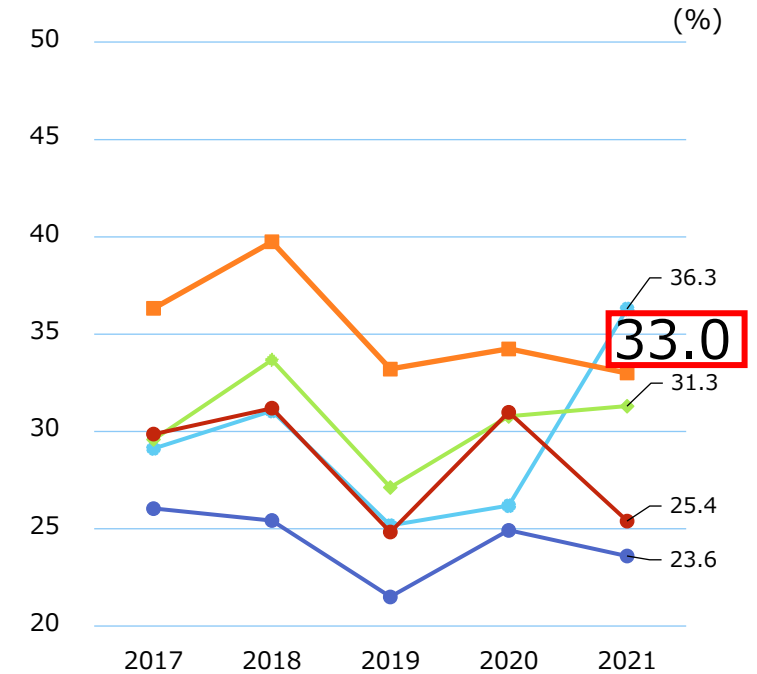
Marketing and Sales



Manufacturing (High Value-Added Products)

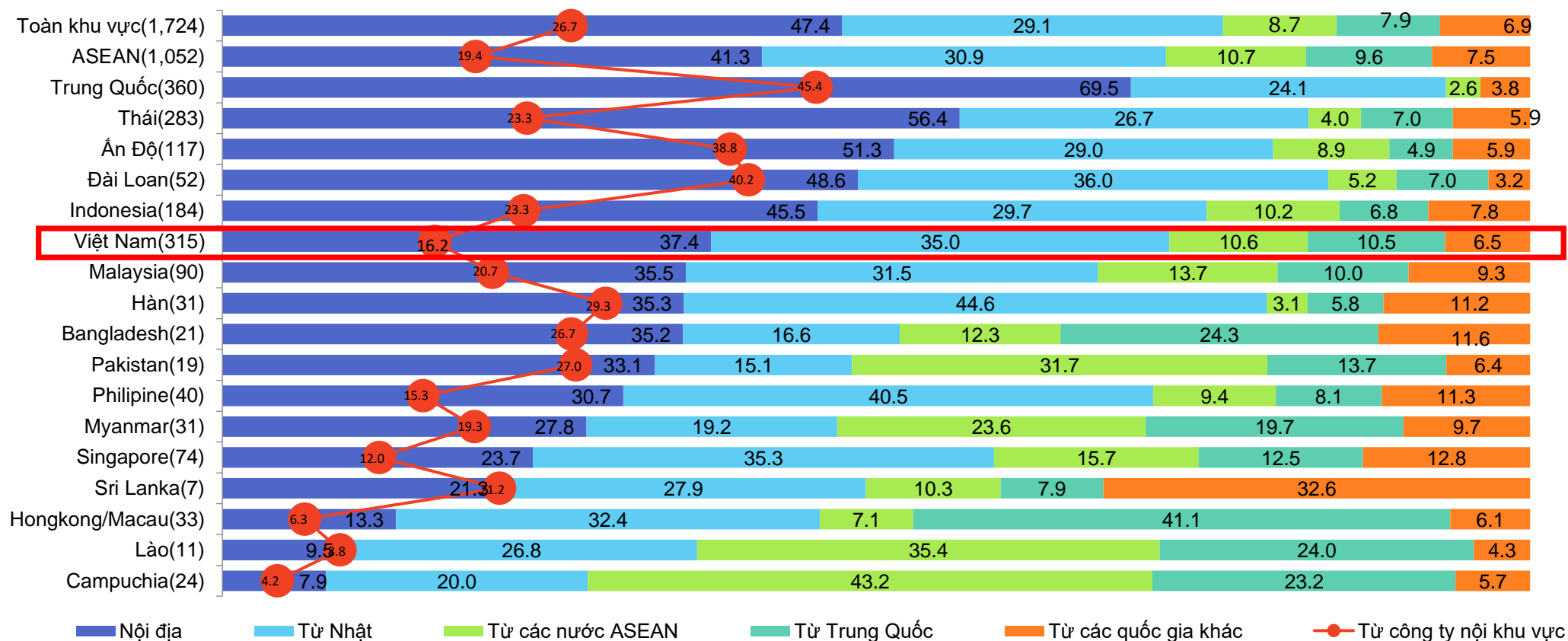


Manufacturing (General Commodities)



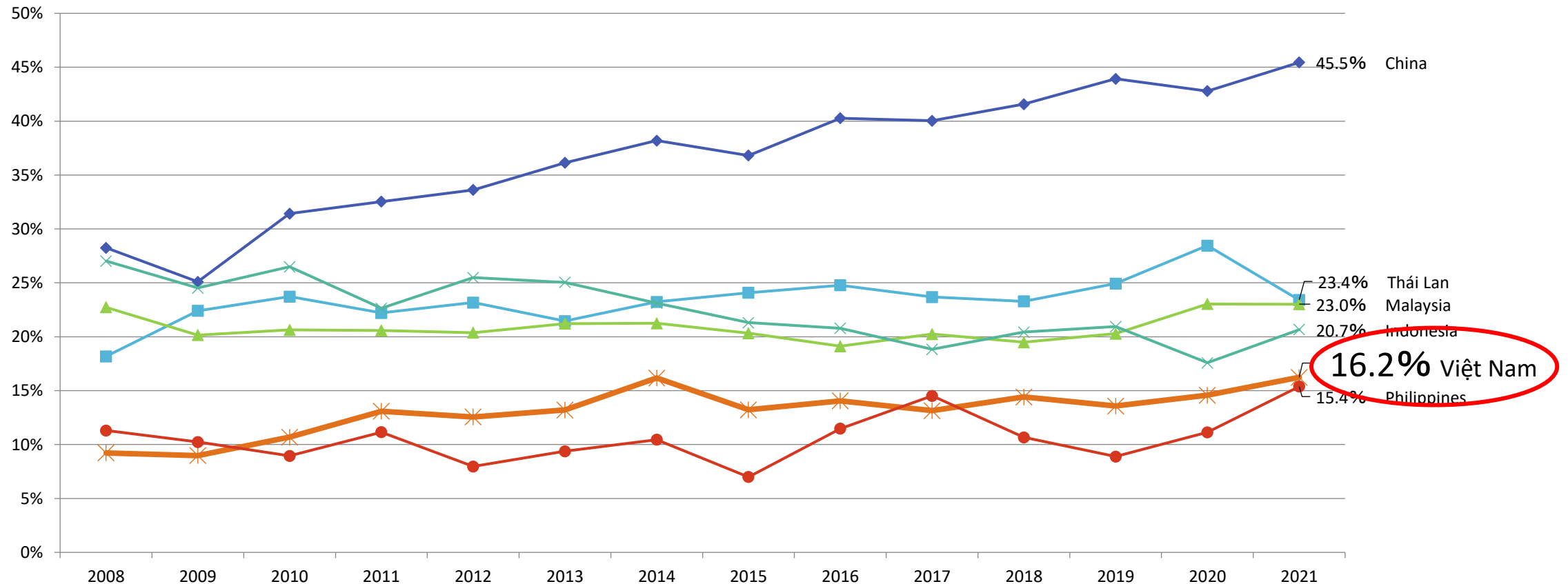
- Local Content Rate is 37.4%
- Speed of the rate is gradual

Breakdown of raw materials and parts suppliers



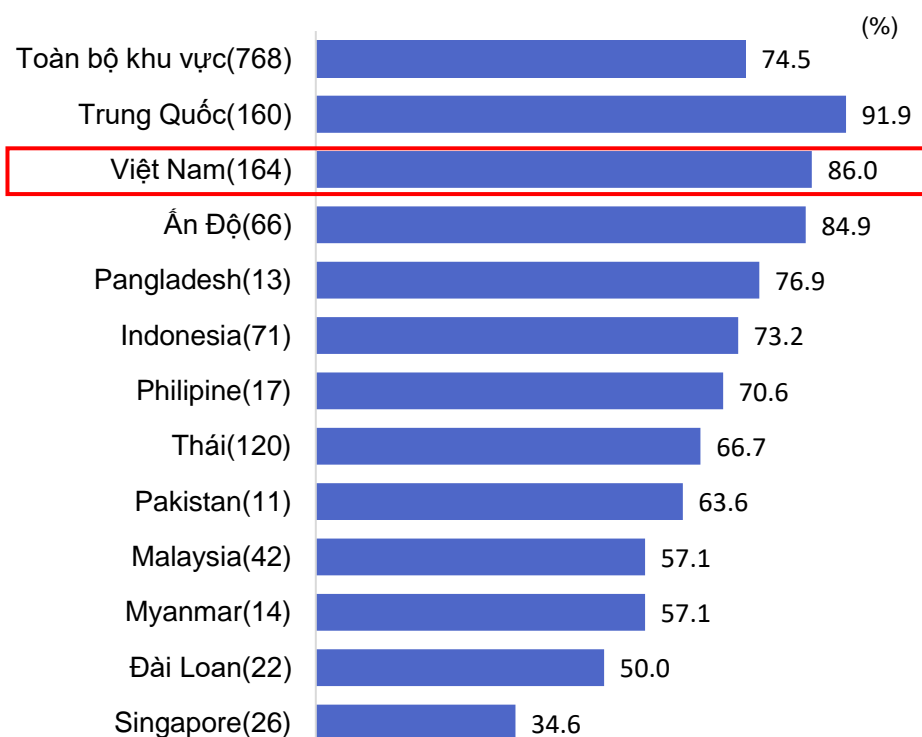
- 16.2% is the highest number in the history
- Still low comparing to Thailand, Malaysia, and Indonesia

Changes in the percentage of local firms in total procurement



- 86.0% of Japanese companies plan to expand local procurement
- A breakdown of these companies shows that local companies account for 86.2% of the total

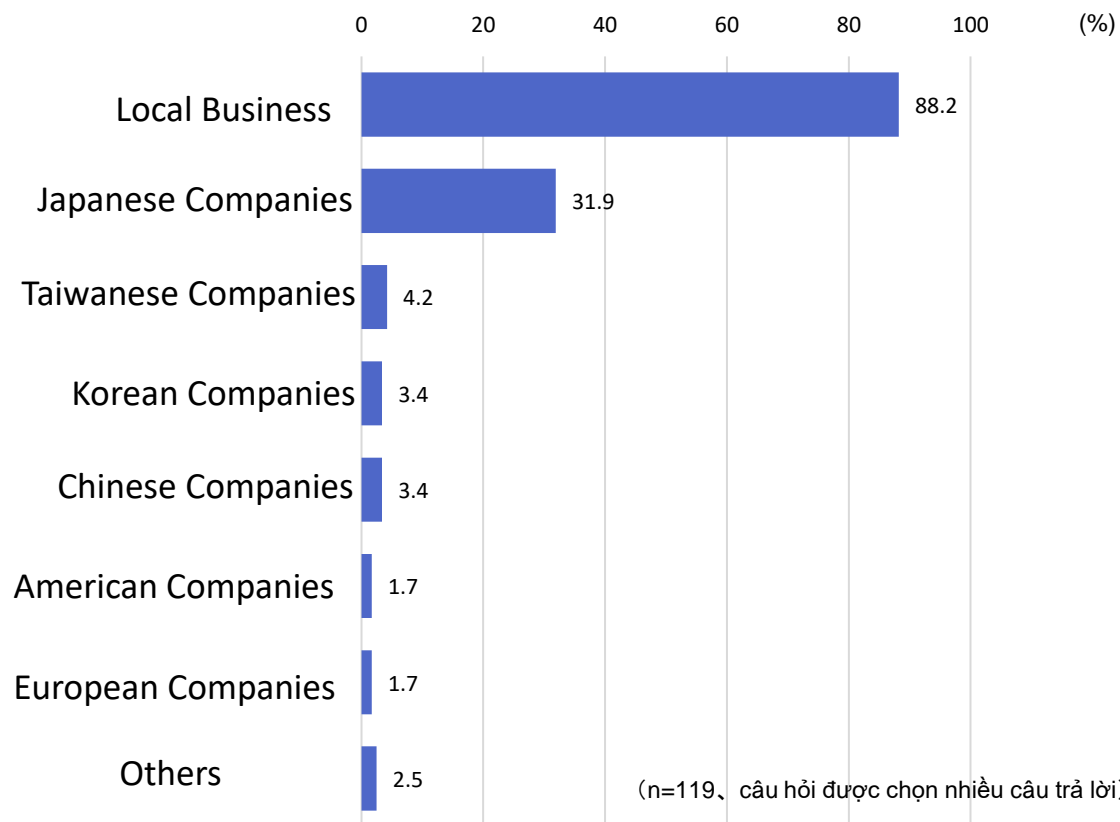
Local procurement is expected to be expanded over the next 1-3 years



(Chú ý) Chỉ xét những quốc gia có hơn 10 công ty trả lời



Local suppliers to be expanded in Vietnam



(n=119, câu hỏi được chọn nhiều câu trả lời)

- Insufficient quality and technical capabilities of local suppliers is the top issue
- Respondents continued to report that raw materials and parts were not available in Vietnam

Challenges of Local Procurement in Vietnam

Local Procurement Challenges (multiple responses)		Ngành sản xuất Việt Nam							
		Total(279)	General Machinery (19)	Electrical and electronics (19)	Ferrous, Nonferrous & Metals(57)	Transportation equipment and parts(28)	Groceries (19)	Plastic Products (29)	Textiles & Clothing (18)
1	Insufficient technology from local suppliers	63.4	89.5	76.5	73.7	64.3	47.4	44.8	38.9
2	Raw materials not available in Vietnam	63.1	63.2	64.7	64.9	60.7	47.4	62.1	66.7
3	Unable to procure parts in Vietnam	43.4	47.4	52.9	54.4	39.3	15.8	27.6	16.7
4	Difficulty in gathering information to find new suppliers	26.2	31.6	35.3	33.3	21.4	26.3	20.7	11.1
5	Raw materials and parts used are specified by headquarters and customers	24.7	15.8	23.5	19.3	42.9	10.5	41.4	27.8
6	Weak cost competitiveness of local suppliers(Imports are less expensive)	21.9	21.1	35.3	22.8	14.3	36.8	17.2	16.7
7	No company can handle small lot orders	18.3	26.3	17.7	15.8	14.3	15.8	27.6	33.3
8	Management and financial problems of local suppliers	7.9	5.3	11.8	10.5	7.1	-	6.9	11.1
9	Lack of opportunities for trade shows, matching events, etc.	6.5	-	11.8	10.5	-	5.3	3.5	11.1
10	nothing in particular	5.0	-	11.8	3.5	3.6	15.8	13.8	5.6

- METI "Support Project for Diversification of Overseas Supply Chain" adopted 41 cases out of 103 cases, the largest number being in Vietnam

Number of adoptions by country

Country	Number of adoptions
Vietnam	41
Thailand	25
Indonesia	15
Malaysia	15
Others	12