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MARKET RESEARCH REPORT ON PRINTING AND PACKAGING INDUSTRY IN VIETNAM

Nguyen Thi Thanh Tam

5B, Ngo 30 Ta Quang Buu, Hai Ba Trung Dist.,

Hanoi, Vietnam

Tel. +84- 4 - 6230311

Fax +84 - 4- 6230300

Email: biz@hanoi-iec.com

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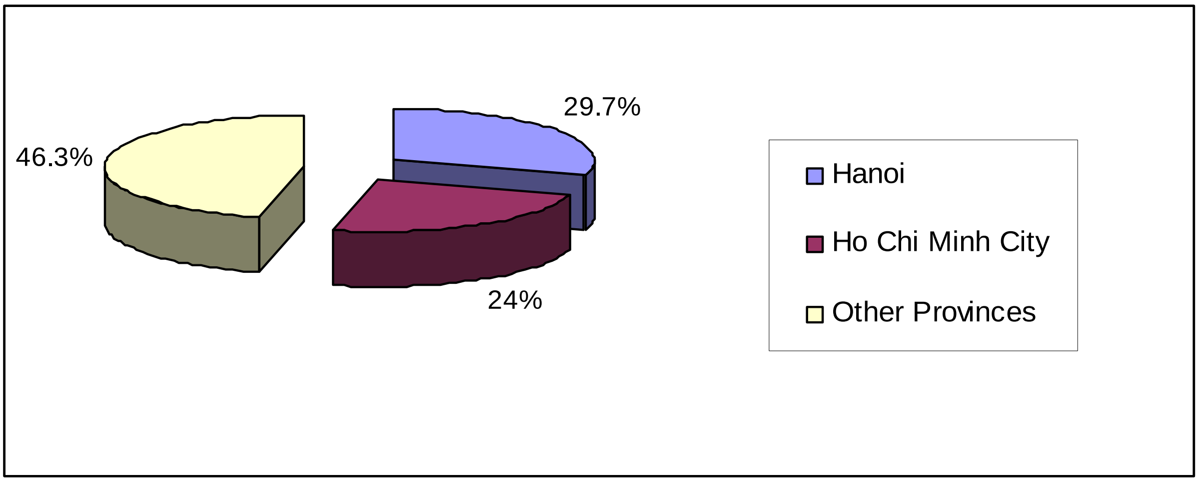
I. Overview of printing and packaging industry in Vietnam

1. Structure of the industry

a. Printing industry

Together with the development of the market economy in Vietnam, printing enterprises have increased both in quantity and quality. According to the latest statistics of the Vietnam Printing Association (VPA), there are currently over 1000 printing enterprises locating mainly in Ho Chi Minh City and Hanoi; other SMEs scatter in other regions across the country.

Figure 1: Distribution of printing enterprise quantity according to areas (2007)

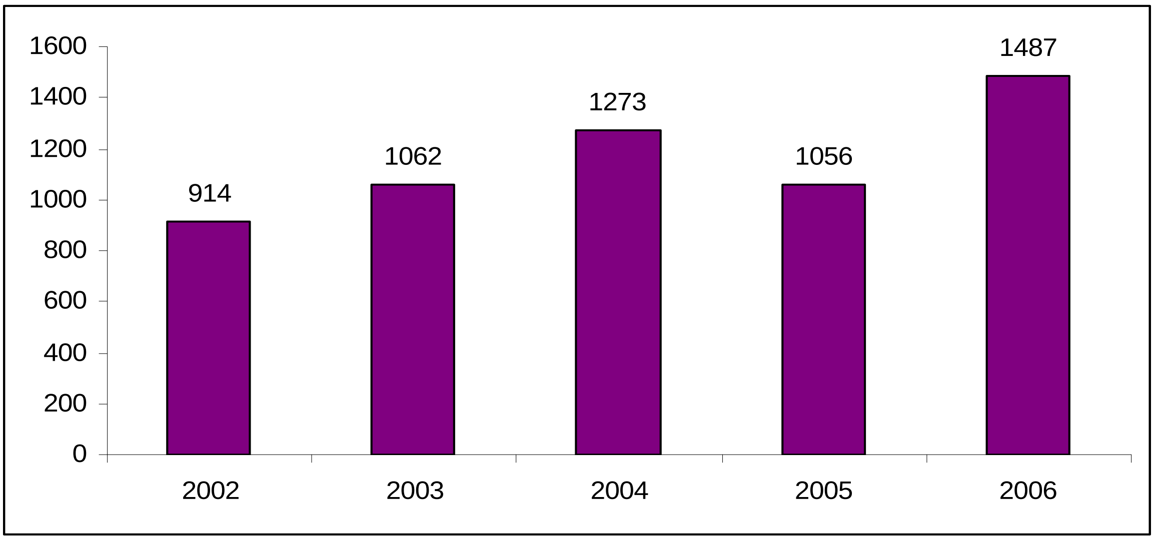


Source: Vietnam Printing Association (VPA)

The arrangement and changes of activities in state-owned enterprises have contributed to diversifying the ownership of capital and boosting the printing industry. The Statistical Office in Ho Chi Minh City (www.pso.hochiminhcity.gov.vn) gave the figure that the number of enterprises doing business in field of publishing, printing and copying has been increased rapidly over the past few years.

The leading printing companies are Tran Phu Printing Company (40 billion pages per year), No.7 Printing Joint Stock Company (5 billion pages per year), Tan Binh Culture Joint Stock Company (Alta) in the South while in the North they are Aviation Printing Joint Stock Company, Hanoi Textbooks Printing Joint - Stock Company.

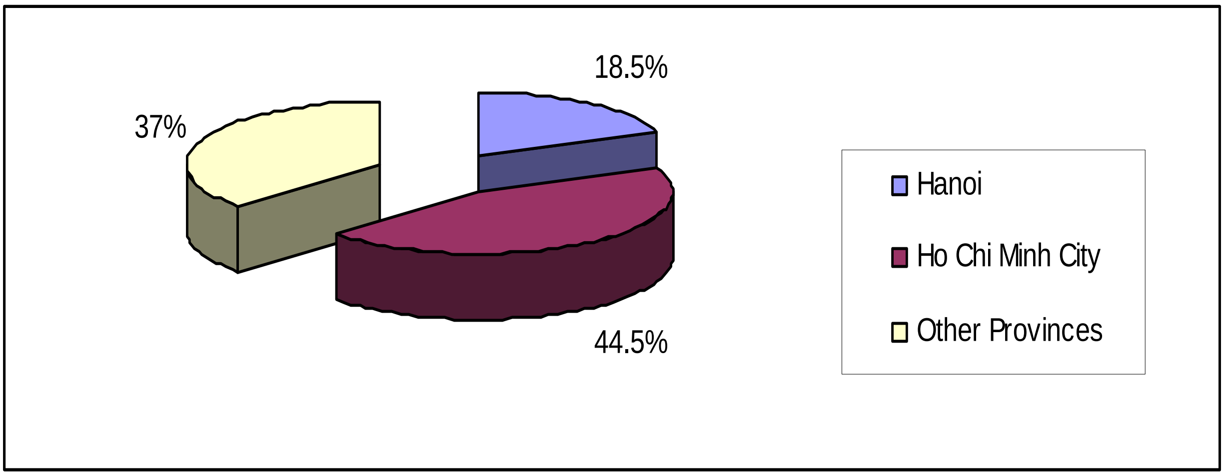
Figure 2: Number of printing enterprises from 2002 to 2006



Source: Statistical Office in Ho Chi Minh City

Annually, the printing industry achieves the output of more than 400 billion pages with an average increase of over 10% per year, in which, Ho Chi Minh City holds up to about 45%. In 2001, the export turnover of book publishing reached 1,416,023 USD, and import turnover was 3.5 million USD and in 2004 the export turnover reached 2.1 million USD, and the import turnover was 6.1 million USD.

Figure 3: Turnover according to areas (2007)



Source: Data by the Vietnam Printing Association at the 5th Asian Network for Quality Congress (ANQ Congress) 2007

Table 1: Results of Business 2002 -2005

Year	2002	2003	2004	2005
Output (billion printing pages) (Size: 13x19 cm)	343,960	392,114	425,432	545
Total turnover (USD)	75,670,929	94,627,437	109,108,911	137,157,264
Contribution to the State budget (USD)	3,980,036	4,255,643	4,813,876	5,483,769

Source: Data Reported in 2005

The largest representative association of Vietnam printing industry is The Vietnam Printing Association – VPA, besides, there are branches of the Association in the North, the South and the Central Land. The Association was established according to the Decision No.127/2005/QĐ-BNV of the Ministry of Internal Affairs and officially presented on 24/2/2006 with the official website www.vinaprint.com.vn or www.printmediavn.com. Currently, there are 185 members in the VPA and the number is increasing up to 200 in near future.

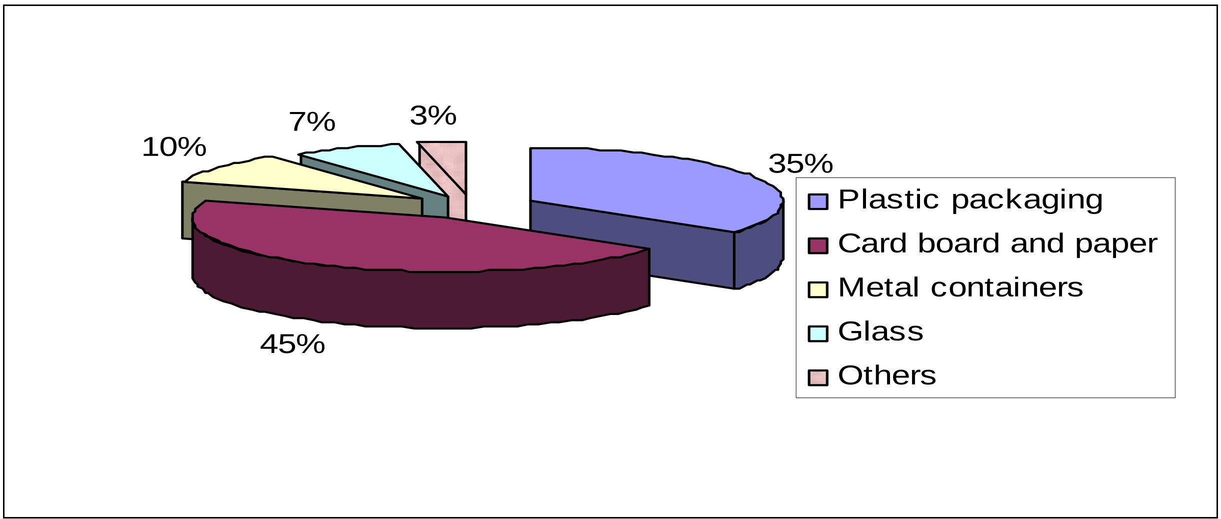
b. Packaging Industry

Packaging industry is one of the fastest growing sectors in Vietnam at present. Up to now according to the preliminary statistics, there are 1.200 packaging enterprises in general, in which about 60 enterprises joining the plastic packaging market. Most of newly established companies are in private sector. In recent years, many foreign-invested companies have been established in Vietnam and bring high technology and management into this sector.

Although the packaging industry in Vietnam is premature, it is an active and creative industry. Many enterprises begin to invest in studying and producing environmentally beneficial self-decomposing packaging. Alta in Ho Chi Minh City has successfully produced self-decomposing plastic packaging which can decompose into fine powder within 3 months or longer. One kind of self-decomposing packaging made from corn is also produced by Tien Thanh Company Limited (Ho Chi Minh City) under a production line from the United States, producing disposable packaging, rice boxes, water drinking glass.

The Vietnamese packaging market can be divided into sub-sectors such as plastic packaging, carton packaging, glass packaging, metal packaging and others:

Figure 4: Structure of packaging industry (2007)



Source: data by the Vietnam Printing Association at the 5th Asian Network for Quality Congress (ANQ Congress) 2007

According to the figures of Vietnam Packaging Association, with the turnover of about 1000 billion VND (approximately 60 million USD) per month in 2006 and a growth rate of 25 – 30% per year, the packaging industry contributes about more than 1% to Vietnams GDP. Vietnam is a major export country so 70% of packaging products are produced for packing export products; the rest serves the domestic market mainly in form of supermarket bags. The total export turnover (both for direct export and for sale to export) of this industry is expected about 1 billion USD in 2008.

The major companies in the industry

Liksin Corporation, ALTA Company, Tan Tien Plastic Packaging JSC, Ngoc Nghia Plastic Company**,** VN pack Company Limited, Bong Sen Plastic Company are among the leading packaging companies in Vietnam. Ngoc Nghia is the large PET producing enterprise holding about 38% market share with the monthly turnover of 30 – 40 billion VND (approximately 1.8 – 2.5 million USD). Alta achieves an export turnover of over 4 million USD, its major product is big spongy (empty) bags with 3000 ton for annual output and an export turnover of 4 million USD.

The representative organization of packing industry in Vietnam is Vietnam Packaging Association (VINPAS) and its branches in areas. The VINPAS (www.vinpas.vn) is a social, professional organization of companies and people who work as managers, researchers, businessmen, or worker in packaging industry in Vietnam.

The Association was founded in 2001 and there are now over 100 members in the association across the country,.

2. The Government policies on printing and packaging industry in Vietnam

The Government of Vietnam always has policies to support, develop and manage printing and packaging industry. In which, there are decrees and circulars:

- Decree No. 105/2007/NĐ-CP dated 21st June 2007 on non-publication products' printing activity
- Circular No. 09/2007/TT-BKHCN guiding the implementation of Decree No. 89/2006/ND-CP on goods labeling dated August 30th, 2006 by the Prime Minister (Annex 1)
- Publishing Law 2004 includes five chapters and 46 steps defining responsibility, benefit and obligations of publishing houses, and focuses more on copyright of writers. (Annex 2)

Moreover, the VPA and the VINPAS always coordinate with the Government to support the development of this sector.

According to the Decision of the Ministry of Culture- Sports- Tourism on publishing planning up to 2010, the target of the sector is to focus on three cities: Hanoi, Ho Chi Minh City and Da Nang which are the most important economic areas with variety of enterprises. In addition, there are also other main printing areas: Hai Phong, Nghe An, Can Tho and Dak Lak. The model and operating mechanism of these companies include printing enterprises, public service delivery units (PSDUs), household business and foreign invested companies. Thus, in addition to investing into enterprises in Hanoi, Ho Chi Minh City or Da Nang, foreign enterprises and organizations are also encouraged to invest in building or developing printing enterprises in Hai Phong, Nghe An, Can Tho, Daklak.

Furthermore, the decision also clearly shows: *"concentrate on studying, investing into label and package printing on different materials: thin complex layer, carton and metal in order to meet the increasing demand of packaging for domestic manufacturing products; encourage foreign investment and other economic sectors in package and label printing*". Hence, in the near future, the packaging printing industry will be one of the key sectors to develop. This will need much investment from the State as well as foreign enterprises and organizations with an interest in Vietnamese printing.

Like other sources of investment in Vietnam, investment into packaging and printing industry is also under the Investment Law of Vietnam.

Furthermore, The Government of Vietnam always encourages both domestic printing and packaging enterprises to develop and foreign enterprises to invest in Vietnam under the laws, policies and strategies of Vietnam.

Tax rate of importing products into Vietnam

Denmark is treated as a Most-Favored Nation (MFN) in the commercial relation with Vietnam. Therefore, the Danish enterprises can receive MFN/WTO tax rate. The tax rate of Danish products imported into Vietnam is reduced by 30% compared to the normal rate.

(See annex 3: The export- import tax rate of some products in packaging and printing industry in 2008).

II. Majors sub-sectors of packaging and printing industry in Vietnam

1. Packaging industry

As mentioned above, the Vietnamese packaging industry can be divided into four sub-sectors: plastic, carton, metal and glass packaging. In which the plastic sector is the fastest-growing sector:

a. Plastic packaging

Plastic packaging production can be divided into three main groups:

Soft packaging: It has single, double or multiple layers or combines with other materials and it is used in food, farm production and seafood processing, cosmetics and medicines. Currently Vietnam has 23 factories producing and processing semi packaging products with about 5000 employees. Capacity of soft packaging is about over 1.2 billion m2/ year, meeting partially the demand of domestic market and export. Soft packaging is a promising and potential market of Vietnam with the growth rate of 25- 30% / year. The soft packaging sector has increasingly changed their equipments and technology to have this achievement.

For over 5 years, the total investment value is estimated to be over USD 40 million. Many companies have imported equipments and high technology from the G7 countries, therefore, the sector has basically met the demand of domestic market, dominated the foreign products contributing to saving millions US dollars for the country. Typically, they are leading companies such as Tan Tien plastic packaging joint stock company, LikSin Company. These companies also lead in investing into production lines of complete print axis along with the modern technology with the equivalent quality to the western countries but 10 – 30% lower in price than these. At present, the capacity of providing the printing axis can meet the demand of the domestic market.

Empty packaging (plastic bottles): in the early 1900s, Vietnamese empty packaging production underdeveloped in both equipments and technology compared to the countries in the region. In 1994, Pet bottles had to be imported 100% but since 2000, empty packaging like plastic bottles and jars has had great progress with the average annual growth of 30% / year. This high growth rate is due to the increasing demand of the society and the preeminent characteristics: (in price, quality, transport and diversity).

Plastic bottles are replacing glass and metal bottles. According to figures from the Vietnam Plastics Cooperation, in 2002, nationally, there were more than 100 plastic bottle-producing factories (PET, PP, PE) consuming about 100.000 tons of plastic each year. Ngoc Nghia Co, Ltd. has been one of the three biggest PET bottle producers in Southeast Asia with the total capacity of 520 million products. In 2003, there were many kinds of PET bottles including heatproof PET bottles (from 59^{o}C). In the next 10 years, the trend of using PET bottles will still be increasing by 20 to 25% per year, serving the demand of domestic consumption and export for products like mineral water, cooking oil, carbonated drinking-water and fruit juice.

Other kinds of packaging: PP, PE packaging has also made great progress, serving for exporting farm produce, rice, coffee, sugar and chemicals, fertilizer, concrete etc. According to the current estimation, Vietnamese factories can produce over one billion sacks/ year meeting the demand of domestic consumption and export. Beside these kinds of packaging, there also panel-shape packaging formed by Vacuum consolidation technology, water vessels and radiator, which are developed and used popularly in the society.

Plastic packaging market: Vietnamese plastic packaging has been growing sharply recently with the output in 2006 being eight times as large as in 1996. Plastic companies have built an industrial investment plan in the period of 2006-2010 and the next years in order to achieve the strategic goals set by the plastic sector. BOPP (Bioriented Polypropylene) layer has been used widely in tobacco, foodstuff processing, washing powder and garments for the last few years. Based on the market demand in recent years, it is estimated that the demand of plastic packaging up to 2010 is about 105,000 tons.

Table 2: Demand of plastic packaging from now to 2010 in Vietnam (*Unit: ton)*

Target	2008	2009	2010
Plastic packaging	68,400	81,500	105,000

Source: Vietnam Plastic Association

For the last few years with the average growth rate of 25-30 %/year, the plastic packaging sector has contributed actively to the economic development. Experts in the soft packaging market believe that the soft packaging market will be a promising and potential market of Vietnam at least in ten years. Moreover, it can be said that the Vietnamese packaging sector has integrated into the global economy. However, the plastic packaging industry still faces difficulties because they have to import 90% of production materials.

b. Metal packaging

Metal containers, mostly tin foil packaging, comprises around 10% of the packaging industry. Vietnam has only been producing metal containers for the past five years. There are about 30 metal container producers in Vietnam, most of them in Ho Chi Minh City.

Table 3: The composition of metal containers use (2007)

Fields using metal containers	Percentage
Confectionery and beverage	40% (15% for confectionery and 25% for beverage)
Construction	30%
Pharmaceutical	15%
Chemical	5%
Personal care	5%
Pesticide and others	5%

Source: The Vietnam Packaging Association

Most enterprises in this area are premature but they have an advantage of raw materials being available locally. Only a very small percentage of materials and equipment are imported. Brand-new machinery is usually imported from Germany, Italy, and England, while second-hand machinery is mostly imported from Singapore, Taiwan and Japan.

The demand of metal packaging is evaluated as high, because Vietnam is an important market of medical products. Most of the large pharmaceutical companies, like Hau Giang Pharmaceutical Joint Stock Company and Central Pharmaceutical Factory No.1 and No.2 have to import high-grade packaging for their products. Furthermore, the chemical and foodstuff industry has grown sharply creating a high demand of metal containers.

c. Carton packaging

Carton packaging has gained an absolutely important position in foodstuff production (snacks, cookies, biscuits, food for pets) and non-food products (chemicals, farm produces). This is a high-ranking packaging industry requiring high technology and with its benefits bringing to firms, carton is still the number one choice. Carton and other products made from carton can be easily delivered, piled into high stacks, and it also can protect well products inside with clear and lively printed letters outside. The surface of carton packaging is flat which enables bar codes to be easily printed and scanned. The remarkable feature of carton packaging is recyclability. About 70% of materials for the industry are from recycled sources.

Carton packaging has had success in the Vietnamese retail market and all over the world, and the Vietnamese carton packaging industry thus holds large potential.

However, according to the Vietnam Paper Association, the production of domestic carton paper only meets 51% of the total demand inside the country. Therefore, a large amount of materials for this sector has to be imported. The carton packaging production is facing many problems because the price of material paper has risen for the last few months (about 10%).

The production of gift boxes and other wrapping paper in Vietnam is not developed according to the need of the market. Most gift boxes are hand-made by the shop owners and a small amount is imported from China. Based on the research on the distribution and sales market in Hanoi, other kinds of wrapping paper, souvenir notebooks and letter-writing papers are imported mainly from China. Many Vietnamese companies have joined this market, but whilst the quality is good, the prices are not competitive. Leading companies in the sector includes Hong Ha Stationery Joint Stock Company, and Bai Bang Paper Company.

d. Glass packaging

Glass containers are traditional but still popular in the world and in Vietnam as well. Glass packaging in Vietnam is used mainly for the production of beer, liqueur, beverages and tonics. Especially glass containers are used a lot for medical products like bottles of tablets, medical fluid, food and foodstuff products (fish sauce and processed food). The demand for glass packaging is high due to the rapid growth rate of medical and food production.

In Vietnam, the number of enterprises producing glass containers is limited, there are only few large companies like Hanoi Glass and Trade Joint Stock Company, Malaya – Vietnam Glass Company (Ho Chi Minh City), Nam Giang porcelain and glass Company (Thai Binh), and the Central Land Company (Da

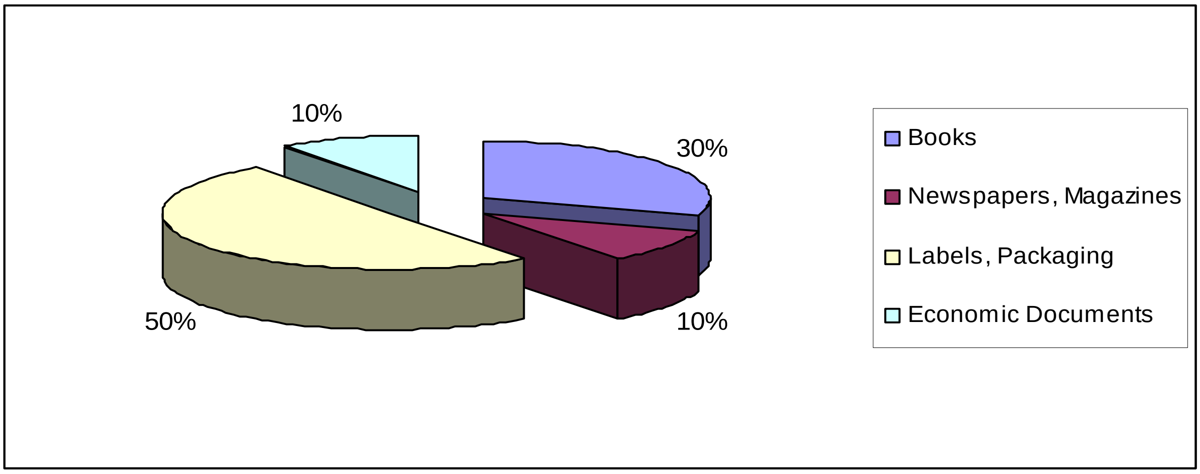
Nang). In addition, there are also private premises but the production scale is small and spontaneous. Glass containers in Vietnam are usually reused or recycled. Most beer and beverage companies like Hanoi Beer, Sai Gon Beer Company, Coca-Cola and Pepsi take back their glass containers for reuse.

The technology used in glass container productions has been improved dramatically. Firms pay much attention to the design of their products or they continuously change their product appearance to attract more customers. Therefore, the demand of label and glass packaging design has increased recently.

2. Printing Industry

The Printing Industry in Vietnam can be divided into four main sub-sectors according to its products: book printing, newspaper- and magazine printing, labeling and packaging printing, and economic document printing.

Figure 5: Structure of printing products according to printing pages (2007)



(Source: data by the Vietnam Printing Association at the 5th Asian Network for Quality Congress 2007)

Although magazine, book and newspaper printing hold a large proportion, the current trend is towards labeling and packaging printing both in terms of demand and production.

The label printing technology in Vietnam has been improved for the last ten years. Before, the technology just allowed printing onto paper, but now many companies in the sector have become aware of technologies for printing directly onto glass or metal products, which has many advantages compared to the old technology. In addition, printing advertising labels on clothes, cups, picture frames and souvenirs is now popular.

In terms of printing technology, the offset method is now the most popular to almost all of the printing products in Vietnam. Moreover, digital printing methods are also booming due to its convenience and diversification. Intaglio printing method is one of the most advanced technologies but it is not popular in Vietnam because it’s mainly used in printing money and stamps. The “Flexo” printing method is still popular because machines used for this method have lower prices than machines used for the offset method. Costs are reasonable in a Vietnamese context and it is mainly used in packaging printing and notebooks.

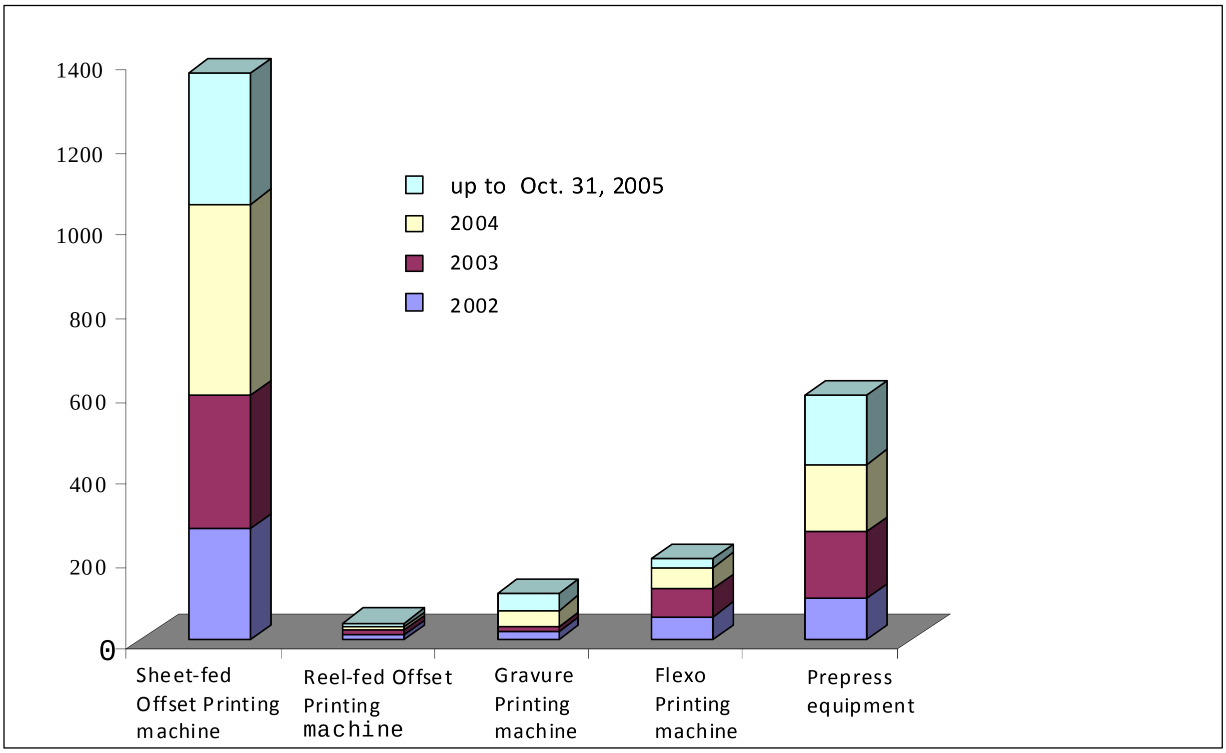
One branch of printing and publishing industry is book binding. Almost all books in Vietnam are bound in printing workshops of publishing houses. Recently, many big publishing houses invested into buying new technology for book binding to have a higher quality of books. However, many photocopy shops also bind copy and bind books in form of copy versions.

III. Raw Materials and production input

1. Material

Most of the Vietnamese paper companies can only produce normal paper,therefore, about 80% of the high-quality printing paper has to be imported from Korea, ASEAN and EU countries. Only a few companies like Tran Phu Printing Company and the Aviation Printing Joint Stock Company can afford to invest in printing machines and technology from the EU countries, while most of them only can afford to buy second-hand machines or machines from ASEAN countries or from China.

Figure 6: Situation of printing equipment import (2002-2005)



Source: Vietnam Printing Association

At present, the packaging industry in Vietnam has to import about 90% materials and machines for production. Most Vietnamese packaging companies import machines from Korea, China, Indonesia and Taiwan. Several leading companies like Tan Tien Plastic Company, Tan Dai Hung Company and Liksin Corporation have imported machines from the EU. Carton packaging and plastic packaging are the two sub-sectors who have to import the most while metal packaging does not have to import much both in materials and machines. Usually, new machines for metal packaging production are imported from Germany, the UK and Italy, and second-hand machines are from Singapore, Japan and Taiwan.

2. Production Input

According to the law, in Viet Nam soil and ground are in possession of the state. The enterprises can rent property on a long-term basis of the State of (provincial government) for business purposes.

Concerning our researches for the costs for renting property and a factory workshop, the following things should be considered:

Cost of renting for property

The investor must suggest an investment project to the provincial government and request an appropriate property, which can be worked out by the office for planning and investment.

The following costs are to be paid to the provincial government:

Remote areas (unit: USD/m ^{2} /year)

- Hanoi city and Ho Chi Minh town center: 0,18 USD - 1,08 USD
- Cities of Vung Tau, Bien Hoa and Hai Phong and on borders: 0.10-0.36 USD
- Other areas: 0.01-0.36 USD

  After the investor received the property from the provincial government, he must invest by himself into the infrastructure, as well as in the construction of the factory workshop and into the storage etc.

  Another possibility for the acquisition of an investment property is to rent an object in industry- or export zones.

Leasing fee for projects in export production zones: (USD/m ^{2} /year)

- Area Hanoi: 1.05 USD
- Area Ho Chi Minh town center: 18 USD
- Other areas: no more than 0.06 USD

(Source: Statistic of Foreign investment Agency - MPI and own survey of data by different provinces and in industrial areas.)

The cost to rent an already existing factory workshop as locations for production, depots, etc. is attached (Annex 4: Cost of renting of the workshops or factories)

Areas around Hanoi and at the motorway direction Hai Phong: 1.6 - 2.5 USD/m ^{2} /month

- Areas around Ho Chi Minh town center: 1.6 to 3 USD/m ^{2} /month
- Other areas: 1.2 USD - 1.8 USD/m ^{2} /month

IV. Infrastructure in Viet Nam

The infrastructure in Vietnam has been developed in recent years. In the strategy for Vietnam, the infrastructure development and the total investment capital stands at 10% of the GDP, which is quite high compared to international standards. The road transport for instance is two times quicker today than it was in 1990. Its quality has obviously also increased. Almost all urban areas and 88% of the rural households are accessible to electricity. The number of people with access to clean water increased from 26% in 1993 to 49% in 2002 and achieved 70% of the population in 2007 (source: General Statistic Office)

Hanoi and Ho Chi Minh City are two areas that have many advantages in labor, equipments and means of transport. Individually, Hanoi's infrastructure has grown remarkably in the last five years. Two new bridges Vinh Tuy and Thanh Tri - two of the biggest bridges in Southeast Asian have been built. Many overpass roads and crosswalks constructions have reduced the traffic jam.

From Hanoi it is easy to import or export products through the Hai Phong Port (100 km from Hanoi). Annually, more and more immigrants have moved to Hanoi creating an abundant source of labor. Besides, the quality of labor qualification is improving.

Compared to Hanoi, Ho Chi Minh City has more advantages due to its Port in the city and the city's ability to attract high-quality labor. Currently, the Vietnam Printing Association has planned to develop in the Middle region.

Transport costs: transport in the country and sea freight

There is a strong competition among the logistics companies in Viet Nam. Most international logistics companies are located in Viet Nam. Examples of offers and costs are listed in the following schedule:

Table 4: Transport fee from Vietnam to Denmark

Volume	40DC
Pol/Pod	Haiphong/Copenhagen & Arhus
Rate offer	- USD4490/40DC including Baf, Caf, T.AD(ILH), PSS + USD113/40DC (THC - Terminal handling charge) - USD2000/40DC(OF-Ocean freight) + USD1374 (Baf-Bunker adjustment factor) + USD342 (17.1% Caf-Currency adjustment factor) + USD350 (T.AD-Inland) + USD318 (PSS) + THC/L
Transit time	35-37 days

Source: Vinconship

Ho Chi Minh City to Copenhagen/Arhus	20'DC	40'DC
Ocean freight	950	1700
BAF	610	1220
CAF (17.4%) of the ocean freight	165.3	295.8
ISPS	7	7
LFS	11	22
SCS	9	18
OWS	200	
PSS (From 01.08.2008)	158	316
THC	75	113
RATES QUOTED IN USD Baf in august 675 / 20dc usd 1350 / 40dc Caf: 17.1 % PSS: apply from 01 August 2008 Validity: 30 July 2008		

Source: Schenker

V. Human resource and social benefits in Vietnam

1. Human resource

At the end of 2006, Viet Nam had 45.3 million workers, three quarters of it within the rural range. While the demand for highly qualified workers rose strongly due to the fast economic growth in the past years, the quality of the work did not grow in the same speed. This is strongly discussed also in Viet Nam. Particularly by investing into education, the government tries to improve the situation.

In Viet Nam, the salary is calculated due to the relation between the cost of living and living standards. At present, there are 3 minimum salaries, depending on the kind of enterprise (e.g. state enterprise, private business or enterprise with foreign investments). In addition, there are different divisions in urban or in rural regions.

Generally, a minimum wage in the south is higher than in the north. The salary from foreign companies in Viet Nam constantly changes because of the different and rapid development of the cities and the regions. Engineers, who works in Saigon (in the south), get a higher salary than those in the north. Engineers, who can show for example three to five years professional experiences, will get a wage of 500-700 dollar per month in the south, but a wage of 300-500 dollars in the north, and even less in the countryside. The salary is based, as in other countries also, on the qualifications. An untrained worker within the range of industrial production earns approximately 75 USD monthly inclusive the social security assurance and the overtime work. Meanwhile many workers use the opportunity to improve their qualifications by learning an additional language

The numbers of labors in the Vietnam Printing Industry are around 40.000. Among them, 80% are workers working directly in the production, 10% are management staff and the rest are indirect labor. Retired people account for 5% each year. Thus, the industry needs to be supplied annually 2000 people for its production.

However, the numbers of people who are trained each year are only about 1,213. The labors trained in printing on university level make up 34.6%, at high school level for 50%. However, training for printing management and workers has not yet met the demands in both quantity and quality. Currently, there are only few universities or faculties in Vietnam that provide courses training printing labors like Printing Engineering Faculty (Ho Chi Minh University of Pedagogy), Printing Technology Faculty (Hanoi University of Technology), An Duc Vocational Training College (Ho Chi Minh City), Technology Development Center of Itaxa Company and etc.

Recently, the occupation of graphic design has been highly appreciated in Vietnam labor market. The most prosperous labors are graduates from University of Industrial Fine Arts or University of Architecture. These are high-quality sources of training as they provide professional knowledge for students. Annually, there are 400 graduates from these universities in Northern Vietnam. Besides, there are labors graduating from Informatics Technology faculties which have talent in designing. However, the supply of printing workers has not met the demand due to the bias in the education of the universities towards theory rather than practice. In the South, the career of graphic design in Ho Chi Minh City has more advantages, and there are many graphic design training centers in the city. Center of Consulting and Economic Application, Vocational training center Le Thi Hong Gam, Informatics Center (University of Sciences) and Vocational Training Nhat Nghe are places where many students come to learn. However, the Ho Chi Minh University of Industrial Fine Arts stands first in the rank of profession and high quality.

Table 5: Start salary for special Jobs in South Viet Nam

	Position	Average wages in USD per month
1	Worker (common industry)	111 – 185
2	Middle engineer	249 – 373
3	Middle Manager	572 - 1,054
4	Minimum wage	44.12
5	Gratification (salary + variable salary)	One to two monthly wages

Source: ITPC (International Trade Promotion Center Saigon)

Table 6: Wages for employees in the North of Vietnam

1 USD = 16300 VND; 1 EUR= 26000 VND

	Position	Average wages in USD per month
1	Director	900-1300
2	Manager	500-700
3	Graphic Designer	300 -500
4	Production Manager	300-500
5	Interpreter	300-500
6	Material manager	280-500
7	Assistant	260-350
8	Electric engineer	220-500
9	Sales executive	180-480 and commission
10	Sales staff	80 - 220
11	Secretary	150-200
12	Administrator	120-180
13	Skilled worker in printing companies	120-180
14	Track driver	150-300
15	Worker in factories	80-95
16	Mechanic	75-230
17	Cleaner	50-75
18	Security	60-90

Source: Own research in 4 companies in North Viet Nam

2. Social benefits

Social politics and work law

The work law of Viet Nam is determined by the industrial law of Viet Nam. The industrial law confirms the right to work, the right of the interests and other rights of the employees. At the same time this law protects the rights and legal interests of the employer. Therefore it is important to develop harmonious and stable work relations. This promotes creativity and talents in addition, intellectual and manual abilities. Due of that productivity rises, as well the quality and last but not least a social upswing. Work, production and service will rise. Efficiency within the management will be improved and contributed thus to the industrialization and modernization of the country, which brings finally prosperity for the population and strengthens the country, into a civilized and modern welfare state.

Industrial law and Employees

The Vietnamese industrial law (Labor code) includes three different occupation models: limited, unlimited and seasonal work contracts. With conditions of employment, which last for a period of more than three months, the work contract should be in a written form. The trial period for qualified workers may not last longer than 60 days, and for all other workers not longer than 30 days. According to the Vietnamese work law book, limited work contracts can only be expanded twice with the same employee. If the employee remains thereafter further in the employer-employee relationship, then an unlimited work contract must be signed. If this does not take place within 30 days at expiration of the limited work contract, then the previous work contract is automatically considered to be valid as an indefinite time contract. With these innovations it is possible to avoid that employers sign predominantly limited contracts, in order to escape certain additional obligations.

Rights of employees

The rights and the interests of the employees are represented and defended by the Trade Union Organization. Most of Vietnamese companies have Trade Union Organization. The employers are legally obligated to permit the work of the trade union. The right of participation concerning contracts is to be negotiated with the trade union. Collective agreements are negotiated between the respective representatives of the trade union and the employer side. A collective agreement can be only negotiated, if the agreement of more than 50% of the employee is present.

Working time

As per the code the working time shall not exceed 8 hours in a day and 48 hours in a week. The labour user is entitled to schedule the working time daily or weekly but must notify the labourers in advance.

The daily working time shall be shortened by one or two hours for those labourers working in especially heavy, noxious or dangerous jobs as prescribed in the list of such jobs published by the Ministry or labour, War Invalids and Social Welfare and the Ministry of Public Health.

The labour user and the labourer may agree on extra hours work but the time of such work shall not exceed four hours in a day and 200 hours in a year.

The working time at night is counted from 22 hours to 6 hours of the following day or from 21 hrs to 5 hrs or the following day depending day on the climatic zones stipulated by the Government.

If employees have to work overtime, they will have rights to receive extra salary:

Table 7: Costs for overtime

1	Overtime on working days	150%
2	Overtime at weekend	200%
3	Overtime on public holidays	300%
4	Working time (nightshift) from 10pm to 6am or from 9pm to 5am	130%

Source: ITPC (International Trade Promotion Center Saigon)

VI. SWOT analysis and conclusion

Based on the information collected for the report, the following SWOT analysis and conclusion has been made:

Strength	**Weakness**
- An 85 million population and a young developing printing and packaging industry involving 46 per cent population at the age of 15 – 34 having inquiring mind, ambition create interesting market as well as many opportunities for foreign investors. In addition, source of simple labor is plentiful. - The growing rate of the Vietnamese market is around 10% to 15% yearly - The quality and quantity of domestic printing and packaging market is becoming better day by day - Most of the companies in the sector are private which show dynamics and potential for quick development and integration into the world market. - The export market of Vietnamese printing and packaging industry also have chances to boost thanks to advantages of low labor costs and a stable domestic market compared to international market	- The enterprise scale is small, about 80% are small and medium sized enterprises. - Technologies are backward, not comprehensive. Professional capability is low. - There is a lack of human resources and the training quality is weak. - Printing material industry is beginning with old technology and small market share. - Product quality is not stable; the rate of enterprises that apply management system ISO 9001:2000 is low (about 3%) - Unequal distribution of printing enterprises. The most occur in HCMC and Hanoi while demand on printing and packaging in other provinces is also high.
Opportunities	**Threat**
- The stability in Vietnamese politics is an advantage for developing the economy. - The high and stable growth rate of Vietnamese packing and printing branch around 25% to 30% is also an advantage.	- Vietnam is currently facing a very high inflation rate (estimate 27 % in July 2008). That is the biggest challenge for Vietnamese as well as foreign companies who want to operate business in Vietnam.

- Located in the centre of South-East Asia, one of the very active developed areas, Vietnam is a member of ASEAN and has good commercial relationship with other countries in the area. Hence, foreign investors in Vietnam can also approach neighboring markets. In addition, Vietnam is also an attractive place for Multinational Corporations and foreign enterprises to operate affiliations and factories producing packing and printing products. - In recent years, the fast development of information technology has had a certain impact on the packing and printing in Vietnam. The printing method using digital technique or direct from computer is nowadays very popular. The demand on digital printer and printing equipments in Vietnam increases quickly and as the result is a good opportunity for foreign companies which can provide equipment and technologies. - The need of skilled worker and technicians create very good opportunities for training service providers. Besides, more and more domestic universities, junior colleges like high-school teacher's college and academy of journalist and communication try to enter this training market and need international business partners for cooperation. - Environment- friendly packaging is a challenge and a wholesome orientation for domestic producer. Demand on self-destroying packaging takes nowadays many interests of domestic markets. -	- Besides, the unstable international market makes negative influence on Vietnam. For example increasing oil prices, increasing transportation costs, increasing prices of imported materials such as paper, plastic, chemicals on 15% to 30% increasing business costs such as cost for electricity, water supply will make the higher product prices. - The price of raw materials imported into Vietnam is influenced strongly by the tax law. While import tax of pulp and paper in some regional countries is 0%, the import tax of pulp in Vietnam occurs by 1% and waste paper by 3%. Materials with high prices plus high tax rate lowers the production capability of enterprises. - Human resource is plentiful but not the high qualified labor. Brain drain to countries abroad is also a challenge.

Conclusion:

- Vietnam, a country of over 80 million people and fast growing printing and packaging industries offers many opportunities for Danish enterprises.
- The low labor cost, high domestic demand, low level technology of Vietnamese enterprises will create good chances for foreign investors who want to make long term investments into Vietnam
- For the last few years, the Vietnamese printing sector has consistently had high growth rates. The number of printing companies has increased rapidly especially in the private and foreign investment sector. However, few companies can afford to invest modern technology to develop their production. Therefore, Vietnamese printing companies now need the cooperation of foreign companies and organizations to have technical and financial support for further development.
- Recent developments in information technology has also influenced the Vietnamese printing industry much. Digital printing and printing directly from computer is now very popular. So there is a rising demand of digital printing machine and other equipments for this printing method.
- In addition, the export market potential for Vietnamese printing products also has the ability to develop powerfully thanks to the comparative advantages of cheap labor price and stable market compared to other markets in the region.
- Production and export activities are now proactive creating more chances for the packaging industry in Vietnam to develop. Many foreign investors have realized the potential of this industry and found chances to invest into Vietnam in this field. So this is also a good chance for Danish packaging enterprises to invest or cooperate with Vietnamese enterprises.
- However, under the current Publishing Law of the State of Vietnam, foreign enterprises are still restricted in publishing in Vietnam. Therefore, if foreign publishers want to release books in Vietnam, it is best to cooperate with a Vietnamese enterprises to develop printing technology and carry out the publishing.
- In order to overcome the foreseeable difficulties as well as initial threats, Danish enterprises have to prepare well in regards to collecting information and selecting methods of market approach and have a long-term strategy. Besides, human resource training is also considered to ensure successful factors in stable business
- Choosing a suitable business partner will be the most important factor for Danish enterprises wanting to invest in Vietnam.

ANNEX 3

Export-import tax rate for products relating to printing and packaging products

Code	**Products**	**Unit**	**Tax rate (MFN/WTO 2008)**	**VAT(%)**
	Plastic			
39.23	**Packaging Products**			
	Boxes, baskets for containing film, disc…	Kg	18	10
	Bags and packs (include cone-shape bags)	Kg	23	10
	Bottles, jars…	Kg	26	10
	Pulp, paper			
47.01	**Mechanical pulp from wood**	Kg	0	10
47.02	**Dissolvable chemical pulp from wood**	Kg	0	10
47.06	**Recycled pulp from waste carton or other cellulose fibre**			
	Pulp from waste paper or carton	Kg	0	10
47.07	**Waste paper or carton**			
	Paper or kraft carton or unbleached wavy carton	Kg	0	10
	Other unbleached paper made from chemical pulp	Kg	0	10
	Paper or carton made from mechanical pulp (newspaper printing paper)	Kg	0	10
48.01	**Newspaper printing paper (roll or sheet)**	Kg	32	5
48.02	**Uncoated carton, paper and carton for handwork**			
	Paper and carton for handwork	Kg	32	10
	Paper and carton without chemical powder or having less than 10%	Kg	5	10
49.01	**Printing books (single or double sheet)**			
	Educational books	Book	0	5
	Other	Book /kg	5	5

Source: export-import tariffs 2008

ANNEX 4: Land and factory renting price

***(1 Euro = 25,000 VND
1 USD=16,000 VND)***

Places	Surfaces	Prices	Contacts / Information
Hanoi (Nam Thang Long - Xa Thuy Phuong- Tu Liem)	2,496 m2 (26 x 96m)	35,000 VND/m2/ per month (1.4 Euro/ m2/ per month) (will be operational in 2008)	**Cong Doan Company Vietnam** 167 Tay Son / Dong Da / Hanoi
Vinh Phuc (Quang Minh)	4,000 m2 (also for rent 1.000-2.000 m2)	35,000 VND/m2/per month (= 1.4 Euro/m2/per month) incl. taxes	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Hochiminh city (industrial zone DUC HOA, 76 Phan Van Khoe, P2, Q6)	3,500 m2	35,000 VND/m2/ per month (1,4 Euro/ m2/ per month) (is just newly rebuilt)	Tel 0848 8608360 – Mr. Bao order Mrs. Ba Email:babynhungmylove1088@yahoo.com
Ha Dong – Ha Tay (industrial zone Mai Linh)	1,200 m2	35,000 VND/m2/ per month (1.4 Euro/ m2/ per month) (Prices are incl. electricity & water supply)	**Mr. Hiep** – Handy: 0914 98 888.2512 Tel. 0844 6288490 Email: hongvandhs@gmail.com
Duc Giang, Gia Lam	2,500 m2	45,000 VND/m2/per month (=1.8 Euro/ m2/per month) incl. Taxes	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Hai An- Haiphong 753 Ngo Gia Tu – Dang Lam	11,000 m2	32,000 VND/m2/ per month (1.28 Euro/ m2/ per month	Tel. 0084 313.727026/ 0084 904 097 005 Email: hue.pmu@gmail.com
Tu Son, Bac Ninh	600 m2	22,000 VND/m2/ per month (0.88 Euro/ m2/ per month Incl. Taxes	
Ha Dong	3,000 m2 3,800 m2 5,000 m2	25,000 – 35,000 VND/m2/per month (1.0 – 1.4 Euro/ m2/per month) incl. taxes	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Dong Anh (industrial zone)	3,000 m2	16,000 VND/m2/ per month (0,64 Euro/ m2/ per month Incl. Taxes	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Hanoi	5,000 m2	32,000 VND/m2/ per month (1,4 Euro/m2/per month)	
Hochiminh city 59/10 Pham Van Chieu, p12, Go Vap	2,000 m2	4,500 USD/ per month	Mr. Cuong (0084 903 706007) Mrs. Mai (0084908 834196) Adress: 59/10 Pham Van Chieu, p12, Go Vap
Sai Dong industry Park 15 km from Hanoi centre	3,000 m2 to 6,000 m2	26,000 VND/m2/per month (1,07 Euro/ m2/ per month)	**Phuong Dong Joint Stock Company** Tan Quang, Gia Lam, Hanoi Mr. Le Anh Tuan

Hanoi Tu Liem (20 km from Hanoi)	500 m2 – 8,000 m2	35,000 VND/m2/ per month (1.4 Euro/ m2/ per month	**Mr. Lam** Mobile: 0084 902.441.981 – 00844.2427731
My Hao – Hung Yen Provinz (30km from Hanoi)	6,000 m2	30,000 VND/m2/ per month (1.20 Euro/ m2/ per month (Incl. Taxes) (incl. Temparature regulator, electricity & water supply)	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Quoc Oai (Ha tay province)	5,000 m2	35,000 VND/m2/ per month (excl. taxes) (1.4 Euro/ m2/ per month) (incl. Offices, parking-lot)	**AG MEGALAND** 2. Stock, Nr.43 Ngo Quyen, Hoan Kiem, Hanoi Tel. 0084 4.936 5556 – 0084 4.936 5565 Fax: 0084 4.936 5565 Email: sales@alohousing.com
Can Tho	1,000 – 1,500 m2	about 35,000 VND/m2/ per month . (1.4 Euro/ m2/ per month)	Mr. Dang Handy : 084 91.834.9877, Email: bcdangvn@yahoo.com
Binh Duong - Thu Dau Mot	5,000 m2	2,000 USD/ per month	Mr. Le Thach Ngoc Handy: 084 903129857
Dong Nai Province Industry park Nhon Trach	3,600 m2 5,600 m2	1.8 USD/m2/ per month (excl. 10% taxes, the prices will be reduced by long-term rent)	Mr. Duong Dinh Dong Handy: 0084 903.909.276 Email: dong.goldenkey@gmail.com
HCM city Hoc mon	1,000 m2	27,000 VND / m2/ per month 1.08 EURO/m2/ per month	Mr. Dung Handy: 0084 909661656 Tel:7962213 Add: 892 Binh Tri Dong A, Quan Binh Thanh, HCM Stadt
Binh Duong Di An	10,313 m2	1,800,000 USD/23 Year (incl. 2 new warestores – 1,080 m2) (office 650 m2) (2 conferrence rooms) (2 work rooms) (4 bedroom)	Contact: nhadatsearch Handy: 844 983702055 Add: 441/92A Dien Bien Phu Tel: 2587517 Email: dien@xpt.vn

Source : Hanoi IEC's data collection