

VIETNAM BUSINESS REVIEW

A QUICK GLANCE OF THE CAR MARKET IN VIETNAM 2020

March 15, 2021

INTRODUCTORY

Due to the impact of the COVID-19 epidemic, the auto market in 2020 is less active than in previous years. However, with the increasing demand for car ownership and road travel, the car business will continue to grow.

The year 2020 is also a milestone for many FTAs in effect, which will lead to more fierce competition between domestically-assembled cars and imported cars. The Vietnamese government has also launched various policies to boost domestic automobile production.

Therefore, in this report, SEIKO IDEAS gathered some remarkable information about the automobile market in the past year. The contents of the report include:

- Domestic car business situation
- Vehicle import and export situation
- Related policies

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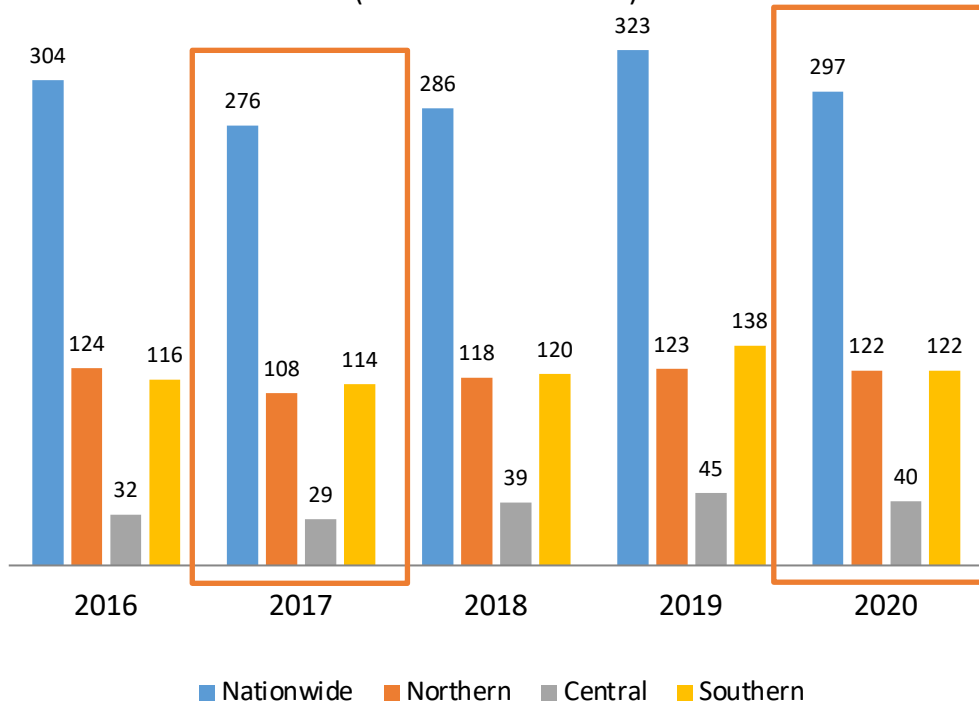
Domestic car business situation

Vehicle import and export situation

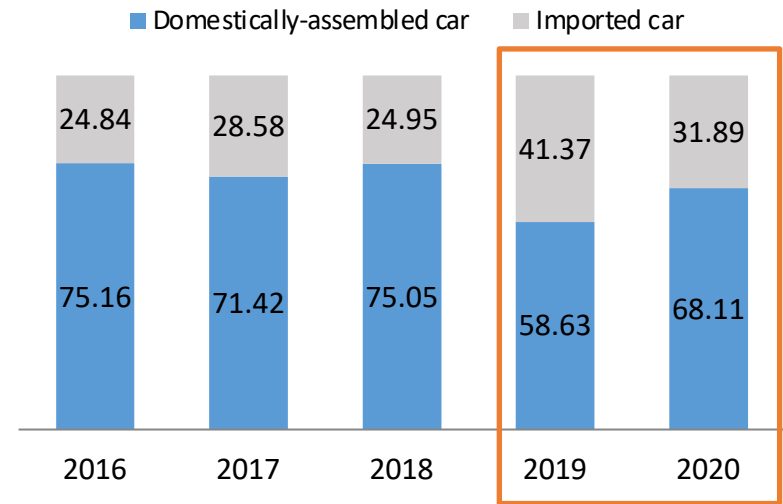
Related policies

Consumption of domestically-assembled vehicles per year

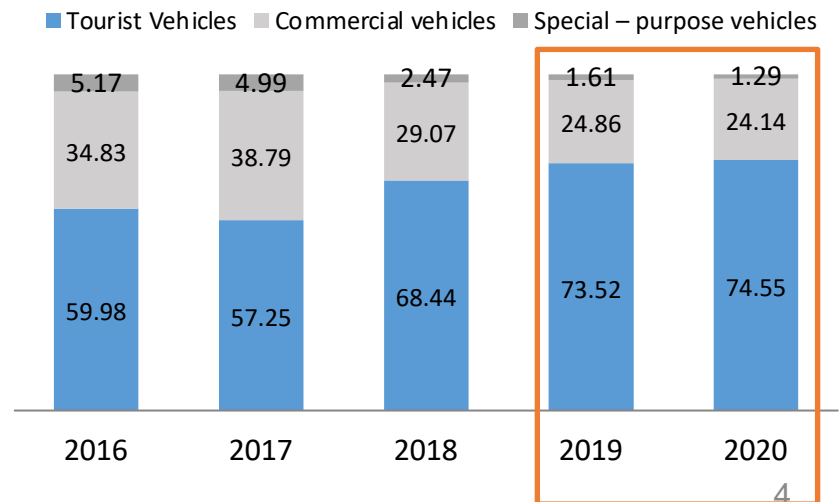
(Unit: thousand units)



Proportion of domestically-assembled cars consumed over the years (%)



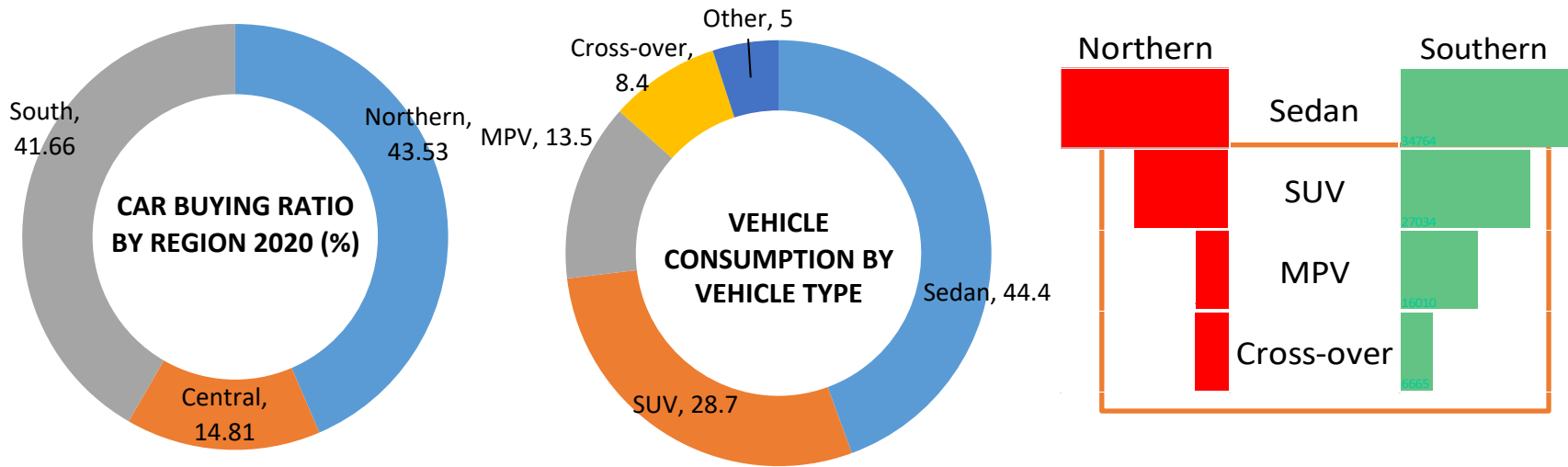
Proportion of cars consumed (%)



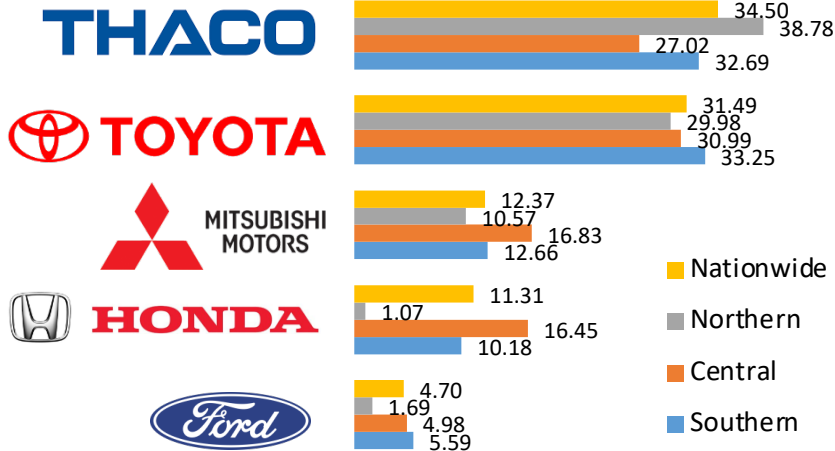
VAMA's vehicle classification

- *Tourist car/ small car (passenger vehicles): passenger car with less than 9 seats*
- *Commercial vehicles: vehicles with 10 seats or more, with 1 or 2 floors and cargo vehicles*
- *Special – purpose vehicles: vehicles for special purposes (ambulance, fire truck, water truck, ...)*

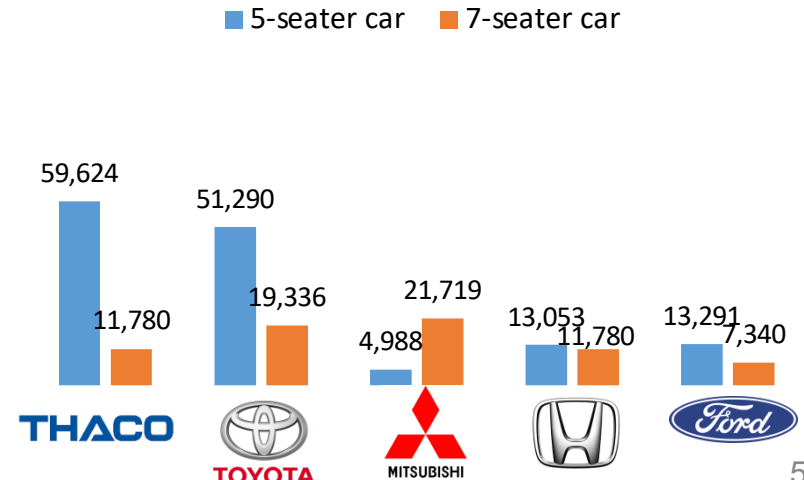
SMALL CARS



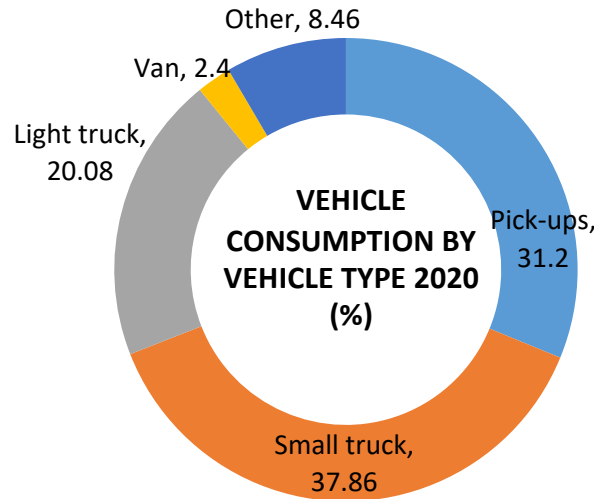
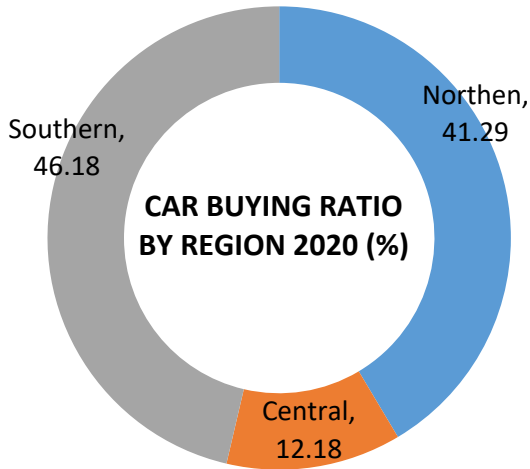
Producer market share (%)



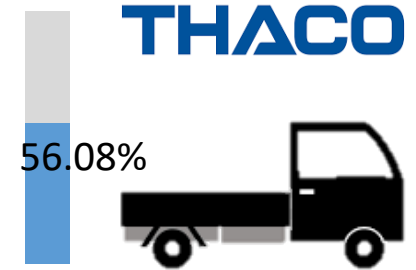
Number of car brands according to the number of seats



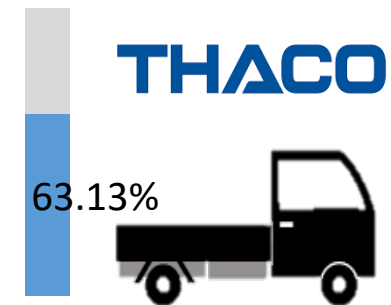
COMMERCIAL VEHICLES



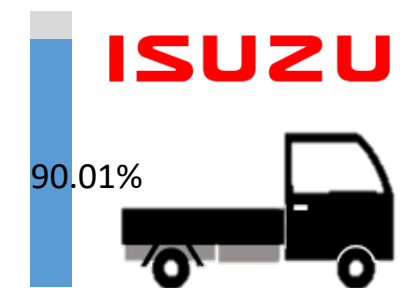
Small truck (≤ 5 tons)



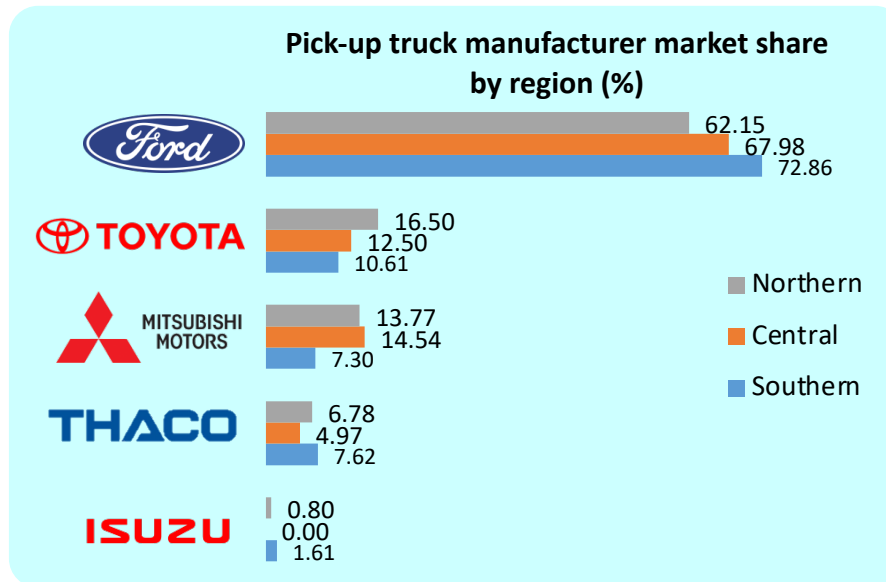
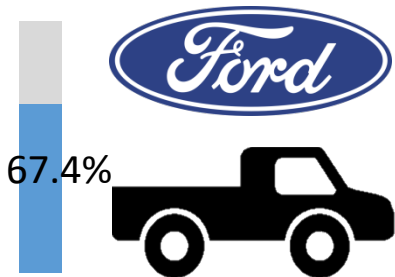
Light truck (5 ~10 tons)



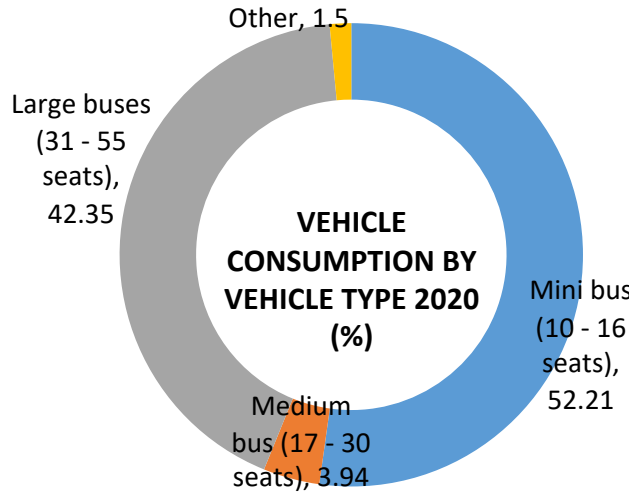
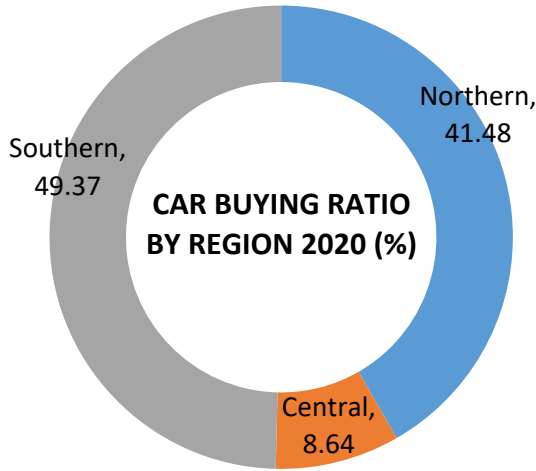
Medium truck (10 ~ 24 tons)



Pick-up



BUS



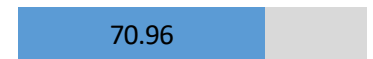
Minibus (10 – 16 seats)



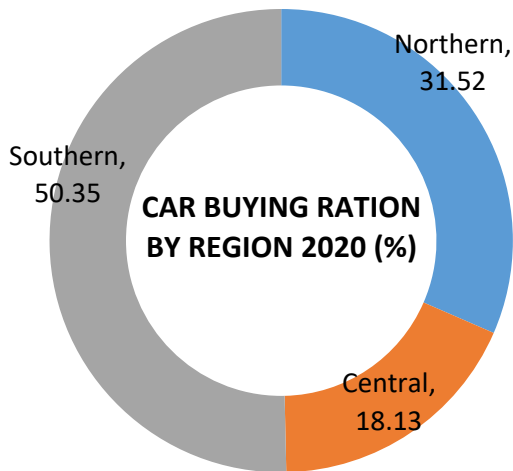
Medium bus (17 – 30 seats)

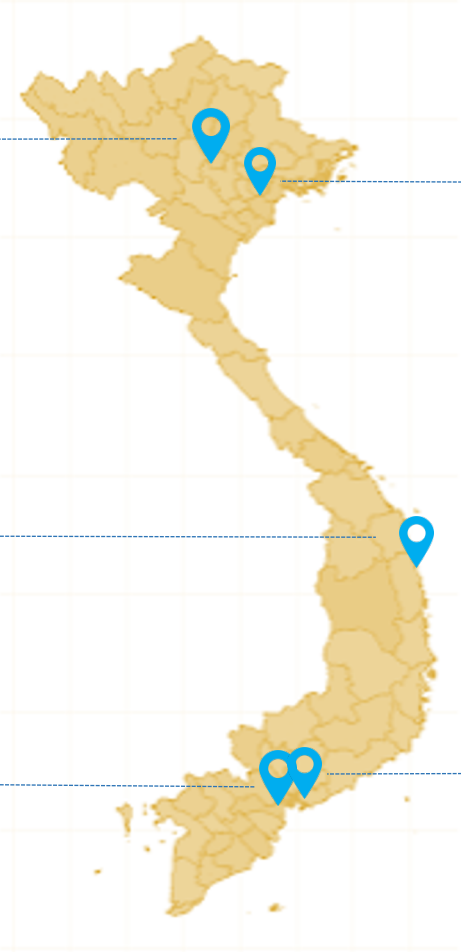


Large bus (31 – 55 seats)





SPECIAL-PURPOSE VEHICLES





Thanh Cong Group Joint Stock Company (TC Motor)
 Founded year : 2008
 Best-selling cars in 2020:

Hyundai Accent  **20,776 cars**

Partner : 

VinFast Manufacturing and Trading Company Limited
 Founded year: 2017
 Best-selling cars in 2020:

Fadil  **18,016 cars**

Partners:    


Truong Hai Auto Joint Stock Company
 Founded year: 1998
 Best-selling cars in 2020:




KIA Cerato  **12,033 cars**

Partners : **THACO** Market share :


   Best selling car  **12.8%**



Saigon Transportation Mechanical Corporation
 Founded year: 1975
 Best-selling cars in 2020 :

SAMCO B40 ~ B80  **200 cars**


Partners:   Market share:  **19.1%**


Do Thanh Automobile Joint Stock Company
 Founded year: 1992
 Best-selling cars in 2020 :



VIDABUS BC095  **32 cars**

Partners  **DAEWOO BUS** Market share :  **49.3%**


TOYOTA VIETNAM
 Founded year: 1995
 Best-selling car in 2020:


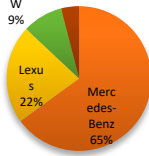


Toyota Vios  **30,251 xe**


Partner:  **VEAM CORP** Market share:  **32.2%**
 Best selling car


MERCEDES-BENZ
 Founded year: 1995
 Best-selling cars in 2020:





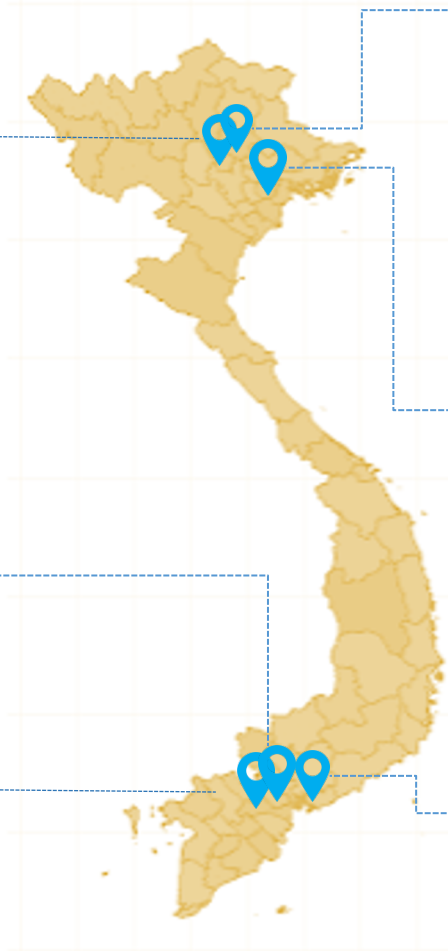
Partners:  **THACO** Market share:  **65%**
 Luxury car:

MITSUBISHI VIETNAM
 Founded year: 1994
 Best-selling cars in 2020:





SPANDER  **15,954 xe**



Partner:  Market share:  **16.6%**
 Best selling car




HONDA VIETNAM
 Founded year: 2005
 Best-selling cars in 2020:






CRV (CKD)  **7,438 xe**

Partner:  **VEAM CORP** Market share:  **7.7%**
 Best selling car


FORD VIETNAM
 Founded year: 1995
 Best-selling cars in 2020:


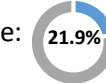


Ranger  **13,291 xe**

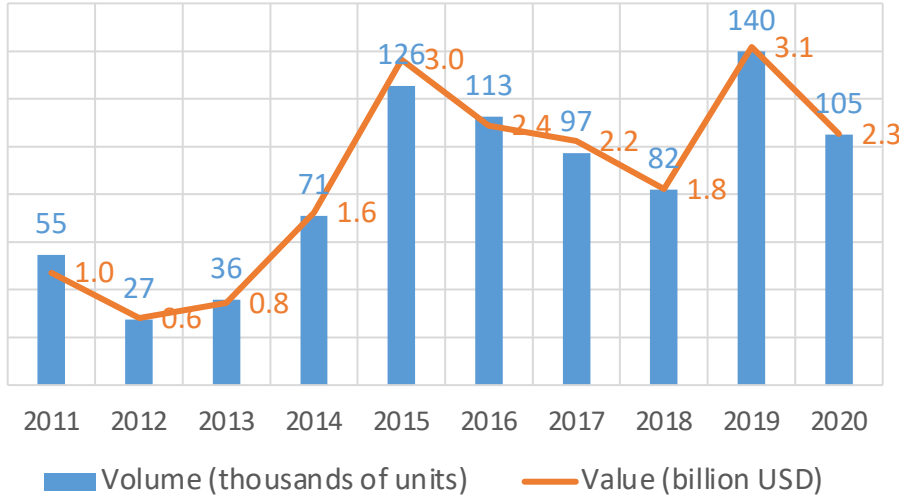
Partner:  Market share:  **62.1%**
 (Pick-up models)

ISUZU VIETNAM
 Founded year: 1995
 Best-selling cars in 2020:

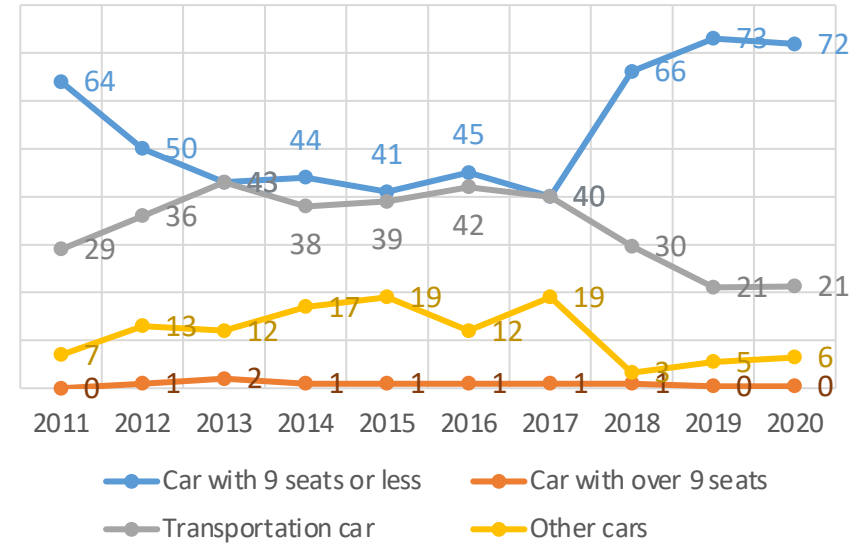
QKR (4,350 kg)  **5,255 xe**

Partner:  Market share:  **21.9%**
 (Truck)

THE NUMBER OF AUTOMOBILE IMPORTED PER YEAR



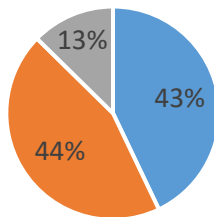
Proportion of car types by import volume (%)



MAJOR IMPORT MARKETS (2020)



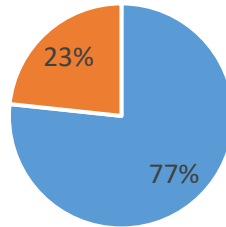
Car with up to 9 seats



■ Indonesia ■ Thailand
■ Other



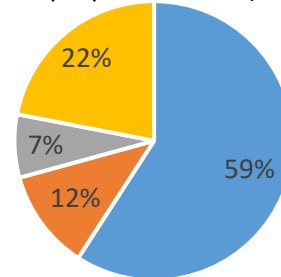
Truck



■ Thailand ■ Other



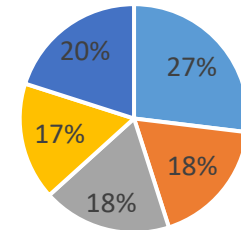
Other vehicles (special-purpose vehicles)



■ China ■ Korea ■ Mexico ■ Other

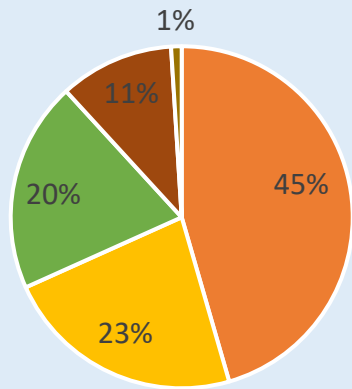


Automobile Components and Spares



■ Korea ■ Thailand ■ Japan
■ Indonesia ■ Other

THACO



2020 Export:

1,407

car types

- Kia Grand Carnival
- Kia Cerato
- Kia Suelto
- SƠMI RƠMƠỐC
- Xe tải

MARKET



Kia Grand Carnival



Thailand



Kia Cerato



Myanmar



Kia Suelto



Myanmar

Vietnamese companies aim to export cars to foreign countries

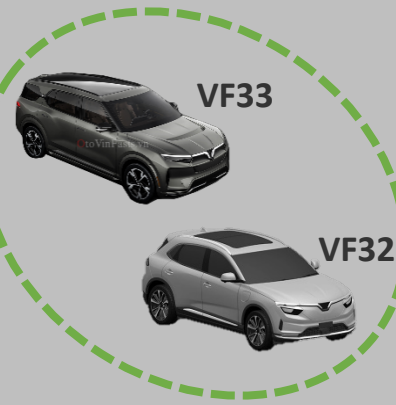


VINFAST

Electric vehicle export bias

2021: Receiving orders

2022: Delivery



America



Canada



TC MOTOR

Building the second factory to prepare resources for export

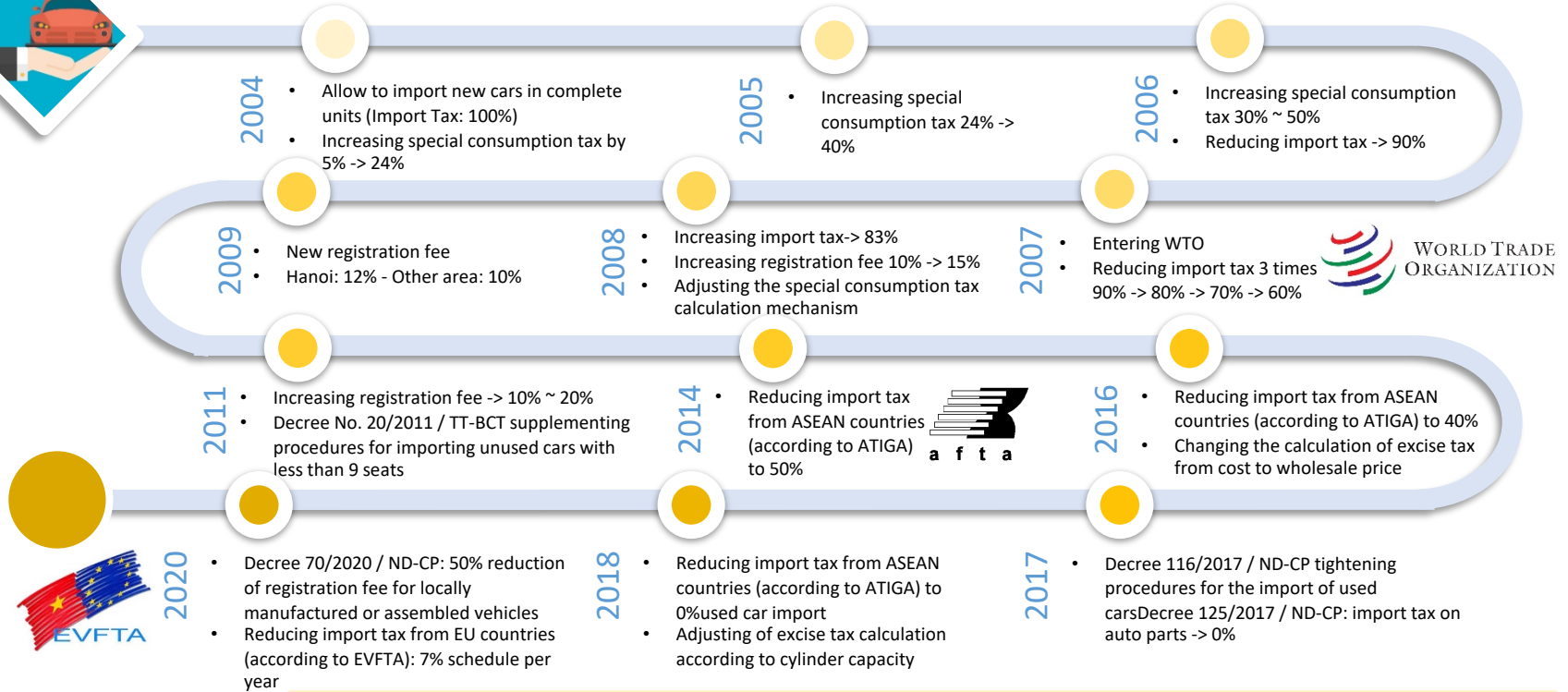
Cooperation: Hyundai

Factory address: Ninh Binh

Capacity: 100,000 vehicles / year



GOVERNMENT POLICIES FOR VIETNAM AUTO INDUSTRY



Source: SEIKO IDEAS compiled

TAXES AND CHARGES FOR AUTOMOBILE CROSS PRICE FORMING

	0-70%	20%	35-150%	10%	10-12%	
Imported cars	Import Tax	Shipping costs, regulated profit	Special consumption tax	VAT tax	Registration fee	<ul style="list-style-type: none"> Registration fee, number plate Registration fees, road maintenance fees Civil insurance, body insurance Corporate income tax
Produced or domestically assembled car	Import tax on loose parts	LN distribution channel, agent	Special consumption tax	VAT tax	Registration fee	<ul style="list-style-type: none"> Environmental protection tax in petroleum Test fee (emissions, fuel consumption) Fees for certification of energy labels

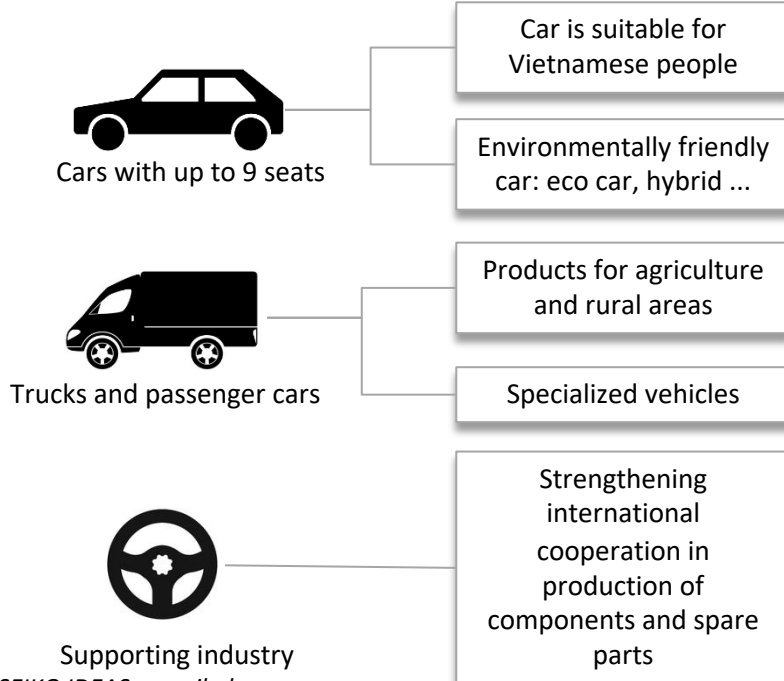
STRATEGY FOR DEVELOPING VIETNAM AUTO INDUSTRY BY 2025, VISION TO 2035

ESTABLISHING A BIG SCALE ENTERPRISE

- **Vehicle manufacturing** enterprises, prioritizing capacity of over **50,000 vehicles / year**
- Engine parts producing enterprises, **gearboxes, transmission assemblies**

An important driving force to promote industrialization and modernization

Focus on development:



DOMESTIC MANUFACTURING VALUE RATIO

	By 2020	By 2025	By 2035
Cars with up to 9 seats	30~40%	40~45%	55~60%
Car from 10 seats	35~45%	50~60%	75~80%
Truck	30~40%	45~55%	70~75%
Special – purpose vehicles	25~35%	40~45%	60~70%

SUMMARY

- The volume of domestic vehicles sold in 2020 will decrease compared to 2019 due to the economic slowdown (the main reason is the impact of the disease)
- The purchasing power of the market in the North and the South was stronger than that of the Central region. In particular, the North consumes more Sedans than the South, and the South consumes more SUVs, Cross-overs and Hatchbacks than the North.
- Thaco and Toyota are assemblers with a large market share in the Vietnamese market and the highest sales volume is Toyota's Vios (with 30,291 units).
- The automobile assembly factories are concentrated in two major economic clusters, the North and the South. In particular, foreign businesses often choose to cooperate with domestic assemblers.
- The consumption of imported cars is maintained at less than 40% of the market share of the automobile market due to the government's policies on tax and fees on cars.
- Vietnam mainly imports cars with less than 9 seats and trucks from factories in Southeast Asia; specialized vehicles imported from China; production packages imported from Japan and Korea
- Manufacturers in Vietnam such as Thaco and Vinfast have plans to export CBU vehicles abroad

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