

TPM²⁴

by S&P Global

Product Sourcing in Vietnam

Logistics Infrastructure, Ocean, and Air Freight Factors

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Roadmap for Today's Session

- 1 The Shift Towards Vietnam**
- 2 Key Economic Regions and Ports Infrastructure**
- 3 Direct Sailings to the US**
- 4 Overland Transportation**
- 5 Air Freight**

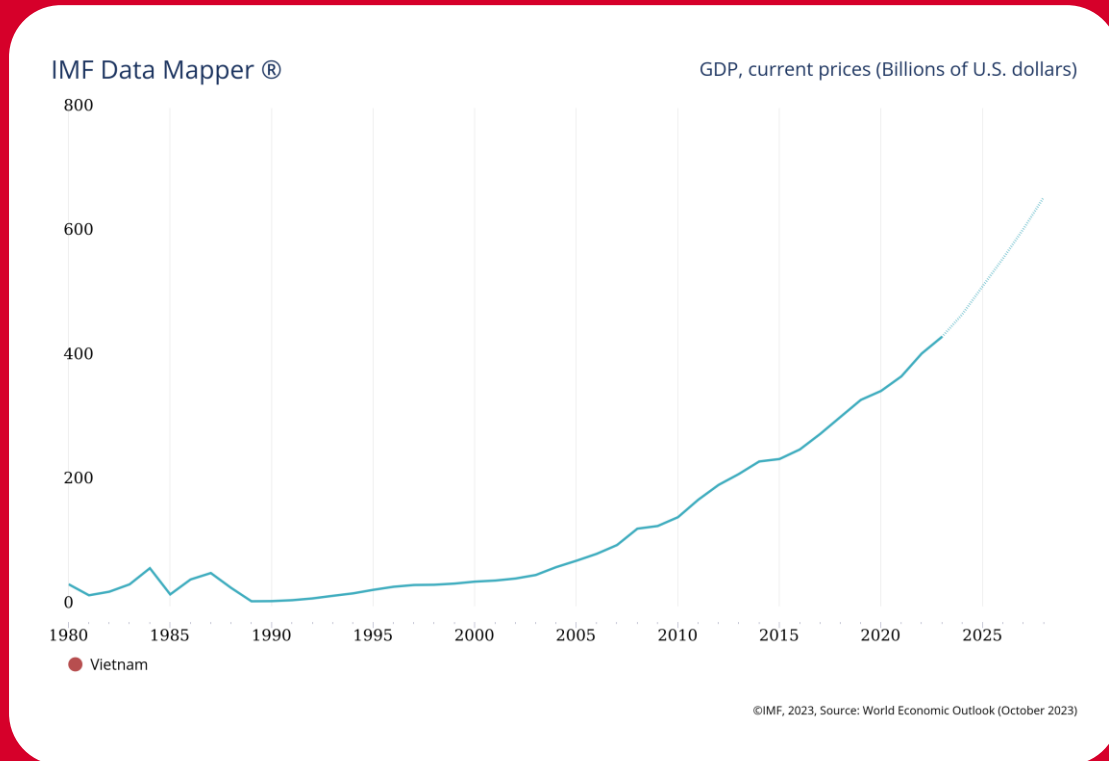


The Driving Factors Behind Vietnam's Rising Star in Global Trade

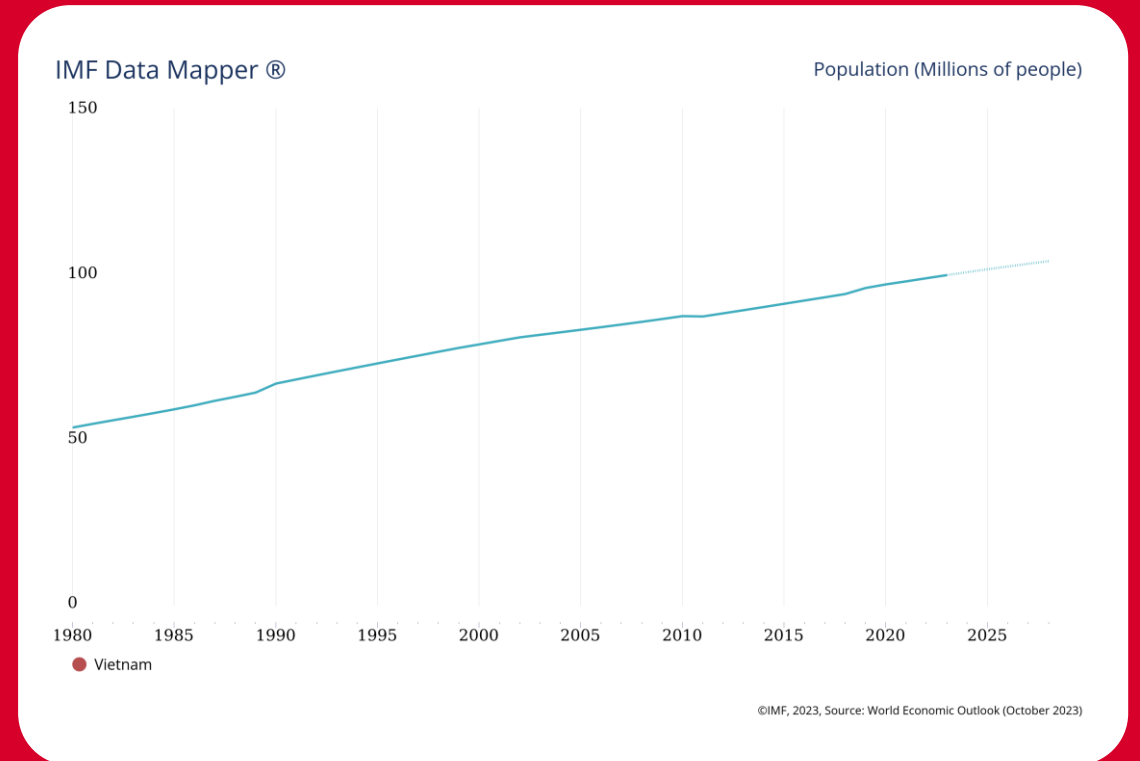
1. Improving Bilateral Ties with the USA
2. Economic Reforms (Doi Moi reforms of 1986)
3. Favorable Trade Agreements
4. Strategic Location and Lower Costs
5. China +1 (Trade War and Diversification)
6. Investment in Tech and Infrastructure

Setting the Stage: Growth in Vietnam 1980-Today

Total GDP Growth



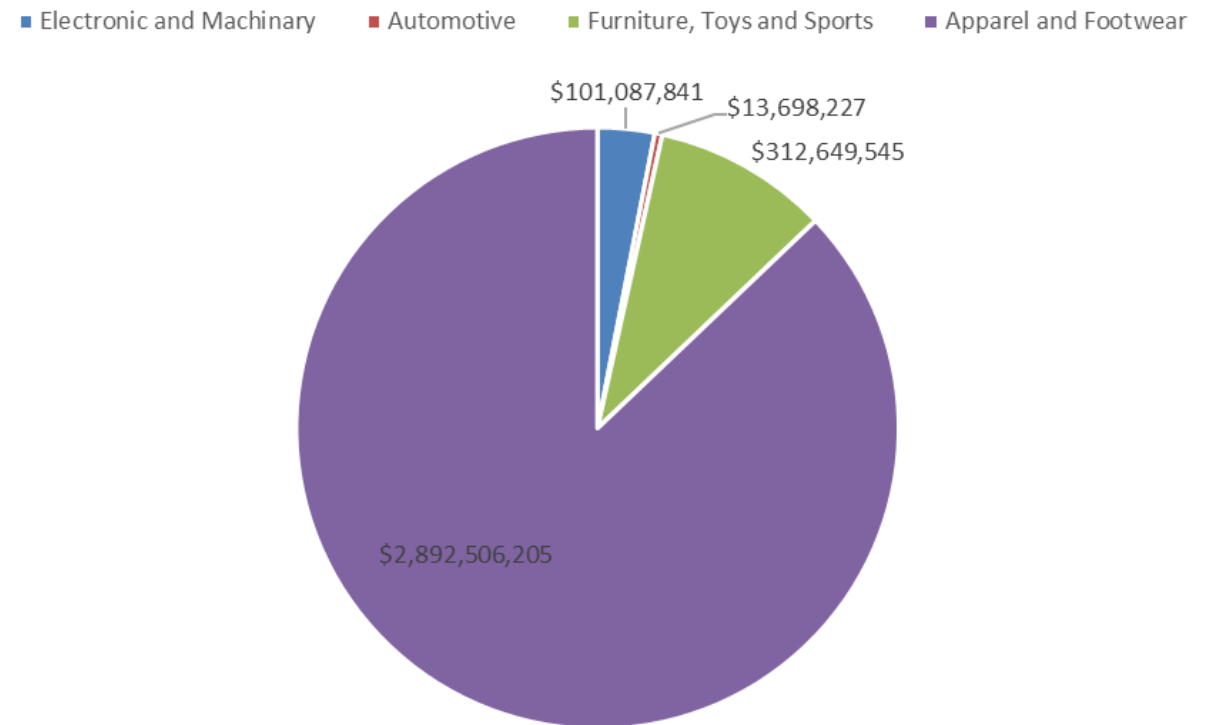
Population Growth



Vietnam Exports to US by Product 2004

Vietnam's exports to the USA were mostly **Apparel and Footwear** in the early 2000s.

Vietnam Export to the United States by Product in 2004 (USD)



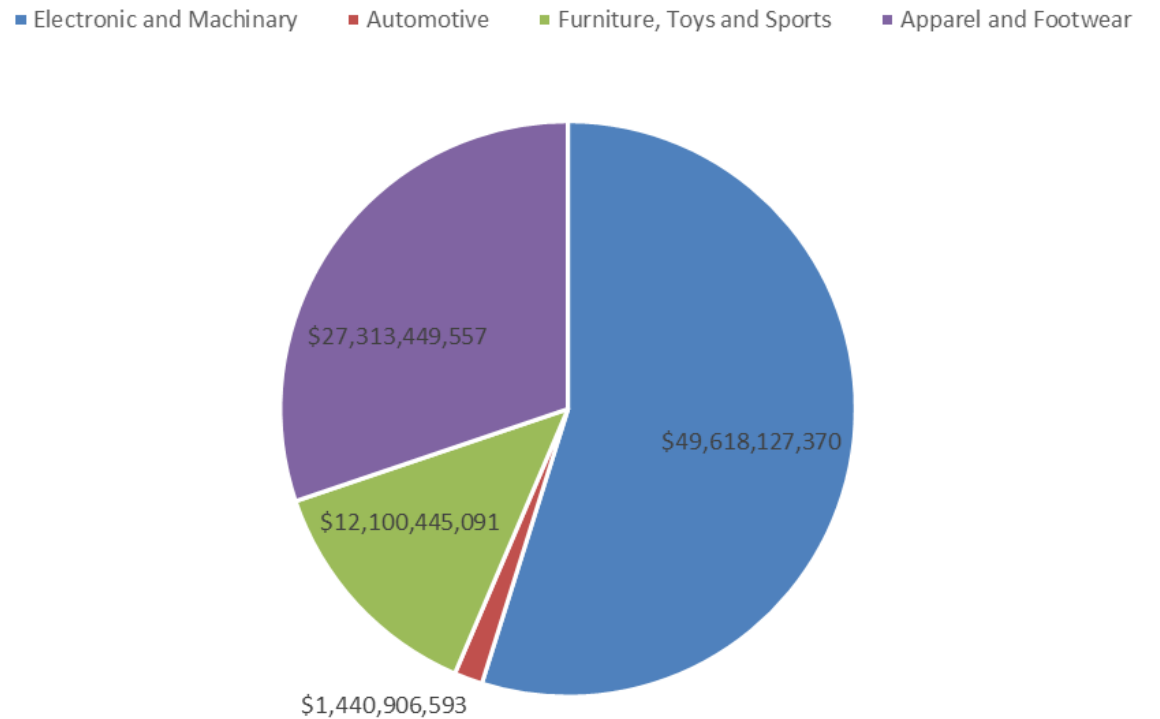
Vietnam Exports to US by Product 2022

Fast Forward 20 Years:

- Vietnam's exports to the USA now mostly divided into two categories, **Apparel/Footwear and Electronics/Machinery**.
- These four categories make up 80% of Vietnam's Export to the United States.
- Extensive investments from major U.S. corps such as: Intel, Cargill, Nike, AES, Murphy Oil, First Solar, Boeing and Apple

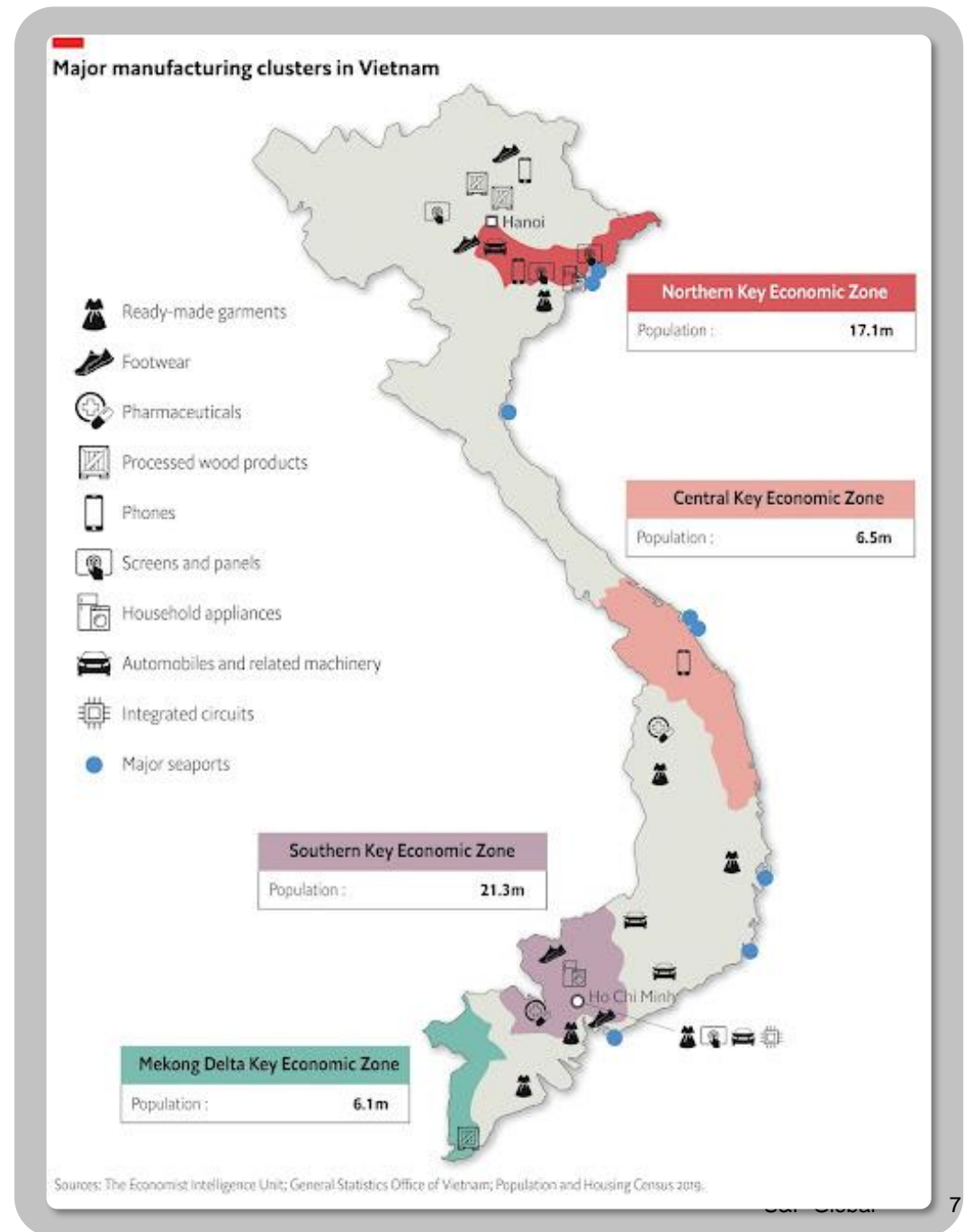
Source: Vietnam's Association of Foreign Invested Enterprises (VAFIE)

Vietnam Export to the United States by Product in 2022 (USD)



Vietnam's Four Key Economic Regions (KERs)

- North (Haiphong)
- Central (Danang / Quy Nonh)
- South (Ho Chi Minh / Cai Mep)
- Mekong Delta



Northern Key Economic Region & Ports

- **The Region** comprises 7 cities/provinces, with Hanoi leading in GRDP.
- **Major Ports:** Haiphong
- **Manufacturing Highlights:**
 - Industrial Hub
 - Skilled Workforce
 - Strategic Position
 - Developed Transport and Factory Infrastructure
- **The cluster of Haiphong Terminals:**
 - Haiphong International Container Terminal, Green Port, VIP Greenport, PTSC Dinh Vu Port, Nam Hai Dinh Vu Port JSC, Tan Vu Terminal



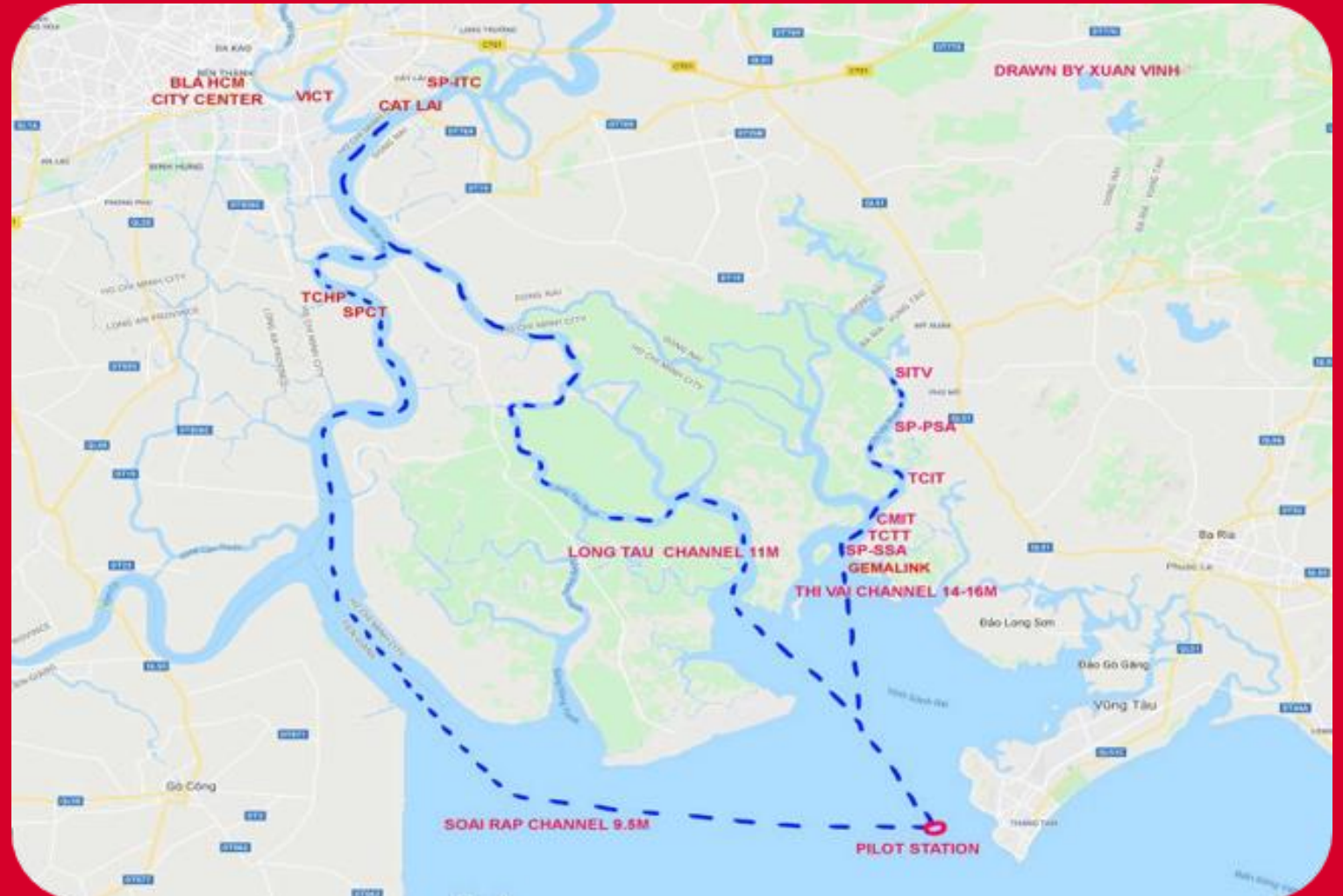
Central Key Economic Region & Ports

- **Manufacturing Cities:** Da Nang and Thua Thein Hue
- The region's **coastal advantage** bolsters exports, especially in textiles, furniture, and seafood
- **Modern industrial parks** in the area are designed to attract higher value manufacturing.
- **Major Ports:** Da Nang and Quy Nhon.
- **Direct Coastal access** reduces need for ICDs.
- **Manufacturing Highlights:**
 - Textile Industry
 - Footwear
 - Infrastructure Enhancement



Southern Key Economic Region & Ports

- **Ho Chi Minh City** hosts Vietnam's largest port system, ranking 26th largest globally and fifth in ASEAN.
- The **Cai Mep – Vung Tau Port Area**, located 80 km south of Ho Chi Minh City, accommodates the largest container vessels
- **Together**, these ports facilitate approximately 67% of Vietnam's seaport throughput.
- **Manufacturing Highlights:**
 - Industry Diversity
 - Logistics Excellence
 - Business Dynamics



Vietnam's Overland Transportation



Key Projects

North Vietnam

- Highways connecting manufacturing areas to Haiphong
- Highway to the Chinese border
- Lach Huyen deep-sea port expansion

Central Vietnam

- Highways connecting with North and South (2022-2025)
- Connections to Lien Chieu deep-sea port – Da Nang (2022-2025)

South Vietnam

- Highways connecting manufacturing areas to Cai Mep deep-sea port complex buildout
- Highway to Cambodian border
- Connections to Long Than Airport (2026)

VN to USA Ocean Services

(As of Dec. 2023)

USA Region	Total Weekly Services
USWC	13

USA Region	Total Weekly Services
USEC / Gulf	10

Alliance	Weekly Sailings by Alliance
2M	1
Independent	4
Ocean Alliance	5
THE Alliance	3

Alliance	Weekly Sailings by Alliance
2M	1
Independent	3
Ocean Alliance	4
THE Alliance	2

Dest. Port	# of Calls per Week by Port
LA/LGB	11
OAK	7
SEA/TAC	5

Dest. Port	# of Calls per Week by Port
Baltimore	2
Boston	2
Charleston	5
Halifax	2
Houston	1
Jacksonville	1
Miami	1
Mobile	1
New Orleans	1
New York	9
Norfolk	7
Philadelphia	0
Savannah	7



Vietnam Air Freight Overview

Main International Cargo Airports

Ho Chi Minh

Tan Son Nhat

(SGN)

Hanoi

Noi Bai

(HAN)



- **East Bound**

- Vietnam Airlines: currently only direct flight option to the U.S. with routing from SGN to SFO 4x per week; space can be hard to obtain.

- All other options are transshipped

- Eastbound routings are typically best handled by the following (though they are the first to withdraw capacity to favor increased demand for airfreight capacity out of China)

- Japan Airlines via Tokyo (HND/NRT) to the U.S. West Coast
- ANA via Tokyo (NRT)
- United Airlines via Tokyo (NRT)
- Korean Airlines via Incheon (ICN)
- EVA Air via Taipei (TPE)
- Cathay Pacific via HKG

- **West Bound**

- Typically best handled by the following airlines:

- British Airways via Heathrow (LHR)
- Qatar Airways via Doha (DOH)
- Etihad via Abu Dhabi (AUH)
- Emirates via Dubai (DXB)

- Transit times on the indirect options vary from 5-9 days depending on available space.

Thank you for
your time!

