

## 7. Packaging Equipment

### Overview

Packaging Eq. Market	2002	2003	2004	2005 (estimated)
<b>Total Market Size</b>	<b>150</b>	<b>170</b>	<b>208</b>	<b>239.2</b>
<b>Total Local Production</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>12</b>
<b>Total Exports</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Imports</b>	<b>146</b>	<b>164</b>	<b>200</b>	<b>227.2</b>
<b>Imports from the U.S.</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>9</b>

The above statistics are in US\$ millions and are unofficial estimates.

The packaging sector is one of the most rapidly developing industries in Vietnam, driven by increased demand for consumer goods, foodstuffs and expanding Vietnamese exports of products requiring packaging.

Vietnam presently offers a strong combination of rapid economic growth, expanding personal incomes, and an excellent demographic profile that is fueling industrial production and consumer demand. These trends have led to packaging becoming one of the most rapidly developing industries in Vietnam. According to the Vietnam Packaging Association (Vinpas), the packaging sector is growing at least 15% - 20% per year.

At present, Vietnam has more than 900 packaging manufacturers, about 70 percent of which are located in the southern part of the country. The market may be broken down into five major types: (1) plastic packaging; (2) cardboard/paper; (3) metal containers; (4) glass; and (5) others. The market share for packaging products is as follows:

Plastic packaging – 35%.

Cardboard and paper – 45%.

Metal containers – 10%.

Glass – 7%.

Others - 3%.

The market share in each industry also varies according to the specific market demand. For example, in the beverage industry the glass and metal container segments are largest, accounting for 37% and 26% market share, while plastic and paper packaging accounts for just 22% and 15% respectively of the packaging used in the beverage industry.

Despite a slight increase of domestic production, the packaging industry still imports around 95 percent of raw materials and equipment used in this sector. Most of the companies in the sector have invested in average quality technology and equipment from Korea, China, Indonesia, and Taiwan. Some leading companies like Tan Tien Plastic Packaging and Liksin Corporation have imported more advanced equipment and systems from Western Europe. Most purchases of equipment are financed internally by the packaging businesses. American packaging machinery and services currently holds

a market share of 2% - 4%, although this share should expanded over the next few years.

## Best Products/Services

American companies will find significant opportunities for providing machinery and services in the following packaging sub-sectors:

### Plastic Packaging

From a few small factories producing 18 million plastic packs each year in 1992, this sector now produces around one billion individual packets serving industries such as processed food, soft drinks, cooking oil, cosmetics and lubricants. Domestic production meets nearly 97 percent of the total market demand. Vietnam presently has 341 plastic packaging producers, of which 288 manufacturers are located in the south, 39 in the north and 14 in the central region.

Plastic packaging is forecast to grow at an average rate of 15 percent per year and reach a capacity of 1,400,000 tons by 2010. Given these anticipated growth rates, most of the plastic packaging producers are making intensive investments in new machinery. Vietnamese food producers are now targeting the U.S market and thus they are interested in packaging that is suitable for U.S consumers. This in turn has created a demand for U.S. plastic packaging equipment. In particular, there is a good potential market for biodegradable plastic packaging in Vietnam. To date, there has been little investment in this technology. American companies will find sales opportunities in providing machinery and services for producing flexible packaging such as multi-layer packaging for food and confectioneries, dairy products, and personal care products, as well as polypropylene (PP) woven bags.

### Metal Packaging

Metal containers, mostly tinfoil packaging, comprises around ten percent 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 which are in Ho Chi Minh City.

In the next three years, metal packaging is forecast to grow by seven to ten percent per year, particularly in the beverage industry as the is expected to achieve annual growth in the next five years of 9 percent. This sub-sector provides a good opportunity for U.S suppliers of machinery producing multi-model metal packaging.

## Opportunities

American companies will find significant opportunities for exporting their equipment and services to Vietnam in the sub-sectors identified above.

## Resources

- Ms. Nguyen Huong, Commercial Assistant  
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