

## 9. Safety and Security Equipment

### Overview

Although fire safety and security regulations are often applied in an arbitrary fashion, the Vietnamese government has undertaken efforts to increase security in public areas, most notably at airports, governmental and corporate buildings, and foreign/international organization sites.

Safety equipment accounts for 60 percent and security equipment accounts for 40 percent of the total market. This industry is experiencing a growing demand in commercial sectors such as construction, commercial and residential buildings, banks, municipal fire prevention and fire fighting, maritime facilities and at airport facilities. A significant portion of the demand for safety and security equipment in Vietnam is tied to the development of foreign-invested construction and manufacturing projects. The current growth of foreign businesses and of government spending on infrastructure in Vietnam has stimulated the safety and security equipment market. Security equipment import taxes range from 0% - 40%, depending on the components and the manner in which the components and systems are imported into Vietnam. Building-related equipment and systems with foreign investor's capital contribution can be imported duty free. The Government monitors the sector under Decree 14/2001/ND-CP which rules that foreign organizations are not allowed to provide security services. They are, however, permitted to produce and repair equipment and tools used for security purposes. The import or export of security equipment requires approval from the Ministry of Public Security.

There is very little domestic production of safety and security equipment. About 90 percent of the market is served by imports. In 2004, imports from the United States were estimated at approximately \$17 million.

	2003	2004	2005 (estimated)
Total Market Size	64	71.5	80
Total Local Production	4	4.5	5
Total Exports	0	0	0
Total Imports	60	67	75
Imports from the U.S.	14	17	19

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

### Best Products/Services

Although demand for safety and security equipment from the commercial sector such as buildings, housing and hotels has increased modestly, the demand from the industrial sector and infrastructure developments has grown more rapidly. Specifically, there is increasing demand for specialized foam, CO<sub>2</sub> and inert gas suppression systems and gas detection systems from industrial and infrastructure projects such as power generation plants, oil and gas processing plants and airports.

There are gradually increasing opportunities for U.S. suppliers to provide sprinkler heads, sensors, hose/reels and break glass alarms. U.S. companies have also been successful in supplying control panels, fire extinguishers, hydrants, and pumps to oil and gas operations as well as several power plants and airport projects in Vietnam.

## Opportunities

Primary sales of safety and security equipment have occurred in the construction market, where development of transport (roads and bridges), power (thermal and hydro), oil and gas (plant and pipeline), environment (water drainage), and buildings (hotels and commercial sites) has outpaced other types of development projects. Foreign development companies have been the predominant buyers.

Fire fighting and fire protection equipment is in big demand, especially after a tragic fire with high casualties at a shopping center in Ho Chi Minh City in late 2002. More than 95 percent of Vietnam's security safety equipment/systems are imports since the supply of domestic equipment by local companies is limited. Local manufacturers currently produce only low-end items such as locks, safes, safety gloves and ropes.

Competition in this sector is intense. Major suppliers include Japan, England, South Korea, Malaysia, Singapore, China, and Taiwan. In general, U.S. companies will find greater success in the high-end commercial and residential market, including foreign-invested enterprises, since they are much less price-sensitive and prefer the brand name recognition and quality of American safety and security equipment and services.

## Resources

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