

Difficult conditions for Vietnamese industry

As exclusive official journal of the AFGM, Nguyen Huy Thang spoke to *Glass Worldwide* about the difficult conditions for Vietnam's glass industry and the work of its national trade association.

Vietnam's economy achieved a growth rate of 5.42% in 2013, a positive result in comparison to other countries in the region and elsewhere in the world. It was also a year of lower growth, however, when compared with previous years.

In the first half of 2014, it is estimated that the local economy expanded by 4.96% compared to the same period in 2013, higher than the equivalent period for the previous three years. With growth rates of 4.69% compared to the same period a year earlier, regional manufacturing and construction industries have been performing at slightly below average levels, while the processing sector realised respectable 7.3% gains.

To achieve plans for economic recovery to growth rates of the pre-economic crisis period, the Vietnamese government has introduced a series of growth boosting measures, such as reducing VAT for a series of goods, reducing corporate tax, as well as extending the tax debt period for businesses etc. For the real estate industry, the government has introduced an interest-preferred package exclusively for social housing developers and buyers, in order to contribute to recovery efforts. In the first two quarters of 2014, the real estate market continued to show signs of prosperity, with transaction volume growth



Nguyen Huy Thang (left) with Henry Susanto of PT The First National Glassware and Emmanuel Alcantara of San Miguel Yamamura Packaging Corp at the 38th ASEAN Glass Conference in Malaysia.

compared to the same period a year earlier. House prices show signs of slowing, instead of plummeting as they had in 2013, with only a slight increase in the volume of projects recorded.

In the face of these challenging economic conditions, the local glass industry has been hard hit.

FLAT GLASS PRODUCTION

Vietnam's flat glass sector has a manufacturing capacity of 3140 tons/day (190 million m² QTC per year). In the period covering the second half of 2013 and the first six months of

2014, consumption accounted for only 70%-80% of capacity.

High fuel prices and transportation costs compared to other countries are among the biggest challenges faced by all glass manufacturers in Vietnam. An abundance of local glass production, plus large volumes of imports from other countries in the region, makes competition extremely hard, creating difficulties for Vietnamese businesses.

Vietnam's flat glass manufacturers are trying to maintain production and develop their local market by improving their quality and price competitiveness. Two local sheet glass producers have announced plans to change manufacturing technology and equipment to increase production efficiencies and one company is investing in low-E coating technology to enhance competitiveness in export markets.



Bitexco Financial Tower is the tallest building in Ho Chi Minh City.



Vietnam's glass container producers have a combined manufacturing capacity of some 380 tons/day.



FLAT GLASS PROCESSING

Faced with the challenging conditions described above in the real estate market, current flat glass processing consumption volumes represent only 70% of the industry's performance in the same period of 2013.

The Vietnamese glass processing sector includes some 500 businesses, approximately 20% of whom have ceased production in recent times due to the market slow down and import growth. Many processors have taken the bold decision to invest and renovate their equipment, however, in preparation for the anticipated recovery of the local real estate business in 2015-2016.

HOLLOW GLASS

Vietnam's glass container producers have a combined manufacturing capacity of some 380 tons/day but market conditions have been extremely difficult in recent times. In the early part of 2014, the stock of glass bottle factories was 40% higher year-on-year. The main reason for this decline has been massively reduced local consumption, combined with severe competition from low cost imports, especially packaging for foods. The construction of additional production facilities remains a distinct possibility to accommodate changing consumer demand.

Total manufacturing capacity for Vietnam's lighting glass industry is approximately 48 tons/day, with consistent growth experienced in recent years, thanks to an innovative approach to meeting customer requirements and improved product quality. Although growing imports from Japan, Thailand etc have entered the market, local producers remain competitive.

VIEGLASS PRIORITIES

The Vietnam Glass Association (Vieglass) celebrated its 10th anniversary last year. In 2014, its priorities were focused on policy consultation with the national government, with the goal of helping members to overcome prevailing difficulties. Vieglass actively took part in a series of talks with government representatives to propose and consult on policies that are geared to provide assistance for members. The association's opinions have been acknowledged and integrated in the law making process.

The association also took part in consultations relating to government development plans for the glass industry. The Vietnam Ministry of Construction invited Vieglass to join the establishment of a master plan for building materials development to the year 2020, with a vision to 2030.

Vieglass has developed a master plan for building codes, standards for the manufacture and use of safety glass, as well as energy saving developments to 2020, with a vision to 2030.

In addition, Vieglass consulted MOC to publish QCVN 16: 2014 / BXD national technical regulations for products, construction material goods for export and import.

A glass construction manual is soon to be published, which is expected to become a recognised textbook for universities and certificate providing courses for engineers, architects and design consultants. ■

ABOUT THE AUTHOR:

Nguyen Huy Thang is Secretary General of Vieglass

FURTHER INFORMATION:

Vietnam Glass Association (Vieglass), Hanoi, Vietnam
 tel: +84 4 39743570
 email: vieglass@yahoo.com
 web: www.vieglass.com.vn

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