



Vieglass was represented last year at the 39th ASEAN Glass Conference by Nguyen Huy Thang and Tran Quoc Thai (centre, front row).

Addressing challenges in Vietnam

As exclusive official journal of the ASEAN Federation of Glass Manufacturers (AFGM), *Glass Worldwide* spoke to Thang Pham about initiatives to reposition Vietnam's glass industry in the face of difficult conditions.

According to the forecasts of international organisations, Vietnam achieved GDP growth of 5.8%-6.2% in 2015. With a consumer price index below 7%, the export industry will realise many important breakthroughs by achieving more active development momentum from the FTAs in which Vietnam is participating, both now and in the near future; the ASEAN economic community, TPP, Vietnam FTA - South Korea and Vietnam – and the Customs Union Russia-Belarus-Kazakhstan are the most significant of these.

Total exports increased by 10% last year, representing a deficit of about 5%; the CPI growth rate stands at approximately 5%; total social development investment accounts for 30%-32% of GDP; and 1.6 million jobs have been created.

According to the National Finance Supervisory Committee (NFSC), economic growth in 2015 continued the trend of recovery and growth targets of 6.2%. Meanwhile, the macro-economic environment has conditions to maintain stability, especially with regard to the inflation control target.

The banking system is still facing pressure to reduce bad debt and cross-ownership, improve governance

and standardise the operation norms of international common standards and integration commitments. M&A activity will increase, particularly in the field of real estate, manufacturing and sales of consumer goods, banking and textiles, mechanical engineering etc.

FLAT GLASS SECTOR

Under Decision 1469 / QD-TTg of the Prime Minister, Nguyen Tan Dung, approving the master plan on the construction materials industry, demand for architectural glass in Vietnam is forecasted at some 80 million m², increasing to 110 million m² by 2020. However, demand in 2015 surprisingly met the total design capacity of flat glass production plants, which is approximately 180 million m²/year. But the orientation from now until 2020 will be no new investments to expand production facilities that produce ordinary glass. Projects to produce special glass only will be permitted by Prime Minister's approval.

Instead, Vietnam encourages in-depth investment and technological improvements to reduce the consumption of raw materials and fuel; improve quality and diversify products, reducing environmental pollution and investing in glass

processing technology. There is a focus on producing glass items of large size and thickness; soundproofing, energy saving insulation, safety glass, glass with self-cleaning capabilities suitable for the hot, humid and rainy climate of Vietnam; decorative glass; and glass blocks. In 2015, Vietnam's glass industry benefited from a recovery in the real estate market and lower oil prices. Prices were reduced and glass usage increased to reduce stock levels.



Hollow glass manufacturers in Vietnam face difficult competition from imported products.



The architectural glass market is expected to increase to 110 million m² by 2020.

This year, Viglacera Float Glass Co (VIFG) - one of the largest players in Vietnam's glass industry - launched the construction of the first solar control and low-E glass production line in the country. With technology transferred by Von Ardenne GmbH (Germany), VIFG is investing more than €20 million on the line, €11 million of which is for technology. When the building is completed in October 2016, the line will provide the market with an average 2.3 million m² of energy saving glass each year, while the design capacity may reach 3.2 million m²/year.

The industry is investing in modern float glass manufacturing technology, fuel efficiency and lower energy to increase the competitiveness of its products. Targeted fuel consumption levels and energy are:

FO ≤ 200 kg/ton of product; DO ≤ 0.5kg/ton of product; and electrical ≤ 100kWh/ton of product.

HOLLOW GLASS TRENDS

Thanks to a rapidly declining trend for the production of traditional lighting products such as incandescent, fluorescent and compact fluorescent lights etc, using multiple components made from such glass as lamp shells, cylinder and exhaust tubes, the glass industry making these products has consolidated significantly. Although many manufacturers have made efforts to be more environmentally-friendly (eg by avoiding the use of lead oxide and toxic substances in glass components), their attempts have been unable to offset the fast pace development of LED manufacturing technology.

Local glass container producers are also facing difficulties due to lower demand for domestic bottled beer due to increased competition from imported products.

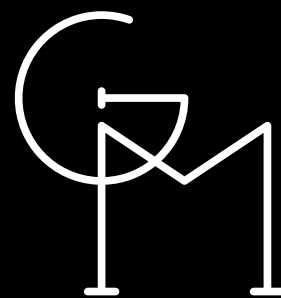
The domestic market is facing severe strain in the face of stiff competition from imported products, as well as changes in consumer habits. Currently, the Vietnamese glass industry is attempting to redirect its development efforts to deliver improved quality, high levels of processing and modern technology, combined with an environmentally-friendly approach to manufacturing its products. ■

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