



Vietnam Market for

Airport and Ground Support Equipment, Air Traffic Management Systems, and Aircraft Landing Parts

By U.S. Commercial Service – Vietnam
June 2014

Overview

	2011	2012	2013(estimated)
<i>Airport and Ground Support Equipment</i>			
Total Market Size	27	32	35
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	27	32	35
Imports from the U.S.	11	14	16
<i>Air Traffic Management Equipment</i>			
Total Market Size	22	26	29
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	22	26	29
Imports from the U.S.	12	15	17
<i>Engines, Engine Parts and Aircraft Parts</i>			
Total Market Size	250	295	325
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	250	295	325
Imports from the U.S.	200	240	265

The above statistics are in US\$ millions and are based on U.S. Census Bureau records and industry estimates.

Aviation is one of the top priority sectors for development by the Government of Vietnam as it plays a critical role in the country's national economic growth. The aviation sector is overseen and managed by the Civil Aviation Administration of Vietnam (CAAV), which reports to Vietnam Ministry of Transport.

According to the CAAV, Vietnam's overall aviation market in 2012 has a total of 25.3 million passengers, a year-on-year increase of 6.5 percent and a total throughput of 527,000 tons of cargo, a year-on-year increase of 10.9 percent. CAAV projected that the market would grow at 9.8 percent for passenger volume and 9.9 percent for cargo load in 2013. Continued strong market growth presents opportunities for U.S. companies as Vietnam makes large investments in airport construction and upgrades, aircraft fleet expansion, air traffic service enhancements, aircraft maintenance, and overhauls service development.

Market Demand and Trend

CAAV estimated that Vietnam would require an investment of about \$15 billion to fulfill its aviation sector development plan by 2020. Of this, \$8 billion is needed chiefly for aircraft fleet expansion, \$5 billion for airport construction and upgrades, and the remaining \$2 billion for airport operations and air traffic management.

Air Fleet Development

According to its development plan for 2020, VNA plans to invest more than \$8 billion in expanding and upgrading its aircraft fleet as well as other related facilities. Funding for aircraft fleet expansion mainly comes from VNA and government budget and bond sales, as well as foreign commercial loans with sovereign guarantees.

According to VNA's fleet expansion plan approved by the Vietnamese Prime Minister in October 2007, VNA is expected to purchase 43 aircraft including twenty A321s (150 passengers), eight B787-8s (280 passengers), five ATR72s (70 passengers), and ten A350s (300 passengers) between 2006 and 2015.

Airport Development

At present, the government budget can only meet about 20 percent of the total investment required for airport development. Raising sufficient funds for this development is an immense challenge for Vietnam now and in the future. During the period 2012 – 2020, several other airports are planned to be constructed or upgraded including Long Thanh (International), Chu Lai (Cargo), Cat Bi /Hai Phong (International), Quang Ninh (International). The lion's share of the investment in airport projects is expected to come from Official Development Assistance (ODA) loans from foreign governments such as Japan as well as financing from the private sector. Currently, Airport Corporation Vietnam (ACV) operates and manages a total network of 22 airports, 8 international and 14 domestic, in Vietnam.

Air Traffic Management

Vietnam Air Navigation Service Corporation (VANSCORP) will spend over \$67 million on its 46 new and ongoing air traffic management projects from 2012 to 2015. Funding for these projects comes mainly from VANSCORP's own budget accumulated from its business activities

Maintenance, Repair, and Overhaul (MRO) Services

Market demand for MRO services is expected to increase significantly as there are currently limited local MRO capabilities in Vietnam and all the aircraft operators in Vietnam are planning to expand their fleets considerably in coming years. Vietnam Airlines currently operates a fleet of 70 airplanes and is planning to expand its fleet to 105 by 2015 and 150 by 2020. Jetstar Pacific, Air Mekong and Viet Jet Air currently operate seven, four, and one aircraft respectively and are planning to expand their fleets to fifteen, twelve, and three by 2014.

Best Prospects/Opportunities

American companies are highly respected in Vietnam as the world's leading equipment manufacturers and service providers in the aviation sector in terms of advanced technologies, quality, and professionalism. In the above airport projects, American companies will find significant opportunities for providing architectural, engineering, and construction and construction management services for airports and terminals. In addition, over the last few years American firms have sold a considerable amount of airport ground support equipment, equipment for passenger terminals, air traffic management systems, security equipment, telecommunication systems, software, aircraft parts, training services, as well as aircraft maintenance and engine overhaul services.

Web Resources

Information relating to aviation and airport projects can be found at the following sites:

Ministry of Transport (MOT)

www.mot.gov.vn

Civil Aviation Administration of Vietnam (CAAV)

www.caav.gov.vn

Vietnam Airlines

www.vietnamairlines.com.vn

Further information can be obtained from the U.S. Commercial Service in Hanoi and Ho Chi Minh City via the following addresses and website:

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