



# Vietnam Market for Safety and Security

By U.S. Commercial Service – Vietnam  
June 2014

## Overview

Safety and Security Equipment (not including defense)	2012	2013	2014 (estimated)
Total Market Size	133	137	143
• Safety equipment (60%)	79.8	82.2	85.8
• Security equipment (40%)	53.2	54.8	57.2
Total Local Production	7.9	8.2	9
Total Exports	0.4	0.41	5
Total Imports	125.1	128.8	134
Imports from the U.S.	27.5	32.2	33.5

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

Vietnam's safety and security market is formed by two main factors: civil engineering and key national projects and national defense projects. Government projects have relied on substantial assistance from outside sources, particularly Official Development Assistance (ODA), to improve and upgrade the country's infrastructure systems. ODA-funded projects help initiate safety and security upgrades in many government dominated sectors such as banking, maritime, power, oil and gas, and transport. The demand for safety security equipment / technology in Vietnam is also tied to the development of foreign-invested construction and property projects. The growth of foreign businesses and government infrastructure development has stimulated the safety and security equipment market. A surging retail outlet sector and increasing cyber-crimes have also defined market demands for safety and security equipment.

Access control security is a growing market in Vietnam with good sales potential for U.S. companies in the medium and long-term future. In Vietnam, access control equipment covers fire, anti-theft/burglary, and anti-intrusion monitoring systems, as well as entry control and surveillance systems. Buyers often seek multi-functional products to maximize their investments. For example, fire alarm systems are also incorporated with surveillance or door-entry systems. In addition, due to the recent surge of fire disasters that occurred in recent years, the government has enforced tighter laws and regulations with regards to fire prevention and suppression at the work place and in buildings. Therefore, firefighting equipment is in demand, especially in big cities and for the foreign business community. Because most fire alarm systems are incorporated with monitoring and access control devices, an expanding fire safety market will be accompanied with an increase in sales of access control and monitoring equipment.

Security services are another growing sector in Vietnam. These services include providing security equipment, guards, bodyguards, and lifeguard monitoring services. Only local companies with police support are licensed to provide these services, and the government

currently does not allow foreign companies to provide security services. Furthermore, private investigator services are not permitted. Importation of certain types of security equipment that serve police operations must be approved by the Ministry of Public Security. U.S. exporters must also comply with any applicable export control regulations.

Security equipment import duties range from 0 to 40 percent, depending on the components and the manner in which the components and systems are imported into Vietnam. Building-related equipment and systems paid with foreign investors' capital contributions may be imported duty free.

## **Best Products/Services**

### **By sectors**

The installation of safety and security systems usually account for 3 to 5 percent of the total investment in construction works or project development. This rate is higher in large projects where safety and security issues are critical during operation such as power plants, oil & gas complexes, airports and heavy industries.

### **By products**

#### *Access control systems*

Given the current significant development of industrial zones, retailing, mixed-use buildings in Vietnam, there is significant sales potential for access control security equipment. The technological advancement that U.S. companies have achieved in this area has allowed them to secure a significant market share in the Vietnamese market. European and Japanese products are also competitive in areas where less advanced technology is required.

#### *X-Ray Machines*

Considered as high-value equipment, most of the X-ray machines in Vietnam are installed at airports. In preparation for expected increase in tourists and to develop more air traffic to the economic development zones, the Vietnam Airport Authorities have announced plans to upgrade the airports of Phu Quoc, Nha Trang, Can Tho, Cam Ranh, Ca Mau, Chu Lai, and Buon Ma Thuot. Additionally, there are also plans to expand the existing international airports which include Noi Bai, Tan Son Nhat, and Danang. With the long list of airport development projects, there will be an increase in demand for the X-ray market in Vietnam in the medium and long term.

#### *Biometrics*

Biometric fingerprinting has been introduced into the Vietnamese access control market recently. There are more upscale end-users in Vietnam turned from conventional access control systems to biometric fingerprinting for entry and management control. In the long-run, foreign invested companies that want to protect their intellectual properties will use biometric systems. U.S. biometric suppliers should keep a close eye on the rising demand of the Vietnamese market for this type of product.

## Opportunities

More than 90 percent of Vietnam's security safety equipment/systems are imported. Domestic production is small. Locally produced products include simple entry alarm systems, burglar alarm, integrated fire systems, locks, safes, safety gloves and ropes.

The development of the following sectors contribute to the growth of the security and safety market:

### Airport & Aviation

Airports Corporation of Vietnam (ACV) operates and manages a network of 21 airports, of which 8 are international and 13 are domestic. ACV plans to equip its airport with necessary equipment to ensure safe, secure and efficient operations. Some of the necessary equipment includes Instrument Landing Systems, lighting systems, X-ray machines, firefighting vehicles, ambulance vehicle, lifting vehicle, power vehicle, etc. In addition, ACV is expected to call for investment in several airport projects, including Phase 1 of Long Thanh International Airport (\$5.6 billion required), Cam Ranh International Airport (\$212 million required), and Quang Ninh International Airport (\$244 million required).

### Power Generation

According to the National Power Development Plan VII, the Vietnamese government still considers thermo-power very important in securing energy for the country's development and also has a clear plan to develop and construct thermo-power plants for the period of 2011-2020.

Up to 2020, the overall capacity of gas-fired thermo-power (combined/open cycle plant) will reach 10,400MW producing about 66 billion kWh and account for 20 percent of the total output of electric industry. The overall capacity of coal-fired thermal power shall be 36,000MW producing 156 billion kWh, accounting for 46.8 percent total output of the electric industry.

In order to secure the above targets, Vietnam has to build and construct an additional 45 thermo-power plants from now to 2020. The construction of these power plants presents significant opportunities for the sales of safety and security systems, which is estimated to account for two or three percent of the total investment required for power plant developments. In addition, existing power plants also add to the demand for fire and security systems due to either the need to replace old or purchase new equipment.

### Information Technologies (IT)

The IT market in Vietnam is developing rapidly and is considered a priority sector to the government. Major companies such as IBM, Cisco and Microsoft have introduced their products and services into Vietnam, which is proving to be increasingly receptive to new software and hardware, the Internet, and other e-applications. The concept of intelligent buildings that incorporate security system with other automatic monitoring and control has also been

introduced in Vietnam. This will drive the demand for system integration that connects local systems with local area network (LAN) and/or wide area network (WAN).

In general, U.S. products find greater success in the high-end market, both commercial and residential. Foreign-invested enterprises are also much less price-sensitive and do prefer the brand name recognition and quality of American safety and security equipment and services. Targets for this market include foreign-invested, luxury, high-rise buildings, and Western companies in Vietnam that must abide by Western safety and security standards. The market also includes residential compounds for foreigners and overseas Vietnamese population. Brand name, price and quality are generally the most important factors in determining a buyer's preference for a safety and security products.

## **Trade Events**

### **Security & Fire Vietnam 2014**

[www.construction-vietnam.com](http://www.construction-vietnam.com)

(Security & Fire Vietnam 2014 is incorporated and concurrently held under the “VICB 2014” – Vietnam International Construction & Building Exhibition 2014)

June 26-28, 2014

Saigon Exhibition & Convention Center (SECC)

799 Nguyen Van Linh Street, District 7

Ho Chi Minh City, Vietnam

### **Secutech Vietnam 2014**

[www.secutechvietnam.com](http://www.secutechvietnam.com)

August 20-22, 2014

Saigon Exhibition & Convention Center (SECC)

799 Nguyen Van Linh Street, District 7

Ho Chi Minh City, Vietnam

## **Resources**

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