

Cooperation of Industries Between Japan & Vietnam



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The Vietnamese market has been attracting a great deal of global attention. One country that has recently developed a great interest in Vietnam is Japan, and the two nations have been building friendly relations. In 2009, for example, they concluded an Economic Partnership Agreement (EPA) through which they have strengthened cooperation in finance, technology, labor, energy, food and other areas. The two countries should continue to strengthen their cooperation to create a win-win relationship.

Electronics Industry

Among all industries, Vietnam has placed a great deal of importance on the field of electronics, and the government aims to establish cell phones, fixed-line phones, TVs, digital cameras, electric fans, and refrigerators as mainstays of the industry. To promote the growth of that industry, Japanese enterprises have been teaching their own know-how and skills (Teruyoshi Kubota, *Hayawakari betonamu bijinesu* [Quick Understanding of Vietnamese Business] 2015). Due to this, in 2014 Vietnam's major export items were cell phones and parts for computers and other electronic devices. Vietnam also mainly imports machinery, electrical devices and other electronic equipment, and in 2013 imported goods totaling \$2.9 billion from Japan. Many Japanese electronics companies cooperate with electronics companies in

Vietnam, with Canon being a driving force, as well as Fujitsu and Fuji Xerox. Panasonic and Sony have also been successful in northern areas, especially around Hanoi (Tetsuya Fukumori, *Betonamu no koto ga manga de san jikan de waku hon* [Discover Vietnam in Three Hours with Cartoons] 2015).

Perhaps in response to this, FPT Software, a Vietnamese IT company, has started strengthening relations with Japan, opening branches in Tokyo, Osaka and Nagoya, and cooperating with Japanese enterprises such as Sanyo, Sony and Hitachi. FPT Software has established a Japanese business department and workers at the company are encouraged to study Japanese. These strengthening relations between the two countries' electronics companies have led Kubota, head of the Vietnam economic research institute which was established by the Japanese ministries of trade and foreign affairs and the Vietnam Centre of Commerce, to suggest that Japanese companies promote mergers with Vietnamese ones. Although the electronics industry in Vietnam is developing, the country still imports many products and will need to make its own electronic products in order to compete in the market in China, according to the Vietnam Economic Institute. Japan can support this movement by teaching its management know-how and manufacturing technology.

Tourism Industry

The tourism industry in Vietnam is expected to expand. Generally, Hanoi and Ho Chi Minh city are already known to people who visit



Photo: Author

"Bánh mì ốp la" is a familiar dish from central Vietnam often sold at food stalls, in which fried eggs, vegetables and meats are sandwiched into a long slender bread roll.



Photos: Author

The Dragon Bridge over the Hàn River is a famous tourist attraction. The dragon spits fire from its mouth at night.



The beach at the InterContinental Danang Sun Peninsula Resort

Vietnam, but recently Da Nang city has been receiving attention as a great area for tourism. Da Nang is the biggest city in the central part of Vietnam and has been attracting investments of foreign capital. Although Hanoi and Ho Chi Minh city are large in terms of population, infrastructure and consumer markets, Da Nang is in a location with great access in terms of the East-West Economic Corridor, and is also near the world heritage site of Hue and the historic cultural town of Hoi An. In addition, Da Nang sits between beautiful mountains and the ocean, and is well known as a safe place. So the city aims to increase investments not only in technology and infrastructure, but also in the tourism industry, with the number of hotels increasing.

Also, hotels catering to Japanese guests are increasing, and Japanese hotels, such as the Sakura and Azumaya, have been opened. The number of Japanese tourists to Da Nang rose 7.3% in 2014 from the previous year. An estimated 647,000 foreign tourists visited Vietnam in 2014, with Japanese ranking third after China and South Korea. In response to this, Huynh Duc Tho, chairman of the Da Nang People's Committee, plans to increase the number of weekly flights between Tokyo's Narita airport and Da Nang to eight or nine from the current seven. Negotiations with airlines have already started. He is also hoping to increase direct flights between Osaka and Da Nang, as well as linking other parts of Japan such as Hokkaido with Da Nang. If this is realized, it will promote an increase in tourists in both Japan and Vietnam.

Education Industry

The relationship between Vietnam and Japan in the field of education has great potential. Vietnamese people are passionate about study and education, and the country's educational system is similar to that of Japan. Education is compulsory up until junior high school, after which students may go to university or a vocational school. Even if parents do not have a high income, they make great efforts to pay for their children's education. Since many Vietnamese want to break free from poverty, they strive to get a good education, including English or Japanese language skills. If Vietnamese people can speak English or Japanese, it makes it easier for them to get jobs. While going to school, many young Vietnamese also go to vocational school in order to get



The Lady Buddha at Son Tra peninsula, and a view of the opposite shore in Da Nang city.

qualifications and licenses. Some Vietnamese workers attend classes at business school or CEO lessons before or after work.

Japan could support this trend by helping to expand good educational systems and organizations in Vietnam. The number of Vietnamese people studying in Japan has been increasing over the past years, totaling 28,061 in May 2014, ranking second only to China, according to Japan's Ministry of Foreign Affairs. In 2008, the government of Japanese Prime Minister Yasuo Fukuda set a target of having 330,000 exchange students studying in Japan by 2020, and Japan continues to actively promote seminars to attract foreign students to universities and language schools in Japan.

Retail Business

The retail business in Vietnam has been steadily developing. In 2008, the figure for sales in goods and services was approximately \$42 billion, but grew to \$97 billion in 2010, according to data from Deloitte. After Vietnam joined the WTO, retailing by foreign companies was liberalized, leading to the entry of Japanese stores and fast-food eateries, such as FamilyMart, Daiso and Lotteria, with Yoshinoya opening its first outlet in the country in early 2015. Vietnam is modernizing rapidly, and perhaps it is due to this that the Vietnamese middle or upper class are now looking for safer and higher quality goods. When Vietnamese people buy footwear, they have a strong preference for Nike, a comfortable and "cool" brand, and do not hesitate to buy the shoes even if they are pricey. Today there are more than 1,542 foreign companies operating businesses in Vietnam, according to Teikoku Databank, and it is highly likely that they will help develop the nation.

Through continuing support and cooperation, then, in these four industries — electronics, tourism, education and retail — Japan and Vietnam can reap the mutual benefits of an increasingly fruitful relationship.

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