

ELECTRONIC COMPONENTS INDUSTRY REPORT 2020





EXECUTIVE SUMMARY

Electronic components is a supporting industry for the electronics industry, providing intermediate inputs including semiconductors and electronic application components for assembly and manufacture of final products. Since the mid-70s, the electronic components industry has begun to be formed and developed with the Vietnam's electronics industry. In the period 1990-2010, the electronic components industry in particular has undergone strong transformation and development. The compound annual growth rate of the electronics industry is generally between 20-30%. In particular, the group of components grew strongly in the period 1995-2000, reaching an average of 30-45% per year. Since 2010, Vietnam began to participate more deeply in the global value chain of the electronics industry, playing an important role as an electronic component assembly hub. Besides, the legal environment and policies to promote the development of the electronic supporting industry, especially in the field of electronic components, have been increasingly improved.

Currently, Vietnam's integration into the global value chain is very weak. Domestic electronic components manufacturers mainly work in assembling, processing and supplying basic electronic components with low added value. Vietnam's electronics market depends heavily on the supply of sophisticated and complex electronic components imported from abroad. The reason comes from the limitations in terms of machinery and technology as well investment capital for R&D activities, although the government has issued policies to support the development of electronic components production. The issued policies are not really close to the current situation of enterprises, nor have received great attention from domestic companies.

Over the past years, the production and consumption of electronic components have increased. Import-export value of main electronic products and components always accounts for the largest proportion in the structure of import and export turnover. Electronic products, computers, phones and components are the most exported and imported product groups in Vietnam.

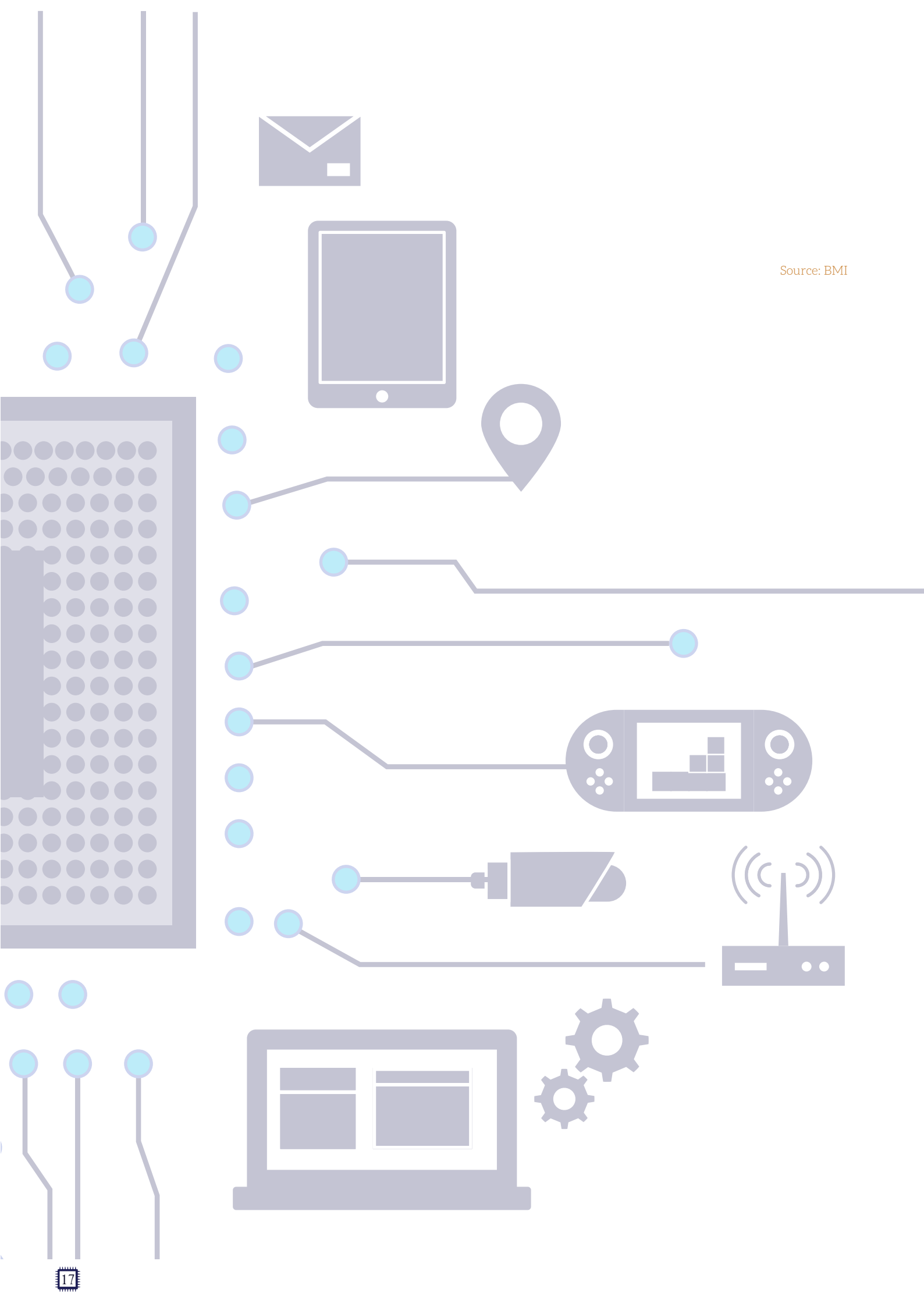
In general, the electronic components industry has contributed to promoting economic growth through attracting FDI, creating jobs and income for a large number of low-skilled workers, and promoting exports, technology transfer, productivity and value-added enhancement in the electronics industry. However, electronic components are considered as an industry that is in a state of underdevelopment and faces many challenges when heavily dependent on the foreign-invested sector.



2. OVERVIEW ELECTRONIC COM



OF VIETNAM'S COMPONENTS INDUSTRY



Source: BMI

2.1. HISTORY OF ESTABLISHMENT AND DEVELOPMENT OF VIETNAM'S ELECTRONIC COMPONENTS INDUSTRY

Source: VNC

Electronic components is one of the supporting industries for the electronics sector, providing intermediate inputs including semiconductors and electronic application components for assembly and manufacture of final products. Since the mid-70s, the electronic components industry has begun to be formed and developed following the Vietnamese electronics industry.

In the period 1990-2010, due to the positive innovations of the country's economy, the electronics sector in general and electronic components industry in particular have undergone strong transformation and development. With its favorable geographical location and low production costs, Vietnam started to become the manufacturing hub for leading electronics companies from Japan, Korea, China, and Taiwan, such as Sony, Intel, Samsung, Panasonic, and LG. The average annual growth rate of the electronics industry has reached 20-30% within 20 years since 1990. In which, the group of components grew strongly in the period 1995-2000, reaching an average of 30-45% per year.

Since 2010, Vietnam began to integrate more deeply in the global value chain of the electronics industry as an important electronic component assembly center. In the period 2010-2017, the compound annual growth rate of consumption value of the electronic components industry reached 44.7%. In addition, the legal environment and policies to promote the development of the electronic supporting industries, especially in the field of electronic components, have been increasingly improved.

In general, the electronic components industry has contributed to promoting economic growth through attracting FDI; creating jobs and income for a large number of low-skilled workers; promoting exports, technology transfer; enhancing productivity and value-added of the electronics industry. However, electronic components are considered to be an underdeveloped industry when the integration of Vietnamese enterprises in the global value chain is low compared to FDI enterprises.

Source: VNC

3. DEVELOPME ELECTRONIC COM

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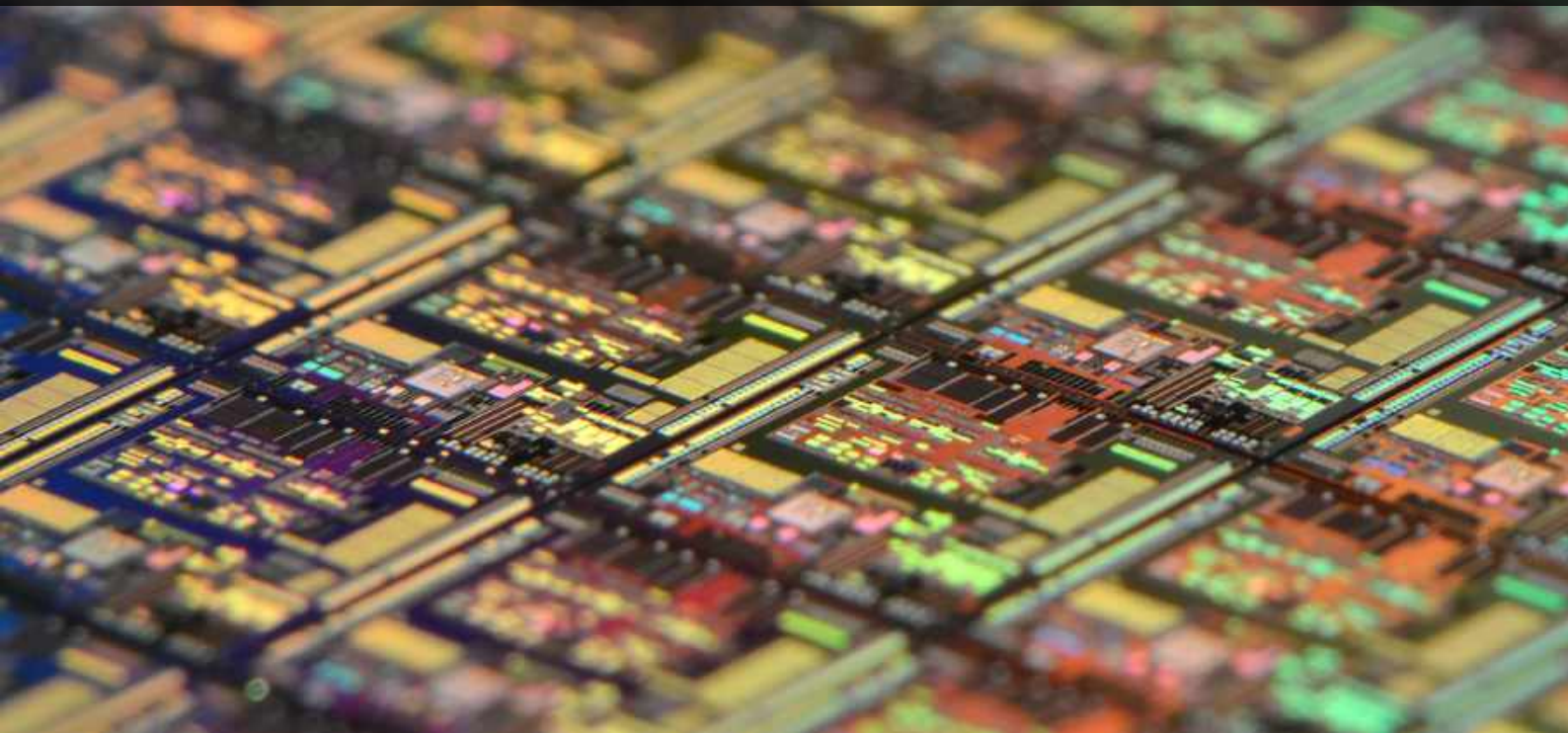
Source: VITI

NT SITUATION PONENTS INDUSTRY

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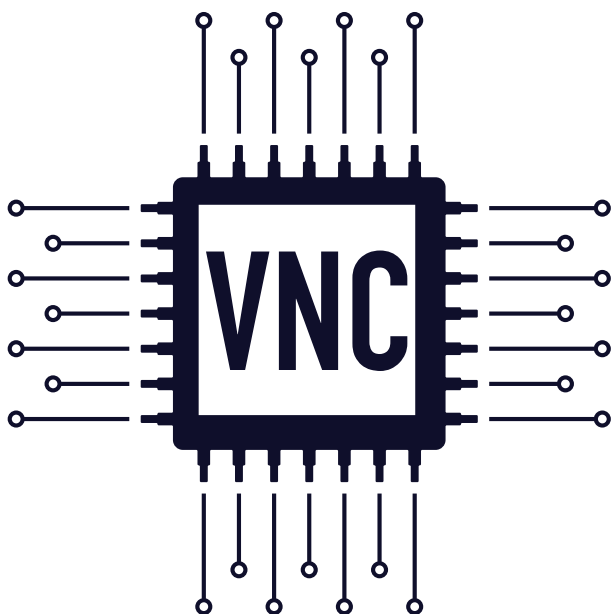


5. OUTSTANDING IN ELECTRONIC COMPO



TOP 100 OUTSTANDING COMPANIES IN THE ELECTRONIC COMPONENTS INDUSTRY IN 2019

List of outstanding enterprises in Vietnam's electronic components industry was created by Vietnam Credit Ratings (VietnamCredit) by selecting from businesses operating within the tea value chain. The evaluation criteria include financial and non-financial criteria including company scale, credit rating, and financial indicators of the businesses in 05 consecutive years (2015-2019).



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