

Building Materials

Tiles & bricks • Doors & windows • Paneling & framework • Flooring • Roofing



Essential sourcing intelligence for buyers

Vietnam manufacturer profiles
Detailed profiles of 35 suppliers with verified manufacturing and export credentials

Product & price trends
Prices and specifications of 98 top-selling export products ranging from floor tiles & bricks to wall panels & doors

Design & material innovations
Coverage of the latest trends in style and materials

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The aim is to give international buyers new sourcing opportunities from experienced exporters, generating orders and create lasting jobs in developing economies.

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BUILDING MATERIALS

Supplier capability in Vietnam

EXECUTIVE SUMMARY

Registering brisk growth even as the global economic crisis was adversely affecting many manufacturing sectors worldwide, the building materials industry in Vietnam is regarded as one of the country's most promising export lines in coming years.

Although not yet as well-established as the cottage industries for which Vietnam is more prominent, the sector is seen to benefit from strong demand provided by markets in Asia that are currently enjoying a construction boom.

The industry's main competitive advantage comes from an abundant supply of locally available raw materials, including stone, clay and wood. Another core competency is solid design capability, which is applied by craftsmen on various types of products.

The line is composed of five subcategories. Among featured manufacturers, tiles and bricks are the top product segment, taking up more than half of total exports. Flooring is the second-largest classification as it accounts for one-third of turnover.

The industry is mainly composed of small and midsize suppliers, most of which are operated by local entrepreneurs. Manufacturing is done in-house, although a few stages are subcontracted during peak season, which is typically during the second half of the year. Various types of equipment such as cutting, grinding and polishing machines are employed. Most design steps, however, are carried out by hand.

Most manufacturers remain primarily domestically oriented. Among companies featured in this report, only a little over 40 percent of output is sent to foreign destinations.

The majority of companies were established in the past two decades. A handful have been in existence since the 1970s and '80s.

Vietnam has several sourcing centers, depending on the type of building material. Ho Chi Minh City and its environs are key hubs for items made of wood, glass and metal. The city of Da Nang is the main supply zone for tiles, bricks and flooring.

The following are some of the key trends we see in Vietnam's building materials industry:

- Insufficient technological innovation is the primary threat to the line's continued development. Because most companies are small, capability to carry out innovative processes and utilize advanced equipment is limited.

- Prices are expected to stay level over the next six months although demand is increasing. Suppliers are taking this step to remain competitive and to attract new customers in developed markets.

- Most of the short-term demand is expected to come from the Asia-Pacific region and the Middle East. In the latter, countries recovering from conflicts and those that are being primed for business and tourism are seen as the major markets.

- Many suppliers are anticipating revenue to surge. Four-fifths of makers featured in this report expressed confidence in registering higher export turnover.

This report covers different types of building materials in Vietnam, including wall, floor tiles, bricks, indoor and outdoor flooring, interior and exterior doors, sliding and swivel windows, roofing materials, wall panels, and structural framework.

The *Industry Overview* section discusses key issues affecting export manufacturers and elaborates on the composition of the industry.

The *Products & prices* section details the features and price ranges of building materials. It also lists the main materials used and sourcing centers where they are procured.

In this report

- 15 in-depth company profiles
- 20 short company profiles
- 98 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

OBJECTIVE & METHODOLOGY

This Vietnam Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with The Kearny Alliance, whose mission is Aid Through Trade. The objective is to help create jobs in developing Asia through export promotion.

To produce this report, larger, midsized and emerging manufacturers—all with substantial export experience—were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Vietnam in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other companies in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

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Published by Publishers Representatives Limited (on behalf of Trade Media Limited)
4th Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322 SMB, George Town, Grand Cayman, Cayman Islands
c/o 22/F Vita Tower, 29 Wong Chuk Hang Road, Aberdeen, Hong Kong
ISBN 978-988-19236-8-4

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INDUSTRY OVERVIEW

Vietnam's building materials industry has been enjoying rapid growth in recent years, turning it into one of the best-performing manufacturing sectors in the country.

In addition, the segment is considered a promising export line as Vietnam positions itself to become more involved in heavy industries. This is a key development given that the country is primarily known for its cottage industries, which include handicrafts, garments and furniture.

While the global economic crisis led to a massive downturn in the construction supplies segment among major markets in the West, the opposite has been true in developing countries elsewhere. Burgeoning demand from local and foreign buyers, especially from the Middle East, and South and Southeast Asia, propelled the line to expand by an estimated 15 percent in 2010. In fact, it is expected to surge even more this year, with analysts anticipating exports to increase by as much as 30 percent.

The growth projection is particularly significant because the sector has yet to achieve the same level of development benefiting Vietnam's well-established industries and therefore has few competitive advantages. One of these is the domestic abundance of raw materials, especially those used for tiles, bricks and flooring. There are more than 2,000 stone and mineral quarries throughout the country with estimated reserves of at least 100 million tons.

Extensive design capability is another key strength of the industry. Vietnam has numerous craft villages, which are communities composed mainly of artisans. These workers are trained in various carving and detailing techniques that are typically employed on wooden items, including doors, windows and flooring. As such, suppliers of these products can readily offer models created in-house. In addition, they can recommend style ideas incorporating traditional motifs to customers.

The Asia-Pacific region dominates as the sector's most important export destination. Among companies featured in this report, this area accounts for more than half of overseas revenue. Major markets include South Korea, Thailand and Malaysia.

Currently experiencing a construction boom, the Middle East is increasingly becoming a significant destination for Vietnam suppliers. Although accounting for just 13 percent of shipments among interviewed companies, the region's share of exports is predicted to double this year. Key markets in this location include Iraq, Israel, Iran, Turkey and the UAE.

Challenges

Unlike the more established light industries in Vietnam, the building materials sector is not as developed and has not yet attracted significant support from the government and trade organizations. As such, it faces a number of challenges rooted in several internal and external factors.

First of these is the lack of technological innovation in the line. Since most suppliers are either small or midsize, the capability and resources to invest in R&D and advanced equipment are generally not available. This results in products that are not as competitive in terms of quality as those from large companies. For instance, tile makers may come up with models that are not polished to the highest degree possible. Manufacturers in other segments may

Supplier summary

Suppliers surveyed	35
Export sales	\$66.1mn
Export ratio	42%
Capacity utilized	89%
Full-time employees	8,030

Data: All surveyed suppliers

turn out items that have unintended color and textural imperfections.

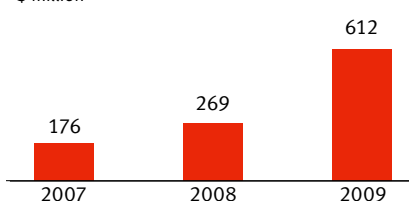
Because of these limitations, companies emphasize mainly the low-end market, which provides more leeway when it comes to products' technical and aesthetic parameters for quality.

Another issue confronting the industry is the rising cost of raw materials, particularly wood for doors and windows. Because more entrepreneurs are joining the sector to benefit from growing local and overseas demand, the cost of lumber has gone up 10 to 15 percent over the past 12 months. The most significant increases have been those of various types of hardwood such as teak, mahogany and keruing. Quotes of models in these materials are at least 10 percent higher than those six months prior.

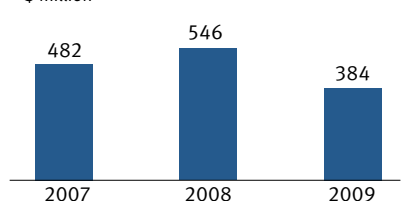
To cope, suppliers are shifting production to less expensive types of lumber, including locally procured balau, bangkirai, acacia and rubberwood. Some are using substitutes such as high-density fiberboard. Others, on their part, opt to continue offering standard hardwood models, preferring

Export value

Stone, cement & plaster
\$ million



Wood & wooden articles
\$ million



Source: International Trade Centre

Balesteel Co. Ltd

For more than two years now, Balesteel has been producing building materials such as roofing, doors and windows. It started exporting in 2009.

The ISO 14000-certified company generates sales of \$40 million annually and sends a quarter of total output overseas. The Asia-Pacific region accounts for all foreign shipments, with Thailand, South Korea and Australia being the top markets.

The primary product types are steel roofing, doors and windows. The first represents 60 percent of turnout.

Doors and windows are made of high-density fiberboard imported from Malaysia. The company uses aluminum, zinc and alloy in roofing products. They are sourced from suppliers in Vietnam and Australia.

Prices range from \$30 to \$10,000, and vary according to the type of material used. A 200x80cm door is quoted at \$30. High-end roofing is available between \$7,000 and \$8,000.

The entire turnout is made up of OEM orders. The company has a three-member design team capable of

releasing 30 models per month. Samples are usually provided within seven days.

Balesteel operates a 5,000sqm factory at the Khanh Hoa Industrial Zone in Da Nang city. All production steps are conducted in-house. The company has 100 full-time workers. Peak season is from September to December.

The supplier has a total monthly capacity of 100,000 pieces. On average, the supplier produces 80,000 pieces every 30 days.

Twenty employees perform QC. Two rounds of inspections are carried out. All items are checked in each stage of production, and before packing and shipping.

Balesteel accepts a minimum order of \$10,000. Delivery usually takes a month. The company normally places doors and windows in cardboard boxes. Wooden pallets are used in shipping roofing materials. Packaging can be customized.

The supplier plans to further increase its presence in Australia. New products will have enhanced safety features.

Capability

Materials used

Wood	No
Metal	Yes
Plastic	Yes
Stone & glass	No
Bamboo	No
Other	No

Exports by product

Tiles & bricks	–
Flooring	–
Roofing	60%
Doors & windows	40%
Paneling & framework	–

Exports by market

United States/Canada	–
European Union	–
Europe (non-EU)	–
Asia-Pacific	100%
Middle East	–
Other	–

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Company facts

Year established	2008
Head office location	Hai Chau (Da Nang)
Ownership	Locally owned
Factory location(s)	Khanh Hoa (Da Nang)
Full-time employees	100
ISO certified	Yes
Total annual sales (all products)	\$40,000,000

Sales & output: Building materials

Annual sales	\$4,000,000
Share of total sales	10%
Annual export sales	\$1,000,000
Total monthly capacity	100,000 pieces
Average monthly output	80,000 pieces
Capacity utilized	80%
Average monthly exports	20,000 pieces
Export ratio	25%

Popular export models



Model: D001
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes



Model: D002
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes



Model: D003
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes



Model: D004
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes



Model: D005
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes



Model: D006
MOQ: 100 pieces
Packaging: Buyer-specified
Delivery: 30 days
Price: \$30.00 to \$45.00
Description: Interior door; high-density fiberboard; 5.3kg; 3.2cm thickness; 200x84x4cm; in various sizes

PRODUCT GALLERY

Tiles & bricks



Bach Thanh
(profile page 24)
Model: CP25261
MOQ: TEU
Packaging: Carton
Delivery: 45 days
Price: \$0.20 to \$0.80
Description: Wall tile; ceramic; polished; in various colors and designs; 20x25cm



Bach Thanh
(profile page 24)
Model: CP25356
MOQ: TEU
Packaging: Carton
Delivery: 45
Price: \$0.20 to \$0.80
Description: Wall tile; ceramic; polished; in various colors and designs; 20x25cm



Bach Thanh
(profile page 24)
Model: TQHV-24012-R
MOQ: TEU
Packaging: Carton
Delivery: 45 days
Price: \$0.30 to \$1.00
Description: Wall tile; ceramic; polished; in various colors and designs; 20x40cm



Bach Thanh
(profile page 24)
Model: TPV-238-R
MOQ: TEU
Packaging: Carton
Delivery: 45 days
Price: \$0.30 to \$1.00
Description: Wall tile; ceramic; polished; in various colors and designs; 20x40cm



Bach Thanh
(profile page 24)
Model: XK30001
MOQ: TEU
Packaging: Carton box
Delivery: 45 days
Price: \$0.40 to \$0.80
Description: Floor tile; ceramic; polished; in various colors and designs; 30x30cm



Bach Thanh
(profile page 24)
Model: TP336
MOQ: TEU
Packaging: Carton box
Delivery: 45 days
Price: \$0.40 to \$0.80
Description: Floor tile; ceramic; polished; in various colors and designs; 30x30cm

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