

Vietnam

Market Summary

The Vietnamese economy has rebounded in the past year to register 5.3 per cent growth in 2009. With the government pledging to maintain stability in the economy, Vietnam's GDP looks set to grow at least 6.5 per cent in 2010.

As a result of good economic indicators, outbound travel from Vietnam remains healthy, with arrivals to Australia growing positively and VFR traffic still dominant due to strong family ties. Both Holiday and Education arrivals continue to grow in volume.

1. Market News

- **Vietnam growth quickens to 5.83 per cent amid domestic demand** – Growth buoyed by construction, tourism and banking services, and almost twice as fast as the 3.14 per cent expansion in the first quarter of 2009, according to the General Statistic Office in Hanoi. GDP expanded 5.3 per cent last year, registering 6.9 per cent in the fourth quarter.

Source: Thanh Nien English Newspaper April 1

- **Vietnam Metro wants to focus on GDP growth rates** – Ho Chi Minh City People's Committee Chairman Le Hoang Quan asked local agencies to facilitate efforts to increase the city's GDP growth rate to around 11 per cent from last year's 8.5 per cent.

Source: Thanh Nien English Newspaper April 26

- **Vietnam targets 7 per cent GDP growth in second half of 2010** – Vietnamese economy needs to grow at least 7 per cent in the second half of 2010, to meet its full-year expansion goal of 6.5 per cent. Consumer prices climbed 9.23 per cent in April from a year earlier, down from 9.46 percent in March, as food costs eased. The country expects inflation at 7 per cent this year.

Source: Thanh Nien English Newspaper May 7.

2. Consumer Insights

- **Vietnam Says Inflation Controllable despite rise in wages** – The 12.3 per cent increase in the minimum wage for public servants and employees at state-owned enterprises starting 1 May, will not affect efforts to control inflation, a government official said. The wage boost has been planned carefully with earmarked funds so

money supply in the society will not change, and consumer prices cannot be raised as the government is strongly determined to achieve the target of keeping full-year inflation at 7 per cent.

Source: Thanh Nien English Newspaper May 6.

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- The off-peak advertorial campaign with Vietours Consortium generated bookings 60 per cent above target. A similar campaign with Saigon Travel on the other hand generated bookings that were one-third below target.
- As at June 2010, there are 25 Aussie Specialist agents from 87 agencies, 84 per cent are fully qualified.
- Four Vietnam buyers attended ATE 2010: Saigon Travel, Traveland, Vietravel and Viettours.

4. Airline News

- **Foreign investment in Vietnam airlines can't be restricted** – Existing laws do not allow the government to restrict foreign investment in the airline sector. For example, Air Asia's acquisition of 30% stake in Viet Jet is legitimate, the Transport Ministry said. The state transfer on February was carried out in accordance with the Enterprise, Investment and Civil Aviation Laws, and it will not create a new airline in Vietnam, Vietnam Economic Times cited a Transport Ministry's note. National Carrier Vietnam Airlines last month requested the government to prohibit the move, fearing a joint venture between the two airlines would hurt the local airline industry.

Source: Thanh Nien English Newspaper Apr 3.

- **Airlines reaction to ban on foreign logos muted** – The latest ban on use of brands and logos of foreign airlines imposed by the Vietnam Civil Aviation Administration has been received with silence by new carriers affected by the ruling. Viet Jet has said it has no reaction to the ban and was considering the administration's new rule for application in its first flight. The private carrier was scheduled to begin operations next month but this was delayed due to need to change its promotion campaign to comply with the new law.

Source: Thanh Nien English Newspaper Apr 25.

- **Vietnam Airlines losing 10 million a year on domestic route** – National carrier Vietnam Airlines said it is incurring losses of around US\$10 million every year operating domestic services that tend to be unprofitable. General Director Pham Ngoc Minh said it is almost impossible to recoup operating expenses for flights to provinces that attract little tourism. Launching a new route can translate to an annual loss of at least \$1 million. Other local carriers like Jetstar Pacific and

Indochina Airlines only focus on key routes linking Hanoi, Ho Chi Minh City and famous tourist cities, while state-owned Vietnam Airlines is operating 35 domestic routes, with plans for flights to new destinations this summer, including Vinh and Chu Lai, both in the central region. Minh said Vietnam Airlines needs financial support from local administrations and businesses so that it can launch more new routes. The carrier's overall operation is profitable. It posted pre-tax profits of US\$8.1 million last year, down from \$14 million a year earlier due to the global recession.

Source: Thanh Nien English Newspaper May 1.

6. Key Campaigns and Activities in Market

Country Name campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
April 2010	June 10	Co-op Campaign with Viettours Consortium targeting the off peak months.	FIT, VFR ,GIT	Viettours and Viettravel
April 10	June 10	Co-op Campaign with Saigon Travel Consortium targeting the off peak months black out period April.	FIT, GIT and VFR	Saigon Travel and Hanoi Terserco
20 Sep 2010	22 Sep 2010	South East Asia Mission – Hanoi, Vietnam	Agents	