



Big Projects in Vietnam and Potential for Creating Fastener Demand in 2024

Vietnam's construction industry is experiencing a period of tremendous growth, fuelled by a combination of factors. Government investment in infrastructure development, a booming real estate market, and rising foreign direct investments (FDI) are propelling the sector forward. This growth presents a significant opportunity for fastener suppliers, as these large-scale construction projects will require vast quantities of various fasteners.

Vietnam's Thriving Construction Sector

The Vietnamese construction sector is a crucial pillar of the nation's economy. According to the Ministry of Construction of Vietnam, **the construction industry's contribution to GDP reached an impressive 9.2% in 2023. This growth is expected to continue in 2024, with forecasts suggesting a growth rate of 6.5%.** This positive outlook is driven by ongoing infrastructure projects, a surge in residential and commercial construction, and continuous government support for infrastructure development.

Major Construction Projects Fuelling Fastener Demand

Several large-scale construction projects are underway or planned for 2024 in Vietnam, each with the potential to significantly increase fastener demand. Here's a closer look at some key projects:

- **North-South Expressway Expansion¹** : The Vietnamese government is heavily invested in expanding the country's North-South Expressway, a vital transportation artery connecting major cities. This ambitious project involves adding additional lanes, upgrading existing infrastructure, and constructing new bypasses. The use of fasteners in highway construction is extensive, encompassing bridge construction, road signs, guardrails, and tollbooths. In an effort to bolster

Vietnam's infrastructure and boost its economic development, Deputy Prime Minister Tran Hong Ha has approved a US\$118 million (VND 3,011 billion) to expand the La Son - Hoa Lien section of the North-South Expressway. This crucial transportation artery connects key economic hubs and is vital for national defence and security. Looking ahead to 2024, the ministry aims to complete two sections in the eastern part of the North-South Expressway. The ambitious goal is to complete 2,021km of expressways nationwide during the year. Vietnam's vision for 2025 includes having 3,000km of expressways, essentially completing the eastern part of the North-South Expressway. Furthermore, the government projects a total expressway length of 5,000km by 2030².

- **Long Thanh International Airport Project³** : The construction of a new international airport near Ho Chi Minh City is a massive undertaking expected to be completed by 2025. This project will require a vast quantity of fasteners for the construction of terminals, runways, air traffic control towers, and other airport facilities. Long Thanh International Airport is an airport development project which is planned to alleviate traffic congestion at Ho Chi Minh City Tan Son Nhat Airport. In the first phase, a 4000m long runway, taxiways and aprons will be developed to exceed its capacity of 25 million passenger's p/a(per year) and 1.2 million tonnes of cargo p/a by 2025. In the second, Airports Corporation of Vietnam will develop the second runway and expand the passenger terminal to raise capacity to 50 million passengers and 1.5 million tonnes of cargo p/a. Then, in the final phase, the USD16 billion (total) project is designed to have a capacity for 100 million passengers and five million tonnes of cargo p/a by 2050. The proposed airport is to be located 40km northeast of Ho Chi Minh City Tan Son Nhat Airport.

- **Urban Development Projects: Vietnam's major cities, like Hanoi and Ho Chi Minh City, are experiencing rapid urbanization.** This trend is leading to a surge in high-rise buildings, shopping malls, and office complexes. These projects utilize a wide variety of fasteners for structural applications, building facades, and interior fit-outs. In February 2024, Vietnam



adopted a new Construction Industry Development Strategy for 2030 – 2045, aiming to boost the construction market, especially in urban infrastructure and housing. The strategy prioritizes key infrastructure projects in major cities and sets ambitious goals for housing construction, including doubling urban housing rates by 2030 and building 1,000,000 housing units for low-income groups. To achieve these goals, the strategy emphasizes international cooperation to attract resources⁴. This aligns with Vietnam's current development direction, attracting foreign investors already active in the market. For instance, FDI investors have contributed to projects like Hanoi and HCMC metros, with notable companies such as the Chinese 6th Railway Division, the Joint Venture between the South Korean Hyundai and the Italian Ghella, and the Japanese Shimizu-Maeda involved. Luxury apartment complexes and urban towns such as Season Avenue and StarLake projects have also been built by foreign investors in Hanoi, including projects by CSCEC (China) and Daewoo E&C (South Korea), showcasing Vietnam's investment potential in construction.

- Industrial Park Development:** Vietnam's attractiveness as a manufacturing hub is attracting significant foreign investments. This is leading to the development of new industrial parks across the country. The construction of factories, warehouses, and logistics centres within these parks will generate substantial demand for fasteners for various industrial applications. Speaking at the forum, Nguyen Quang Vinh, Vice Chairman of the Vietnam Chamber of Commerce and Industry (VCCI), said that Vietnam has 418 industrial parks (IPs), including 371 IPs located outside economic zones, 39 IPs in coastal economic zones, and 8 IPs in border gate economic zones. About 298 industrial parks have been put into operation. Businesses in industrial parks contribute about 50% of the country's total export turnover.⁵

Fastener Demand Forecast and Statistics

While the exact quantity of fasteners required for these projects is difficult to predict, industry reports provide valuable insights into the overall fastener market growth in Vietnam. According to a report by Grand View Research, **the Vietnamese fastener market is expected to reach USD 5.2 billion by 2027, growing at a CAGR of 7.8% during the forecast period (2022-2027)**. This growth can be attributed to the aforementioned construction projects, the rise in manufacturing activities, and the increasing demand from the automotive and shipbuilding sectors.

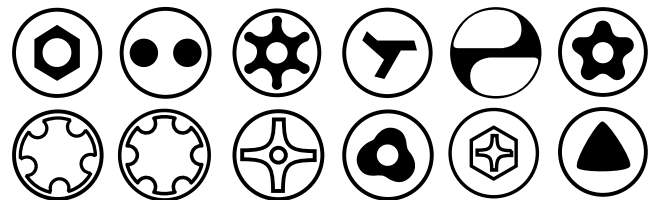
The newest statistics shows Vietnam's situation in 2022. The total trade of fasteners was USD1.4 billion, of which 50% are exported fasteners and 50% are imported fasteners.

In conclusion, Vietnam's ambitious infrastructure projects in 2024 create a fertile ground for fastener demand. From expanding transportation networks to burgeoning industrial zones, these initiatives will require significant amounts of various fasteners. As a result, fastener manufacturers and suppliers have a promising opportunity to cater to this growing market in Vietnam.

¹ <https://en.vneconomy.vn/vietnam-approves-118-million-expansion-of-key-north-south-expressway.htm>
² <https://www.thestar.com.my/aseanplus/aseanplus-news/2024/01/08/new-transport-infrastructure-poised-to-drive-vietnam-economic-growth#:~:text=Looking%20ahead%20to%202024%2C%20the,expressways%20nationwide%20during%20the%20year.>
³ <https://centreforaviation.com/data/profiles/newairports/long-thanh-international-airport>
⁴ <https://www.dandreapartners.com/vietnam-construction-industry-situation-and-opportunities-for-2024/>
⁵ <https://en.vietnamplus.vn/barriers-in-industrial-park-development-must-be-removed-insiders/283709.vnp>



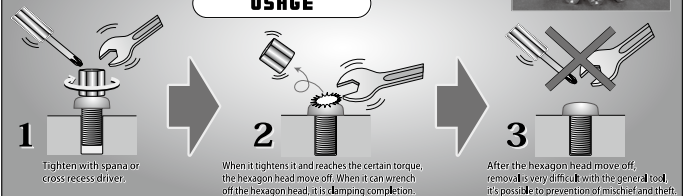
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