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V.N. Trade or  
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market  
for  
U.S. products  
in  
VIET-NAM



THIS publication surveys the present and potential market for selected commodities in the Republic of Viet-Nam, particularly with a view to expanding sales of U.S. products in that country. Trade data have been cited to indicate the relative size of the potential market for various imports, but it is recognized that *past* sales are not always indicative of *future* sales, especially in a growing country, with local industries emerging to produce goods now imported. Thus, factors likely to condition the future marketing of selected goods have been noted where such information was available. There is no substitute, however, for keeping abreast of changing marketing situations and for ferreting out trade opportunities growing out of such situations.

*About the cover:*

Tree-shaded Tu Do Street in Saigon; the Caravelle Hotel is in the background.

*Courtesy National Geographic Magazine (c)  
National Geographic Society*

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# **Market for U.S. Products in Viet-Nam**

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*Bureau of International Commerce*

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## VIET NAM—MARKET INDICATORS

- **POPULATION:** *14.4 million (estimate, July 1, 1961). Annual growth about 2.4 percent.*
- **AREA:** *66,000 square miles (about the size of New England).*
- **GROSS NATIONAL PRODUCT:** *\$1.2 billion in 1961.*
- **PER CAPITA GROSS NATIONAL PRODUCT:** *Estimated \$85 in 1961.*
- **MOTOR VEHICLES:** *104,550, of which 39,800 were passenger vehicles, 20,800 trucks, 43,600 motorcycles and scooters, and 350 tractors (December 1961).*
- **TELEPHONES:** *16,000 (1961).*
- **RADIOS:** *64,408 (private radios registered as of 1960).*
- **ELECTRICITY:** *315 million kilowatt-hours produced in 1961.*

■ <b>CHIEF CITIES:</b>	<b>Saigon,</b>	<b>1,400,000</b>	<b>Nha-Trang,</b>	<b>270,000</b>
	<i>Dalat,</i>	<i>50,000</i>	<i>Da Nang,</i>	<i>110,000</i>
	<i>Hué,</i>	<i>105,000</i>	<i>Ban Me Thuot,</i>	<i>139,000</i>

- **FOREIGN TRADE:**

	<b>1958</b>	<b>1959</b>	<b>1960</b>	<b>1961</b>
[Million U.S. dollars]				
<b>Total Imports, c.i.f.</b> -----	<b>232</b>	<b>225</b>	<b>240</b>	<b>255</b>
<b>Total Exports, f.o.b.</b> -----	<b>55</b>	<b>75</b>	<b>86</b>	<b>71</b>
<b>Imports from United States</b> -----	<b>55</b>	<b>59</b>	<b>61</b>	<b>68</b>
<b>Percent of total imports from United States</b> -----	<b>24</b>	<b>26</b>	<b>25</b>	<b>27</b>

- ✓ **Principal exports:** Rice, rubber.
- ✓ **Principal imports:** Machinery and equipment; textile fabrics and yarns; petroleum products; motor vehicles; dairy products; pharmaceuticals; iron and steel products.
- ✓ **Principal trading partners:** Suppliers—United States, Japan, France. Markets—France, United Kingdom, Federal Republic of Germany.

# Viet-Nam As a Market

## A GROWING MARKET

Viet-Nam represents one of the smaller markets in the world. Its 14 million people are engaged principally in agricultural pursuits. However, an early-stage industrial sector is coming into being with assistance from the American aid program. Viet-Nam's import needs, particularly for industrial equipment and raw materials, are expected to rise over the coming years. Much of Viet-Nam's industry, located in the Saigon-Cholon metropolitan area, is of the light-industry type employing about 8 percent of the country's labor force. A small but growing segment of the population resides in urban centers. An estimated 1.4 million people live in Saigon-Cholon, 270,000 in Nha-Trang, 139,000 in Ban Me Thuot, 110,000 in Da Nang, 105,000 in Hué, and 50,000 in Dalat. Cities are connected by 9,600 miles of roads to the capital city of Saigon and an 870-mile railway links the coastal cities of the country. Internal air transportation is increasing in importance as a carrier of people and goods.

## FACTORS GOVERNING IMPORTS

Numerous conditions govern the future growth rate of the Vietnamese economy, and their cumulative impact will affect both the size and composition of imports.

### Economic Policies

Economic policies pursued by the Vietnamese Government constitute the principal element in the trade picture. In broad outline, the Government's purpose is to raise the population's standard of living, primarily by increasing and diversifying agricultural production and exports and by promoting the development of industries producing consumer goods now almost entirely imported from abroad. To achieve

these ends, foreign trade is regulated to encourage the import of capital equipment, raw materials, and essential consumer goods. Foreign and domestic investment is fostered by a variety of incentives, including tax holidays, duty-free treatment of capital goods imports, loans, etc. Agriculture is stimulated by joint Vietnamese-United States aid financed programs.

### The Role of U.S. Aid

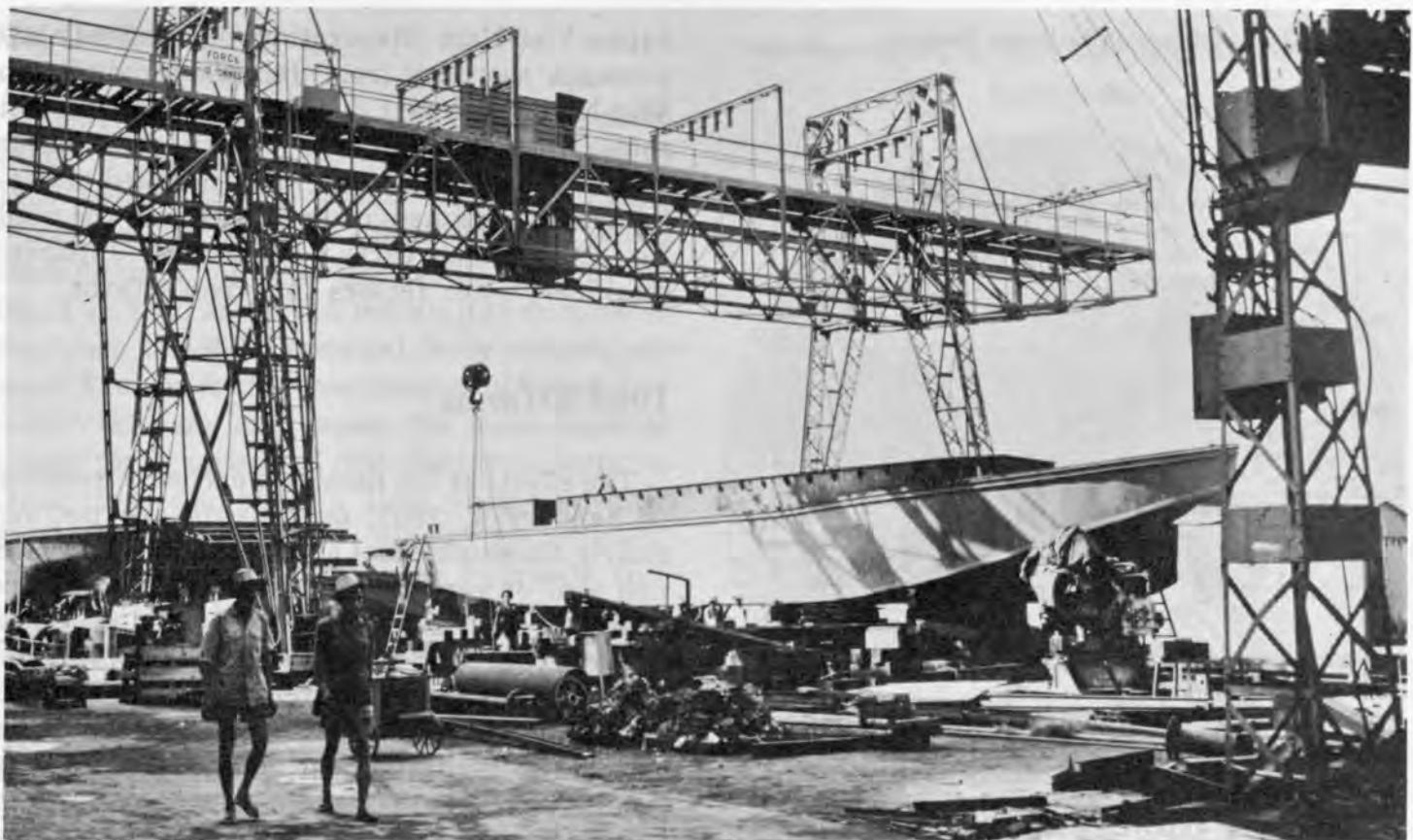
Large-scale American assistance has been a major influence in the development of the Vietnamese economy as well as in increasing trade relations between the two countries. The share of Viet-Nam imports financed from this source declined, from the high of 85 percent in 1957 to 50 percent in 1961. This downward trend is a result of increased domestic production of consumer goods and of certain commodity categories no longer being eligible for financing under the aid program. In fiscal year 1961, \$134 million was spent on commodity imports financed with U.S. aid funds; about 25 percent of these imports were procured from the United States (see table 4, appendix A).

A change in procurement policy of the Agency for International Development<sup>1</sup> (AID), aimed at maximizing procurement in the United States with the use of aid funds, was put into effect in January 1961. Some 19 highly developed countries have been declared ineligible as sources for AID-financed goods supplied to countries receiving U.S. assistance (see appendix B). These countries include France and Japan—major foreign competitors of the United States in the Vietnamese market.

Credits arising from three Development Loan Fund loans will result in additional commodity purchases from the United States. The loans include: \$19.5 million to develop the Saigon-Cholon water supply system, \$9.7 million to

<sup>1</sup> United States aid prior to November 4, 1961, was administered by the International Cooperation Administration (ICA) and its predecessor agencies. It is through this agency that economic aid is channeled to Viet-Nam.



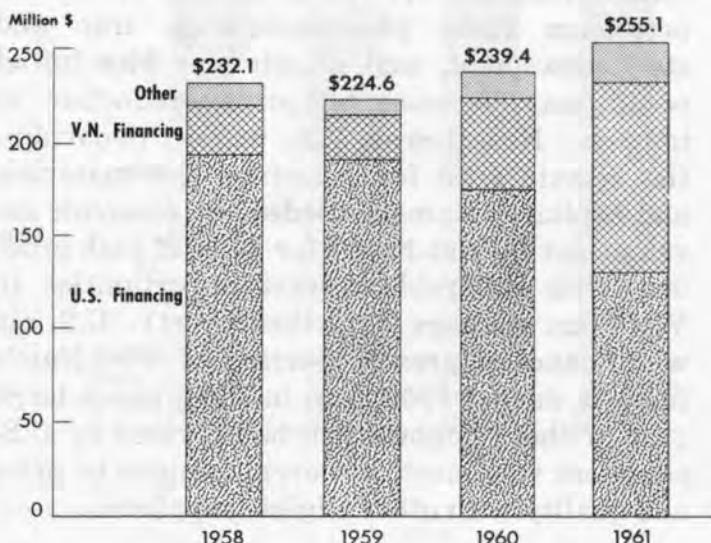


*Courtesy Embassy of Viet-Nam*

**Viet-Nam's only shipbuilding yard is at Saigon.**

finance the purchase of railway rolling stock, and \$10.7 million to finance construction of a 33,000-kilowatt thermal powerplant in Saigon. Commodity purchases under these loans are to come entirely from the United States. Several Public Law 480 agreements for the sale of cotton, wheat flour, tobacco, and dried milk have resulted in the United States becoming the principal supplier of these commodities.

#### Imports by Type of Financing



Source: Directorate General of Customs, Viet-Nam

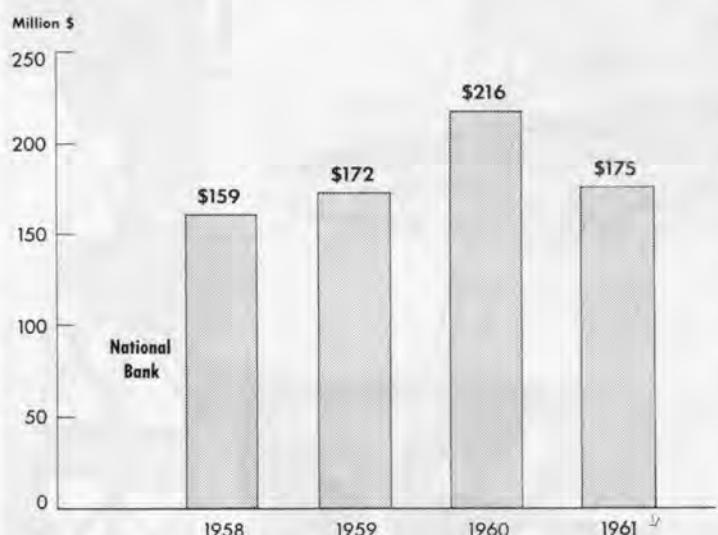
#### Ties With France

Trade and cultural ties with France continue. The residual preference for some French products, the channels for trade already established with French firms, and the use of the French language in commercial correspondence and in trade promotion literature owe their origin directly or indirectly to French influence. Credits under the French Government's insured exports credit scheme is another factor favoring French exports. In 1961, \$5 million was available to finance imports of producer goods from France under this arrangement.

#### Vietnamese-Financed Imports

Imports financed with Vietnamese-owned foreign exchange (i.e., foreign exchange reserves accumulated from previous years and income from exports) are increasing. Although only 11 percent of imports were financed from this source in 1959, in 1961 Vietnamese exchange financed 50 percent of imports. Continuation of this trend in the future depends on the

### Gold and Foreign Exchange Reserves



↓ Substantial drop generally attributed to greatly reduced exports and continued high level of imports financed with Vietnamese owned foreign exchange.

Source: National Bank of Viet-Nam.

growth of the economy, increases in export earnings, and the state of Viet-Nam's foreign exchange reserves.

American exporters are well advised to investigate possibilities for selling under the Vietnamese import program, as the AID import program excludes goods which might be considered luxuries and semiluxuries (by Vietnamese standards), and in view of the extended list of goods which have been declared ineligible for AID financing since the inception of the U.S. aid program in 1955. There is no automatic assurance that goods formerly programmed under AID financing will be approved for importation under Vietnamese financing, but there is a likelihood that the more essential types of goods will be covered.

### Competition From Japan

Imports from Japan have held an important place in the Vietnamese market since 1955. This has been due to several factors, among them Japan's eligibility to participate as a supplier under the U.S. aid financed import program, consistent and aggressive promotional efforts, attractive prices, quality adapted to the market in Viet-Nam, and flexible credit terms. Since January 1961, Japan has been excluded from the U.S. aid program. However, other factors—such as imports financed under the

Japan-Viet-Nam Reparation Agreement, advantages accruing from Japan's proximity to Viet-Nam (e.g., fast delivery time, low freight rates), the opening of a branch of a major Japanese bank in Saigon, the continued attractiveness of Japanese commodities, and the need for replacement parts for installed Japanese machinery—are factors in Japan's favor.

### 1962 Reforms

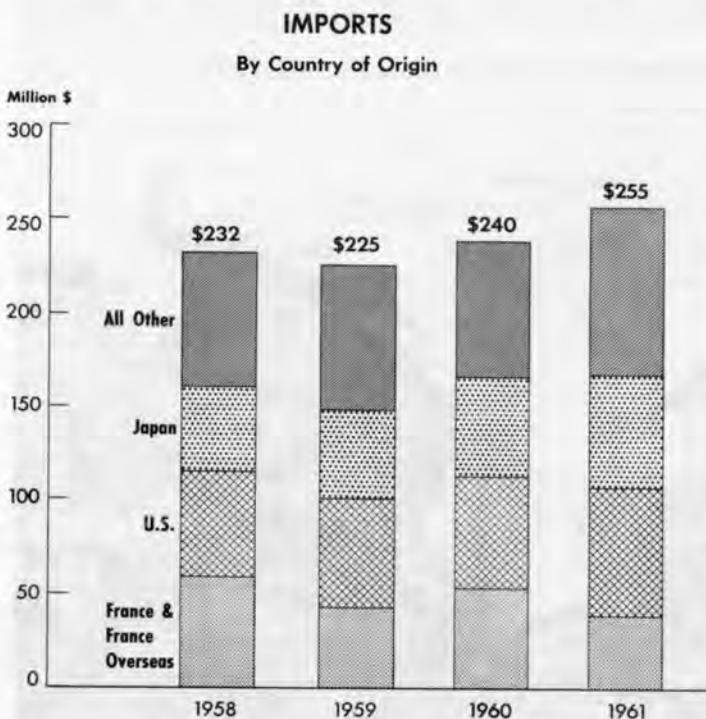
The effects of the fiscal and exchange reforms of January 1, 1962, on imports are not yet clearly discernible, but changes in the character and size of certain categories of imports are expected. Exchange reforms resulted in a new de facto rate of 60 piasters per U.S. dollar (i.e., an official rate of 35 piasters per dollar plus an "economic development and national defense surtax" of 25 piasters per dollar). This rate is applicable to all imports, whether financed from U.S. aid or Vietnamese funds. The 25-piaster "surtax" replaced a cumbersome system of import taxes, such as the perequation tax, production tax, stabilization surtax, statistical tax, and some nine excise taxes. In addition, most imports are subject to customs duties, and an austerity tax is levied, on a sliding scale, on nonessential or luxury imports. A new customs tariff has been issued favoring capital goods and essential imports. Viet-Nam's tax system is to be overhauled and a special development budget established.

The new 60-piaster-per-dollar rate has caused increases in the domestic price of such basic commodities as fertilizers, cement, chemicals, petroleum fuels, pharmaceuticals, iron and steel, newsprint, and aluminum. The initial result may be some temporary reduction in imports. Nonetheless, U.S. market opportunities remain good for industrial raw materials and capital equipment needed for economic development in Viet-Nam (for a list of such products with favorable market opportunities in Viet-Nam see page 20 of this report). U.S. aid will finance a greater portion of Viet-Nam's imports during 1962 than in 1961, and a large part of these imports will be provided by U.S. suppliers who must, however, compete in price and quality with other eligible suppliers.

## IMPORT DATA

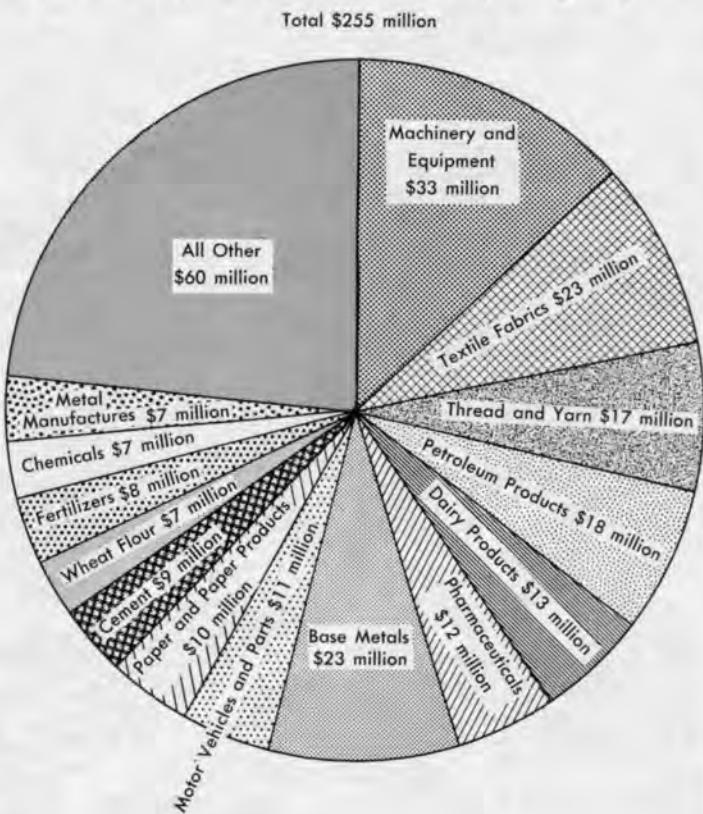
Viet-Nam's imports in 1960 amounted to \$240.3 million compared with \$224.6 million in 1959 (see table 3, appendix A). The United States was the principal supplier in both years, accounting for \$61.2 million (25 percent of the total) in 1960 and \$58.5 million (26 percent of the total) in 1959. Principal trade competitors were France, which has long-established ties with Viet-Nam, and Japan, the main regional source for a variety of manufactures. Imports from these countries in 1960 were valued at \$51.1 million and \$52.7 million, respectively. Other important suppliers were Indonesia (petroleum), the Federal Republic of Germany, Italy, the United Kingdom, and Taiwan.

Imports in 1961 were valued at \$255.1 million, of which commodities valued at \$68.3 million were supplied by the United States, \$59.9 million by Japan, and \$38.8 million by France. Effects of the "limited worldwide" procurement policy on imports from the United States in 1961 have been rather limited as for most of the year over half of U.S. aid funds authorized were available for imports from all parts of the world.



Source: Directorate General of Customs, Viet-Nam.

## Viet-Nam Imports, by Main Commodity Categories, 1961



Source: Directorate General of Customs, Viet-Nam

## OUTLOOK

Viet-Nam's economy was seriously affected by an increasing scale of Communist guerilla activity during most of 1961. Travel, transport, and domestic trade were hampered seriously, resulting in increased prices for certain consumer items—rice and charcoal particularly—and in suspension of rice and hog exports. The pace of industrialization slowed slightly.

On the other hand, steady progress continued unabated in the country's effort to develop communications; increase output of energy sources; build schools, hospitals, and fisheries; and train technicians. To date, no serious damage has been done to basic industrial facilities by guerilla activity. The fiscal reforms referred to above have put the Government in a much sounder position to finance the counter-insurgency effort, by channeling imports more strictly to necessities and by encouraging exports. Increased United States assistance and higher spending by the Vietnamese Government will serve to increase the future demand for imports.



*Courtesy National Geographic Magazine  
(c) National Geographic Society*

**Saigon, capital of Viet-Nam.** This important metropolis has many waterways on which ships and barges laden with goods ply to and fro. Shipyard may be seen in the foreground.



*Courtesy Embassy of Viet-Nam*

**Cholon street scene with its dense traffic of automobiles, bicycles, scooters, and motor-tricycles.**

# Market Analysis for Selected Commodities

## FOODSTUFFS

Recent improvements in the domestic food situation have lessened the need for food imports on the scale of former years. Nevertheless, the aggregate amount of imports of selected food products is still fairly substantial. An important share of such imports is from the United States, entering the country under provisions of Public Law 480. They consist of agricultural products declared surplus in the United States valued at from \$15 to \$18 million annually.<sup>2</sup> The principal commodities involved are wheat flour and dairy products, particularly sweetened condensed milk.

The bulk of the remaining food imports are financed by the Vietnamese, usually in relatively small quantities for any particular item. The more important of these, by value, are: Cereals, hops, malt for beer manufacturing, cooking oil and margarine, raw sugar, glucose, fresh and preserved meat and fish, dairy products other than those from the United States, dry edible

legumes, fresh and preserved fruits and vegetables, dry yeast, syrup for soft drinks, and alcoholic and nonalcoholic beverages.

The United States is a major supplier for the following: Fresh grapes and raisins, vegetable oil, margarine, canned meat, glucose, fruit and vegetable juices, dry yeast, and preparations based on grains, such as malt. Some products offering future U. S. sales expansion possibilities are: Cottonseed and linseed oil, vegetable oil shortening, vegetable and oil oleomargarine, honey, chewing gum, and flavoring and syrups for soft drinks.

Rice and fish are staples in the diet of the Vietnamese, whose taste in food generally runs toward oriental specialties purchased from regional sources, such as Hong Kong, Singapore, and Japan. There is a residual preference for certain French products and a growing taste for other Western foods among the middle and higher income groups. Imports absorb only about 7 percent of the budget of rural peasants and 12 percent of that of the urban laboring class. Brand preference is of some importance in marketing selected foods where consumers rec-

<sup>2</sup> In fiscal 1961, \$12.6 million worth of surplus foods, mostly dairy products, also were sold to Viet-Nam under section 402 of the Mutual Security Act. Sales under this act have been discontinued.

**Viet-Nam, Imports of Major Commodity Groups, by Principal Countries of Origin, 1961**

[Value in millions of dollars]

Commodity group	Total value, all countries	United States		Japan		France		Fed. Rep. of Germany		Other countries	
		Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
Foodstuffs	28.5	19.4	67.9	0.8	2.8	1.8	6.3	—	—	6.5	23.0
Tobacco	4.6	4.6	100.0	—	—	—	—	—	—	—	—
Rubber and manufactures	6.4	0.5	8.2	1.1	16.9	3.1	49.0	0.8	11.8	0.9	14.1
Paper and products	9.9	0.9	9.3	3.4	34.3	1.6	15.7	—	—	4.0	40.7
Petroleum products	17.5	1.9	10.9	—	—	—	—	—	—	15.6	189.1
Textile yarns	17.2	—	—	14.6	84.7	0.9	5.4	0.2	1.2	1.5	8.7
Textile fabrics	22.8	1.7	7.3	17.3	75.9	2.3	10.3	—	—	1.5	6.5
Base metals	22.5	2.2	9.9	3.5	15.6	4.8	21.2	2.0	8.7	10.0	144.6
Metal manufactures	6.7	1.2	17.5	1.0	14.5	2.0	30.0	0.6	9.4	1.9	28.6
Machinery and equipment	21.6	4.4	20.4	5.2	24.0	3.3	15.5	3.7	17.1	5.0	23.0
Chemicals	6.9	2.6	38.0	0.7	9.5	1.3	18.9	0.7	10.1	1.6	23.6
Pharmaceuticals	12.0	5.7	47.3	0.1	1.2	3.3	27.5	0.8	6.6	2.1	17.4
Fertilizer	7.9	4.0	50.0	—	—	1.1	13.4	0.5	6.0	2.4	130.6
Electrical equipment	10.8	2.6	24.3	2.3	21.1	2.6	24.2	1.6	14.4	1.7	16.0
Motor vehicles <sup>4</sup>	8.2	3.2	39.6	0.2	2.0	1.8	22.4	1.0	12.8	1.9	123.2
Others	51.6	13.4	—	9.7	—	8.9	—	2.8	—	16.8	—
Total	255.1	68.3	—	59.9	—	38.8	—	14.7	—	73.4	—

<sup>1</sup> 86.4 percent accounted for by Indonesia.

<sup>2</sup> 16.9 percent accounted for by Taiwan.

<sup>3</sup> Most accounted for by North Africa.

<sup>4</sup> Does not include motorcycles and accessories.

<sup>5</sup> 20.2 percent accounted for by the United Kingdom.

Source: *Monthly Bulletin of Statistics*, National Institute of Statistics, Viet-Nam.

ognize qualitative differences among similar products. At times, it would appear that the Vietnamese licensing authorities deliberately attempt to promote imports of known brands, partly motivated by a desire to protect consumers and partly to maintain the status quo for those who had cultivated the Vietnamese market over the years.

Government efforts to encourage greater domestic food output and diversification of crops carry with them the prospect for cutbacks in commodities now imported. Among field crops, emphasis is on increased production of corn, soybeans, sweet potatoes, and peanuts. An increase in the output of Irish potatoes and onions, as well as of citrus fruits and grapes, also is anticipated. Experimentation designed to introduce new crops, such as cacao, oil palm, and avocado, is continuing and the expanded growing of sugarcane is being promoted.

Commercial fishing has developed considerably in recent years, aided by a program for motorizing fishing junks. Refrigeration facilities have been newly established and distribution channels have been improved.

The livestock industry is growing. It is particularly noteworthy that in 1960 and 1961 (until suspended in June) hog exports spurted, becoming the third-ranking Vietnamese export. An experimental dairy farm is in operation and



*Courtesy National Geographic Magazine  
(c) National Geographic Society*

**A farmer fertilizes lettuce plants on the temperate plateau of Dalat, where one crop follows another the year round.**

will serve as the nucleus for an expanded dairy industry. Government approval has been granted also for two plants to produce approximately 14.4 million cans of sweetened condensed milk annually beginning in 1963.

## TOBACCO

Viet-Nam is an important market for U.S. tobacco, principally as unstemmed flue-cured tobacco for use in cigarette manufacturing. Shipments of smoking tobacco in bulk, cigar-filler leaf tobacco, unstemmed burley, and Maryland tobacco are also of some importance. Tobacco is sold to the country under the Public Law 480 program, and was valued at \$3.1 million in 1960 and \$4.5 million in 1961. The total market value of Public Law 480 sales agreements signed between June 10, 1954, and June 30, 1961, is \$23 million, of which \$10 million were concluded in 1961.

## RUBBER AND RUBBER MANUFACTURES

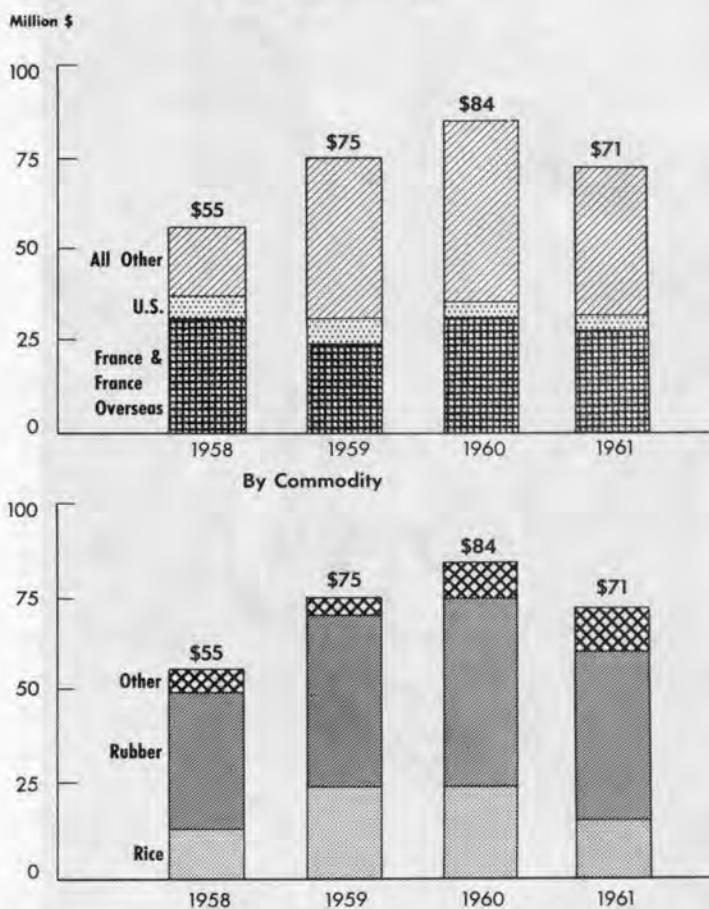
Viet-Nam is an important world producer and exporter of raw rubber, and has a number of local industries based on the use of rubber. Imports of rubber manufactures, valued from \$5 to \$6 million annually, consist of rubber products requiring special processing or machinery. They consist mainly of tires and tubes. Other imports, although in smaller quantities, are conveyor belts, rubber packing, hose and tubings, and tire retreading material. France is the major supplier, while the U.S. share is small.

Tires and tubes were removed from the list of commodities eligible for AID financing on July 1, 1960, so that their financing is now dependent on exchange available from official exchange allocations.<sup>8</sup> In this connection, the Government of Viet-Nam has withdrawn authorization to introduce brands of tires and tubes not currently sold in the market. This action seeks to decrease the proliferation of additional brands in the market where major tire manufacturers are represented, including those of

<sup>8</sup> Rubber, and rubber products (AID Code 891) were once again returned to AID's list of eligible products on May 21, 1962.

## EXPORTS

By Country of Destination



Source: Directorate General of Customs, Viet-Nam.

American, British, Japanese, and French firms.

Two privately owned firms are expected to start manufacturing rubber tires and tubes for bicycles in 1962 to meet annual requirements of an estimated 1.5 million tires and tubes. These companies reportedly plan to expand production later to include other tires and tubes. Annual requirements for other tires is estimated at 50,000 for automobiles, 100,000 for trucks, and 40,000 for scooters and motorcycles. Rubber manufactures offering market possibilities for U.S. exporters include rubber tires and casings for use on farm implements and tractors, which are largely of U.S. manufacture.

## PAPER AND PAPERBOARD

Annual imports of paper and paperboard products are valued at about \$8 million. Of a total volume of 29,000 metric tons imported, 5,000 tons consist of newsprint. Smaller quantities of finished paper products are imported, in-

cluding coated and impregnated paper and cartons, reproducing paper, paper for use in offices and schools, and sulfurized papers and cardboards.<sup>4</sup>

Current Government restrictions on the number of pages allowed in the 27 newspapers printed in the country check any appreciable increase in newsprint consumption. Potential demand reportedly is higher than actual consumption. The rise in school enrollment, the development of local industries, and the greater use of business forms probably would mean increased paper consumption if exchange restrictions were removed. With the exception of newsprint, which continues to be programmed under the AID-financed commercial import program, imports of other paper articles are now dependent on Vietnamese financing.

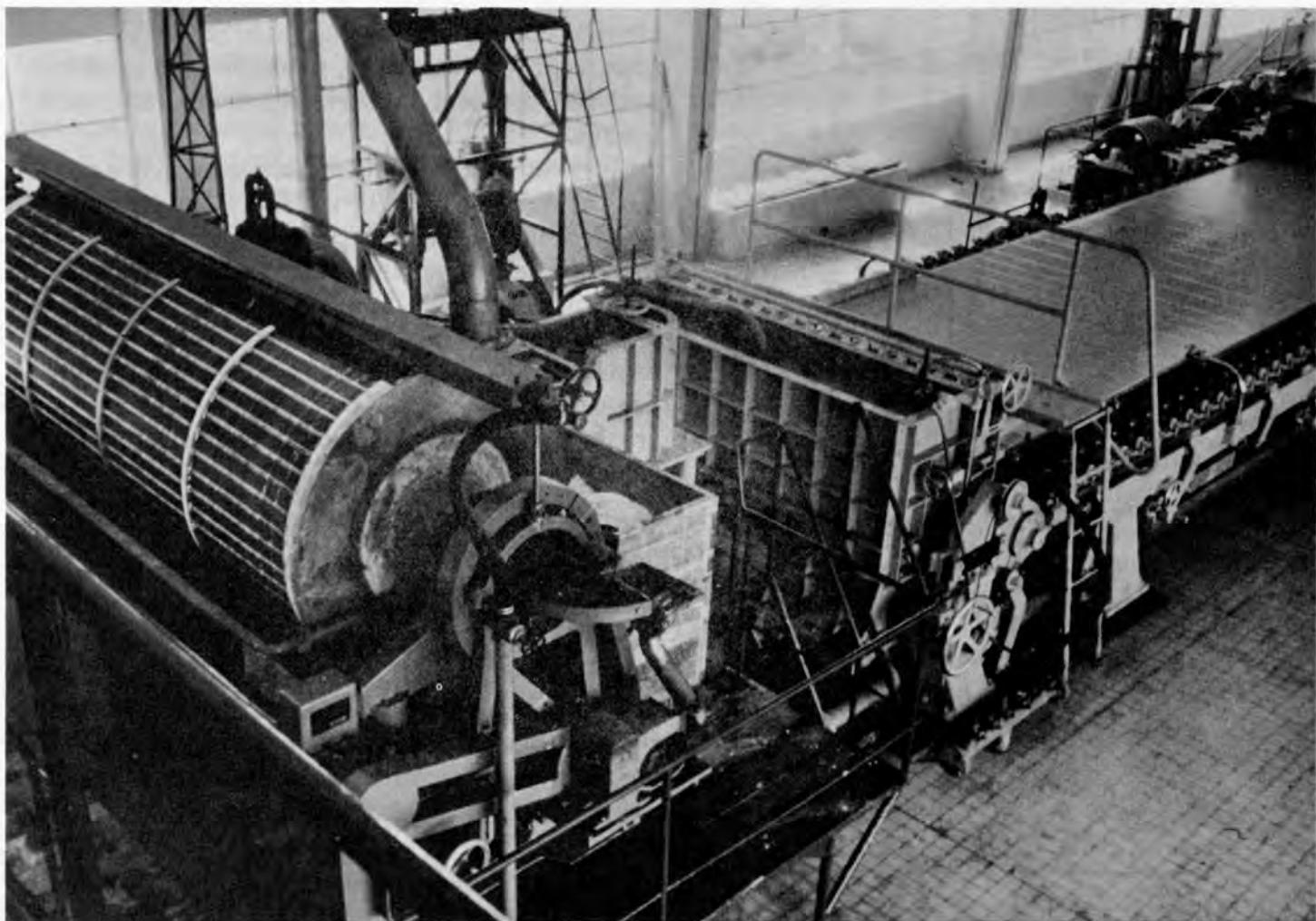
According to trade data, no single country has been a major supplier on a continuing basis. Both Austria and Japan have at one time been the principal supplier. Imports from the United States are small, and consist mainly of newsprint, shipping containers, wrapping paper in converted form, and writing paper.

Local production is limited to a small mill in Cholon producing low-grade wrapping paper and some newsprint from scrap paper. However, a new papermill completed in November 1961 and another papermill under construction can be expected to meet a substantial share of the country's paper needs.

## PETROLEUM

The progressive growth in petroleum consumption in Viet-Nam during the past few years is likely to continue as a result of increasing industrialization and use of motor vehicles. Automotive diesel oil and industrial diesel oil imports rose sharply from 1958 to 1960 and reached record levels in 1961 (see table 6, appendix A). The higher figures for automotive diesel fuel reflect the continued replacement of motor gasoline with diesel oil for use in trucks and buses. This shift has been encouraged by the considerably lower tax levied on diesel fuel than on gasoline. The increased use of indus-

<sup>4</sup> Imports of corrugated cardboard were prohibited in July 1962.



Recently a paper mill with an annual capacity of 9,000 metric tons began operation. Substantial private U.S. financing will be used to establish a second mill of equal capacity in the near future.

trial diesel fuel has resulted mainly from the development and expansion of industries.

Imports of kerosene have increased because higher incomes permit increased use for lighting, and because there is better distribution in the countryside. Consumption of asphalt and road tars for road construction grew progressively from 1957 through 1959, but declined in 1960. Actual consumption of aviation gasoline is believed to be more than is indicated in tables 5 and 6. It is believed that the figures cited reflect only local civilian sales of aviation gas, and do not include fuel for military and non-domestic planes. Consumption of aviation gas in 1961 was estimated to be about 16,000 tons.

A rather significant decline in consumption of motor gasoline is attributed to its higher cost, to reduced travel because of the deterioration of security conditions since 1960, and to increased dieselizeation. The growing use of motor

vehicles in recent years, nonetheless, portends greater gasoline consumption in the future.

Overall petroleum imports were valued at about \$18 million in 1959, \$17 million in 1960, and \$18 million in 1961. Almost 85 percent, by value, originated from Indonesia. Distribution of petroleum products is handled mainly by one British and two American firms.

Financing the imports of petroleum products, with the exception of lubricants and greases, was transferred from AID to the Government of Viet-Nam in August 1960.<sup>5</sup> The United States is the major supplier of lubricants and greases, which continue to qualify for AID financing.

Viet-Nam does not produce or refine petroleum. However, on April 4, 1962, negotiations concerning the establishment of a \$16 million, 22,000 barrel-a-day, petroleum refinery were

<sup>5</sup> Petroleum fuels (AID Code 620) were returned to the list of products eligible for AID financing on January 1, 1962.

concluded between the Government and the Esso and Shell oil companies. The refinery will produce a range of petroleum products based on imported crude when it becomes operative in early 1965.

## TEXTILES

Textiles constitute the largest single category of imports by value, accounting for about 20 percent of total imports in the years prior to 1959 and 1960, when their share fell to about 16 percent of the total. In absolute terms, imports of textiles in the aggregate were valued at \$35.1 million in 1959, \$42.7 million in 1960, and \$40.0 million in 1961.

Textile imports consisted largely of woven and printed fabrics and yarns, mainly of cotton and rayon (see table 8, appendix A). Clothing and other textile manufactures as well as luxury products have never figured importantly in total imports because they either have not been eligible for financing under the AID-financed import program or were subsequently eliminated from financing eligibility under that program.

The selling of textiles in Viet-Nam has been affected significantly by several developments. AID financing of textile fabrics was

withdrawn effective November 1, 1959, so that imported textiles financed under that program are now limited to yarns and thread. Financing of textile fabrics was assumed by the Government of Viet-Nam from its own exchange resources. Furthermore, under the new AID procurement policy adopted toward the end of 1960, yarns and thread are to be imported under the terms of the "limited worldwide" procurement policy.

The rapid development of a basic textile industry, especially notable in 1960, has already restricted the marketing of certain types of textiles and can be expected significantly to affect the composition and size of future sales as both the number of textile enterprises and the types of operations carried on increase (see table 7, appendix A). Viet-Nam's annual requirements for cotton yarn are estimated at 47 million pounds. About 132,600 spindles are needed to produce this amount. At present, three mills with a total of 44,800 spindles and 700 automatic looms are in operation. Proposed expansion of existing mills and the establishment of new mills are expected to boost the number of spindles to 132,600 by 1963 or 1964. Fully automatic looms are expected to increase beyond the existing 926 to a total of 2,756. These are addi-



*Courtesy Embassy of Viet-Nam*

This textile plant is in Saigon. The textile industry has become one of the major industries of South Viet-Nam.

tional to the 3,000 hand looms and 2,200 ordinary power looms presently installed.

There are several well-advanced projects for finishing textiles, including bleaching, dyeing, and printing, which will permit production beyond the current stage of coarser cloth and yarn. A proposed project for a synthetic fabrics weaving mill, based on imports of nylon and other synthetic yarns, is also moving ahead, and, when in operation, will meet part of the estimated annual market requirement of 7 million meters of synthetic fabrics. No synthetic fabrics weaving facility other than for rayon exists at present. These textile mills are intended more fully to meet domestic requirements.

The impact of the rise in domestic output will certainly lead to a restriction of textile imports. The full range of coarse cotton yarn below No. 30 (British scale) for twisted yarns and below No. 20 (British scale) for untwisted yarns is already prohibited. As finishing mills come into operation and production of finer material is possible, a further extension of import restriction is probable.

United States marketing of textiles in Viet-Nam is limited. The principal components in the small-scale sales of U.S. textiles have been mainly fabrics of synthetic fibers and fabrics of rayon and other artificial continuous fibers. Sales of cotton fabrics have been relatively small. Japan dominates the textile market and annually accounts for more than 50 percent of total textile imports. France and India share a smaller percentage of the market.

water-supply systems. Also, a considerable number of small-sized metal fabricators produce a variety of metal products, such as aluminum kitchenware, iron furniture, bicycle frames, nails, and the like.

Base metal imports totaled \$15.72 million in 1960 and \$22.56 million in 1961. Such imports were valued at \$15.60 million in 1959 and \$13.20 million in 1958. Imports of iron and steelmill products are by far the largest, and were valued at \$12.31 million in 1960 and \$18.35 million in 1961. Included in this product category in 1961 and 1960 (in parentheses) were hot-rolled or forged steel mill products and iron or steel plates valued at \$14.0 million (\$8.99 million) and cold-rolled drawn, extruded, gaged, or shaped iron and steel products and tubes and pipes cast of iron or steel valued at \$4.35 million (\$3.21 million). Copper and alloys were valued at \$902,000 (\$590,000); nickel and alloys, \$29,000 (\$18,000); aluminum and alloys, \$2.66 million (\$2.4 million); and zinc and alloys, \$268,000 (\$115,000).

There are indications that production of some base metal products may be initiated by local entrepreneurs, although no sizable facility exists at present for the domestic processing of these products. One of the proposed ventures is for the manufacture of iron pipes. About 2,000 metric tons of pipes of various sizes are imported annually, while existing foundries produce about 1,000 tons of cast iron water pipe annually, using ordinary casting methods. Another proposed project is for an aluminum rolling mill. The market requirement for aluminum sheets is estimated to be in excess of 2,000 tons per year.

Important suppliers of these products are nations in Western Europe, including principally France, Belgium-Luxembourg, and the Federal Republic of Germany. Japan has a smaller share of the market (16 percent in 1961), while imports from the United States are light. Most of these items are now financed by Viet-Nam rather than under the AID-financed import program. For those products which continue to be AID financed, including aluminum and copper, procurements will be based on the "limited worldwide" procurement basis. The long-term expansion of U.S. exports of these items will

## BASE METALS

Base metals imports are fairly large, since Viet-Nam has limited metallic resources and lacks a basic metal industry. These products are essential to a variety of operations related to the country's economic development program. Industrial expansion and public and private construction activities are making heavy demands on these supplies. In the public sector, for example, piping in large quantities is needed for irrigation and water-control projects and for improvement of urban and rural

depend importantly on pricing which meets foreign competition.

## METAL MANUFACTURES

Imports of metal manufactures fell to \$6.7 million in 1961 and to \$5.7 million in 1960 from \$9.0 million in 1959. The decline is probably attributable to an increase in domestic manufacturing of some products formerly imported and to licensing restrictions under the AID-financed program on selected metal manufactures, such as furniture, cabinets, office equipment, and the like, considered less essential than other goods included in the program. Metal manufactures intended for industrial use and for medical and laboratory purposes were not affected to the same degree.

In 1961, major import categories, by value, were: Metallic containers, \$978,000; bolting, screws, and nuts, \$867,000; metallic construction materials for building and installations, \$1.47 million; cables, metallic cloth, and iron railings, \$938,000; chains and accessories, anchors, and metal springs, \$425,000; metal furniture and articles used for lighting and heating, not electric, \$567,000; trade and household tools and cutlery of all types, \$1.38 million.

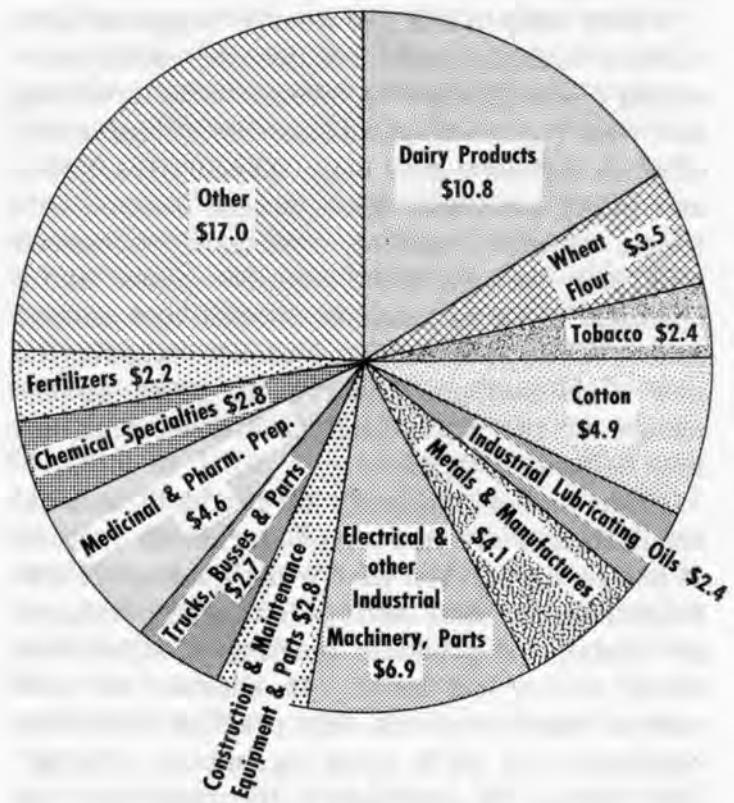
France is the principal supplier, accounting for about 30 percent of metal manufactures imports in 1961. The United States and Japan each accounted for about 16 percent of imports in 1961, followed by the Federal Republic of Germany with about 10 percent.

## MACHINERY AND EQUIPMENT

A steady expansion of the Vietnamese market for machinery and equipment is certain, based on the quickened pace of industrialization in recent years—a trend likely to accelerate and increase the mechanization of agricultural production and processing activities. Machinery imports have risen steadily from \$17.8 million in 1959 to \$20.5 million in 1960. The total was \$21.7 million in 1961. (See table 2, appendix A, for details regarding the quantity and value of machinery imports during the 1959-61 period.)

Principal U.S. Exports to Viet-Nam, 1961

(Million U.S. Dollars)



Source: U.S. Department of Commerce, Bureau of the Census

Efforts to encourage imports of capital goods in preference to consumer items under the AID-financed commercial import program also will provide additional impetus to this growth.

Machinery and equipment imports probably will be used in expanded or new facilities rather than for replacement. If this supposition proves to be correct, it means that a sizable portion of these imports will be on a one-time basis, at least until replacement needs develop at some time in the future. Initial sales, thus, will lay the foundation for future reorders for replacement of obsolete or outworn equipment and for repair parts and servicing.

Aside from standard-type equipment and machinery adaptable for various uses, it is difficult to identify or to estimate the size of requirements for special-purpose products. About the only useful guideline that might be offered would be to characterize the probable direction of the Vietnamese industrialization program. Currently, this effort is geared principally toward the development of local industries producing consumer goods, especially those which are a drain on the nation's foreign exchange

resources and those which might be economically operated in the country.

Newly established and nearly completed production facilities include a host of textile processing plants, including several cotton spinning and weaving mills; plants for the manufacture of glass bottles, gunny bags, bicycle tires, paper and paper products, wood panels, storage batteries, asbestos, cement, sweetened condensed milk, soap and glycerine, and iron pipes; and a chemical plant to produce chlorine and caustic soda. While this listing does not exhaust the new undertakings, it serves to point up the nature of the production facilities which are now being developed.

Price and adaptability of products to local requirements are important marketing factors. It has been observed that while qualitative differences enter into buying decisions, purchases are usually of products meeting specifications which are priced lower. In addition to commercial considerations, this practice is further reinforced by AID rules on import pricing.<sup>6</sup> The virtues of machinery incorporating the latest designs, low labor/capital ratio, or high-

speed production thus, are, relatively less important than price. Some of the Vietnamese have said that labor-intensive machinery is desired because of the plentiful local labor supply. The small size of the domestic market for which products are intended is cited as still another reason for this view. A greater willingness by American manufacturers to tailor their machinery and equipment to specific wants of markets such as Viet-Nam, and the use of specifications in the metric system reportedly would also enhance marketing opportunities.

## CHEMICALS AND RELATED PRODUCTS

The growth of industrial activity has created new demands for various chemical products for use as raw materials and as ingredients for processing or finishing a multitude of new products. For example, the recent development of textile industries and papermill construction has increased the needs for chlorine. Chlorine requirements will expand further for water purification purposes once the new water sys-

<sup>6</sup> See *Subpart D, Price Provisions, Regulation 1, As Amended*, issued by AID, for further details.



The mechanization of the coal mining industry creates demands for U. S. machinery.

tem is completed and as a projected glucose plant and a monosodium glutamate plant are established.

Lacking a basic chemical industry at present, Viet-Nam's requirements currently are met largely from imports. Industrial chemical imports have risen from \$2.2 million in 1958 to \$4.32 million in 1960, and \$6.96 million in 1961. In 1961 the United States accounted for 38 percent of the market. To the extent that American suppliers are able to adjust prices quoted for their chemical products, their marketing prospects will improve.

If the size of the market has, in the past, deterred the creation of a local basic chemical industry in Viet-Nam, recent industrial developments have reached a point where at least the establishment of a rudimentary chemical industry now seems economically feasible. An alkali-chlorine plant is under consideration with an annual capacity of 1,080 tons of solid caustic soda and 930 tons of chlorine. Although some of the raw material needs are available locally, such as salt, lime, hydrochloric acid, and caustic soda, other requirements to be imported include graphite, anhydrous ammonia, soda ash, and

sulfuric acid. The resulting production of caustic soda, chlorine products—the types depending on market requirements—hydrochloric acid, liquid chlorine, and bleaching powder will provide important foreign exchange savings. The establishment of this plant is viewed as forming the basis for the possible future growth of related and dependent undertakings, such as factories for the manufacture of polyvinylchloride, insecticides, potassium chlorate, glucose, and other chemicals.<sup>7</sup>

Plastic raw materials imports are of some importance. Imports of polyvinyl chloride, for instance, totaled 655,000 kilograms valued at \$445,000 in 1960, and came principally from Japan. Other plastic raw materials imported include polystyrene, polyethylene, bakelite, plexiglas, galalith, urea-formal, acetate of cellulose, and celluloid. Several firms are planning plant modernization to enable them to process still other plastic raw materials. AID funds expended in fiscal year 1960 for imports into

<sup>7</sup> As part of the proposed Nong Son-An Hoa Industrial Complex, the establishment of a three-stage chemical industry is envisaged. At the end of stage one (1964) a coal distillation, a calcium carbide, an ammonia synthesis, and a sulfuric acid plant is expected to be in production. At the end of the second stage (1968) a chlorine and soda plant will be added. Plans also call for the construction of a rayon and a plastics plant during 1968.



Viet-Nam's growing plastics industry creates a market for U.S. materials.

Viet-Nam of raw materials for plastics amounted to \$2 million, and in fiscal 1961 to \$9.2 million.

The domestic paint industry has expanded to a point where self-sufficiency has been reached for a number of products, including cellulosic and synthetic varnishes, enamels, lacquers, and oil paints. Industrial paint imports, with some exceptions, were prohibited on June 1, 1959. Nevertheless, pigments, fillers, petrochemicals solvents, and certain resins are still imported. Imports of pigments, paints, and varnishes under AID financing amounted to \$860,000 in fiscal year 1961.

## Pesticides

Imports of pesticides and agricultural chemical specialties, excluding DDT, amount to about \$200,000 annually. These include methyl bromide, semesan, metaldehyde, aldrin, nicotin sulfate, warfarin, and heptachlor. In addition, substantial amounts of DDT weighing over 2 million pounds annually are imported in connection with the Malaria Eradication Program. Procurement of DDT is handled by the U.S. General Services Administration.

## Pharmaceuticals<sup>8</sup>

The market for Western pharmaceuticals is growing in Viet-Nam as an awareness and acceptance of these products increases among consumers. It is believed that only a fourth of the people are regular users of modern pharmaceuticals, although some 90 percent of the population occasionally use simple standard Western drugs, such as aspirin and antimalaria pills.

An estimate of annual consumer expenditures in Viet-Nam for pharmaceuticals ranges from \$15 to \$25 million. Annual imports of pharmaceuticals in 1960 and 1961 have been valued at \$12 million—the bulk from France and the United States. The United States increased its share of the market from 23 percent of imports in 1960 to 47 percent in 1961. Correspondingly,

France's share declined from 46 to 28 percent. Imports from Japan are negligible.

The Government of Viet-Nam is actively encouraging wider acceptance of Western medicines and pharmaceuticals. It is doing this through their exclusive use at Government hospitals, dispensaries, and maternity clinics, at new medical installations established in outlying areas, and at medical facilities in military installations; through laws regulating the medical and pharmaceutical professions designed to protect the public and to foster confidence in Western medicines and drugs; and through a generous issuance of import licenses for Western pharmaceuticals compared with a high tariff on imports of oriental drugs.

The market for pharmaceuticals is a rather sophisticated one. Consumers often demand the most recently improved product appearing on the United States and other foreign markets.<sup>9</sup> It is also a market in which American products must face the force of the tradition of French medicine and pharmacy. As mentioned above, however, American products have gained an increasing share of the market, especially beginning with 1955, which marked the inception of the AID-financed commercial import program.<sup>10</sup>

Importers, wholesalers, and local manufacturers are permitted to sell pharmaceuticals only to licensed pharmacists and licensed "depots" or drug outlets, who in turn sell to the general public. The latter are outlets in localities which have no pharmacy and sell only packaged goods requiring no prescription. At the end of 1959, the latest year for which this data is available, Viet-Nam had 975 depots and 287 licensed pharmacies, of which 200 were located in the greater Saigon-Cholon area.

Profit margins permitted on the sale of pharmaceuticals are as follows: A profit margin of

<sup>8</sup> Prior to the enactment of wide-ranging fiscal and exchange reforms on January 1, 1962, the Government, in October 1961, imposed high taxes on finished pharmaceuticals and medicinal preparations imported from abroad. The purpose of this increase is to encourage the growth of the domestic pharmaceutical industry. Inasmuch as the Government continues to desire the growth of domestic industry, it is likely that such encouragement in some form will continue under the new reforms.

<sup>10</sup> In early February 1962, AID announced exclusion from the U.S. aid program of the following seven groups of pharmaceuticals: Androgenic hormones affecting male libido (Testostevone and its compounds); oral contraceptives (Norethindrone and its compounds); all contraceptives used as spermicides; amphetamine products and their compounds; queen bee jelly and its products; penicillin and dihydrostreptomycin in combination, for human prenatal use; and guavane fruit in any form. [Source: AIDTO CIRCULAR A-109, February 3, 1962. *Pharmaceuticals Ineligible for AID Financing Under Commercial Proceedings Program.*]

<sup>8</sup> Information in this section is based mainly on a study of the Viet-Nam pharmaceuticals market, written by George F. Bogardus, Economic Section, American Embassy, Saigon.

16 percent of the c. i. f. value for wholesale sales and a 30-percent profit margin of the wholesale price for retail sales. An initial shipment of a product new to the country undergoes testing by the Department of Health in Saigon. The Department also makes tests of random samples of local and imported pharmaceuticals.

Local production of pharmaceuticals account for no more than from 6 to 8 percent of Vietnamese consumption. Some 50 firms claim to be producers of pharmaceuticals; however, about 15 of these produce oriental remedies, and virtually all perform simple blending, bottling, or packaging operations on a small scale. There are only about five manufacturers of Western pharmaceuticals of any consequence, and packaging probably constitutes a major part of their operations. These firms import finished products as well as raw materials, and have business connections with French or American pharmaceutical companies.

The Viet-Nam Department of Agriculture Extension Service produces its own vaccines and sera so that imports of these for veterinary use reportedly are small. The Service produces vaccines and sera for rinderpest, hoof-and-mouth disease, hog cholera, swine salmonellosis, Newcastle's disease (poultry), fowl cholera, and fowl pox. The semiofficial Institute Pasteur at Saigon produces rabies vaccine.



The Vietnamese Government is encouraging the growth of the pharmaceutical industry, consequently the demand for raw materials should increase in the future.

## Fertilizers

Viet-Nam is placing greater emphasis on the application of fertilizer to increase crop yields, especially in the growing of rice. In rice culture, phosphate and potash, when used, generally are applied to the land before the transplanting of rice seedlings, while nitrogen material is applied several weeks after transplanting, usually in the ratio of 40 kilograms of nitrogen, 30 kilograms of phosphoric acid, and 20 kilograms of potash per hectare. Extensive fertilizer tests are in progress to determine the optimum ratios and the more economical rates of application. Fertilizer is used also, of course, in the growing of rubber and other crops (see table 9, Appendix A).

Fertilizer is almost entirely imported (see table 10, Appendix A). In 1960, imports consisted of about 131,000 tons valued at \$6.3 million; in 1961, 124,000 tons valued at \$7.1 million. Suppliers are Japan, Europe, North Africa (Tunisia), and the United States. Japan and France account for the bulk of total deliveries, and imports from the United States have been small until 1961 when its share increased to 50 percent of the total. The types of fertilizer imported include the following: Ammonium sulfate, urea, muriate of potash, diammonium of phosphate, potassium sulfate, and tricalcium phosphate. Shipping costs and characteristics of the fertilizer in relation to their proposed use in Viet-Nam are important marketing factors.

Although the feasibility of local manufacturing of chemical fertilizers, such as urea and limestone, has been mentioned, no fertilizer plant has yet been established.<sup>11</sup> Viet-Nam has some fertilizer material, including phosphates from the Paracel Islands and lime from madrepores, shells, and lime deposits.

## ELECTRICAL EQUIPMENT

The possibilities for expanding U.S. sales of electrical equipment are inherent in the Vietnamese program to develop electric power in re-

<sup>11</sup> The projected Nong Son-An Hoa industrial complex calls for a fertilizer plant with an output of 42,000 tons of urea and 48,000 tons of ammonium sulfate a year. Production is expected to start in 1964.

sponse to rapidly growing demands arising from the industrialization effort and the rise in national income. The development of additional power generation and distribution facilities is likely to continue for some time.<sup>12</sup>

Under a reparation agreement, Japan is constructing a large generating plant at Da Nhim, and the Development Loan Fund has extended a \$12.7-million loan to Viet-Nam to finance the foreign exchange cost of a 33,000-kilowatt thermal plant in Saigon. The procurement of equipment for this project will be done in the United States. In addition, there is a program to provide electricity to towns outside of the Saigon-Cholon area which now have no electricity or are served by limited power systems based generally on small diesel generators. The implementation of these programs will call for imports of generators, cables, wire, circuit breakers, transformers, insulators, and other related products.

When electric power becomes more ample and cheaper, one of the essential requirements for more rapid industrialization will have been met, and the way will have been paved for the development of new industries. At the same time, imports of electrical equipment for industrial, office, and household use can be expected to increase. It is noted, however, that consumer-type electrical appliances generally are not eligible for importation under the AID-financed commercial import program. Some of these items are imported under Vietnamese financing, as well as under the Japanese reparations program which includes a consumer goods component (refrigerators, radios, air conditioners) to generate local currency.

Imports of electrical equipment in 1961 totaled \$10.8 million compared with \$10.2 million in 1960 and \$7.98 million in 1959. In 1961 the United States and France accounted for 24 percent of imports each while Japan supplied 21 percent and the Federal Republic of Germany accounted for about 14 percent.

A breakdown of electrical equipment imports in 1961 consisted of the following: Generators, motors, transformers, and converters, \$2.4 million; radioelectric apparatus, \$2.4 million; wiring and cables, \$1.8 million; starters, lighting

equipment for cars, and electrical parts for cars, cycles, small crafts, and planes, \$915,000; electrothermic and household appliances, \$707,000; switches and breakers, other similar equipment and parts, \$960,000; lighting apparatus and lamps for lighting, \$411,000; electrical appliances for telegraph and telephone, \$316,000; batteries and accumulators, \$270,000.

## MOTOR VEHICLES, ACCESSORIES, AND PARTS

The market for motor vehicles in Viet-Nam is expected to expand. An extensive highway construction program and the needs of a growing economy will create a larger demand for motor vehicles—primarily for commercial and industrial purposes. An improved highway system linking towns—accessible only with difficulty in the past—is expected to provide new impetus for the commercial transportation of passengers and freight. In some of the mountainous areas of the country, highways provide the only means of transportation; as the cash crops being planted in these areas grow in volume, it can be reasonably anticipated that additional automotive transportation needs will be felt (see tables 13 and 14, appendix A).

Passenger cars of all types were declared ineligible for AID financing in 1958, so that their import is dependent on financing provided from the Government of Viet-Nam's own exchange resources. The decline in passenger car imports is reflected in the sharp drop from 1958 to 1959 of new passenger car registration. Exchange allocations annually for such imports have been slightly more than the equivalent of \$1 million, much of it tied to imports financed in nonconvertible French francs.

These factors have tended to cause purchasers to favor smaller cars, whose delivered price is lower than that for standard-sized automobiles. There is also the added consideration that increased mileage per gallon of gasoline is possible—an important consideration in the face of the relatively high gasoline prices. Provided U.S. manufacturers can deliver compact cars at prices competitive with cars manufactured in Europe, marketing opportunities will improve.

<sup>12</sup> See tables 11 and 12, appendix A, for evidence concerning the rise in the output and consumption of electricity.

Trucks, buses, special-purpose vehicles, and spare parts are eligible for AID financing, and the terms of the "limited worldwide" procurement policy governing such imports provide favorable marketing conditions for U.S. products. As shown in table 15, appendix A, during 1959 the United States was a major supplier of heavy trucks and buses and an important supplier of light trucks, tractors, and automobile chassis.

Imports of road motor vehicles, by value, amounted to \$10.56 million in 1961 to \$15.68 million in 1960 and \$12.09 million in 1959. Imports of cycles and other vehicles were valued at \$5.68 million in 1961, \$3.45 million in 1960, and \$4.13 million in 1959.

Viet-Nam does not have an automobile assembly plant. The only motor vehicles produced or assembled in Viet-Nam are motor scooters. Units assembled in Viet-Nam during 1959

were: 1,000 motor scooters and 1,950 three-wheeled vehicles.

An important requisite for maintaining and expanding the U.S. market for trucks and other vehicles in Viet-Nam is to meet specific local requirements. Trucks, for example, should be so constructed as to operate efficiently in rugged terrain as well as on the highways, noting especially that replacements often involve inconvenient and costly delays in the use of the equipment. It has been suggested that U.S. suppliers may wish to undertake more thorough inspection of vehicles before shipment to insure that they will be ready for operation when delivered at their destination. The development of smaller size diesel engines for sale in this and other markets might also be considered responsive to the trend toward the greater use of such engines in trucks and buses.

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✓ **Naval stores**

✓ **Paraffin and petroleum jelly**

✓ **Potash and phosphate fertilizers**

✓ **Pulp and paper**

✓ **Railroad transportation equipment**

✓ **Service station equipment**

✓ **X-ray films**

*Sales possibilities to Viet-Nam are good in the following lines, but will require aggressive efforts and competitive prices from U. S. suppliers—*

✓ **Chemicals and chemical preparations**

✓ **Electrical apparatus—particularly fluorescent equipment**

✓ **Generators and motors**

✓ **Iron and steel manufactures**

✓ **Medicinal and pharmaceutical preparations (raw materials)**

✓ **Metalworking machinery**

✓ **Motor vehicles, engines and parts—particularly trucks and utility vehicles**

✓ **Petroleum asphalt**

✓ **Piping**

✓ **Synthetic rubber and rubber products**

✓ **Tractors and parts**

# Distribution Facilities

## MARKETING CHANNELS

Viet-Nam's principal commercial and industrial center is the Saigon-Cholon metropolitan area with a total estimated population of 1.4 million. Saigon is a distribution point for products going to the country's interior, as well as a leading center for international and coastal trade. Cholon is the principal domestic market for rice. Other population centers (estimated 1960 populations in parentheses) are: Nha Trang (270,000), Ban Me Thuot (139,000), Da Nang [Tourane] (110,000), Hué (105,000), and Dalat (50,000).

Importers number about 788, and are located mainly in Saigon. Many of them are small firms, but some that are sizable act also as wholesalers and retailers and handle a wide variety of goods. Rubber producers export direct, while a relatively small number of rice brokers handle all of the rice exports. There are only a few American trading firms in Saigon and each handles a variety of goods as exclusive distributors or selling agents for U.S. firms, usually on an indent basis rather than as dealers. In view of changed trading conditions following the independence of the country, American traders should explore new marketing possibilities in the country.

Retail outlets generally carry small inventories. This practice often results in scarcities of goods in market centers located some distance from the importing and manufacturing center of Saigon-Cholon, though the same goods may be plentiful in the capital. Prices in these areas also are generally higher because of high transportation costs.

Minority groups, mainly Chinese, held a dominant position in the country's distribution system prior to 1957 and still do, but to a lesser extent. Their activities included importing, warehousing, wholesaling, transporting, lending, and some retailing. In September 1956, a Government ordinance was issued to exclude foreigners from operations in 11 businesses and

to encourage larger participation by Vietnamese in those businesses. Target dates for cessation of activities in these fields by foreigners also were established. Those who specialize in importing and exporting, however, are exempted from the application of this ordinance.

## AIDS TO DISTRIBUTION

Several advertising firms are located in Saigon, but few provide the variety of services normally supplied by advertising agencies in the United States. Sales promotion has attracted little interest to date. Suitable media for advertising are not developed. The 14 daily newspapers in the country are published in Saigon-Cholon and they have little circulation outside this area. Commercial radiobroadcasting reaches only a small part of the total population. Of the media available, moving picture shorts are considered the most effective for reaching audiences in both the rural and urban areas.

Warehousing facilities are generally owned by importers and exporters, forwarding agents, or shippers and are adequate for their needs. Warehouses are available for storing local agricultural products.

There is no known commercial credit company in Viet-Nam. It can be expected that private banks there will furnish credit information at the request of the bank of the client involved. Collections can be handled through local attorneys.

Trade lists of importers and dealers in Viet-Nam, classified by commodity, and similarly classified lists of manufacturers and exporters, are available for \$1 per commodity list from the U.S. Department of Commerce, Washington 25, D.C., or from the Department's Field Offices. World Trade Directory Reports on individual Vietnamese firms are available from the same sources for \$1 each.

Four trade associations are located in Saigon:

Chambre de Commerce de Saigon (Saigon Chamber of Commerce), to which all importers, importer-manufacturers and manufacturers must belong.

Chambre de Commerce Francaise de Sud Viet-Nam (South Viet-Nam French Chamber of Commerce), comprising the French business community in Viet-Nam.

La Chambre de Commerce Chinoise (The Chinese Chamber of Commerce), an association of Chinese merchants and manufacturers.

Union Syndicale des Commerçants et Industriels du Sud Viet-Nam (Merchants' and Industrialists' Syndicate in South Viet-Nam), affiliated with the Saigon Chamber of Commerce.

A Central Purchasing Authority (MAIDICH) at Post Office Box H-5, Saigon, Viet-Nam, handles Government procurements. The invitation, bid, and contract, including detailed specifications, special instructions and conditions for specific Government purchases are available on request from the Embassy of Viet-Nam, 2251 R Street, NW., Washington 8, D. C. Prospective purchases financed by the Agency for International Development are publicized by its Office of Small Business.

## TRADE PRACTICES

Price control is practiced in Viet-Nam under a regulation adopted in October 1956. Covering



*Courtesy National Geographic Magazine  
(c) National Geographic Society*

The new Saigon-Bien Hoa highway was built with U.S. aid. This 20-mile freeway opens up new land for industrial development and speeds farm crops to market.

all imports and essential goods and services produced locally, the regulation officially establishes set profit margins at wholesale and retail levels.

Business hours are normally from 9:00 to 1:00 p.m. and from 2:30 to 5:30 p.m. French is the preferred language of commercial correspondence, although English is acceptable. Holidays are numerous, and the most important is October 26, the anniversary of the establishment of the Republic. Hotel accommodations are scarce so that travelers to Viet-Nam should book hotel rooms well in advance.

Customary foreign trade practice is to finance imports on a letter of credit basis (see World Trade Information Service, part 2, No. 61-69, *Licensing and Exchange Controls, Viet-Nam*, September 1961). Under the United States financed commercial import program, procurement is based on "limited worldwide" sources on a competitive basis, except for agricultural commodities declared surplus in the United States. Private importers do not use formal bid procedures in buying; therefore, the initiative in presenting competitive products must be taken by interested firms. It is especially desirable to have sales representatives in Viet-Nam to follow up trade leads and to keep abreast of changing import needs. Certain procurements financed by the United States require advance public notice to U.S. suppliers before purchase is authorized. Publicity of these trade opportunities is handled by the Office of Small Business, Agency for International Development (AID), U.S. Department of State, Washington 25, D.C. Interested firms wishing to supply goods under this program should contact that office.

The metric system is the official system of weights and measurements. Other commonly used measurements are the *gia*, a 40-liter measure weighing 19 to 22 kilograms, and the *picul* of 68 kilograms.

## GOVERNMENT REPRESENTATION

The commercial interests of Viet-Nam are represented in the United States by the Embassy of Viet-Nam, 2251 R Street, NW., Washington 8, D.C. The United States is represented



*Courtesy Embassy of Viet-Nam*

**The Handicraft Center displays a wide variety of traditional and modern utility and art items. Many of the modern items, designed with export sales in mind are already finding favor with tourists and foreign buyers.**

in Viet-Nam by an Embassy and an AID Operations Mission in Saigon, and a consulate at Hué.

## **SELECTED READINGS**

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*Monthly Bulletin of Statistics*, National Institute of Statistics. Saigon. Monthly report.

*Annual Statistical Bulletin*, United States

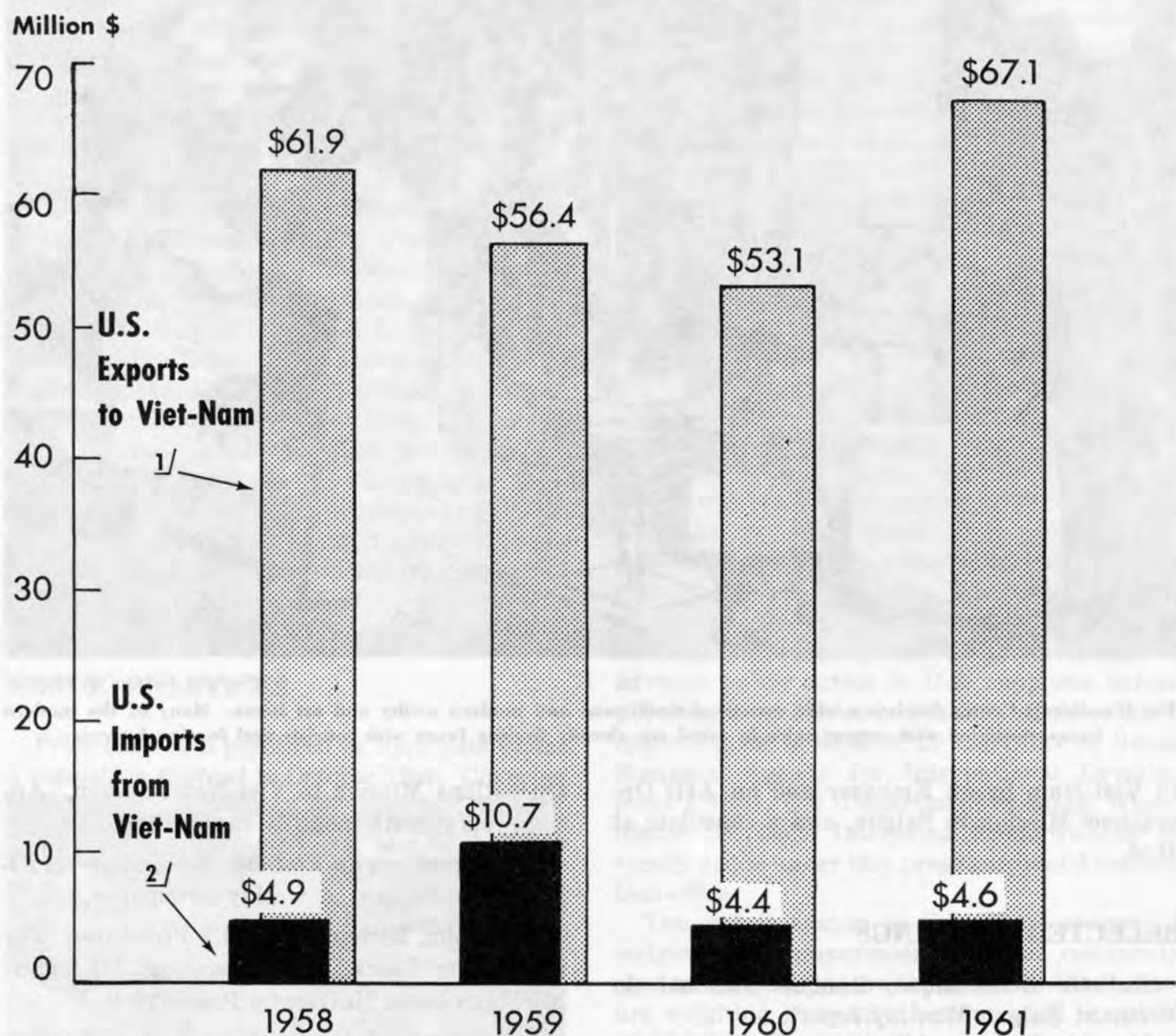
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*L'Information du Vietnam Economique et Financiers*. Saigon. A weekly newspaper.

Lindholm, Richard W. (ed.) *Viet-Nam: The First Five Years*. E St., Lansing, Michigan: Michigan State University Press, 1959.

"A New Look at Vietnam," *Far Eastern Economic Review*, Hong Kong, January 11, 1962, Vol. XXXV No. 2, pp. 47-51.

## U.S. Trade With Viet-Nam



Source: U.S. Department of Commerce, Bureau of the Census

# APPENDIX A

## Selected Economic Data

**Table 1.—U.S. Exports to Viet-Nam, 1959-61**

[Quantity in units indicated; value in thousands of U.S. dollars]

Commodity	Quantity			Value		
	1959	1960	1961	1959	1960	1961
Exports, including reexports, total <sup>1</sup>				56,450	53,143	67,131
Exports, U.S. merchandise, total <sup>1,2</sup>				56,403	52,966	67,084
Animals and animal products, edible						
Meat and meat products—pounds	159,291	73,469	25,062	8,391	9,551	10,934
Dairy products—pounds	34,603,866	37,842,739	42,624,281	8,261	9,467	10,845
Milk, condensed—pounds				7,661	8,866	10,050
Animals and animal products, inedible				9	23	10
Vegetable food products and beverages				4,464	3,624	4,171
Grains and preparations				3,722	3,104	3,556
Wheat flour—100 lbs.	1,091,941	867,821	1,060,735	3,712	3,100	3,546
Vegetables and preparations, edible				89	175	133
Fruits and preparations				172	163	101
Vegetable oils, fats and waxes, refined				248	26	189
Cottonseed oil—pounds	536,331	100,996	n.a.	93	17	n.a.
Shortening [100% vegetable oil]—do	1,001,035	59,400	n.a.	155	9	n.a.
Vegetable products, inedible, except fibers and wood				4,995	3,479	3,593
Rubber and manufactures				1,565	829	1,061
Truck and bus tires and casings, new—number	25,728	11,845	18,063	1,306	588	805
Vegetable oils, fats, and waxes, crude				105	35	32
Tobacco and manufactures				3,286	2,544	2,436
Tobacco, unmanufactured—pounds	5,146,221	3,499,975	3,945,383	3,134	2,204	2,429
Textile fibers and manufactures				3,847	3,960	6,526
Cotton, unmanufactured—bales	200	15,225	34,576	20	2,036	4,886
Cotton, raw, except linters—do	200	15,225	34,576	20	2,036	4,886
Cotton manufactures				277	235	208
Cotton cloth, including duck—sq. yds.	503,511	352,564	166,558	177	145	65
Man-made fibers and manufactures				3,451	1,652	1,325
Broad woven fabrics, synthetic—sq. yds.	3,833,556	1,957,722	1,337,379	3,369	1,600	1,102
Wood and paper				434	303	763
Paper related products, and manufactures				401	205	395
Paper, except building paper—pounds	4,211,905	2,481,864	6,417,564	309	180	362
Nonmetallic minerals				2,830	3,083	3,353
Petroleum and products				2,616	2,819	2,840
Industrial lubricating oils—barrels	121,471	128,715	117,160	2,153	2,506	2,426
Lubricating greases—pounds	1,431,825	1,085,237	1,035,989	152	118	180
Metals and manufactures, except machinery and vehicles				1,748	1,329	4,145
Iron and steel mill products, rolled and finished—short tons		4,064	16,174	962	602	2,833
Steel bars—pounds	192,252	226,741	1,700,072	35	35	174
Tinplate—do	6,945,183	6,842,183	17,992,145	556	459	1,444
Steel pipes, tubes and tubing—do	245,384	115,286	1,377,806	34	25	138
Steel plates, not fabricated—do	158,536	172,192	1,003,278	16	16	69
Wire and wire products, steel—do	916,135	56,306	2,633,587	166	9	361
Metal manufactures				720	660	979
Tools, all metal				113	253	457
Fabricated steel products and construction materials				65	55	139
Machinery and vehicles				15,908	15,713	16,786
Electrical machinery				1,965	1,750	4,574
Power-generating and distributing apparatus				448	421	1,603
Batteries				55	93	213
Electronic equipment and parts				132	261	541
Telegraph and telephone apparatus				611	381	836
Spark plugs, lighting and starting, ignition and parts				145	88	136
Power generating machinery				1,086	610	620
Internal combustion engines, excluding locomotives—number	7,902	4,926	3,875	406	261	308
Parts for internal combustion engines				650	282	157
Construction, excavating, mining, oilfield, and related machinery				4,622	4,370	2,988
Construction and maintenance equipment and parts				4,247	4,063	2,791
Textile, sewing, and shoe machinery				117	36	373
Textile machinery and parts				112	28	365
Other industrial machines and parts				1,779	1,609	2,302
Air-conditioning and refrigerating equipment				317	330	498
Bearings, ball, roller and plain; and parts				116	94	119
Air and gas compressors—number	87	54		144	62	228
Pumping equipment and parts				406	400	279
Glass making and forming machines and parts				214	145	202
Agricultural machines, implements and parts				229	174	157
Tractors, n.e.c., parts and accessories				2,399	2,943	1,567
Tracklaying tractors, new—number	129	143	63	1,719	2,209	940
Parts for tractors				617	630	553
Automobiles, trucks, buses, and trailers and parts				3,386	3,806	3,621
Motortrucks and truck chassis, new—number	789	870	610	1,938	2,137	2,042
Passenger cars, and chassis, new—do	71	137	111	163	336	239
Parts for replacements				818	593	708
Special purpose commercial vehicles, new—number	67	179	31	199	539	136

Table 1—Continued

Commodity	Quantity			Value		
	1959	1960	1961	1959	1960	1961
Chemicals and related products				4,998	3,660	10,865
Medicinal and pharmaceutical preparations				2,636	1,402	4,608
Vitamins				405	190	491
Biological products, all forms				242	86	393
Medicinal chemicals for prescription use				1,185	745	2,741
Antibiotics				808	379	1,363
Drugs and medicinal preparations for human use				802	379	930
Chemical specialties				1,669	1,483	2,813
Agricultural and household insecticides—pounds	1,762,065	2,340,637		638	683	955
Plastic and resin materials—do	1,625,388	2,246,564	5,179,706	624	603	1,333
Pigments, paints, and varnishes				258	166	355
Fertilizers and fertilizer materials				214	234	2,216
Phosphatic fertilizer materials—short tons	13,142	13,591	2,578	212	219	41
Nitrogenous fertilizer materials—pounds			44,988,183			1,668
Miscellaneous				8,779	8,241	5,948
Photographic and projection goods				143	336	364
Scientific and professional instruments, apparatus and supplies				1,882	1,256	895
Surgical and medicinal instruments and apparatus				1,677	609	484
Miscellaneous office supplies				60	52	91
Books, maps, pictures, and other printed matter				182	249	231
Miscellaneous commodities, n.e.c.				6,484	6,206	4,321
Food for relief or charity				4,153	4,533	3,413
Clothing for relief or charity				2,008	864	36

<sup>1</sup> Commodities classed as "special category" are excluded.<sup>2</sup> Commodity data are exports of U.S. merchandise.

n.a. Not available.

n.e.c. Not elsewhere classified.

Source: U.S. Department of Commerce, Bureau of the Census.

Table 2.—Vietnamese Commodity Imports, 1959-61

[Quantity in metric tons; value in thousands of U.S. dollars]

Commodity	Quantity			Value		
	1959	1960	1961	1959	1960	1961
Total	1,421,488	1,409,805	1,584,704	224,612	239,453	255,096
Live animals	258	38	1	198	41	15
Meats	16	22	43	32	31	70
Fish, crustaceans and mollusks	674	571	105	242	174	32
Milk and dairy products, eggs and honey	17,493	22,756	22,174	10,548	12,393	12,862
Crude animal materials	32	37	13	53	34	38
Live plants and products of floriculture	6	1	5	5	2	5
Vegetables, plants, roots and food tubers	10,506	13,234	13,116	1,113	1,332	1,299
Edible fruit	4,372	2,669	2,528	1,199	796	640
Pepper and spices	437	96	20	239	108	29
Cereals	11,698	15,952	3,622	1,431	3,298	704
Wheat flour	56,136	56,243	62,905	6,196	6,748	7,015
Malt and starch	4,817	26,292	11,287	1,009	3,878	1,655
Oil seeds and nuts; seeds for planting; industrial and medicinal plants	2,599	6,165	4,450	2,256	2,019	1,919
Plants and parts of plants for use in dyeing and tanning; gums and resins	174	253	452	99	146	237
Vegetable materials for plaiting and crude vegetable materials	0	0	2,227	0	0	31
Animal oils and fats	5	2	10	3	2	9
Vegetable oils	618	74	782	325	38	308
Oil and fats processed	339	191	247	195	131	133
Waxes of animal or vegetable origin	3	4			3	3
Meat and fish preparations and preserves	564	1,006	219	434	628	239
Sugar and sugar preparations	46,321	53,000	38,033	4,319	4,578	3,080
Cocoa and cacao preparations	68	67	42	94	102	36
Paste and flour preparations	831	356	276	617	351	300
Vegetable and fruit preparations	1,492	1,118	868	631	545	333
Miscellaneous food preparations	757	394	293	850	698	502
Beverages, alcoholic beverages and vinegar	1,768	1,139	1,135	1,316	836	774
Feeding stuff for animals	59	576	242	9	19	15
Tobacco and tobacco manufactures	2,059	2,117	2,727	3,232	3,075	4,547
Miscellaneous mineral products	4,189	3,812	3,258	187	203	213
Cement	307,157	305,329	367,647	6,945	6,881	8,491
Other building materials	2,616	917	988	75	64	56
Ores, scoria, and cinders	34	54	175	5	6	8
Coal and coke	47,146	15,358	10,655	1,096	696	457
Petroleum products	500,258	499,694	560,624	17,752	16,726	17,517
Mineral wax		1	0		1	0
Chemicals products	14,724	24,423	23,509	3,003	5,192	6,904
Pharmaceutical products	1,570	2,147	1,791	12,464	12,058	11,989
Fertilizers	159,231	130,751	123,678	8,849	6,268	7,111
Dyestuffs, varnishes, paints and coloring materials	2,085	1,962	3,532	1,192	1,445	2,480
Essential oils and perfumes	265	277	376	706	814	910
Soaps and cleansing preparations, artificial waxes and glues	864	369	683	437	183	295
Powders, explosives, pyrotechnical articles, matches	130	47	240	114	72	208
Films, photographic and cinematographic supplies	216	176	264	1,251	817	1,382
Abrasive products and pesticides	1,419	1,921	3,255	1,071	1,255	2,440
Cellulose and plastic products	3,179	3,348	4,730	2,797	2,670	3,393
Rubber and rubber products	2,967	3,976	4,148	4,545	6,102	6,345

Table 2—Continued

Commodity	Quantity			Value		
	1959	1960	1961	1959	1960	1961
Hides and skins	148	201	179	230	146	146
Wood and wood products	7,910	9,793	48,746	1,173	1,243	1,390
Cork and cork manufactures	164	78	187	144	66	138
Basketwork	0	1	1	0	2	2
Paper and paper products	29,879	28,443	40,175	7,126	6,477	8,713
Books and printed matter	565	489	567	1,284	1,111	1,256
Textile raw materials	2,415	4,075	9,097	454	1,587	5,364
Thread and yarn	9,622	15,116	13,447	11,189	17,713	17,203
Textile fabrics	10,173	10,336	8,726	24,370	24,928	22,856
Embroidery and clothing	5	10	30	70	87	105
Made-up articles of textile materials	4,760	5,141	267	1,174	1,521	227
Hosiery	92	67	155	351	237	660
Old clothes and rags	243	667	201	547	1,554	627
Hats, umbrellas, articles made of leather	76	16	41	219	58	92
Stoneware and other mineral manufactures	6,487	10,368	14,368	685	1,107	1,621
Ceramic products	3,728	2,760	3,564	769	754	1,091
Glass and glassware	7,606	7,319	6,013	1,787	1,600	1,584
Jewelry and precious stones	8	2	4	132	48	76
Iron and steelmill products	76,817	73,892	113,072	12,458	12,311	18,351
Copper and alloys	635	665	1,019	552	570	902
Nickel and alloys	3	16	28	12	18	29
Aluminum and alloys	2,568	3,229	3,391	1,855	2,439	2,655
Zinc and alloys	1,427	285	692	477	115	268
Lead, tin, other base metals and alloys	256	298	399	275	314	350
Metal manufactures	10,527	7,988	13,940	5,224	3,315	4,767
Handtools, cutlery, household utensils and hardware	2,856	1,313	1,102	2,460	1,626	1,375
Metal furniture, heating and lighting fixtures and miscellaneous metal manufactures	762	531	661	1,276	768	567
Machinery:						
Boilers, central heating apparatus, steam engines; turbines motor, pumps and compressors	2,498	3,192	2,860	5,846	7,064	6,697
Ventilators, furnaces, refrigerators and other thermic, hydraulic, pneumatic machinery	437	444	644	949	972	1,394
Conveying, hoisting, excavating, road construction and mining machinery; metal working machinery	1,306	1,923	848	1,858	3,136	1,479
Agricultural machinery and implements	542	357	256	457	426	329
Machinery for food industry	167	106	150	272	190	198
Chemical, paper-mill, printing, textile and air-conditioning machinery	2,497	3,018	4,536	3,776	5,218	7,853
Machine tools and implements	427	383	481	1,043	1,088	1,140
Office machinery and other machinery n.e.s.	140	236	264	727	1,073	1,116
Ball, needle, roller bearings and parts	1,313	464	472	2,866	1,336	1,539
Electrical equipment	4,267	4,755	5,055	7,984	10,169	10,777
Railway vehicles	280	5	73	642	22	87
Road motor vehicles	7,969	9,942	5,944	12,091	15,681	10,595
Cycles and other vehicles	2,317	1,964	3,460	4,129	3,451	5,675
Ships and boats	3,221	46	886	1,761	241	1,438
Aircraft	14	3	3	53	52	53
Measuring and controlling instruments	205	194	212	752	927	975
Optical and scientific instruments; photographic appliances; surgical and medical instruments and appliances	197	168	236	1,342	1,201	1,854
Watches and clocks	56	19	24	668	233	289
Musical instruments	92	78	113	438	452	608
Arms and ammunition	9	7	1	132	68	1
Toys and games, sports goods	159	150	167	266	209	210
Miscellaneous articles	443	308	454	1,041	1,047	1,046
Art objects	15	9	10	70	29	31
Parcelpost	4	0	130	13	0	268

Source: Directorate General of Customs, Viet-Nam.

Table 3.—Viet-Nam, Imports by Country of Origin, 1951-61

[Millions of U.S. dollars]

Period	Total	France	France overseas <sup>1</sup>	United States	Japan	Indonesia	Fed. Rep. of Germany	Taiwan	United Kingdom	Italy	India	Belgium	Pakistan	Rest of world
1951	139.9	110.1	4.9	6.4	3.7	2.8	0.4	2.3	0.9	1.0	0.9	0.4	-----	6.1
1952	193.0	152.1	7.1	9.7	4.2	4.4	1.0	2.5	1.2	1.8	1.1	.8	-----	7.1
1953	226.7	177.7	9.5	9.7	4.3	7.3	1.0	3.7	1.8	1.0	.6	.3	-----	9.3
1954	267.0	191.2	10.0	20.6	9.1	9.8	1.4	6.6	3.2	.6	1.6	.7	-----	12.1
1955	262.0	132.4	5.1	31.6	35.0	10.2	4.5	9.1	4.3	1.3	1.9	.8	0.1	25.7
1956	217.7	50.8	2.7	61.1	55.9	11.8	9.2	4.2	3.5	2.2	.7	.9	.3	14.4
1957	288.7	82.7	.9	65.5	61.8	15.5	17.9	8.8	6.4	5.4	2.3	4.4	.5	16.6
1958	232.1	58.8	.6	54.9	45.0	14.5	13.1	5.6	6.3	5.3	4.2	4.1	.6	19.3
1959	224.6	40.6	.3	58.5	47.6	15.6	13.2	6.1	5.9	5.2	4.0	6.5	1.6	19.4
1960	240.3	51.1	.4	61.2	52.7	15.5	13.7	5.0	6.6	8.6	1.9	4.2	3.1	16.3
1961	255.1	38.8	-----	68.3	59.9	15.2	14.7	14.3	7.6	7.3	.7	5.4	1.1	21.8
1960:														
1st quarter	59.9	13.3	-----	17.6	9.9	4.0	3.3	1.7	1.7	2.2	1.0	1.0	.8	3.4
2d do	59.2	13.0	.1	14.5	10.5	5.6	3.9	1.1	1.6	3.0	.1	1.0	.6	4.2
3d do	55.2	12.3	.1	13.9	12.0	3.2	2.8	.9	1.6	1.9	.4	.9	.8	4.3
4th do	65.2	12.3	.2	14.9	20.3	2.5	3.7	1.3	1.7	1.5	.3	1.3	.9	4.3
1961:														
1st quarter	64.9	11.3	-----	17.3	16.6	3.7	3.7	2.8	2.1	1.7	.1	1.5	.6	3.5
2d do	59.8	11.2	-----	13.1	13.5	3.8	4.0	2.6	1.8	2.2	-----	1.7	.2	5.7
3d do	62.7	8.7	-----	17.9	13.3	4.1	3.9	3.1	2.4	2.0	-----	1.4	.1	5.8
4th do	67.7	7.6	-----	20.3	16.4	3.5	2.9	5.9	1.3	1.4	.4	.8	.2	7.0

<sup>1</sup> Excluding Tunisia and Morocco.

Source: Directorate General of Customs, Viet-Nam.

**Table 4.—AID Expenditures in Viet-Nam, by Commodity, Fiscal Year 1961**

[Thousands of dollars]

Commodity	Total	Procured in United States
Total	\$134,091	\$33,578
Foodstuffs, total	12,474	12,416
Bread grains	924	924
Fats and oils	69	10
Dairy products	11,482	11,482
Other		
Feeds and fertilizers, total	6,634	157
Fertilizer	6,628	156
Coarse grains		
Feeds and fodder	5	
Seeds, other than oil seeds	1	1
Fuels, total	9,343	3,223
Petroleum and products	9,252	3,330
Coal and related fuels	91	—107
Semifinished products, total	64,652	6,507
Iron and steel mill products	15,973	1,038
Chemical and related products	11,779	4,873
Fabricated basic textiles	15,766	48
Nonmetallic minerals	8,320	21
Lumber and manufactures	65	
Nonferrous metals and products	3,765	63
Pulp and paper	3,407	464
Coal-tar dyestuffs	11	
Machinery and vehicles, total	35,955	10,920
Machinery and equipment	22,203	6,065
Motor vehicles, engines and parts	10,482	3,990
Railroad transport equipment	222	16
Miscellaneous vehicles, parts, accessories, etc.	2,909	710
Vessels and equipment	106	106
Aircraft, engines, and parts	33	33
Miscellaneous, total	5,028	358
Rubber and rubber products	3,120	106
Scientific and professional equipment	296	26
Miscellaneous iron and steel manufactures	1,118	105
Other	494	121

Source: Office of Statistics and Reports, AID.

**Table 5.—Sales of Petroleum Products, 1955-61**

[Quantity as indicated]

Period	Aviation gas (hectoliters)	Motor gas (hectoliters)	Automotive diesel oil (hectoliters)	Industrial diesel and fuel oils (metric tons)	Kerosene (hectoliters)	Other oil (hectoliters)	Grease and other (metric tons)
1955	237,682	1,651,728	210,912	141,920	536,810	94,306	5,296
1956	191,615	1,833,354	255,287	127,748	640,219	113,489	14,470
1957	184,122	2,001,517	285,161	131,344	653,129	121,095	7,086
1958	163,645	2,210,088	384,529	154,944	735,895	141,034	11,379
1959	145,172	2,187,439	519,234	187,053	857,294	161,469	17,971
1960	146,395	2,036,311	686,906	230,418	877,185	163,751	7,172
1961	238,560	1,882,908	726,612	273,936	807,972	158,640	14,028
1960:							
1st quarter	30,835	546,156	165,817	53,593	240,960	38,875	2,458
2d do	34,667	528,717	188,488	57,038	225,088	41,191	1,079
3d do	37,266	500,788	172,836	60,802	214,555	54,810	1,398
4th do	43,627	460,650	159,765	58,985	196,582	28,875	2,238
1961:							
1st quarter	48,699	486,311	178,724	62,256	235,457	36,415	2,834
2d do	51,364	469,691	195,732	67,488	166,244	52,340	2,863
3d do	58,551	468,840	175,941	72,233	191,042	35,903	1,814
4th do	79,947	458,071	176,216	71,965	215,231	33,985	6,520

Source: Oil companies.

Table 6.—Imports of Petroleum Products, 1944, 1951-61

	1944	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Quantity in metric tons												
Total	2,640	169,091	264,286	329,295	373,979	335,250	338,356	391,041	430,202	500,258	499,694	560,624
Aviation gas	240	12,091	20,630	27,928	47,415	10,932	4,347	17,301	2,274	1,487	1,785	538
Motor gas		62,438	95,559	102,551	95,193	120,682	125,811	138,333	157,077	159,730	145,523	132,181
Kerosene		26,949	37,896	42,114	48,837	43,660	48,527	55,574	61,388	67,568	72,813	66,035
Automotive diesel oil		328	10,096	13,965	17,451	20,263	16,348	19,418	30,566	38,534	53,883	58,876
Industrial diesel and fuel oils		1,313	46,272	77,090	123,581	145,336	130,301	114,430	131,094	146,636	185,387	196,084
Grease oil		4,664	10,320	10,092	10,458	6,552	7,022	11,078	11,074	13,362	12,375	13,181
Paraffin		20	584	2,776	2,536	1,455	2,461	1,903	2,111	2,757	2,658	2,688
Asphalt		3,245	2,727	1,248	3,290	3,202	15,367	3,000	8,696	14,310	7,526	5,896
Others		739	2,752	3,323	1,794	1,732	1,112	1,531	1,984	1,766	1,873	2,024
Value, in thousands of dollars												
Total	25	7,458	12,792	14,487	14,071	11,544	12,555	15,310	16,073	17,752	16,726	17,517
Aviation gas	4	872	1,688	2,320	3,265	826	306	836	154	97	107	31
Motor gas		2,919	4,476	4,835	3,710	4,667	5,001	5,661	6,273	6,238	5,548	4,644
Kerosene		1,016	1,472	1,614	1,670	1,448	1,726	2,112	2,224	2,507	2,591	2,332
Automotive diesel oil		2	284	499	584	612	499	642	1,112	1,326	1,846	1,874
Industrial diesel and fuel oils		6	1,204	1,910	2,730	2,814	1,121	2,543	3,331	3,448	4,008	4,076
Grease oils		596	1,520	1,429	1,312	748	844	1,435	1,514	1,784	1,579	1,765
Paraffin		6	175	782	684	285	498	370	361	468	433	386
Asphalt		164	175	67	216	168	917	203	456	632	345	264
Others		7	228	270	224	187	1,569	206	259	210	207	220

Source: Directorate General of Customs, Viet-Nam.

Table 7.—Textile Production, 1956-61

[Quantity as indicated]

Item	1956	1957	1958	1959	1960	1961
Cotton fabrics						
1 million meters	13.5	20.5	22.0	16.0	35.0	36.0
Rayon fabrics						
1 million meters	8.2	24.0	22.0	48.0	82.0	82.6
Silk fabrics						
1 million meters	0.6	1.6	3.5	0.4	0.3	0.4
Mosquito net fabrics						
1 million meters	10.0	15.4	16.0	15.0	27.0	8.7
Other fabrics						
1 million meters	1.2	1.9	4.0	3.2	4.8	8.0
Towels, 1,000 dozens	295.0	460.0	536.0	490.0	600.0	429.8
Underclothing	do	99.7	288.0	284.0	413.5	500.0
Socks	do	29.7	85.0	83.0	176.0	220.0
						368.8

Source: Directorate General of Customs, Viet-Nam.

Table 8.—Textile Imports, 1956-61

Item	1956	1957	1958	1959	1960	1961	1956	1957	1958	1959	1960	1961
	Weight, in metric tons						Value, in million of dollars					
Total	19,991	22,632	22,334	19,975	25,451	22,173	45.5	55.7	47.3	35.1	42.7	40.0
Yarns												
Cotton	3,769	7,207	7,580	9,524	15,077	13,328	6.7	12.1	10.0	11.1	17.7	17.1
Rayon	2,649	4,105	4,297	3,553	6,219	2,909	4.4	6.3	5.7	3.9	6.8	4.1
Spun rayon	782	2,364	2,573	4,991	7,093	7,958	1.0	3.0	3.0	5.3	7.8	9.1
Other	167	384	457	701	1,379	1,946	0.2	0.4	0.4	0.6	1.2	1.6
Cords and twines	171	354	253	279	386	515	1.1	2.4	0.9	1.3	1.9	2.3
Cotton, wool, and felts	365	74	106	98	39	119	0.3	0.1	0.1	0.1	—	—
Bands, laces, and trimmings	20	54	32	4	5	3	0.1	0.1	0.1	—	—	—
Printed fabrics	165	173	202	176	171	216	0.8	0.7	0.6	0.4	0.5	0.5
Cotton	1,854	2,587	3,554	2,774	2,034	1,192	4.9	8.3	6.9	5.7	5.1	3.2
Rayon	849	1,599	1,505	1,729	1,646	927	2.5	4.9	2.7	3.3	3.4	2.1
Other	560	576	530	453	282	165	1.6	2.4	2.0	1.5	1.2	0.7
Industrially impregnated fabrics	445	412	1,519	592	106	100	0.8	1.0	2.2	0.9	0.5	0.4
Woven fabrics (not printed)	624	526	591	508	1,162	663	1.4	1.2	1.6	0.7	1.4	0.6
Cotton	13,194	12,011	11,269	6,891	6,963	6,652	31.3	33.2	28.0	17.5	18.0	18.5
Rayon	7,271	7,873	6,622	5,182	5,140	5,292	18.2	21.3	15.4	10.7	11.5	12.3
Wool	2,901	2,295	2,313	850	645	423	7.6	7.3	6.8	3.0	2.2	1.4
Synthetic	239	298	114	55	87	73	0.6	1.0	0.4	0.2	0.2	0.3
Other	244	209	282	336	345	539	1.0	1.4	3.0	3.2	3.0	3.9
	2,539	1,336	1,938	468	746	325	3.9	2.2	2.4	0.4	1.1	0.6

Source: Directorate General of Customs, Viet-Nam.

Table 9.—Estimated Crop Utilization of Chemical Fertilizers, by Type, 1960-61

[Percent]

	Rubber		Rice		Tea and coffee		Sugar		Vegetables		Other	
	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961
Nitrogen:												
Ammonium phosphate	94	87	—	—	3	5	1	3	1	2	1	3
Ammonium sulfate	4	4	40	40	4	4	25	20	20	20	7	12
Urea and other	65	40	7	20	7	7	18	22	1	7	2	4
Potassium:	42	40	2	3	10	10	10	12	31	30	5	5
Phosphate:												
Bicalcium phosphate	23	20	6	10	16	15	15	15	30	30	10	10
Tricalcium phosphate	2	1	77	75	4	2	12	15	3	2	2	5

Source: Trade and Supply Division, United States Operations Mission, Viet-Nam.

**Table 10.—Imports of Fertilizer, 1952-61**

[Metric tons]

Fertilizer	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Total	38,397	38,701	44,354	42,887	79,014	54,806	80,932	159,231	130,751	123,677
Nitrogen:										
Ammonium sulfate	8,520	8,629	12,374	16,900	28,014	23,167	38,434	70,649	47,525	36,203
Urea and others	540	1,200	800	5	256	430	2,629	11,508	7,902	13,158
Phosphate:										
Bicalcium phosphate	1,196	302	5,337	1,594	1,457	2,098	2,234	2,450	3,413	3,069
Tricalcium phosphate	25,448	26,420	23,264	22,950	42,246	22,656	29,254	60,072	59,996	50,725
Ammonium and potassium phosphate	25	70	922	41	3,114	258	2,500	2,194	2,110	2,913
Other phosphates	0	954	2	0	1,020	0	363	1,200	276	199
Potassium	1,787	896	1,394	1,142	2,637	4,769	5,304	8,763	7,789	15,622
Natural	0	0	0	208	70	1,263	192	0	0	0
Mixtures, proprietary forms and other	917	230	261	47	200	165	22	2,399	1,740	1,788

Source: Trade Division, United States Operations Mission, Viet-Nam.

**Table 11.—Production of Electricity, 1951-61**

[Thousand kilowatt-hours]

Item	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961 <sup>1</sup>
Total	120,899	136,628	151,890	181,011	202,823	211,879	224,288	239,317	267,005	293,627	315,354
South Viet-Nam	108,582	121,384	133,629	159,142	179,720	191,036	202,255	218,810	248,839	277,407	299,135
Central Viet-Nam	12,317	15,244	18,261	21,869	23,103	20,843	22,033	20,507	18,166	16,220	16,219

<sup>1</sup> Preliminary.

Source: Directorate of Public Works, Viet-Nam.

**Table 12.—Consumption of Electricity, 1951-60**

[Thousand kilowatt-hours]

Item	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Total	97,411	108,362	121,407	143,133	162,930	172,497	177,420	194,162	226,922	242,197
Private lighting and ventilation, total	31,647	36,382	42,397	52,866	66,477	80,289	93,122	104,949	119,821	124,073
South	28,918	32,864	38,054	47,758	59,808	73,505	85,386	97,234	107,656	115,555
Central	2,729	3,518	4,343	5,108	6,669	6,784	7,736	7,715	12,165	8,514
Motor power, total	43,669	44,497	49,145	51,449	53,889	51,788	51,195	57,725	73,460	79,419
South	41,000	41,334	45,951	46,877	49,176	47,363	47,784	53,901	67,727	77,010
Central	2,669	3,163	3,194	4,572	4,713	4,425	3,411	3,824	5,733	2,409
Public building lighting and ventilation, total	17,666	22,188	24,700	32,265	34,812	32,966	24,941	22,604	24,047	28,993
South	14,774	18,246	19,787	27,065	29,926	29,150	21,447	19,193	19,226	25,074
Central	2,892	3,942	4,913	5,200	4,886	3,816	3,494	3,411	4,821	3,919
Public thoroughfare lighting, total	3,225	3,613	3,765	5,554	6,356	6,135	6,844	7,428	8,056	8,102
South	2,568	2,903	2,937	4,617	5,296	5,168	5,834	6,104	6,352	6,728
Central	657	710	828	937	1,060	967	1,010	1,144	1,704	1,374
Tramways, total	804	827	398	0	0	0	0	0	0	0
South	804	827	398	0	0	0	0	0	0	0
Central	0	0	0	0	0	0	0	0	0	0
Free supplied energy, total	400	855	1,002	999	1,396	1,319	1,318	1,448	1,538	1,610
South	329	709	764	853	961	986	1,017	1,146	1,255	1,391
Central	71	146	238	146	435	333	301	302	283	219

Source: Directorate of Public Works, Viet-Nam.

Table 13.—Number of Civilian Motor Vehicles in Use<sup>1</sup>, 1952-61

Year <sup>2</sup>	Passenger cars	Trucks	Motor cycles and scooters	Tractors
1952	10,359	5,861	6,321	
1953	12,884	6,675	8,012	
1954	22,116	11,742	12,653	
1955	31,177	11,642	16,851	
1956	31,371	14,481	23,051	
1957	29,876	13,062	29,175	237
1958	35,313	15,097	34,138	238
1959	36,058	16,823	37,835	246
1960	37,647	19,311	39,034	
1961	39,822	20,818	43,626	353

<sup>1</sup> Excluding military vehicles.

<sup>2</sup> As of end of calendar year.

Source: National Institute of Statistics, Viet-Nam.

Estimates of Population Growth

(Millions)

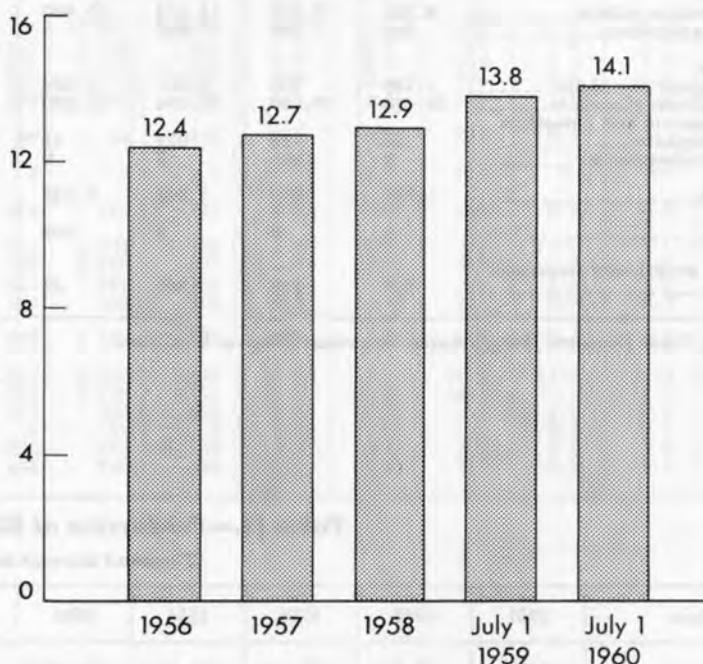


Table 14.—New Motor Vehicles Registered in Viet-Nam, 1950-61<sup>1</sup>

Year	Passenger cars	Trucks	Motor cycles and scooters	Tractors
1950	1,228	502	1,773	7
1951	1,224	505	1,892	10
1952	2,377	1,103	1,696	6
1953	2,320	587	1,618	18
1954	3,101	2,036	2,924	12
1955	5,781	3,752	4,385	1
1956	3,652	2,888	6,743	
1957	3,593	3,216	2,255	35
1958	5,460	1,846	4,784	0
1959	1,594	1,971	3,885	0
1960	1,954	1,816	1,765	54
1961	2,260	2,662	3,676	63

<sup>1</sup> Excluding military vehicles.

Source: Regional Directorate of Public Works, Viet-Nam.

<sup>a/</sup> 1960 estimates not received from seven of 38 provinces.

Source: National Institute of Statistics, Viet-Nam

Table 15.—Imports of Motor Vehicles, 1959

[By number of units]

Country	Passenger cars	Buses	Light trucks	Heavy trucks	Tractors	Chassis	Motor-cycles	Motor scooters
France	366	0	284	31	48	38	6,269	803
United Kingdom	242	60	99	9	282	265	0	168
United States	1,361	82	13	343	125	102	1	0
Germany, Fed. Rep.	59	44	121	9	58	18	0	1
Italy	4	1	0	0	1	0	11	2,081
Japan	7	0	0	0	0	0	0	1
Sweden	0	0	0	1	8	0	0	0
Denmark	0	0	0	0	2	0	0	0
Austria	0	0	0	0	0	0	500	0
Total	1,039	187	517	393	524	423	6,781	3,054

<sup>1</sup> This figure includes imports of jeeps. Passenger vehicles imported for use by Vietnamese Government agencies are also included.

Source: Directorate General of Customs, Viet-Nam.

Table 16.—Average Daily Earnings in Industrial Plants, June 1960-June 1961

[Piasters<sup>1</sup>]

Category	Saigon-Cholon			South Viet-Nam, excluding Saigon			Central Viet-Nam		
	June 1960	December 1960	June 1961	June 1960	December 1960	June 1961	June 1960	December 1960	Jun 1961
Unskilled									
Under 18:									
Male	46.5	45.9	42.4	34.1	34.1	35.9	50.2	—	—
Female	39.8	39.3	38.6	24.6	25.0	26.7	—	—	—
Over 18:									
Male	72.3	72.2	73.7	63.0	62.6	64.0	65.0	65.1	65.7
Female	55.2	55.0	55.8	41.4	40.4	41.4	58.7	58.3	56.4
Apprentices									
Male	46.9	47.0	46.5	47.7	47.2	48.6	44.2	44.6	43.1
Female	40.1	40.4	39.3	—	—	—	—	—	35.3
Skilled									
Male	102.5	102.3	102.7	95.6	95.4	97.7	98.2	98.3	99.3
	56.6	57.1	59.1	49.3	49.5	50.8	—	—	—

<sup>1</sup> At the official rate of exchange, 35 piasters equal US\$1.

Source: National Institute of Statistics, Viet-Nam.

Estimated Labor Force, by Employment Status, 1957

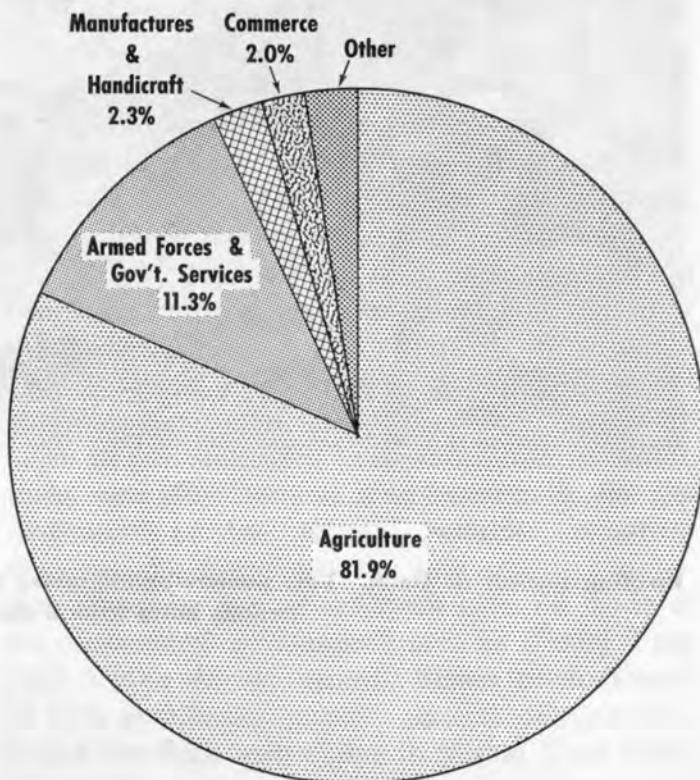


Table 17.—Average Daily Earnings in Plantations June 1960-June 1961

[Piasters<sup>1</sup>]

Category	Earnings, June 1960	Percent of June 1960	Earnings, Dec. 1960	Percent of June 1960	Earnings, June 1961	Percent of June 1960
Unskilled						
Under 18	33.40	100.0	34.95	104.6	33.80	101.2
Over 18						
Male	42.80	100.0	42.90	100.2	43.00	100.5
Female	36.00	100.0	35.10	97.5	36.30	100.8
Skilled						
Cutter	46.80	100.0	47.10	100.6	47.05	100.5
Specialist	91.80	100.0	91.60	99.8	92.50	100.8

<sup>1</sup> At the official rate of exchange, 35 piasters equal US\$1.

Source: National Institute of Statistics, Viet-Nam.

Source: Department of Labor, Viet-Nam



*Courtesy National Geographic Magazine  
(c) National Geographic Society*

**Bustling market in Dalat. This modern marketplace replaces the usual open-air stalls. The departing customer uses baskets hung from a shoulder pole for shopping bags.**

## APPENDIX B

# The Secretary of State's Instruction to ICA Concerning Procurement<sup>1</sup>

No. 672

December 5, 1960

In response to the Directive issued by the President on November 16, 1960 concerning steps to be taken with respect to the United States balance of payments, Secretary of State Christian A. Herter today issued the following instructions to the Honorable James W. Riddleberger, Director of the International Cooperation Administration<sup>1</sup>:

MEMORANDUM The Honorable  
FOR: James W. Riddleberger,  
Director,  
International Cooperation  
Administration

SUBJECT: *Directive by the President Concerning Steps to be Taken with respect to the United States Balance of Payments*

1. In accordance with the Directive issued by the President on November 16, 1960, the Director of the International Cooperation Administration is hereby instructed:

(a) to effect an orderly cessation of commodity procurement financed with ICA program funds in the countries listed in paragraph 2 of this instruction. Exceptions may be made only (1) with the specific approval of the Director of ICA where, in his judgment, the cessation of such procurement would impair the fulfillment of essential Mutual Security Program objectives, or (2) at the direction of the Coordinator of the Mutual Security Program.

(b) to develop, on a case-by-case basis, proposals for the approval of the Coordinator of the Mutual Security Program for administering cash grants (or loans) in such a way as to minimize their expenditure for procurement in these countries without impairing U.S. com-

<sup>1</sup> Effective November 4, 1961, ICA was superseded by the Agency for International Development (AID).

mitments or essential Mutual Security Program objectives.

(c) to eliminate other expenditures of ICA program funds in these countries where such elimination would produce more than nominal savings in dollars expended in such areas, would not unreasonably burden the effective administration of the program, and would not impair the fulfillment of essential Mutual Security Program objectives.

(d) to adjust its regulations with respect to the offshore expenditure of administrative funds to reflect the principles set forth in the President's Directive of November 16, and to conform, insofar as feasible to those being applied to other State Department units.

2. The countries referred to in paragraph 1 are Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland, the United Kingdom, and Hong Kong.<sup>2</sup>

3. The above policies shall be applied to aid transactions initiated subsequent to the date of this instruction.

4. A report of the measures taken pursuant to this information and of the effect thereof on place of procurement, program administration, costs, and effectiveness shall be made to the Coordinator of the Mutual Security Program within sixty days from the date of this instruction in order that an estimate may be made of the dimension of expenditures in Fiscal Year 1961 which do not finance direct procurement of U.S. goods and services and a ceiling established for such operations in Fiscal Year 1962.

<sup>2</sup> For subsequent changes in sources of procurement, consult the Office of Small Business, AID, U.S. Department of State, Washington 25, D.C.

### About the back cover:

A canal in the Cai San area. Canals such as this serve a triple purpose: as a means of transportation, outlets in floodtime, and irrigation in the dry season.

Courtesy Embassy of Viet-Nam



## U.S. DEPARTMENT OF COMMERCE

**Luther H. Hodges, Secretary**



**Jack N. Behrman**

Assistant Secretary for  
Domestic and International  
Business

**Eugene M. Braderman**

Director, Bureau of  
International Commerce