



The Stage of Localization of the Motorcycle Industry in Vietnam

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This paper, revised of *Improving Industrial Policy Formulation* chapter8, compares the features of the local procurement patterns of the motorcycle industry in Vietnam, Thailand and Indonesia, and suggests measures to develop the motorcycle industry in Vietnam.

• Near future of M/C industry in VN

- 1.FDI entry
- 2.Imports of KD sets
- 3.Internal part production by assemblers Outsourcing through the supplier system.

• Ability requirement for VN

- 1.The skill for mass production
(=ability to produce parts with uniformly high quality and guarantee stable supply flows)
2. The ability to cut costs while maintaining uniformly high quality

		Thailand & Indonesia				Vietnam		
		Period	Production	Local content	J entry	Period	Production	J entry
1st	Complete Knock Down (Bulky & Heavy Parts)	1960s-1978	0.1 million	-50%	~10	1996-1999	~0.5 million	10
2nd	Localization through In-House Production (Labor-Intensive Parts)	~late 80s	0.3 million	70%	10	2000~	1 million ~	~20
3rd	The Arrival of Key Part Suppliers	~1997	0.5 million~	80%	30~			
4th	The Broad Agglomeration of Supporting Industries (Capital-Intensive Parts)	~2002	1 million~	90%	50~			
5th	R&D and Exports	2002~	1 million~	90%-				