Mechanical construction sector in TPP: Opportunities and Challenges

(Building) - Agreement on the Trans-Pacific partnership (TPP) with the majority of members are developing countries is really a big challenge for Vietnam's mechanical engineering industry in competition with large enterprises . However, the challenge will be turned into an opportunity if Vietnam Enterprise Investment focus improve product quality and good corporate governance.



For foreign partners is the most important order of product quality.

The biggest weakness is the lack of professionalism

According to Le Van Tuan - General Director of the Vietnam Machinery Erection Corporation (Lilama), one of the biggest drawbacks of the Vietnam mechanical enterprises joining the TPP is a lack of professionalism. For example, an enterprise of Vietnam has been GE (General Electric) to inspect and survey multiple times. When the two sides signed documents prepared to cooperate, just as he had a cut drilling workers something causing noise. Enterprise boss scolded him arose out of workers. The result is the partner left without signing anything. The reason is simple: If the system administrator of the enterprise well, the head of the enterprises not to scold workers stands out as such. A good business must

have a good system, but does not stop at the stage of public good.

Even with the Corporation Filer, nearly 2 years now, has been conducted LILAMA working with GE with the desire to become long-term partners. Almost 2 years and the way it continues the process of assessment and survey, and prove their capabilities. Say so to see, can not overnight become a partner that is.

The experience of a number of enterprises has been the partner of a foreign enterprise, said the most important factor is the quality of the product must be stable, secondary shipments "n" should remain as the first shipment. However, the sad thing is that, many business leaders and workers are not aware of this. Since then, not to build enterprise management system stability, product quality leading to unstable styled first shipments of good quality, the quality of the second batch to batch normal and does not use 3rd torch. Therefore, enterprises want to participate in the global chain link, the quality management system always stable, even if the enterprise instead of leadership. So, on the TPP only viable conditional tax to lower costs. But for foreign partners have ordered or not remains to be quality management system has guaranteed or not?

Mr. Nguyen Khac Thanh - Deputy General Director and Director LILAMA 18 Engineering Plant share: Initially, the partners made ordering two 40m long main beam deflection with only 6mm, we do not think. But when it started to do exactly as designed, and saw their standards completely doable. We also had to overcome a lot of challenges. Now LILAMA 18 has become a trusted partner of several foreign corporations with export value of about 400 billion VND / year. In 2015, the company had signed contracts to build nine cranes and continues to consider signing more contracts in the near future.

Recipe: China + 1 = Opportunity

For years, China (China) is known as a "factory of the world". If in 1990, the total output of goods produced in Asia accounts for 26.5% of world production, then in 2013, this figure had increased to 46.5%, of which half are goods produced in TQ. The reason is simple, low labor costs, availability of raw materials, good infrastructure ...

However, in recent years, the world economic downturn, coupled with China is no longer the attractive labor market with cheap cost anymore, foreign corporations started thinking of shifting factories, workshops of them from China to minimize the risks of formula TQ + 1. where can they targeted Indonesia, Thailand or Vietnam?

However, it was unfortunate that the domestic enterprises do not realize this. "10 years ago has the formula TQ + 1, but we have missed. When foreign corporations the test with very small orders, no fancy introduction, his florid, the businesses often overlook. For now, they + 1 but not communist Vietnam which are Indonesia, Thailand and India in particular with very low labor costs and abundant raw materials, "Tuan said.

"To reach their production chain takes at least 3 years. Initially they order smaller batches, then rise a bit more, a little bit. By Year 3, 4 onwards beginner placed official orders. 3 years also can not put her lack of qualification. But when you meet their requirements, are engaged in a global chain link is no longer worry anymore underemployment, "Tuan said.

Add a further disadvantage of mechanical engineering that joining TPP source is not available. Vietnam is no billet production plant - which is considered the "food" of the mechanical input. So, if an order that the raw water available, only 15 days later was able to export products, even if they have to import raw materials to 82 days after the new restaurant.

The big challenge is not so, but there is no chance for Vietnam's mechanical engineering industry as

Enterprise Integration nghiepN TPP if the investor awareness and for all the problems. It must first be aware of the heads of enterprises, in order to build a stable system, professional. Then, to "blow" was the message to employees for each worker to understand that, if they do well will have jobs, higher wages, and if not will lose their jobs. There is thus the opportunity to participate in the global chain link, become customers of the new foreign enterprises are not too far-fetched.

It is estimated that the total expenditure of the 12 member countries account for about 40% TPP global spending. That means, just tap the market of 12 countries also means operators are almost half of the world market.

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