



Vietnam's M&A Activity In 2011

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Following amendments more than five years ago to two major laws regarding investment activities in Vietnam – namely the “Competition Law” and the “Law on Investment” – the country’s mergers and acquisitions (M&A) market has increased from US\$299 million in 2006 to US\$1.7 billion in 2010. Furthermore, M&A activities for the first nine months of 2011 have reached over US\$2.6 billion, doubling the value seen in the same period last year. M&A transactions are also expected to continue to see strong growth in the foreseeable future.



“M&A in Vietnam will flourish in the last quarter of 2011 and the following years, with an annual growth rate of 30 per cent,” said the Competition Management Department (under the Ministry of Industry and Trade) at the Vietnam M&A Forum 2011 held on November 9, 2011.

The top six business fields eyed by foreign partners for M&A deals include food and beverage; consumer goods; retail; logistics; and construction and materials. However, M&A deals in the infrastructure sector are expecting to massively increase. There is a huge appetite for private capital investment in the areas of power supply, bridges, roads, as well as air and seaport projects. The manufacturing sector is also likely to see many M&A deals, as stated by the European Chamber of Commerce in Vietnam.

Among countries and territories investing in Vietnam’s M&A market, Japanese companies lead the list with a total investment of over US\$1 billion, mainly in food processing, telecommunication services, finance, and industries. The sharp growth in the total amount of M&A deals in Vietnam has been primarily explained by the fact that the investors tend to be relocating their production bases from other countries to Vietnam.

Offering an easy way to penetrate emerging markets and a quick way for enterprises to grab technology and build trust, M&A is a great option for foreign enterprises looking to invest in the Vietnamese market. Moreover, the country’s growing economic recovery has been creating a boom in demand for M&As in the aftermath of the Global Financial Crisis.

Dezan Shira & Associates is a specialized foreign direct investment practice, providing business and legal advisory, tax and diligence service to multinationals investing in China, Hong Kong, India, and Vietnam. Established in 1992, the firm is now active in Asia with twenty offices in five jurisdictions, employing over 170 business advisory and tax professionals. To contact the firm, please email info@dezshira.com or visit www.dezshira.com.

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