

# Vietnam imports more automobiles as prices drop

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**Vietnam doubled its auto imports in the first half of January this year compared to what it did in the same period last year, thanks to lower prices and tax rates, according to official figures.**

The country imported 4,914 completely built up (CBU) automobiles in the first half of last month, totaling nearly US\$116 million in turnover, according to statistics by the General Department of Vietnam Customs. This represented a 100-percent increase.

Three quarters of the imports are nine-seater or smaller cars, most of which originate from Thailand.

The average, pre-tax value of a car is \$21,108, which is over \$5,500 cheaper than the price in the same period of 2016, which averaged \$26,630 per vehicle, statistics showed.

Thailand accounts for 80 percent of Vietnam's automobile import market in the first 15 days of 2017, largely because of relaxed tax rates following Hanoi's commitments in a regional trade agreement among ASEAN member states.

ASEAN, or the Association of Southeast Asian Nations, is a politico-economic organization established since 1967 whose members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

In 2009, the ten countries signed the ASEAN Trade In Goods Agreement (ATIGA), which looks to achieve free flow of goods in the region and establish a single market and production base gradually.

As part of the agreement, most motorized vehicles for the transport of people originating from within ASEAN are subject to a tariff of 30 percent when imported into Vietnam, starting 2017, a ten-percentage-point reduction from 2016.

Vietnam's Department of Export-Import Tariffs attributes this tax reduction to the influx of Thailand-built cars into Vietnam since the beginning of 2017. The tariff is set to be further reduced to zero in 2018, according to ATIGA's tariff reduction schedule.

Thailand exported 34,336 CBUs to Vietnam in 2016, raking in over \$640 million, making it the largest exporter of the product to the country last year. Thailand also overtook Vietnam's three traditional car exporters: China, South Korea and India.

In 2015, China shipped 26,719 CBUs to Vietnam, the most out of any other countries that year, but the number plunged to 10,989 in 2016, placing it at the fourth place.

The number of CBUs imported from South Korea and India into Vietnam fell 6,335 and 3,146 units to 20,204 and 22,000 respectively in 2016.