

US and Vietnam unveil billions in semiconductor and AI deals

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ABSTRACT (ENGLISH)

In addition to significant security implications — the US views developing countries in Asia as crucial to countering China's power in the Indo-Pacific region — the upgraded ties bring significant economic opportunities, both sides said. Since Vietnam, which was Asia's fastest-growing economy last year, has transitioned from centralised economic control to a more open model, the US has become its largest export market. A previously announced \$1.6bn Amkor factory near Hanoi that will assemble, package and test chips is due to start operations in October, said the White House in a statement. In another major deal, AMI AC Renewables, a Vietnamese company, and US industrial group Honeywell will launch a pilot project to develop Vietnam's first battery energy storage system in Khánh Hòa province.

FULL TEXT

The US and Vietnam have agreed billions of dollars in business deals and partnerships led by companies including Boeing, Microsoft and Nvidia, after the former foes upgraded their ties in a historic shift in response to China's growing influence.

US president Joe Biden hailed the move to strengthen co-operation in areas including cloud computing, semiconductors and artificial intelligence while in Hanoi on a two-day trip to mark the formal upgrading of the countries' relationship.

"We're deepening our co-operation on critical and emerging technologies, particularly around building a more resilient semiconductor supply chain," said Biden in a joint press conference late on Sunday with Nguyen Phu Trong, general secretary of the ruling Communist party of Vietnam.

"We're expanding our economic partnership, spurring even greater trade and investment between our nations." Senior executives from Google, Intel, Amkor, Marvell, GlobalFoundries and Boeing joined a Vietnam-US Innovation and Investment Summit on Monday led by Biden, US secretary of state Antony Blinken and Vietnam's prime minister Pham Minh Chinh and investment minister Nguyen Chi Dung.

The business roundtable was also attended by executives from Vietnamese companies including VinFast, the electric vehicle maker whose valuation overtook those of Ford and General Motors after its Nasdaq listing last month.

The agreements unveiled on Monday are expected to initiate a wave of investment deals between Vietnam and the US after the countries' leaders signed a "comprehensive strategic partnership" on Sunday.

The shift raised Washington two levels to the top status in Hanoi's bilateral ties hierarchy, which was previously reserved for China, Russia, India and South Korea.

Vietnam had long refrained from upgrading ties with the US, its former wartime adversary, to avoid upsetting China. In addition to significant security implications — the US views developing countries in Asia as crucial to countering China's power in the Indo-Pacific region — the upgraded ties bring significant economic opportunities, both sides said.

Since Vietnam, which was Asia's fastest-growing economy last year, has transitioned from centralised economic control to a more open model, the US has become its largest export market.

Leading technology groups including Apple, Google and Dell have already expanded their presence in the country in recent years as they seek to diversify supply chains away from China amid deteriorating relations between Beijing and Washington.

Among the agreements announced on Monday was a \$7.8bn deal for Vietnam Airlines to buy 50 737 Max jets from plane maker Boeing, AI projects in the country involving Nvidia and Microsoft, and the construction of semiconductor design centres by California-based groups Synopsys and Marvell in Ho Chi Minh City.

The agreement also includes a new US-Vietnam chip partnership to “support resilient semiconductor supply chains for US industry, consumers and workers”. Washington is particularly concerned about Beijing’s development of advanced chips, and has sought to muster allies in support of its export controls on semiconductors and chipmaking equipment.

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New York-based Nobu Hospitality, known for its eponymous Japanese restaurant, will also establish its first presence in Vietnam in partnership with Viet Capital Real Estate.

Mercedes Ruehl in Singapore

DETAILS

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