

ties and producing goods for export will be exempted from import duty.

These facts showed that Vietnam's government has tried to perfect its legal structure and make it appropriate to new mechanism in Vietnam and to international practices.

Procedure for investing in Vietnam is the problem which SCCI and other government bodies have tried their best to solve. One of the most urgent tasks of the government in 1994 and 1995 is to reform administrative procedures, including procedure for foreign investment. The direction of this reform is: the government will codify rules and regulations and basing on them, inspect the operation of businesses and minimize investigating each particular case. This will simplify the procedure, shorten the time it takes to secure licences and ensure the government a good management of enterprise's activities.

In order to realize Vietnam's strategy for socio-economic development, Vietnam needs around US\$18 or 20 billion from now until 2000. This investment will be put in:

1. Developing oil industry
 - Exploiting around 20 million tonnes of oil in 2000.
 - Building an oil refinery before 2000 and other one after 2000.
 - Piping gas to the land in order to produce fertilizer, liquidized gas, electricity...

This program needs US\$8 billion. Many contracts in this program have been signed with foreign companies. Some of them are being carried out and many other contracts will be signed in the near future.

2. Building 10 industrial estates in HCMC, Sông Bé, Đồng Nai, Cần Thơ, Đà Nẵng, Hà Nội, Hải Hưng, Hải Phòng... In these estates, around 900 factories producing consumer goods with total investment of US\$5 billion will be built.

3. Renovating old factories and building new ones outside these industrial estates: This program needs US\$2 billion and a large part of it has been signed with foreign companies.

4. Building five or six cement factories in Hà Tiên, Sông Bé, Thanh Hóa, Nghệ An, Hải Hưng, Hải Phòng, Quảng Ninh with capacity of seven or eight tonnes each. This program needs around US\$1.5 billion.

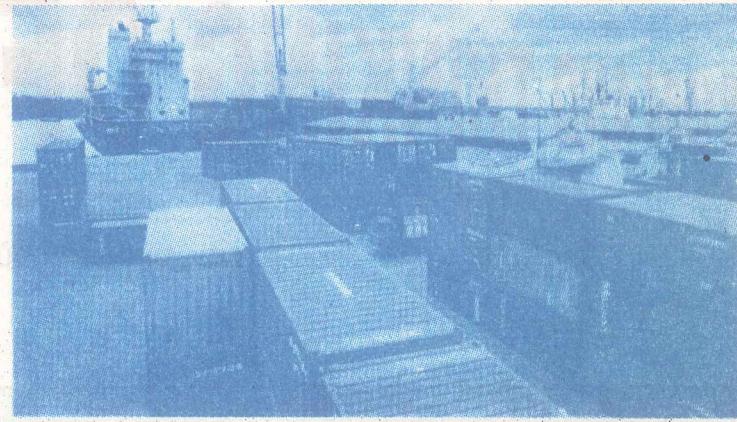
5. Developing heavy industries (metallurgy, machinery, chemicals, electronics...): US\$1.2 billion.

6. Agriculture, forestry, mariculture: US\$800 million.

7. Infrastructure (road and transportation, telecommunications...): US\$ 1 billion.

8. Entertainment and tourist resorts: US\$1.5 billion ♣

FOREIGN INVESTMENT IN HCMC LAST YEAR



In 1994, there were 90 projects of foreign investment with total registered capital of US\$1,076.9 million and legal capital of US\$525.6 million (74 per cent of which were from foreign partners and 26 per cent from Vietnamese) licenced to operate in HCMC. Of 90 projects, 26 were under the management of the central government and presented 28.8 per cent of total projects, 37.7 per cent of total capital (US\$406.4 million), 64 were under the management of local authorities with capital of US\$670.5 million.

The average size of projects has reduced to US\$11.9 million from 14.2 million in 1993. The average size of projects under central management is bigger than the ones under local management (US\$15.6 million compared with US\$10.4 million).

The favorites of foreign investors were manufacturing industry (52 projects worth US\$386.1 million presenting 35.8 per cent of total investment) and hotels (16 projects worth US\$551.8 million presenting 50 per cent of total investment).

In 1994, 18 nations were allowed to operate in HCMC. The leaders are Switzerland (3 projects worth US\$452.8 million), Hong Kong (16 projects worth US\$220 million), Singapore (8 projects worth US\$95.4 million), Taiwan (13 projects worth US\$46.6 million). Some major projects licenced in 1994 were: Sao Mai joint venture (a US\$233.8 million cement plant), Noga Trading Center worth US\$216.6 million, Thuận Kiều Office Block (US\$71.8 million), Grand Imperial Saigon Hotel (US\$48.5 million), Đại Dương and Mê Linh Plaza joint ventures (US\$45 million each).

Up till now, there are 356 valid projects with registered capital of US\$3.86 billion and legal capital of US\$2 billion (76 per cent of which were from foreign partners, and 24 per cent from Vietnamese). Of said 356 projects, 252 were joint ventures worth US\$2,864 million (72.7 per cent), 24 cooperation businesses worth US\$294.6 million (8.1 per cent), and 80 foreign-owned businesses worth US\$706.4 million (19.2 per cent).

As for economic performance, total sales realized in 1994 climbed to US\$75.7 million (increased by 27 per cent compared with the previous year). The most profitable businesses were manufacturing industry (51 per cent), hotels (9.4 per cent), post and transportations (17 per cent), finance-credit (3.7 per cent).

Export turnover in 1994 was estimated at US\$100 million (increased by 253 per cent). Total value of imports was US\$255 million, increased by 80 per cent. Foreign trade has employed 32,000 laborers ♣

MINH TÂM

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