

Long An Untapped Potentials for Foreign Investment

by NGUYỄN THÀNH TRUNG

Long An, between HCMC and the Mekong Delta, has 13 districts and a provincial town; six districts of which are in the shallow Đồng Tháp Mười where floods come every year. It is on the National Route 1A and has the mouth of the Sỏi Ráp River as a gate to the East Sea.

Long An's annual growth rate in 2001-05 was 9.3%, its personal income reaches VND7.88 million (some US\$525) a year. It is in the Southern Vital Economic Zone and planned to be a new area for industrial development and urbanization.

From 1993 on, the FDI has made some contribution to the provincial economy but results from the foreign sector are still modest and many potentials are left untapped.

1. Results from the foreign sector

- The foreign sector achieves the highest value in the manufacturing business. Its growth rate is 25% in the years 2000-05 making the share of the manufacturing sector rise from 51% in 2000 to 62.7% in 2005. Up to May 2006, there are 107 FDI projects capitalized at US\$724.33 million in Long An. Seventy-one of them have completed their construction. Leading investors are from Taiwan (49 projects), South Korea (13) and Thailand (9) and they produce clothing, building materials, animal feed and spare parts.

- In 2005, the foreign sector made total sales of US\$335.29 million; and 165.965 million of which were from exports, and helped a lot with the industrialization and modernization. This sector accounted for 5.3% of the budget income (or VND67,422

million) in 2005 and supplied jobs to 36,346 laborers helping reducing the unemployment rate.

- The foreign sector has helped change the structure of industry, build new infrastructure and turn many waste lands into productive estates.

The development of the foreign sector, however, also produce worrying problems or shortcomings that require feasible solutions.

+ Tasks of planning and implementing plans to build IPs are very poor. At present, Long An has made zoned 8,734 hectares for 25 IPs and four industrial estates but only four IPs could come into operation (Đức Hòa 1, Xuyên Á, Thuận Đạo and Tân Đức); only 340 hectares with acceptable infrastructure were granted to investors and 183 hectares were leased. In these IPs, there were 30 FDI projects capitalized at US\$239.35 million and 18 of them have come into

operation. Generally Long An meets with difficulties in filling IPs with FDI projects.

+ The building of infrastructure before granting land to investors isn't carried out properly. It is so time consuming that many investors get frustrated. One of reason is the unsatisfactory compensations paid to local residents whose land is included in the plan to build IPs.

- Most IPs lack facilities needed for providing good living conditions for laborers. This situation leads to many social problems around IPs, such as in Bến Lức and Đức Hòa.

- The investment promotion has been improved but still ineffective. These programs fail to supply necessary information, incentives, and supporting services that investors need badly. Local authority seems to be limited itself in the task of granting licenses and pays no attention to implementation of projects.

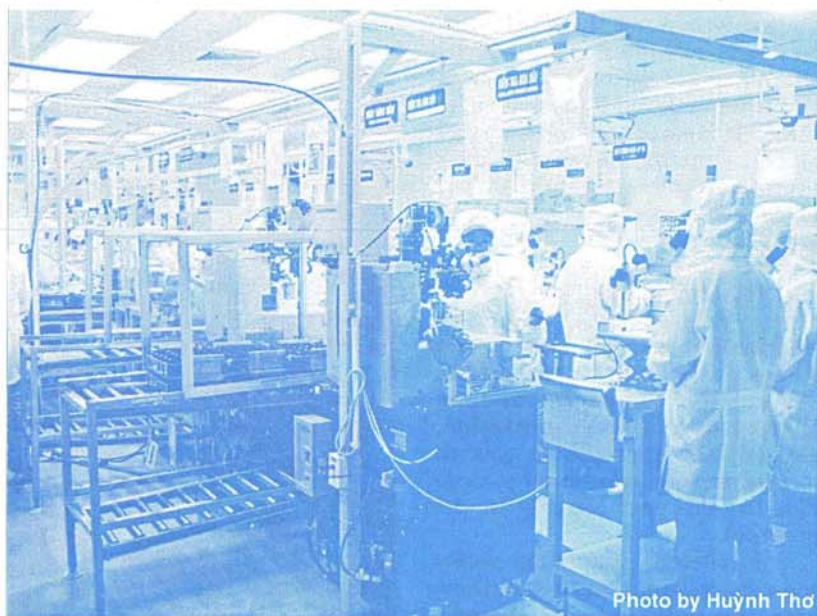


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- There are too many valid projects that haven't been carried out, and their construction sometimes takes years to complete.

- Human resource in Long An, although abundant, is of poor quality. Proportion of trained labor (24%) can't meet the market demand. Expertise of officials and the administrative reform fell short of expectations causing a lot of waste of time and energy.

- Task of protecting the environment is carried out as a mere formality with the result that environmental issues in some districts have become serious. Some factories have no system for treating waste as required by law.

2. Measures to attract more FDI

The Strategy for Socioeconomic Development in Long An up to 2010 suggests that the annual growth is 14% and the industrial output rises by 23.8%. In the near future, it's expected that the foreign investment in IPs and industrial estates will increase when the infrastructure is perfected and highways linking with HCMC are completed. To attract more foreign investment, in my opinion, the provincial authorities must take the following measures.

(1) Building good infrastructure in IPs

- Re-examining the planned IPs must be done before making plan to develop them in the coming years. The plan must be carried out properly instead of trying to meet demands posed by investors in order avoid wasting resources and disturbing daily lives of residents. IPs with poor performance must be dissolved.

- For the time being, full attention must be paid to IPs with great potentials, such as Thuận Đạo, Xuyên Á, Tân Đức and Tân Kim, and roads connecting Đức Hòa 2 and Đức Hòa 3; Provincial Roads 16, 835, 826 and 19; National Routes N1, N2 and 50; and Long An Port, etc.

- When building the infrastructure and IPs, there must be plans to build dormitory towns



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and other public works in order to facilitate the urbanization and prevent social problems.

- Infrastructure building requires big investments while the budget income is limited. Under such a condition, the authorities had better concentrate in the most urgent and useful projects, and give incentives to private companies that engage in such projects.

(2) Investment promotion campaigns

- Foreign investors must be informed of potentials and development orientations of the province. Moreover, pre-feasible and feasible projects must be made available to all investors. A body could be formed to specialize in supplying information, and answer questions about the list of planned projects. Long An had better give more incentives to projects in high-tech industries and rural development.

- The administrative reform and expertise of officials must be enhanced with a view to meet all demands and complaints by investors.

- A website about Long An Province and its potentials and opportunities is also a helpful measure.

(3) Improvement in human resource

- Vocational education service must be beefed up and open to all classes. Preferential treatment could be offered to skilled workers and managers from other provinces. The plan to build the Long An University approved by the central government must be realized as soon as possible.

- Authority had better work out a plan to develop the human resource up to 2010 and 2020 in order to carry out successfully the modernization and industrialization program.

(4) Protection of the environment

- All factories and IPs must build waste treatment works. Factories in residential areas must be moved to IPs and pollution making ones must be closed.

- Incentives to employ modern and clean technologies could be offered to potential investors. Regular inspections for pollution are very necessary.

- To ensure a sustainable development, in my opinion, the authorities can direct food processing, assembling, building materials and light industries towards IPs in Đức Hòa, Bến Lức, Tân An and Thủ Thừa because they produce less pollutants. And more polluting and heavy industries could be located in IPs in Cần Đước, Cần Giuộc and Tân Trụ. ■