



### 1. Establishment of the Cần Thơ Industrial and Export processing Zone

Cần Thơ province has an area of 2,965 sq. km., a population of 1.97 million people and a strategic position in the Mekong Delta. Its infrastructure, service industry and trained labor force are good enough to allow Cần Thơ to develop into an industrial, trading and service center of the Delta. To tap its potentials, the Council of Ministers issued the Decision 4269/KTĐN on Sep. 21, 1992 to develop the Trà Nóc industrial estate into an export processing zone; and on Sep. 17, 1994, the PM issued Decision 513/TTg to form the Cần Thơ Export Processing Zone and its Management Board. It is the first EPZ in the Western South Vietnam. With directions given by Decree 36/CP on the "Industrial Park Status" (April 24, 1997), Decision 53/TTg on measures to encourage foreign investment in Vietnam (March 26, 1999) and Decree 51/1999/NĐ-CP providing guidelines on realization of the Domestic Investment Encouragement Law (July 8, 1999), the Cần Thơ EPZ was developed into the Cần Thơ Industrial and Export

Processing Zone (Cần Thơ IEPZ) with a view to accelerating the socio-economic development in Cần Thơ and other provinces in the Mekong Delta as well.

## SOME INFORMATION ABOUT CẦN THƠ INDUSTRIAL AND EXPORT PROCESSING ZONE

by MEcon. PHƯỚC MINH HIỆP

### 2. Geographical position

In Cần Thơ there are two industrial estates, Trà Nóc and Hưng Phú. In the Hưng Phú IE, however, the infrastructure isn't developed well enough, therefore the Cần Thơ IEPZ is built in the Trà Nóc industrial estate.

The Cần Thơ IEPZ is along the National Route 91, three kilometers from the Cần Thơ City, two kilometers from the Cần Thơ Airport, and three kilometers from the Cần Thơ River Port. Its area is 300 hectares.

### 3. Recent developments

According to the master plan, the Cần Thơ IEPZ in its first stage of

development includes 135.67 hectares, and 85.84 hectares of which are land for industrial use. Up to June 30, 1999, 73.6 hectares were rented to companies. In the second stage, some 165 hectares (including 90 hectares for industrial use) were allocated to the Cần Thơ IEPZ and 12 hectares were rented. Investment in the Cần Thơ IEPZ from 1995 to 1999 was as follows:

In 1995, the Cần Thơ IEPZ came into operation and 12 local companies and four foreign-invested ones have established themselves there.

In 1996, five projects with total capital of US\$27.78 million were started in the Cần Thơ IEPZ and four of them come into operation now.

The year 1997 saw the biggest investment - US\$471.1 million - in the Cần Thơ IEPZ with six

projects started and three warehouses built: four projects have come into operation now while the others are still under construction.

In 1998, seven projects with total capital of US\$36.62 million were approved and some US\$4.657 million was added to seven old projects (Sovigaz, Meko Feather Processing Factory, Meko Garment Company, Cần Thơ Chemical Fertilizer Company, Cataco Food Processing Factory, Hậu Giang Fuel Company and National Reserves Agency). In this year, the total investment actually put in the Cần Thơ IEPZ amounted to US\$26.45 million.

In the first three quarters of 1999, five new projects worth US\$19 million were submitted and two existing projects had their capital increased by



US\$1.5 million. In addition, two companies outside the Cần Thơ IEPZ with total capital of US\$1 million wanted to move their factories to the Cần Thơ IEPZ and one local company wanted to add US\$0.5 million to its working capital. In 1999, two foreign-invested companies (Việt Mỹ Rice Export Joint Venture and Cataco Ltd.) dissolved and made the total capital in the Zone reduce by US\$53.293 million.

From its establishment up to now, 44 concerns have invested in the Zone US\$128 million. Of these concerns, there are 14 foreign-invested ones with total capital of US\$77 million. At present, 27 concerns are operational: 45% of them produce processed food and consumer goods; 30% produce agricultural materials and building materials; and the rest supply services.

As for the production, in the first three quarters of 1999, the output from 27 operational concerns was worth US\$64.24 million, including US\$36.68 million from export earnings. In comparison with 1998, their output rose by 32% and export earnings by 18%.

Up to Sep. 1999, the labor force in the Zone included 5,318 workers: 5.7% of them were graduates and 15.5% had advanced level; 85% of them were from Cần Thơ province and 64% of them lived in Cần Thơ City.

#### 4. Difficulties and shortcomings

Besides these developments, the Cần Thơ IEPZ is facing the following difficulties and shortcomings:

- The building of infrastructure outside the Zone is slow because of a lack of fund.

- Investment in building the infrastructure in the Zone is still lacking. The Cần Thơ IEPZ Development Company couldn't secure bank loans because of complicated procedures.

- The task of attracting private investment didn't produce intended results and the Cần Thơ IEPZ hasn't played its role as a center for industrialization in the Mekong Delta.

- The work of granting land use certificates to concerns in the Cần Thơ IEPZ hasn't been carried out.

#### 5. On measures to mobilize investment for Cần Thơ IEPZ

- To create good legal infrastructure for the de-

velopment of all industrial parks and export processing zones, including the Cần Thơ IEPZ, the National Assembly had better make an Industrial Parks and Export Processing Zones Law. and After that the government should see to it that the Law is carried out properly and opportunely.

- The Government should make regulations on common prices of services (transport, water and power supply, accomodation, etc.) offered to foreign investors and local companies in order to ensure fair competition for all investors in Vietnam.

- The Government should make procedures for granting licenses and controlling investment in the Cần Thơ IEPZ suitable to regional and international practices.

- The Government had better direct the Ministries (especially the Ministry of Transport and Communications), Cần Thơ and Vĩnh Long People's Committees to try their best to upgrade the Cần Thơ Airport, Cần Thơ Harbor and Cần Thơ Bridge according to the plan.

- To ensure the supply of trained labor force to the Cần Thơ IEPZ in the future, the Cần Thơ labor

authorities should predict the demand for trained labor and ask the Ministry of Education and Training for permission to train technical workers and technicians in Cần Thơ University.

- The Cần Thơ IEPZ Management Board should make plans to mobilize all possible foreign and local resources to develop the infrastructure in the Cần Thơ IEPZ.

To attract investment needed for developing the Cần Thơ IEPZ with a view to changing the structure of industry in Cần Thơ and in the Mekong Delta as a whole is a right policy. We hope that the Cần Thơ IEPZ will help Cần Thơ play well its role as a capital of the Western South Vietnam, and a driving force for the industrialization and modernization of this delta.

#### Reference materials:

- *Cần Thơ Statistics Yearbook 1999*

- *Việt Nam Toàn Cảnh* (Panorama of Vietnam), Hà Nội, Thống Kê Publishers, 1999.

- Report on the Cần Thơ IEPZ in the first nine months of 1999 by the Cần Thơ IEPZ Management Board (November 1999)

