

CẦN THƠ EPZ AND IP ON THE WAY TO DEVELOPMENT

by Dr. PHƯỚC MINH HIỆP



Cần Thơ is a socio-cultural hub of the Mekong Delta. In recent years, the province has made great efforts to speed up investment for socio-economic development, especially for its export processing zone (EPZ) and industrial parks (IPs). The investment capital increased by 442.58% in the 1996-2000 as compared to 1991-1995. As a result, the province EPZ and IPs have so far ranked top ten among 68 national EPZs and IPs.

1. The establishment of Cần Thơ EPZ and IP

Cần Thơ Province has a natural area of 2,695 km² and a population of some 2 million. Its infrastructure is rather developed and its economy restructured in favor of industry, trade and service. To tap these advantages, on Sep. 21, 1992 the Ministerial Council allowed Cần Thơ to set up an EPZ and the Prime Minister signed Decision 53/Ttg on establishing the Cần Thơ EPZ Authority. The Cần Thơ EPZ was built in accordance with the EPZ and IP model and, namely Cần Thơ EPZ and IP.

2. Location

Cần Thơ has three IPs: Trà Nóc, Hưng Phú and Vị Thanh. The Hưng Phú and Vị Thanh IPs remain in the early stage. Therefore, this article mentions only the Trà Nóc IP or Cần Thơ EPZ and IP.

The Cần Thơ EPZ and IP is located on National Highway 91, 3 km far from Cần Thơ City downtown, 2 km from Cần Thơ Airport and 3 km from Cần Thơ Port. Its total acreage amounts to 300 hectares.

3. Achievements

The construction of Trà Nóc IP includes:

- Stage 1: The Trà Nóc I IP was built on an area of 135.67 hectares, the factories covered 85.84 ha and the total investment capital was US\$14 million.

- Stage 2: The Trà Nóc II IP has an area of 165 ha with total investment capital of US\$17,344,071. The investment process from 1995 to September 2001 is as follows:

The Cần Thơ EPZ and IP began to implement its regulations on production and business. The EPZ and IP accommodated 12 local-invested and 4 foreign-invested enterprises.

In 1996, the Cần Thơ EPZ and IP had more five investment projects with total capital of US\$27.78 million. Four of them have so far come into operation.

In 1997, the Cần Thơ EPZ and IP saw fruitful results in investment attraction with six projects and three warehouses capitalized at US\$71.1 million. Four of them are currently operational and the rest is under construction.

In 1998, there were seven new projects built in the EPZ with total registered capital of US\$36.615 million. Especially 7 old projects (Sovogaz, Meko Feather Company, Meko Garment Company, Cần Thơ Chemical Fertilizer Company, Export Food Company [Cataco], Hậu Giang Petroleum Company and the National Reserve Service) expanded their production and invested additional US\$4.667 million. In 1998, the EPZ and IP's total investment capital reached US\$26.45 million.

The EPZ and IP's performance made good progress in 2000 with 11 new projects capitalized at US\$29.8 million including four foreign-invested ones with US\$19 million.

At the end of 2000, ninety percent of the Trà Nóc IP's building acreage was occupied with 53 enterprises and total registered capital of US\$124.796 million including 16 foreign-invested ones capitalized at US\$62.42 million. Forty-two enterprises had started business and production.

At the same time, these enterprises realized 58.25% of the total registered capital, including foreign-invested ones 46.21%; local ones 68.25%, the Trà Nóc I IP 70.30%, the Trà Nóc II IP 27.26%. The EPZ and IP's realized capital were highest compared with previous years: above US\$42 million, up 68% over 1999 and equal to 72% of the total capital realized from 1996 to 1999.

In 2000, the Trà Nóc IP accounted for 20.30% of the province's industrial output value and 34% of the export revenues.

In the first nine months of 2001, the Cần Thơ EPZ and IP attracted an investment capital of US\$14.89 million including US\$1.550 million from three foreign-invested projects.

As such, by September 2001 the Cần Thơ IP accommodated 70 enterprises with total registered capital of US\$173.060 million, including 21 foreign-invested ones with registered capital of US\$69.316 million. In addition, the realized capital reached US\$112.970 million, or 65.2% of total registered capital of 70 enterprises including US\$37.97 million or 54.7% from foreign-invested companies.

By September 2001, the EPZ and IP had a working population of 8,814, up 1,426 or 20% as compared to late 2000. The workers with university degree represented 7.09%, those

coming from the province districts 87% and Cần Thơ City 60%.

The above promising achievements are derived from the more liberal investment environment of Vietnam and improved administrative procedures. The province government has implemented the "one-stop" mechanism and "four communications" (road, electricity, water and information). The provincial government makes annual examination and evaluation to take appropriate measures for investment attraction.

4. Challenges and restrictions

- The IP faces challenges in finding export markets, changing prices, and slow sales of its products in local markets.

- The investment capital remains low as compared with development requirements of the Mekong Delta.

- Services are insufficient, especially for living conditions. Administrative procedures are still obstacles to project development.

- The enterprises in the IP have not yet paid full attention to environmental protection. They have not yet set up facilities to deal with wastewater, effluvia and dust.

- The IP still lacks skilled workers.

5. Some measures to boost investment in the Cần Thơ EPZ and IP

- To make a legal framework clear and liberal for investment in the EPZ and IPs, the National Assembly is required to promulgate the EPZ and IP Law.

- The province government should apply one-price policy to foreign investors in such areas as transport, electricity, water, and hotel...

- The Government should instruct the Ministry of Transport, relevant ministries, Cần Thơ People's Committee, Vĩnh Long People's Committee to focus their efforts on upgrading Cần Thơ Airport, Port, and Bridge in line with the approved plan.

- The Cần Thơ government should propose the Ministry of Education and Training to help train high skilled workers for the Cần Thơ IP.

- The administrative procedures and project evaluation should be improved.

- The EPZ and IP authority is required to devise a strategy to mobilize foreign and local resources to develop the EPZ and IP infrastructures.

- The EPZ and IPs should provide more services for workers, for example, home and entertainment...

- The local government should perfect the "one-stop" mechanism and build necessary infrastructure.

The development of Cần Thơ EPZ and IPs to attract investment capital for socio-economic projects of Cần Thơ province and the Mekong Delta is an appropriate policy. We believe this will help Cần Thơ become an economic hub for the whole delta.

REFERENCES

1. Cần Thơ Statistics Yearbook, 2000
2. Vietnam Perspective, Thống Kê Publisher, 2000
3. Cần Thơ Province Master Plan, 2000
4. Quarter and annual reports of the Cần Thơ EPZ and IP and Cần Thơ IP development Company from 1996 to October 2001.

