

Vietnam's Efforts to Attract Foreign Investment

by Dr. PHẠM HỒNG KỶ

We must accept the fact that foreign investors want to earn profits when coming to Vietnam while we need their skills and technology, new jobs and stable economic growth.

In the past few years, China attracted from US\$40 to 50 billion of foreign investment a year and this figure is expected to reach US\$60 billion this year. In Germany, some 5

tween US\$2 and 2.3 billion a year. New investment reduced in the past few years and starts to rise this year when the consequences of the 1997 financial crisis were solved.

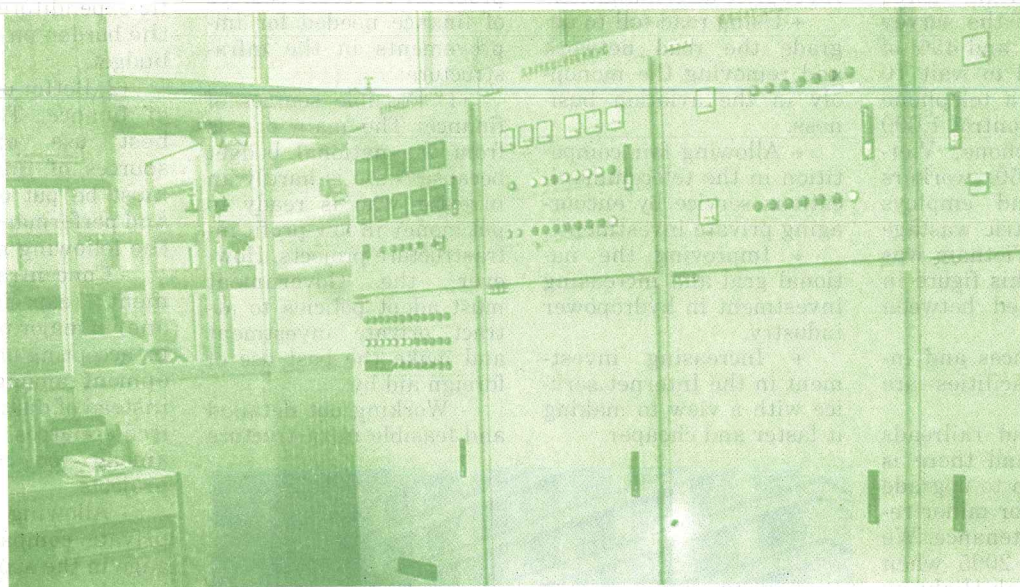
To ensure better business climate for investors, the Government has taken the following measures:

(1) Reforming the legal infrastructure with a view to making it clearer and more suitable to interna-

the competitiveness of goods and services from Vietnam: Besides cuts in the land rent and preferential treatment offered to all investment projects, especially ones in depressed areas and prioritized industries, governmental bodies (tax agencies and customs in particular) are ordered to reform administrative procedures and government monopolies to cut service fees. For exam-

have been built and come into operation, which facilitated the application of the one-stop mechanism. In addition, various infrastructure projects have been carried out with a view to encourage long-term investments.

(4) Developing the human resource: The Decree 06/2000/NĐ-CP was issued on March 6, 2000 to facilitate foreign investment in education and health care



million people are jobless and the unemployment rate in East Germany rose to some 20%. The German government established the High Commission of International Investment and Germany now attracts from US\$30 to 50 billion of investment a year. This means that the competition for foreign investment has become essential to the economic growth of all countries.

In Vietnam, the FDI amounts to somewhere be-

tional practices and developing a level playing field for both foreign and local investors: The business climate in Vietnam is improved gradually through dialog between government bodies and the business circle in order to deal with complaints from businesspersons and obstacles to the economic growth. A lot of unreasonable regulations have been amended after these meetings.

(2) Reducing production cost in order to enhance

ple, the cost of international calls has been reduced to below US\$1 per minute. More improvements are expected in the coming years.

(3) Beefing up the town planning and increasing investment in the infrastructure: In recent years, both central and local governments have made plans to develop sources of raw materials for each industry. Particularly, 76 IPs and EPZs out of 125 ones planned for the year 2010

services, and research and development activities. This could be considered as an effort to improve the quality of the local human resource.

(5) Developing productive forces and markets: Three years after the Companies Law, over 60,000 concerns have been established, including some 3,000 foreign-invested companies. Besides companies, there are some 2 million cooperatives and

family businesses that constitute a huge market and great productive forces. In spite of the low spending power, Vietnam is a potential market for consumer goods with the average growth rate of 7%. Moreover, Vietnam is trying to open its markets as required by agreements with foreign partners. In the near future, foreign-invested companies will be allowed to turn into joint stock companies, thereby taking part in the stock exchange.

Besides improving the business climate, the Government also took measures to attract the FDI:

- Getting access to multinationals with a view to asking them to invest in hi-tech industries, such as electronics, information technology and engineering.

- Carrying out major projects that affect greatly the economic growth (hi-tech parks, infrastructure development, power and energy, etc.).

- Deregulating conditionally-invested industries and offering more incentives to investment projects: This effort showed itself in Decrees 24/2000/NĐ-CP dated July 7, 2000 and 27/2003/NĐ-CP dated March 19, 2003 providing guidelines on the implementation of the Foreign Investment Law.

- Dealing properly with complaints from businesspersons and obstacles to economic activities: In 2002-03, foreign investors added some US\$1.3 billion to their businesses in Vietnam. Their success has helped persuade other investors into doing business in Vietnam.

Besides the political stability and social order, the improved business climate for both foreign and domestic investment projects has made Vietnam an attractive market and destination for foreign companies. ■

Measures to Increase Foreign Investment in HCMC Export Processing Zones and Industrial Parks

by Dr. NGUYỄN CƯỜNG

At present, the HCMC Board of Export Processing Zones and Industrial Parks controls two EPZs and 11 IPs in HCMC. Its targets set for 2003 are:

- Attracting US\$250 million worth of foreign investment, and

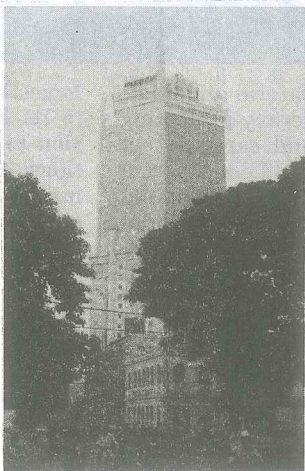
- Attracting VND5,250 billion worth of domestic investment (or US\$350 million).

Thus the gross investment in EPZs and IPs in HCMC planned for the year will reach some US\$600 million increasing by 15% compared with 2002.

To achieve these targets, the Board has taken the following six measures:

- (1) Carrying out plans to clear and retrieve land, and pay compensation according to direction given by the Chairperson of the HCMC People's Committee: Two solutions are adopted to the plans:

- Holding regular meetings with local authorities that are facing difficulties



in paying compensation with a view to accelerating the land clearance and construction of infrastructure as required by investors.

- As for infrastructure development companies in need of capital to pay compensation, the Board work out feasible plans and submit to authorized bodies for approval.

- (2) Improving the infrastructure inside and outside IPs and EPZs:

- The aim is to help infrastructure development companies complete their works at the highest quality. In 2003, the top priority is given to the following works:

- + Effluent treatment plants.

- + Industrial waste treatment plants

- + Facilities for fire departments

- + Health care centers

- The Board has worked out the master plan for the environment protection in HCMC IPs.

- The Board cooperates with HCMC authorities to upgrade works and systems used for supply services from outside EPZs and IPs (roads, telephone lines, sewerage, power lines, etc.)

- Plans to build apartment houses for laborers working in IPs and EPZs have been made in cooperation with district authorities.

- All kinds of services needed for IPs and EPZs in both qualitative and quantitative terms are encouraged and enhanced.

- (3) Improving the performance of management of IPs and EPZs:

- Establishing representative offices of the Board in all IPs and EPZs with a view to enhancing its business performance.

- Perfecting the 'one-stop' mechanism adopted by the Board.

- Developing facilities for connecting the Board with its representative offices in an intranet and opening a website for the Board.

- (4) Carrying out a pilot scheme to expand functions of the Tân Thuận EPZ according to direction of the PM with a view to helping companies in this EPZ improve their competitiveness when entering into the regional and world markets.

- (5) Pushing ahead with trade and investment promotion:

- The Board cooperates with infrastructure development companies to launch marketing campaigns in traditional markets, ensure incentives and preferential treatment for projects in technology-intensive industries and limit labor-intensive ones.

- Opening a representative office of the Board in Gaoxiong, Taiwan.

- Holding a meeting to form the Association of Companies in HCMC IPs and EPZs.

- (6) Giving training courses in computing, foreign languages and technical skills with a view to supplying better human resource to companies. ■