

# DEVELOPMENT DIRECTIONS FOR HCMC INDUSTRIAL PARKS

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## I. DIRECTIONS OF DEVELOPMENT OF INDUSTRIAL PARKS IN VIET- NAM

Long-term objective of the industrialization and modernization is to change Vietnam, up to 2010, into an industrial country based on modern technical facilities, reasonable structure of industry and progressive relations of production appropriate to

the first stage of changing the structure of industry should be completed in 2000 in order to create preconditions for a new development stage in the 21<sup>st</sup> century. This policy will affect all fields of the life of society because IPs are considered as dynamics of the economic development. All kinds of IP, including industrial complexes, export processing zones and hi-tech parks, will be developed in

These vital zones will become dynamics of development for surrounding areas.

### 2. Direction 2

Development of IPs should be combined with, and appropriate to, urbanization programs. The infrastructure should be developed first in order to help IPs operate effectively and ensure socioeconomic, environ-



level of productive forces. One of measures taken to achieve this objective is to develop industrial parks and export processing zones (referred to collectively as industrial parks, or IPs, in this article) where favorable conditions are available. In developing IPs, full attention will be paid to the following directions.

#### 1. Direction 1

The development of industrial parks should be suitable to the phased and focused strategy for socioeconomic development. According to spirit of the Resolution 7 by the VCP Central Executive Committee,

different provinces to accelerate the growth rate.

In the Southern Vital Economic Zone with its core consisting of HCMC, Đồng Nai, Bà Rịa – Vũng Tàu and Bình Dương, many IPs have been developed around ports and along arteries.

In the Northern Vital Economic Zone (including Hà Nội, Hải Phòng and Hạ Long), IPs were built in cities and along arteries.

In the Central Vital Economic Zone (Quảng Nam, Đà Nẵng, Quảng Ngãi and Bình Định), IPs have been built in Dung Quất and around Đà Nẵng.

mental and security requirements.

#### 3. Direction 3

IPs should be designed and developed according to consistent and complete plans including the infrastructure and other facilities supplying necessary services.

#### 4. Direction 4

IPs in Vietnam could be built with capital from all sectors and both local and foreign investors. In the past, under the centrally-planned mechanism, IPs were financed by the State. At present when Vietnam is building the mixed economy, IPs are developed by investors from all sectors.

### 5. Direction 5

Investment and development of IPs should be controlled by a perfect system of laws and supporting institutions.

A perfect investment law creates a legal infrastructure for facilitating investors' operation. The investment law and supporting institutions offer help and incentives to both foreign and local investors.

### 6. Direction 6

The government control over IPs should be based on the following consistent processes:

- Process of making, inspecting and approving plans and projects in IPs,

- Process of controlling projects of all forms and under all kinds of ownership in IPs,

- Process of studying and distributing IPs over zones and cities and delegating control of IPs to local governments.

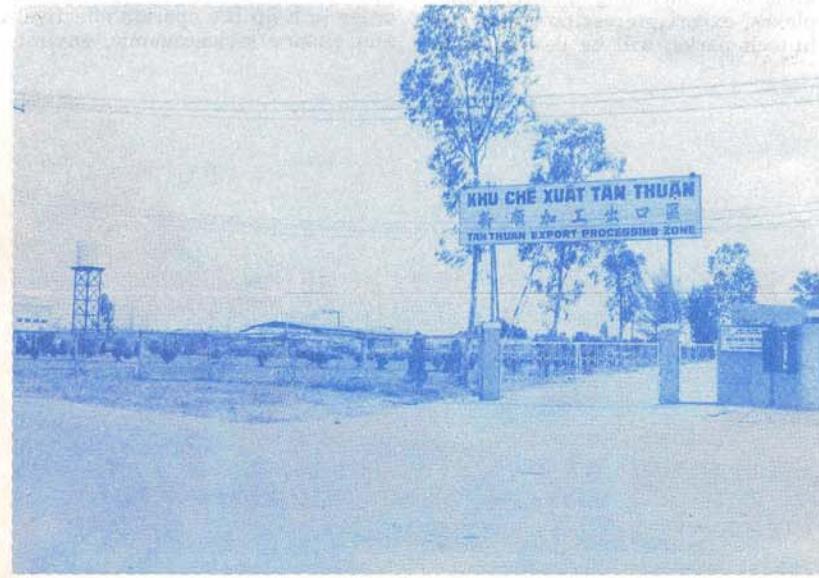
### 7. Direction 7

The development of IPs should accord with a system of scale (classification of cities appropriate to the industrialization and modernization and infrastructure development at national level) and they are distributed among vital economic zones according to plans to develop cities appropriate to the system of industries. IPs could be located in cities or suburbs or outside residential areas according to their size. In the long run, IPs should be built outside residential areas.

## II. DIRECTIONS FOR DEVELOPMENT OF IP IN HCMC UP TO 2010

### 1. Main points of industrial development in the years 2001- 2010

In the coming years, the industrial sector still plays the most important role in the HCMC economy, especially in its industrialization and modernization process. The plan for industrial development in HCMC should be appropriate to local conditions and the general development trend. It should originate from the demand of the market and take interactions between industries and surrounding zones into account. Moreover, the plan should embody the HCMC urbanization plan and be based on reliable data and arguments. Main points of the plan for in-



dustrial development in HCMC are as follows:

- Working out plan to develop key industries of HCMC to create preconditions for the industrialization and modernization of HCMC economy.

- Working out plans to develop export-oriented industries to help HCMC integrate into foreign markets.

- Working plans to locate IPs in different districts of HCMC.

- Developing cooperation between HCMC government and central ministries.

### 2. Requirements set for the IP development in HCMC

In current conditions, the building and development of IPs is consid-

ered as an important measure to develop the economy. It should be combined with infrastructure development plan, urbanization program and rearrangement of residential areas. That is why the development of IP should meet the following requirements:

- Favorable preconditions for building the infrastructure and developing into industrial complexes.

- Easy access to local or foreign supplies of raw materials and convenient location.

- Saving farming land, especially rice growing land, with a view to ensuring the food safety in the long-term development strategy of the country.

- Good combination with the urbanization program.

- Good combination with the national defense.

### 3. Plan to develop and locate IPs in HCMC up to 2010

#### a. Bases for the plan:

The planning and building of IPs in HCMC should be based on:

- The HCMC zoning plan approved by the central government,

- Zoning plans for districts approved by the HCMC People's Committee,

- The Plan for Development of the Southern Vital Economic Zone,

- Prediction of HCMC population up to 2010 and planned developments of urbanized centers and residential areas.

#### b. Key problems of planning task:

- Selection of location: To attract investment, the local government should allow and help investors to find locations suitable to their businesses. Each business needs different conditions (distance from ports, area, supply of labor, water and power, etc.). Planners tend to zone groups of industrial estates for environment purposes. According to Decree 91/CP, the Ministry of Construction is responsible for setting standards of land use but standards for classifying industries for environment purposes haven't been issued yet.

In the town development plan, classification of industries could be as follows:

- + Extractive industry: Industries that take out minerals from the earth should be located reasonably in order to exploit natural resources economically. Some of them (exploiting materials needed for production of building materials) are important to the development of cities and towns.

+ Heavy industry: These industries need big investment and large areas near ports and arteries in order to deal with industrial waste and suitable climatic conditions to release smoke. They are very important to other industries. One of the most remarkable heavy industries is one that exploit ports. It requires very large areas and includes shipbuilding, maintenance of oil rigs, processing of aquatic products or supplying services and other facilities to fishing boats.

+ Light industry: These industries employ a lot of laborers, cause less pollution and need locations near residential areas. One of them is the hi-tech industry focusing on research and development activity. Hi-tech companies need locations – with small or medium areas- near universities, good environment and sources of well-trained laborers.

+ Special industry: Industries that release toxic waste or a lot of pollutants need locations far from residential areas and waste treatment plants.

+ Service and local industries: These industries need only small areas in towns and cities and could be developed into commercial centers.

- Time limit: The development of IPs should satisfy the market demand. After investors feel content with a location in an IP, license should be granted as quickly as possible with a view to helping them take business opportunity. HCMC government had better review cost of infrastructure and area in IPs leased every year. Data need to be reviewed every year are as follows:

+ Demand forces: applications for investment licenses classified into industries; number and area required by each application.

+ Supply forces: areas with infrastructure for lease in each IP; areas for future development; land rent for areas with infrastructure.

- Labor recruitment: Generally, working place near residential areas is more convenient. If the building of IPs in suburbs or rural areas make the building of new residential areas a must, this project won't be high on the list of priorities. In the short run, it is reasonable for laborers to travel every day from their houses to their working place. As for heavy and special industries, laborers couldn't live near factories. In town planning, however, the planners had better zone land for residential areas, schools and other public buildings.

c. Plans for IP development up to 2010:

From now until 2010. The Southern Vital Economic Zone and HCMC must meet with both favorable and unfavorable conditions in developing IPs.

- Plan 1: This is the most optimistic plan with the assumption that all difficulties are best solved and investment is best attracted. Development of existing IPs will be as follows:

Besides existing IPs, the HCMC government has planned to build

must be concentrated on expanding existing IPs according to the Plan 1.

In present conditions, the Plan 2 seems more appropriate. For example, the Tân Tạo IP has just been allowed to increase its area to 425 hectares nearing the potential area; while the management of Cát Lái and Tam Bình IPs are negotiating for new investors with a view to starting their building plan sooner. ■

IP & EPZ	Potential area (hectare)	Planned development (hectare)	
		2000	2010
Tân Thuận	300	300	300
Linh Trung	60	60	60
Bình Chiểu	27	27	27
Hiệp Phước	2,000	332	2,000
Tân Tạo	500	200	500
Tân Bình	250	250	250
Vĩnh Lộc	207	207	207
Tam Bình	64	64	64
Tân Thới Hiệp	400	300	400
Tây Bắc Củ Chi	300	215	300
Cát Lái	800	400	800
Lê Minh Xuân	100	100	100
Hi-Tech	800	300	800

IP & EPZ	Potential area (hectare)	Planned development (hectare)	
		2000	2010
Bắc Thủ Đức	400	200	400
Phước Long	100	100	100
Tân Phú Trung	500	200	500
Phú Mỹ	400	200	400
Tân Quý	300	100	200
An Hạ	90	90	90
An Nhơn Tây	300	300	300

some new ones in 2000 presented in the following table:

- Plan 2: This plan applies when such problems as land clearance, sources of finance, infrastructure outside IPs, etc. couldn't be solved. In this case, the plan to build new IPs should be abandoned and efforts

#### Reference materials:

- MPI, Master Plan for Socioeconomic Development of the Southern Vital Economic Zone
- HCMC People's Committee, Master Plan for HCMC Socioeconomic Development up to 2010.