

Development Investment in Đồng Nai Province Facts and Prospects

by NGUYỄN VĂN NHƠN

The Resolution of the Nông Nại Party's eighth congress affirms the province's percapital GDP is set at US\$1,400 – 1,450 doubling the performance of 2005. Its total export value rises 20 - 22%/year and the development of industrial parks (IPs) is a dynamic to allure more foreign investment and accelerate the process of industrialization and modernization. To boost export is one of the province's goals to turn Nông Nại into an industrialized province. This is indicated by the fol-

8.45% of the province's domestic investment capital in 2005.

The province-based domestic investment grows only 21.98% per year. In the meantime, foreign-owned investment rises higher by 22.1% per year with a difference of VND 64,886 million in 2005. This shows the increasingly important role of foreign investment in export of Đồng Nai Province. Investment capital from domestic sources in Đồng Nai includes state budget; bank credit; and funds of state-owned enterprises, non-state organiza-

capital. The credit showed a slow expansion, only 18.68% on average, especially in 2005.

Regarding investment from centrally-governed sources, state budget for investment soared 27.18%/year and credit up 49.21% and it takes a small share in domestic investment. As a result, the investment capital owned by the local government plays a significant part, especially for sources of credit and state budget. The investment from the state budget, however, tends to vary often. Domestic in-

Table 1: Development investment in Đồng Nai Province (Unit: VNDmil.)

Year Source	2001	2002	2003	2004	2005
1. Domestic	2,791,924	3,517,705	4,540,404	5,128,573	6,150,114
- Locally-owned	2,501,569	3,006,905	3,813,303	4,326,964	5,194,283
- Centrally-owned	290,355	510,800	727,101	801,609	955,831
2. Foreign-invested	2,877,000	3,946,000	5,350,469	5,960,586	6,215,000

Source: 2005 Statistical Yearbook, Đồng Nai Statistics Bureau

lowing table:

As for development investment, locally-owned capital increases 20.13% annually; however, this percentage remains far lower than the growth in centrally-owned capital in the province (36.93%). Nevertheless, the central source accounts for only

tions, households and others.

The investment from the province's state budget increased 20.44% in 2002 as compared to 2001 but dropped 10.73% in 2003 from 2002. The average growth in the period is 13.65%. Especially it rose fast in 2005, ranking second in the list of the locally -managed investment

vestment in Đồng Nai flows into specific industries as indicated in the following table:

The above table shows Đồng Nai-based domestic capital has been mainly invested in the industry, especially processing. Meanwhile, foreign investment flows into the following sectors

Table 2: Investment capital from domestic sources in Đồng Nai (Unit: VNDmil.)

Year Source	2001	2002	2003	2004	2005
1. Locally managed	2,501,569	3,006,905	3,813,303	4,326,964	5,194,283
- State budget	505,266	608,585	543,278	645,086	1,459,000
- Bank credit	928,438	1,092,000	1,625,321	1,720,246	1,762,692
- State businesses	122,000	166,320	206,464	220,000	233,445
- Non-state businesses	487,483	540,000	818,089	907,286	1,250,867
- Households	384,200	510,000	620,151	684,346	488,279
- Others	74,182	90,000	-	150,00	-
2. Centrally managed	290,355	510,800	727,101	810,609	955,831
- State budget	8,850	12,670	17,362	18,982	20,738
- Credit	142,785	259,650	504,275	557,267	592,489
- State businesses	138,720	238,480	205,464	225,360	342,604
Total	2,791,924	3,517,705	4,540,404	5,128,573	6,150,114

Source: 2005 Statistical Yearbook, Đồng Nai Statistics Bureau

Table 3: Investment capital by industry (Unit: VNDmil.)

Year	Total	Including	
		Central	Local
2001	2,791,924	290,355	2,501,569
2002	3,517,705	510,500	3,006,905
2003	4,540,404	727,101	3,813,303
2004	5,128,573	801,609	4,326,964
2005	6,150,114	955,831	5,194,283
Industry			
- Agriculture and forestry	97,1358	2,763	968,596
- Mining	59,651	1,603	58,048
- Processing	2,701,188	654,203	2,046,936
- Production of electricity, gas and water	252,158	64,029	188,130
- Construction	138,130	51,032	87,098
- Trading, repairing autos	108,786	21,534	87,252
- Hotels, restaurants	38,668	-	38,668
- Transportation and communication	184,806	132,773	52,034
- Finance, credit	18,258	13,273	4,986
- Science, technology	-	-	-
- Real estates, consultancy	15,398	-	15,398
- State administration, security, defense	44,013	-	44,013
- Education, training	186,932	-	186,932
- Health care and social relief	75,822	14,622	61,200
- Culture and sports	78,106	-	78,106
- Service for individuals and the community	1,276,839	-	1,276,839

Source: 2005 Statistical Yearbook, Đồng Nai Statistics Bureau

Table 4: Foreign investment by sector (Unit: VNDmil.)

Year Sector	2001	2002	2003	2004	2005
Total	2,877,000	3,945,001	5,350,469	5,960,586	6,215,000
- Agriculture	38,760	73,640	1,353	96,502	100,621
- Mining	-	-	-	1,181	1,231
- Processing	2,722,300	3,663,294	5,197,198	5,340,862	5,568,824
- Production of electricity, gas and water	-	-	-	125,361	130,712
- Construction	35,610	51,396	70,317	43,504	45,360
- Trading, repairing autos	68,970	81,202	-	4,442	4,631
- Hotels, restaurants	-	-	-	48,327	50,389
- Transportation and communication	-	-	-	12,129	12,647
- Finance, credit	-	-	-	145	151
- Science, technology	-	-	-	548	572
- Real estates, consultancy	11,360	76,469	81,601	120,112	125,239
- State administration, security, defense	-	-	-	167,474	174,622

Source: 2005 Statistical Yearbook, Đồng Nai Statistics Bureau

Like local partners, foreign investors are also involved in the industry, especially the processing industry. Until the end of 2005, the performance of foreign investment in the province's IPs was as follows:

Investment projects in Đồng Nai's IPs are different in terms of industry and size but have the same characteristics of high and quick returns. The industries of footwear and garments faced largest investment with total capital of US\$2,618 million by

2005, accounting for 38.5% of the total investment in IPs. The next comers include food processing US\$1,222.4 million or 10%; mechanical engineering and electronic home appliances US\$1,156 million or 17%; plastics, paints, chemicals and fertilizers US\$986 million or 14.5%; construction US\$428 million or 6.3%; and others US\$388 million or 14.5%.

By the end of 2005, Đồng Nai Province had licensed to 600 foreign investment projects with total registered capital of US\$7.16

billion. There are now 26 countries and territories investing in Đồng Nai, led by Taiwan (251 projects and US\$2,478 million), South Korea (109 projects and US\$1,132 million), Japan (54 projects and US\$1,065 million). The US invests in 23 projects (US\$203 million), the EU (54 projects and US\$601 million) and ASEAN countries (71 projects and US\$1,470 million). Their investment is mainly involved in industry and construction, accounting for 98%; agro-forestry

0.6% and trading and services 1.4%. In particular, 97% of foreign investment projects are involved in industry and construction and 83% of its amount in planned IPs. This

helps spur the development of the province's IPs. Foreign-owned enterprises also make up 36% of value added, 90% of the province's export value, and 60% of industrial value. In

addition, they contribute 36% of the state budget revenue and employ 200,000 local workers. They thus become an important part of the economy of Đồng Nai Province.

As a result, the province's export will see a boom in the next years because it has boosted foreign investment over the past years and most of products (80%) of foreign-invested companies are sold abroad.

In recent years, foreign investment shows a fast increasing trend as compared to domestic sources. Therefore, this is a decisive factor for export booming in the years to come. Moreover, the export of raw materials will be reduced and replaced with processed and high value-added products, so the skilled and well-educated labor will be given importance. ■

Table 5: Foreign investment by industry

Industry	Total	
	Number of projects	Capital (US\$)
1. Infrastructure	3	197,072,890
2. Industry	568	6,821,723,312
- Food processing	36	1,017,517,361
- Wood processing	45	258,071,410
- Textile, leather and garment	106	2,532,311,589
- Mechanical engineering	155	1,329,296,187
- Plastics, paint, fertilizer, chemicals	112	927,762,082
- Building materials	43	322,350,760
- Others	71	434,413,923
3. Agro-forestry	10	31,469,840
4. Forestry	2	15,991,000
5. Trading, services	17	94,675,000
Total	600	7,160,932,042

Source: Đồng Nai Service of Planning and Investment

Table 6: Production value of enterprises in Đồng Nai's industrial parks 1994 base price

Unit: VNDmil.

	1990	1995	2000	2001	2002	2003	2004
Total	1,069,731	4,754,985	14,488,273	16,035,835	18,496,108	23,176,740	29,644,232
1. By ownership							
- Central government	884,310	2,145,074	4,278,940	4,487,120	5,041,240	5,978,420	7,484,210
- Local government	185,421	354,120	756,894	1,050,300	1,345,010	1,645,210	1,845,741
- Private		7,120	78,940	85,741	101,450	145,460	200,451
- Foreign-owned		2,248,671	9,373,499	10,412,674	12,008,408	15,407,650	20,113,830
2. By sector							
- Agro-forestry-fishery	1,245	3,456	12,450	13,420	14,560	15,460	15,410
- Processing	982,914	4,536,579	13,766,090	15,215,175	17,281,728	21,569,140	27,516,222
- Construction	1,452	10,450	253,610	300,460	354,120	489,740	641,200
- Trading	84,120	204,500	456,123	506,780	845,700	1,102,400	1,471,400
3. By industrial park (IP)							
- Biên Hòa 1 IP	964,131	2,580,885	5,619,458	6,041,071	6,210,400	6,645,790	7,120,450
- Biên Hòa 2 IP	81,000	1,068,700	4,952,424	5,511,888	6,681,604	9,267,110	10,926,412
- AMATA IP			251,997	416,554	541,969	787,616	1,468,400
- LOTECH IP			106,397	177,849	192,755	148,287	694,770
- Gò DaBù IP	24,600	1,105,400	1,687,410	1,978,450	2,041,300	2,345,970	3,074,500
- Nhơn TrãVch 1 IP			292,600	457,720	608,711	761,075	1,301,920
- Nhơn TrãVch 2 IP			913,218	804,790	1,242,976	1,487,920	1,763,120
- Nhơn TrãVch 3 IP					19,980	38,574	177,450
- Nhơn TrãVch 5 IP						15,420	146,720
- Textile & Garment IP							
- Tam Phước IP							
- Long Thành IP			252,410	303,534	434,500	727,691	1,678,940
- Hồ Nai 3 IP							
- Sông Mỹ IP			412,359	343,979	521,913	951,287	1,291,550

Source: Đồng Nai Service of Planning and Investment