

MEASURES TO SECURE INVESTMENT FOR MAJOR ECONOMIC PROGRAMS IN LONG AN IN 2001-2005

by MEcon. ĐOÀN THỊ HỒNG



Long An is adjacent to the Southern Vital Economic Zone as a bridge between HCMC and the Mekong Delta. It has an area of 4,355 sq. km, a population of 1.3 million, good communications and abundant supplies of farm products.

In recent years, the provincial government has made efforts to attract both foreign and domestic investment, thereby making the gross product rise by 7.3% a year in 1996-2000 (the industrial output by 14.7%).

The structure of industry experienced positive changes in 1996-2000: the share of the primary sector decreased from 55.4% to 50.1% and the service sector from 29% to 28.5% while that of the manufacturing sector rose from 15.6% to 21.4% and personal income increased from US\$280 to 330.

Regarding the domestic investment, there are some 200 companies operating in Long An with a total investment of VND200 billion. In addition, there are 41 foreign-invested projects capitalized at US\$304 million. This investment, however, is not big enough to tap all potentials of the province.

To accelerate the industrialization and modernization in Long An, the provincial government worked out four major programs for the years 2001-2005:

- Social welfare in flood-plain.
- More investment for provincial vital zones.
- Job creation and poverty reduction.
- Development of human resource.

In this article, we will present the first two programs which were approved and started by the Long An People's Committee on Dec. 14, 2001.

1. Social welfare in flood-plain

The Long An flood plain includes six districts - Tân Hưng, Vĩnh Hưng, Mộc Hóa, Tân Thạnh, Thạnh Hóa, Đức Huệ - and some communes of Thủ Thừa District. The area of this plain is 307,000 hectares representing 68.4% of the Long An area. This plain supplies some 1,000 tonne of rice a year. In recent years, the flood has tended to last longer, from three to four months, causing great losses to local residents. Many of them had to migrate or live below the poverty

line for years or live on aid from local authorities.

The overall objective of the program is to help residents settle down (by providing loans for the building of houses on stilts or high-floored houses; developing residential areas protected by dikes; building drainage systems, etc.) and provide them with good and services needed for the good of the community (schools, hospitals, power, clean water, etc.). The program also aims at supplying new strains of plants and animals and developing rural communications.

This program requires a total investment of VND6,392 billion. In 2001, some 338 billion was supplied to the program and it needs some 6,000 billion for the next four years. All sources of finance have been mobilized (public, private, domestic and foreign ones). The program will carry out the following projects in the next four years:

- Building 152 flood-free residential areas (VND2,814.7 billion).
- Raising the floor of some 47,000 houses in the flood plain (VND70 billion).
- Building rural roads (VND830.7 billion).

- Building irrigation systems and infrastructure for fish farms (VND1,286.4 billion).

- Building systems of dikes protecting residential areas; rice and sugarcane fields, introducing new strains for adjusting the structure of farm products and protecting the environment (VND641.2 billion).

- Upgrading the system of health-care and disease control services in the flood plain (VND140 billion).

- Raising the floor of all schools with a view to allowing pupils and students finish the school year without being hindered by floods (VND172 billion).

- Applying and transferring new agricultural techniques to peasants, ensuring hygiene and social benefits (VND49 billion).

2. More investment for provincial vital economic zones

The Long An Vital Economic Zone is on the east bank of the Vàm Cỏ Đông River adjacent to HCMC and the National Route 1A, including four districts (Đức Hòa, Bến Lức, Cần Giuộc and Cần Đước), Tân An provincial towns and parts of Thủ Thừa and Tân Trụ Districts. Its area is 1,100 sq. km. representing 21.5% of the area of the province. The Vital Economic Zone is central to the plan to develop manufacturing industry thereby changing the structure of industry and accelerating the industrialization and modernization.

To realize targets set for the program in 2002-2005, the provincial

Table 2: Available source of bank credit in Long An (VND billion)

Year	Working capital		Outstanding loan by banking institutions		
	Total	Mobilized capital	Total	Medium- and long-term loan	As % of total loan
1997	866	416	946	170	18.0
1998	1,044	620	1,076	243	22.6
1999	1,280	604	1,234	251	20.3
2000	1,430	776	1,527	412	27.0
2001	1,877	1,145	2,169	494	22.8

government has planned to mobilize some VND6,000 billion from the following sources:

- Public funds: 2,200 billion (800 billion from the Treasury; 110 billion from state companies run by central authorities; and 1,290 billion from the provincial budget)

- Investment from companies building the infrastructure for some 700 hectares: 2,000 billion.

- Investment from local companies: 600 billion.

- Investment from foreign-invested companies: 1,200 billion.

3. Supply of credit to provincial economic programs

a. More investment from banks:

The Long An Branch of SBV has adopted the following tasks and plans to supply more credits to the major economic programs for the years 2002-05:

- Carrying out researches into possible sources of idle money in the public, launching marketing campaigns to attract more depositors in order to increase the supply of long- and medium-term credits.

- Reforming commercial banks and restructuring the local banking system, thereby enhancing control over banking institutions by the Long An SBV Branch.

- Trying to increase the total bank deposit by 24-26% a year, credit supply by 25-30% a year and raise the share of long- and medium-term loan in the outstanding loan to somewhere between 35% and 40%.

b. Measures:

To make bank credits available for all companies and individuals requires not only efforts made by banks, but also help from provincial authorities to the common plans.

The provincial government had better give more incentives, within the framework allowed by law, to invest and employ effectively the public investment in major programs. Policies to give preferential treatment to investors must be perfected and adjusted soon.

- The task of granting land use right certificates and title deeds must be done faster with a view to helping companies or private persons get quicker access to formal credits by mortgaging these documents.

- Commercial banks had better find ways to cooperate with foreign partners in order to make use of foreign sources of finance and modern technology.

- Commercial banks could seek for information about the demand for credit from managing bodies of industrial parks and economic development projects in order to make bank credits available in time. Banks could also finance companies with good business plans in practices familiar to finance companies.■

Table 1: Plan for distributing investment in the Long An Vital Economic Zone by industry and sector (VND billion)

Industry and sector	5-Year	2002	2003	2004	2005
Communications	840	250	250	200	200
Water supply	100	30	30	30	30
Power supply	100	25	25	25	25
Postal service	10	2	2	3	3
Education	200	50	50	50	50
Vocational training	80	20	20	20	20
Environmental health	30	10	10	5	5
Agriculture	40	10	10	10	10
Infrastructure	2,000	500	500	500	500
Central government investment	800	200	200	200	200
Local investment	600	150	150	150	150
Foreign direct investment	1,200	300	300	300	300
Total	6,000	1,547	1,547	1,493	1,413