



SOME MEASURES TO INCREASE INVESTMENT IN INDUSTRIAL PARKS IN ĐỒNG NAI

by LÊ XUÂN BÌNH

After 10 years of industrialization and modernization, Đồng Nai has reached its full potential as a province in the Southern Vital Economic Zone and obtained important socioeconomic achievements. At present, Đồng Nai is second only to HCMC and Hà Nội in attracting foreign investment and developing industrial parks (IPs).

Đồng Nai only houses 11.8% of the national population but it accounts for some 30% of the GDP. Its annual gross product rises by 12% (as compared with the national average of 6.7%); industrial output by some 20% (output from its foreign sector by 31% and local ones by 10%). These achievements have helped facilitate changes in the structure of industry and develop some key industries.

Đồng Nai's export value rose by 48.7% a year, the proportion of manufacture goods to total exports reaches 70%. Its import also increases steadily to accelerate production and investment. The gross investment in Đồng Nai rose by 330% in the years 1996-2000 as compared with the 1991-95 period (the share of domestic investment in the gross investment rose from 24% in 1995 to 39.5% in 2000). Big investments have been put in infrastructure projects to facilitate industrial production and improvements in living

standard in towns and IPs. Foreign investment in 1996-2000 rose by 487% as compared with the years 1991-95 and 90% of it was put in the manufacturing sector. This tendency was suitable to demand for changes in the structure of industry and control over natural resources and pollution.

1. Achievements

Considering the network of IPs as central to the socioeconomic development, Đồng Nai government has completed plans to build 17 IPs on a total area of 8,119 hectares; and 10 of which (on a total area of 2,718 hectares) have been approved by the central government. At present, the infrastructure in IPs is good enough to carry out investment projects. Of nine newly built IPs, AMATA and LOTEKO are developed by joint ventures between local and foreign partners and the infrastructure there reaches international standards. Other IPs are developed by local companies and all facilities (roads, water and power supply, sewerage, effluent treatment plant, etc.) are built by degrees. In 2001, Đồng Nai IPs attracted 47 projects capitalized at US\$442.8 million increasing by 74% in comparison with 2000. Operational projects had their investment increased by US\$91.82 million.

Some 160 hectares were leased in 2001 and the biggest tenant is the FOMOSA Group that rents 100 hectares for the first phase of its project capitalized at US\$165 million. Up to now, 1,079.71 hectares, equaling 55.71% of the area for rent in Đồng Nai IPs, have been leased while the national average is only 30%.

a. Investment in IPs: Up to the end of 2001, Đồng Nai IPs house 350 FDI projects capitalized at US\$4,665.78 million, including 207 foreign-owned projects capitalized at US\$3,528.11 million; 99 locally-owned projects with total registered capital of US\$336.92 million and 44 joint ventures (between local and foreign partners) capitalized at US\$800.75 million.

After being licensed, 283 projects have come into operation, 23 ones are under construction and 44 ones haven't been started yet.

The average size of a project is US\$18 million. Some of the biggest are: Amata Power Company (US\$110 million); computer factory of Fujitsu (198.8 million); Hualon Corporation Vietnam (477.1 million); Vedan (332 million) and Fomosa clothing company (245 million).

Most projects are in industries with comparative advantages, such as clothing, footwear, electronics, engineering, food processing, chemi-

cals, plastics, rubber, ceramics and building materials.

b. Business performance: Most companies in Đồng Nai IPs have made good progress and reasonable profits.

- + Import, export and output by Đồng Nai IPs rose steadily over years. Their average growth rate is 31.5% as compared with the national average of 6.7%.

- + Products from Đồng Nai IPs are of high quality and saleable on both domestic and foreign markets. Some 60% of their sales are from exports.

- + In 2001, total sales made by IP companies reached US\$2,350 million increasing by 4.5% compared with 2000. Their import value was US\$1,400 million equaling 89.74% of the import value in 2000. Their export value was US\$1,120 million equaling 88.48% of that in 2000. Their payment to the Treasury in 2001 was US\$105 million increasing by 14% over 2000. Đồng Nai IPs employ 110,319 laborers; 1,128 of them are foreigners.

c. Effects on the socioeconomic life: Foreign investment accounts for 79% of investment projects in Đồng Nai and an increasing share in the provincial industrial output (from 21.2% in 1995 to 60% in 1999). Tax payment from IP companies rises steadily facilitating changes in the structure of industry and introduction of modern technologies and scientific advances. Investment in IPs helped produce 176MW of electrical power and 15,000 cubic meters of water a day; build 41.7 km of road and three effluent treatment plants with a total installed capacity of 6,500 cubic meters a day.

Đồng Nai IPs help create a lot of new jobs, improve the living standard, accelerate urbanization and reduce social evils.

2. Causes of success and shortcomings to deal with

Main causes of success are as follows:

- The "one-stop" mechanism is carried out properly and effectively.

- Local authorities cooperate together in providing companies with the best conditions they can. Administrative procedures are reformed considerably.

- Infrastructure inside and outside IPs is good enough to meet requirements of investment projects. Infrastructure building companies have tried their best to make Đồng Nai IPs more attractive and more competitive in the eyes of investors.

In the coming years, IP authorities should deal with many problems with the development of IPs, such as:

- + All IPs didn't develop at the same rate.

- + Domestic investment in IPs is still small.

- + Pollution of the Đồng Nai River is alarming.

- + Many laborers' requirements aren't met (accommodation, social order, hygienic conditions, supply of consumer services, etc.)

- + Inspections and supervision by local authorities usually overlap, which cause difficulties for companies.

- + Đồng Nai is meeting with keen competition for investment from HCMC and Bình Dương.

3. Measures to attract more investment

The following measures are based on the national strategy to develop IPs and the program to integrate into the world and regional markets in the coming years.

- Perfecting the master plan for industries enjoying preferential treatment: The plan could help orient investments towards technology-intensive industries and ones using locally-made raw materials.

- Publicizing the plan to develop the infrastructure outside IPs: This effort will help facilitate the task of zoning areas for housing programs, building of tourist resorts or facilities for sports and health care, etc.

- Keeping on reforming administrative procedures: All procedures relating to investment and business in IPs should be consistent, well publicized and effective. To promote the "one-stop" mechanism, IP Boards will be responsible for dealing with all complaints or requirements from companies.

- Launching campaigns to promote investment: Local authorities must make all efforts to keep investors informed about business opportunities in Bình Dương, such as taking part in workshop on investment opportunities in foreign countries, supplying up-to-date information through the Internet, seeking for help from Vietnamese embassies, etc.

- Carrying out programs to train laborers in skills demanded by IP companies.

- Cooperating with governments of other provinces in facilitating flows of investment and laborers, and dealing with the pollution of the Đồng Nai River. ■

