

INDUSTRIAL ESTATES, RESIDENTIAL AREAS AND SUSTAINABLE DEVELOPMENT

by Dr. LÊ KHOA

1. Relations between industrial estates and residential areas

One of target for all companies is reduction in costs and expenses. Companies could be saved from some of these costs when they are conveniently situated close to roads, waterways, ports and marketplaces. Some of fixed costs they have to cover are spent on land needed for their factory buildings and warehouses, and on waste treatment plants to meet requirements for environment protection. Just because of these costs, companies tend to build their factory buildings in suburbs where land is cheap and a convenient site is easy to find. When the urbanization accelerates and cities become bigger, factories find themselves inside residential areas and their owners start to face pollution suits. To deal with this problem, they have to move their factories and suffer more costs.

HCMC is a good illustration of this situation. In the 1960s, most factories were built in suburbs of Saigon, far from the city center and near to highways and power plants. At present, these suburbs become industrial centers within HCMC and many tall buildings and apartment houses have been situated closed to them. The unruly urbanization has led to many environmental issues which cost the public and local government a lot to deal with.

With the fast urbanization, price of land in suburbs skyrockets and investors find it difficult to secure a piece of land that is cheap and good enough for their factory buildings. To avoid this cost, they must develop industrial estates far from cities. This effort seems beyond their reach and they have to depend on help from the State.

To prevent the past from repeating itself and facilitate foreign investment, the Government has adopted the policy to develop industrial parks and export processing zones outside residential areas. According to this policy, all provinces or regions must be zoned for different uses (industrial, residential, agricultural and forestry or sports, etc.).



Industrial parks are usually situated in open areas close to ports, highways and source of power supply. Factories in these parks are usually linked horizontally with a view to making the best use of raw materials or reducing transport costs. Some others tend to specialize in certain products or house factories in the same industry or parent companies along with their subsidiaries. Industrial parks with good infrastructure and convenient position could save investors and manufacturers from a lot of costs and expenses relating to transport, environment, pollution, marketing and land.

Export processing zones work on the same principles as industrial parks do but they are considered as separate from Vietnam in terms of tariff. Companies in these zones can export and import directly without paying tariffs. That is why all export processing zones have high walls all round them. Goods and services exchanged between these zones and domestic market are treated as exports and imports. These zones allow manufacturers to make exports using labor and raw materials from Vietnam or abroad. This statute has helped Tân Thuận, the first EPZ in Vietnam, enjoyed trade surplus and earned a profit of US\$500 million in its first ten years of operation. In those years, the Tân Thuận's import value was very high because all factories had to import machinery and machinery. If these expenditures weren't taken into account, the trade surplus would be much higher than the US\$500-million mark.

Residential areas for workers are one kilometer or two away from industrial parks. The Thuận Giao residential area on the highway connecting HCMC and Bình Dương for example, is 25 km away from HCMC and close to many industrial parks (Bình Chuẩn, Việt Hương and Việt-Singapore). In this area, there are many boarding houses for workers. The air is smoke-free because it is far from factories. This will be a good residential area when schools, hospitals, marketplaces are built.

Residential areas and industrial parks are connected by highways which could become sources of pollution (smoke, noise, dust, etc.). Therefore, residential areas must be at least 200 meters away from highways and

trees must be grown in order to reduce air pollution. In addition, bus services are also needed for reducing the traffic on highways.

The plan to build such industrial parks and residential areas will help keep balance between economic development and environment protection. Producers can be saved from expenses on land, workers can enjoy fresh air in their residential areas and the environment is protected from pollution. From the plan to reality, however, there are many problems to solve.

2. Problems to solve

The first one is violations of regulations by companies. Many of them have built factories in residential areas or on open land along highways instead of building them in industrial parks. In the Thuận Giao residential area for example, there is a sawmill and a factory producing animal feed.

The second is the common habit of building houses along roads and highways to start some family business. After the HCMC - Bình Dương Highway was built in 2001, price of land along it rose quickly (from VND60 million for a 300-sq.m lot to some 200 million) and houses mushroomed everywhere with the result that there was no land for trees.

Workers in industrial parks tend to live in boarding houses near to their working places instead of moving to well-planned residential areas. Another reason is the fact that houses and flats in new residential areas, such as Thuận Giao, are beyond reach of most workers who are usually from other provinces. As a result, land and houses in new residen-

tial areas are bought by speculators from HCMC and they will sell them when the price is high enough. This makes it difficult for local authorities to realize their town development plan. If strong measures aren't taken by local authorities, persons who have houses or land along highways will some day build factories on their land and the history repeats itself: factories exist in residential areas and people keep living along roads and highways causing great environmental problems.

3. A reasonable pattern for Vietnam

More rights and duties for planning authorities at provincial level: The town planning must aim at the above-mentioned measures: land must be zoned for different uses; factories must be in industrial parks; houses must be in residential areas, strips of land of 200 meter wide along roads and highways must be used for growing trees, etc. The town plans must be publicized in order to avoid a situation in which 'accidents will happen', as the saying goes. In developing industrial parks, authorities must encourage the concentration of industry in order to enhance the business performance because most existing industrial parks are only clusters of factories in different industries. This is one of reason that makes investors prefer to have their factories built outside industrial parks.

Land and construction authorities must obey the approved and publicized plans when granting licenses to build housing or factory buildings. Building of houses for private persons are only allowed in residential areas. Local authorities must ensure that residential areas are provided with all necessary goods and services (schools, hospitals, marketplaces, water and power supply, etc.)

Companies had better used part of their retained profit to build apartment houses near to factories for their workers. Local governments must support their efforts because such programs are of great meanings: they separate industrial estates from residential areas; enhance the living standard when helping workers have flats or houses of their own and save the next generations from environmental issues. ■

