

STRATEGY TO DEVELOP INDUSTRIES AND HANDICRAFTS IN CẦN THƠ UP TO 2020

by TRẦN THANH MÃN, MBA

1. Some facts about Cần Thơ industrial production

In recent years, the industrial production in Cần Thơ has made good progress because many companies increased remarkably their investment in new machinery and some industrial estates developed well.

In 2004, the Cần Thơ industrial output was worth VND6,591,541 billion, equaling 94.57% of the planned target and increasing by 21.13%. Of this value, non-state sectors accounted for 45.64%, the public sector 42.93% of the foreign one 11.43%

a. Centrally-run state industrial sector: The output from companies run by the central government in 2004 was worth VND396.094 billion decreasing by 8.02% because of higher factor inputs and reducing market demand. Companies producing chemicals and transportation means experienced recession while paper and engineering factories expand their market shares considerably.

b. Locally-run state industrial sector: the 2004 output from this sector rose by 10.01%. Food processing, animal feed and wood processing factories enjoyed high growth rates while clothing, chemicals and some consumer goods experienced falls.

c. Private industrial sector: Its output rose by 63.61% in 2004 because many state-run companies were privatized and the infrastructure was improved. Many private companies, such as Nam Hải,



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Phương Đông, Mekong Seafood and Tây Đô Leather, gained high performance.

d. Foreign-invested industrial sector: Its output fell by 21.52% in 2004 because of wide fluctuations in the market demand. In the last quarter of the year, the situation was improved but it's too late for this sector to increase its value. Chemical, metal, plastic and animal feed suffered falls in their output.

In industrial estates, the gross investment in 2004 was US\$82.005 million, not higher than what was realized in 2003 (US\$82 million). There were 18 new projects capitalized at US\$56.684 million and 15 ones that increased their investment by US\$25.341 million. Up to the end of 2004, there were 111 valid projects capitalized at US\$384.291 million.

In Cần Thơ, there are four industrial estates in operation: Trà Nóc 1 (135 hectares in Bình Thủy District), Trà Nóc 2 (165 hectares in Ô Môn District), Hưng Phú 1 (370 hectares in Cái Răng District) and Hưng Phú 2 (226 hectares in Cái Răng District). These industrial estates, however, are less competitive because the land clearance was slow, international airports and river ports are still lacking, infrastructure and human resource are poor, and high initial cost. They also meet keen competition from neighboring provinces, such as HCMC, Bình Dương, Đồng Nai, and even Long An and An Giang.

There are also small clusters of handicrafts and small industries in Thốt Nốt and Ninh Kiều run by pri-

vate companies and family businesses. They supply jobs to some 16,500 laborers and contribute to the industrial output.

2. Strategy to develop industries and handicrafts up to 2020

From now to 2020, the Cần Thơ government plans to restructure and rearrange existing companies, form an agricultural extension team to introduce new techniques and farm machines, make a list of major investment projects, build and promote leading brand names, encourage the formation of handicraft cooperatives, and upgrade industrial estates and clusters with the aim of helping them export their goods. There is also a plan to persuade authorities from neighboring provinces to invest in Cần Thơ industrial estates to process farm products and make capital goods.

In the plan, all rice mills will be moved to industrial estates or centers, equipped with modern production lines and silos in order to make rice for export. Generally, the food processing industry could rely on the supply of raw materials from Cần Thơ and surrounding provinces to produce high-quality goods for supermarkets and exporters. The building materials industries could use local raw materials, including straw, husk and bagasse, to produce cement, concrete, corrugated iron and tile. The engineering and electricity will aim at supporting other industries and produce various kinds of engines and motors. Proper attention must be

paid to development of clothing and footwear for export, plastic, pharmaceuticals, chemicals and handicrafts.

In short, three industries that play leading roles in the Cần Thơ industrialization in the period 2005-2020 are engineering, chemical and food processing ones.

There are two schemes to develop the industrial sector in Cần Thơ:

a. Scheme 1: Developing fast based on possible sources of finance, technology and human resource:

The gross output will rise by some 18% a year. In this output, the engineering industry represents 25.9%, chemicals 19%, beverage 11.9%, plastics 7.4%, electric and electronic appliances 3.5%, building materials and mining 3.1%, clothing and footwear 2.4%, power 5.7% and others 18.3%.

Total area of industrial estates and clusters will be 2,052 hectares housing 12,845 concerns by 2020 (including some 20 state-owned and 34 foreign-invested ones). The labor force will rise to some 107,000 people. The gross investment for the years 2006-2020 will be VND32,375 billion (1994 price).

b. Scheme 2: Developing faster with more investment from the central government and foreign partners: The gross output will rise by some 19% a year. In this output, the engineering industry represents 25.8%, chemicals 17.8%, beverage 12.2%, plastics 8%, office machines 4.1%, building materials and mining 3%, clothing and footwear 2.4%, power 5.2% and others 16%.

Total area of industrial estates and clusters will be 2,700 hectares housing 13,863 concerns by 2020 (including some 24 state-owned and 45 foreign-invested ones). The labor force will rise to some 117,000 people. The gross investment for the years 2006-2020 will be VND41,518 billion (1994 price).

Staple products by 2020 will include machines of various kinds, chemicals, pharmaceuticals, processed rice, fish sauce, alcoholic drinks, soft drinks, processed seafood and meat, canned food, sugar, animal feed, condensed juice, plastic goods, electronic appliances, building materials, steel, garments, and footwear.

3. Measures to carry out the strategy

- Building the chain of industrial estates along the Hậu River, from Hưng Phú to Thốt Nốt Districts, including Hưng Phú 1, Hưng Phú 2, Trà Nóc 1, Trà Nóc 2, Bình Thuỷ, Ô Môn 1 & 2, and Thốt Nốt industrial estates, and developing industrial clusters in Cái Răng, Vinh Thuận and Cờ Đô Districts.

- Attracting foreign investment to engineering, chemical, pharmaceutical, food processing and clothing industries.

- Accumulating the capital, accelerating the land clearance, and improving the infrastructure with a view to ensuring areas for production and businesses.

- Establishing funds for advertising and promoting investment proj-

ects in industrial estates and clusters.

- Training and upgrading the human resource needed for industrial development, application of technical advances and technology transfer.

- Encouraging the development of the private sector because this will be the most active and efficient one in the future.

- Creating favorable condition and giving priority to the production of goods based on local comparative advantages, especially food and aquatic products processing, clothing and handicrafts.

- Encouraging the replacement of production lines and machines by offering formal loans from the public funds and state-owned commercial banks.

- Forming cooperative relations, especially the ones between provinces in the Mekong Delta, and joint ventures between local and foreign concerns to realize prioritized projects in industrial estates.

- Encouraging farmers and local business circle to invest in the farm product processing industry by giving them financial incentives and support.

- Giving more preferential treatment and incentives to foreign investment projects by allowing them to choose favorable sites for their projects, offering one-stop procedures and other supporting measures.

- Forming an investment board responsible for evaluating and licensing investment projects.

- Establishing funds for investment support and encouragement to small and medium enterprises.

- Cooperating with trade promotion centers in HCMC and Hà Nội (directly under the MPI) to advertise business opportunities in Cần Thơ.

- Helping local companies take part in trade fairs in Vietnam and foreign countries, and organizing the Cần Thơ Manufacturing Goods Fair on a regular basis.

- Giving tax exemption and reduction to plans to replace machinery, research and development of technologies and use of land for industrial purpose.

- Encouraging local companies to cooperate with research centers in HCMC and Hà Nội, and disseminating technical knowledge among local business circle.

- Giving free training courses in technical and managerial skills and adopting open policies to encourage skilled laborers and managers to work in Cần Thơ. ■



Photo by Huynh Tho