

BÌNH DƯƠNG INDUSTRIAL PARKS ON THE WAY TO INTERNATIONAL INTEGRATION

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1. First achievements of Bình

Dương Industrial parks

Since 1991 when Tân Thuận, the first export processing zone, was established, Vietnam has developed 67 industrial parks and export processing zones (not including the Dung Quất Industrial Park) occupying a total area of 11,000 hectares. This is a right policy during the period of industrialization and modernization. One of the most important targets for industrial parks and export processing zones (referred to hereafter as industrial parks, or IPs) is to find tenants for their unoccupied areas. Up to now, only 35% of land for lease in all IPs was occupied (this figure is somehow bigger in certain cities and provinces).

Bình Dương is in the Southern Vital Economic Zone adjacent to HCMC and Đồng Nai, two important industrial centers. Convenient position allows Bình Dương to attract foreign and domestic investment and trained labor force as well. The Bình Dương government has recognized the development of IPs as the best way to deal with poverty and backwardness. Up to now, seven IPs in Bình Dương have attracted over 170 projects capitalized at US\$960 million.

The manufacturing industry in Bình Dương attracted 97% of these projects and 88% of total foreign investment. The remainder was in construction, service and agriculture. The foreign sector has contributed a lot to improvements in the technological level of the local economy. Many new industries have been introduced (auto assembling, electronics, production of fiber-optic cable. Most foreign-invested companies in Bình Dương IPs have modern machines and equipment and they products reached international standards.

Foreign investors doing business in Bình Dương comes from 26 countries and territories. Many of them have great financial and technological potentials. Such economic powers as the U.S, Japan, Germany and Hol-



land have also started their businesses in Bình Dương.

Bình Dương IPs are employing over 30,000 laborers and creating jobs for other 15,000. Occupancy rate of Bình Dương IPs is 60% on average. Some of them are even full now.

These are only initial achievements, the next task for IPs is to be of greater service to the industrialization and modernization program.

2. Bình Dương IPs and the coming challenges

Bình Dương, and Vietnam as well, lacks well-trained laborers while its population is on the increase. It also lacks other factor inputs (capital, technology, know-how, etc.) and has to depend on foreign partners for these inputs which tend to move quickly over countries under influence of the globalization. Foreign experience shows that to create reliable environment for business and investment, especially IPs with good infrastructure, is the best way to attract these inputs.

Vietnam has adopted the policy to integrate into the world economy and countries in the Asia-Pacific re-

gion become its main trading partners.

Bình Dương, and Vietnam as well, is competing against surrounding countries for foreign direct investment. Vietnam and its neighbors have the same comparative advantages. Thus, the factor that makes foreign investors decide where to put their money in is the business climate.

Besides building the infrastructure inside and outside IPs, Bình Dương authorities must pay full attention to the education strategy with a view to training an army of competent laborers who could run IP companies as effectively as our foreign partners.

The tariff barrier, as required by the AFTA, APEC and WTO, must be removed or cut to 5% by 2006. This will be a great challenge to Vietnam where the public sector – the biggest one of the economy – has depended too much on government protection for years. The Government, and Bình Dương authorities had better work out plans to phase in new regulations appropriate to requirements posed by regional and international economic groupings. ■