

In many countries, great importance has been attached to the concentration of factories in order to ensure town planning, prevent pollution, attract foreign technology and capital, create bases for the development of new towns and reduce unemployment rate. That is why they built industrial estates, export processing zones or hi-tech industrial parks (referred to as industrial parks, or IP, hereafter). Besides IP, infrastructure development companies are also established in order to build standardized infrastructure needed for

company is a business formed by Vietnamese persons by themselves or under partnership with foreign parties for the purpose of building and running infrastructure works. They rent land from the State, mobilize all possible sources of finance to build infrastructure works, enjoy the same rights and duties as other companies do and are subject to all related laws made by the State.

The IP infrastructure development company comes into being along with the IP and helps the IP develop. Its main right is to rent land, with infrastructure works on it, un-

(or 22%) has been put in infrastructure building works. The Tân Thuận Building Joint Venture was the first company of this kind established on Sep. 24, 1991. It is a US\$98-million joint venture between a Vietnamese and two Taiwanese companies that have turned 300 hectares of marsh land into a modern IP producing goods for export. If this IP is filled with factories, it will be able to export some US\$2 billion worth of goods. Thus a hectare in this IP that could only bring in some VNĐ7 million worth of agricultural products some years before, can

Generally, although the IP infrastructure company is a new kind of business that is formed to serve the development of IPs, it has played an important role in the industrial development and in the industrialization and modernization as well.

After the promulgation of the Decree 07/1998/NĐ-CP on Jan. 15, 1998 providing guidelines on the realization of the Law on Encouragement to Domestic Investment, and the Decree 10/1998/NĐ-CP providing measures to encourage and guarantee foreign investments in Vietnam, along with many documents issued by vari-

IP INFRASTRUCTURE DEVELOPMENT COMPANY A NEW KIND OF BUSINESS

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development of factories in IP.

In Vietnam, before 1975, many IPs have come into being in both the North and the South (Biên Hoà, Thái Nguyên, Việt Trì, Bắc Giang, etc. and SONADEZI, an infrastructure development company has been established in Biên Hoà.

In the early 1990s, Vietnam started its economic reform and in 1991, the first infrastructure development company was established in Tân Thuận EPZ, HCMC. Few years after, the legal entity of the infrastructure development companies was recognized in the Decree 36/CP issued on April 24, 1997 providing regulations on industrial estates, export processing zones and hi-tech industrial parks.

According to current regulations, the IP infrastructure development

der its management to investors, and supply necessary services to the IP in compliance with official regulations. They are also under obligation to build and maintain infrastructure works and protect the environment in the IP and bear full responsibility for its performance.

With these rights and duties, the IP infrastructure development company plays an important role in the establishment and development of the IP. From 1991 to the first quarter of 1998, 48 IP infrastructure development companies have been established by decisions made by the PM and they are authorized to manage 48 IPs all over the country (not including the Dung Quất IP).

The total capital of these infrastructure companies amounts to US\$1,700 million and some 370 million of which

produce now a value of some US\$7 million. Besides economic effects, this IP, with only 50% of its area rented, can supply some 20,000 new jobs and help to improve the living standard of its workers.

Besides the Tân Thuận Building Joint Venture, some other infrastructure companies coming into operation recently have started to make progress.

ous ministries (such as the Decision 179/1998/QĐ-BTC made by the Ministry of Finance on land and waters rental), the government is making preparations to amend the Companies Law. We can hope that new regulations can make foreign investors and the IP infrastructure companies feel sure of their investments in IPs.

