

Problems with Development of Industrial Parks in Đồng Nai

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By the end of 2005, there were 17 industrial parks (IP) in Đồng Nai where housed 726 projects capitalized at US\$7,293.91 million and carried out by investors from 31 nations and territories. Up till now, the area for IP in Đồng Nai – the biggest one in Vietnam – reaches 3,565.71 hectares and 2,093.6 hectares of which (or 58.7%) have been leased. In 2005, Đồng Nai IPs made total sales of US\$3.2 billion and an export value of US\$1.6 billion; and paid some US\$100 million to the provincial budget.

IPs have become a dynamic of the economic growth in the province but their development also poses many problems that require active solutions in order to reach a sustainable development.

(1) Each IP must include a residential area for its workers and their families. At present, because of shortage of capital, most IP only pays attention to the building of infrastructure within the IP. In Biên Hòa Town where too many IPs are located the infrastructure is overloaded. Many roads leading to IPs are still lacking or damaged. Traffic congestion is common during rush hours.

Without new residential areas, land clearance becomes difficult and time consuming, which delays implementation of many projects and causes investors to miss their business opportunities. Building residential areas before making plan to develop an IP will help accelerate the land clearance and ensure success for the new IP.

(2) According to the Đồng Nai Service of Natural Resource and Environment, IPs in the province emit some 55,000 cubic meters of effluent a day; 100,000 tonnes of solid waste a year and a large volume of smoke because waste treatment plants are found only in six out of 17 IPs. In fact, building waste treatment system is very costly and even beyond reach of many companies. To deal with this problem basically requires joint efforts by provincial authorities and companies. The provincial government had better give approval only to plans to develop new IPs that include a waste treatment system. Moreover, this system should come into operation before any project in the IP is carried out.

(3) At present, Đồng Nai IPs employ some 222,000 laborers and most of them are from other provinces while

IP companies can only provide housing for some 9,000 of them. They have to rent houses or rooms of poor living conditions and spend hours everyday going to their workplace. After work, they enjoy almost no recreational activity. No IP has facilities for such activities for laborers with the result that their spiritual life is poor, which affects badly their productivity.

To meet their needs for cultural and recreational activities, however, requires policy by the provincial authorities and efforts by companies. In addition, such civic organizations as Youth League, Trade Union or Association of Women, had better launch programs to provide them with chances to enjoy recreational activities.

(4) Of 222,000 laborers in IPs, some 8,000 have university degrees; some 10,000 graduated from technical high schools; 75,000 are technical workers and the rest are manual laborers. At present, Đồng Nai is badly in need of laborers of all levels. When IPs are developed in other provinces, the competition for skilled workers will be keener and Đồng Nai should not keep depending on migrant laborers from other provinces. This

means that the provincial government should have plan to supply vocational training to local residents and encourage local companies to engage in this service. In the long run, priority must be given to technology-intensive projects in order to encourage the training of technicians and skilled laborers.

(5) Although Đồng Nai ranks third in Vietnam in attracting the FDI, the average size of FDI project is small and tends to reduce. The average size reduced from US\$27.22 million in 1995 to 6.27 million in 2004. The average investment in a hectare in IPs fell from US\$3.6 million in 1995 to 0.91 million in the years 2001-03. Most FDI projects in Đồng Nai IPs are in light and food processing industries. North America accounts for only 5% and Europe 8% of FDI in Đồng Nai. This means that Đồng Nai should take measures to attract more technology-intensive and large-scale projects, especially from North American and European countries, in order to make the best use of the stock of land and ensure a sustainable development. A better business climate will help achieve this goal. ■