

Introduction

1. Background of the Study

Most of the ports such as Saigon, Nha Be ports were constructed long ago and in curved river sections, therefore, water depth of shipping channel and its turning radius are unable to cater to large vessels. More critically, the port back-up areas inshore are limited, handling equipment is superannuated and of low capacity, and as a result these ports cannot meet the growing cargo throughput demands, especially in terms of container traffic. Therefore, it is necessary to formulate a port development master plan in this area from a long-term perspective.

In addition to the port development scenario mentioned above, what is equally important is to formulate an appropriate port operational strategy, which is fully controlled by the government body. On this basis, the most functional and economical operation of the new port complex in the Thi Vai - Vung Tau area should be established.

2. Objectives of the Study

The objectives of the Study are:

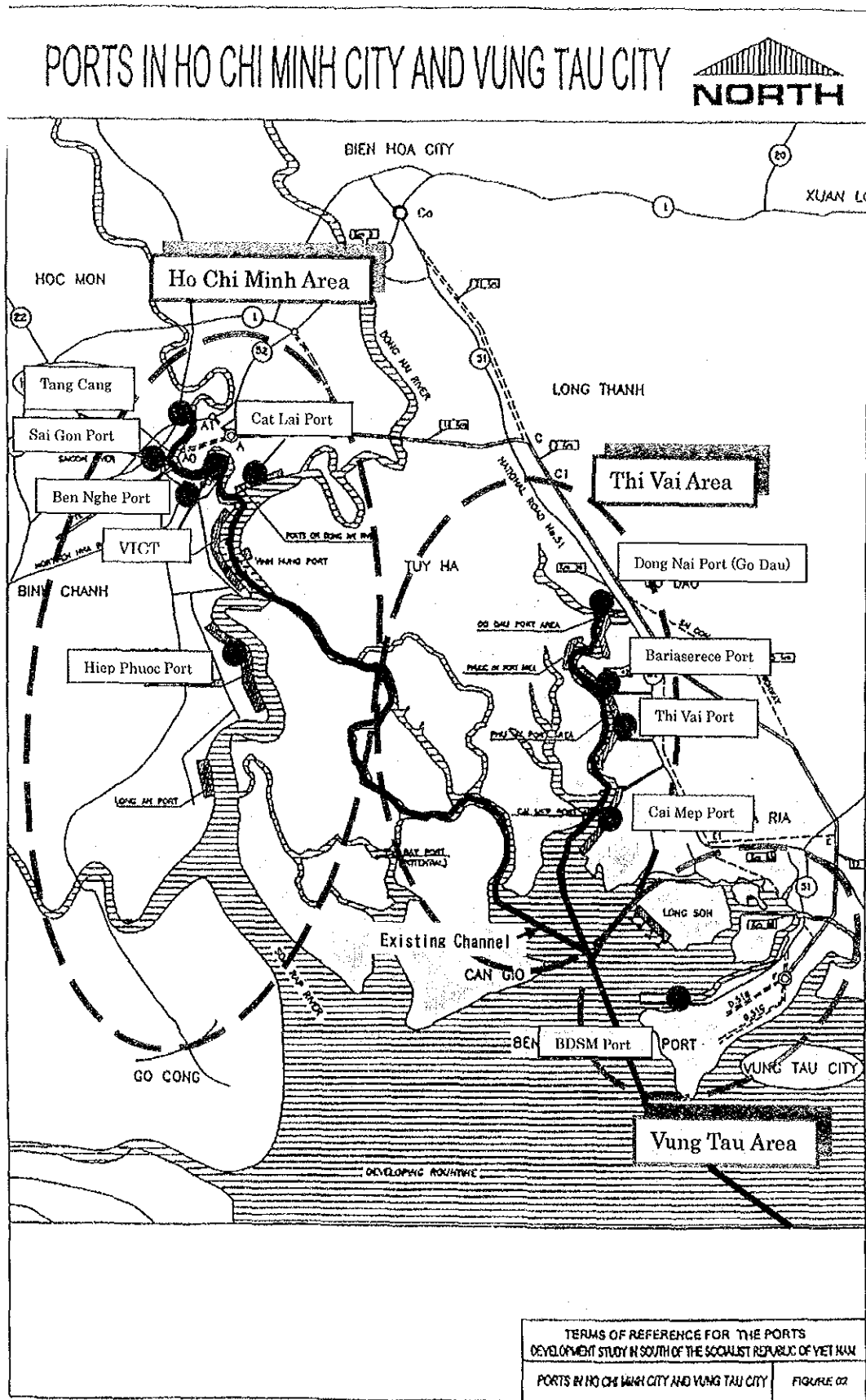
- 1) to identify the development potential of the port complexes in the SFEA and to define the future role of the Thi Vai - Vung Tau port complex development.
- 2) to prepare a port development/administration strategy in SFEA comprising demand forecast, a port development concept, a port administration/management system, an institutional framework, possible introduction of equitization schemes, etc (target year 2020).
- 3) to prepare a master plan for comprehensive development/administration of the port complexes in SFEA including Thi Vai - Vung Tau development, taking into account proper functional allotment among the ports in the Saigon Port area and the Thi Vai - Vung Tau area (target year 2020)
- 4) to prepare a short-term development/administration plan for the ports in SFEA and to carry out a feasibility study for the priority projects (target year 2010).
- 5) to carry out relevant technology transfer.

3. Study Area

The Study covers the following three major port complexes in SFEA .

- 1) Ports in HCMC (ports along the Saigon River and Dong Nai River, ports along the Nha Be River, ports along the Soai Rap River)
- 2) Ports along the Thi Vai River
- 3) Ports in the Vung Tau area

Study Area



Location of Ports in the South of Vietnam

PART 1 PRESENT CONDITIONS

Chapter 1 Socio-economic Conditions of Vietnam and the SFEA

1.1 Demographic Conditions

1.1.1 Population

(1) Whole Country

In the 1950s, Vietnam's population growth rate was 3.4%. As the government introduced the family planning policy or so-called "two-children policy" in the early 1960s, the growth fell to 3.1% in 1965, 2.2% in 1980 and less than 2% since 1989.

The country's population estimated for 2000 is 77.7 million. In terms of gender, females are more numerous (50.8%) than males (49.2%) in 2000, though the number of children under 15 shows that males are more numerous. This was caused by the war. The proportion of people living in urban areas is gradually increased (24.0% in 2000 as compared with 19.5% in 1990) but still low level comparing with the other countries.

Table 1.1.1 Historical Demographic Change in Vietnam, 1975-2000

Year	Population (000)	Growth Rate (%)	By Sex		By Area	
			Male	Female	Urban	Rural
1975	48,030	-	-	-	-	-
1976	49,160	2.35	23,597	25,563	10,127	39,033
1977	50,237	2.19	24,197	26,040	10,116	40,121
1978	51,337	2.19	24,813	26,524	10,105	41,232
1979	52,462	2.19	25,444	27,018	10,094	42,368
1980	53,630	2.23	26,047	27,583	10,295	43,335
1981	54,824	2.23	26,665	28,159	10,499	44,325
1982	56,045	2.23	27,297	28,748	10,708	45,337
1983	57,292	2.22	27,944	29,348	10,921	46,371
1984	58,568	2.23	28,067	30,501	11,138	47,430
1985	59,872	2.23	29,285	30,587	11,360	48,512
1986	61,109	2.07	29,912	31,197	11,817	49,292
1987	62,452	2.20	30,611	31,841	12,271	50,181
1988	63,727	2.04	31,450	32,277	12,662	51,065
1989	64,774	1.64	31,589	33,185	12,919	51,855
1990	66,017	1.92	32,203	33,814	12,880	53,136
1991	67,242	1.86	32,814	34,428	13,228	54,015
1992	68,450	1.80	33,424	35,026	13,588	54,863
1993	69,645	1.75	34,028	35,616	13,961	55,683
1994	70,825	1.70	34,633	36,191	14,426	56,399
1995	71,996	1.65	35,237	36,758	14,938	57,057
1996	73,157	1.61	35,857	37,299	15,420	57,737
1997	74,307	1.57	36,473	37,834	16,835	57,472
1998	75,456	1.55	37,090	38,367	17,465	57,992
1999	76,597	1.51	37,662	38,935	18,082	58,515
2000 estimated	77,686	1.42	38,189	39,497	18,620	59,066

Source: World Bank, "Viet Nam - Rising to the Challenge-", 1998; GSO, "Statistical Yearbook", 2000

In regional distribution, the Northeastern South including the SFEA has 15.5% of the country's population and a high share of urban population at 51.9% in 2000. The population growth is remarkable in the Central Highlands, at 4.7% per annum while the entire country has 1.6%. The Northeastern South has the second highest growth rate at 2.5%. The population density in Red River delta is extremely high (1,151 persons/km²) compared to the national average (236 per km²) and even with the second highest region of the Mekong River Delta (412 per km²). The least populated region is the Northwest (64 per km²) followed by the Central Highlands (78 per km²).

Table 1.1.2 Population of Vietnam by Region, 2000

Region	Population				Urban Population	
	Total ('000)	% to Country Population	'90-'00 Growth Rate (%)	Density (pers/km ²)	Total ('000)	% of Urban Population
1.Red River Delta	17,018	21.9	1.3	1,151	3,427	20.1
2.Northeast	8,952	11.5	1.5	137	1,572	17.6
3.Northwest	2,288	2.9	2.1	64	278	12.2
4.North Central Coast	10,120	13.0	1.2	197	1,288	12.7
5.South Central Coast	6,623	8.5	1.4	200	1,793	27.1
6.Central Highlands	4,248	5.5	4.7	78	1,128	26.6
7.Northeastern South	12,071	15.5	2.5	348	6,263	51.9
8.Mekong River Delta	16,366	21.1	1.1	412	2,871	17.5
Total	77,686	100	1.6	236	18,620	24.0

Source: GSO, "Statistical Yearbook", 2000

(2) Population in the SFEA

The SFEA is composed of one city (HCMC) and three provinces (Binh Duong, Dong Nai and Ba Ria-Vung Tau). In 2000, about 8.8 million people lived in the SFEA, 11.4% of the country's population. Average population growth rate is 2.4% but it varies by province. Binh Duong and Ba Ria-Vung Tau provinces have relatively high growth rate. The SFEA has average population density at 696 persons/km² and share of urban population at 63.2%. Among them the HCMC has the highest population density (2,487 persons/km²) and share of urban population (83.5%).

Table 1.1.3 Population in the SFEA, 2000

City/Province	Population				Urban Population	
	Total ('000)	% to Country Population	'90-'00 Growth Rate (%)	Density (pers/km ²)	Total ('000)	% of Urban Population
HCMC	5,222	6.7	2.3	2,487	4,359	83.5
Binh Duong	738	0.9	3.1	273	246	33.3
Dong Nai	2,039	2.6	2.1	346	627	30.8
Ba Ria-Vung Tau	823	1.1	3.1	416	346	42.0
Total	8,822	11.4	2.4	696	5,578	63.2

Source: GSO, "Statistical Yearbook", 2000

Regions/Provinces

Red River Delta

1. Ha Noi
2. Hai Phong
3. Hai Duong
4. Hung Yen
5. Thai Binh
6. Nam Dinh
7. Ninh Binh
8. Ha Nam
9. Ha Tay

North East

10. Cao Bang
11. Lang Son
12. Quang Ninh
13. Thai Nguyen
14. Bac Can
15. Bac Ninh
16. Bac Giang
17. Phu Tho
18. Vinh Phuc
19. Lao Cai
20. Yen Bai
21. Tuyen Quang
22. Ha Giang

North West

23. Son La
24. Lai Chau
25. Hoa Binh

North Central Coast

26. Thanh Hoa
27. Nghe An
28. Ha Tinh
29. Quang Binh
30. Quang Tri
31. Thua Thien-Hue
32. Quang Nam

South Central Coast

33. Da Nang
34. Quang Ngai
35. Binh Dinh
36. Phu Yen
37. Khanh Hoa

Central Highlands

38. Kon Tum
39. Gia Lai
40. Dak Lac

Northeastern South

41. Ho Chi Minh
42. Lam Dong
43. Ninh Thuan
44. Binh Phuoc
45. Tay Ninh
46. Binh Duong
47. Dong Nai
48. Binh Thuan
49. Ba Ria - Vung Tau

Mekong River Delta

50. Long An
51. Dong Thap
52. An Giang
53. Tien Giang
54. Vinh Long
55. Ben Tre
56. Kien Giang
57. Can Tho
58. Tra Vinh
59. Soc Trang
60. Bac Lieu
61. Ca Mau

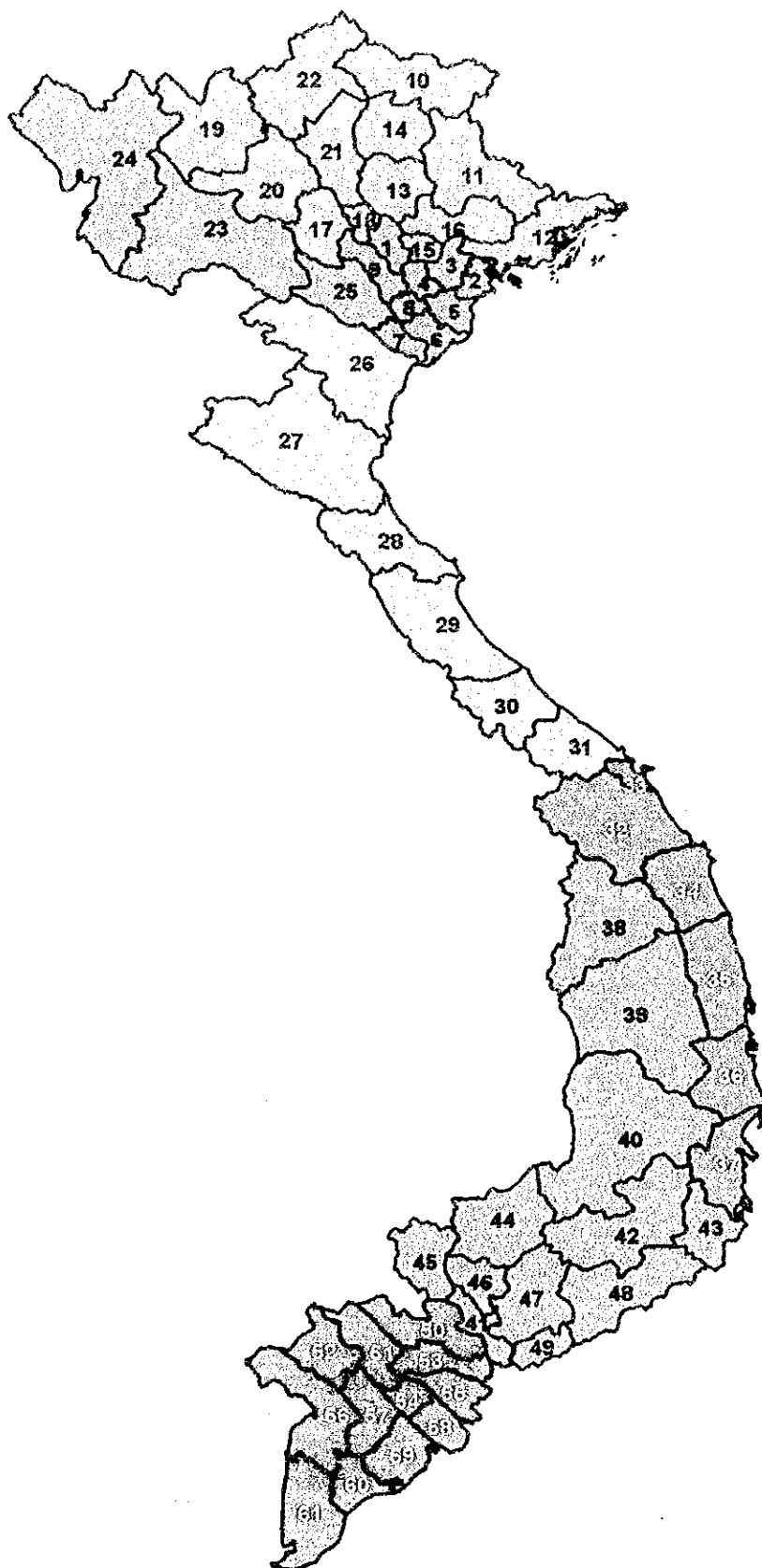


Figure 1.1.1 Regions and Provinces in Vietnam

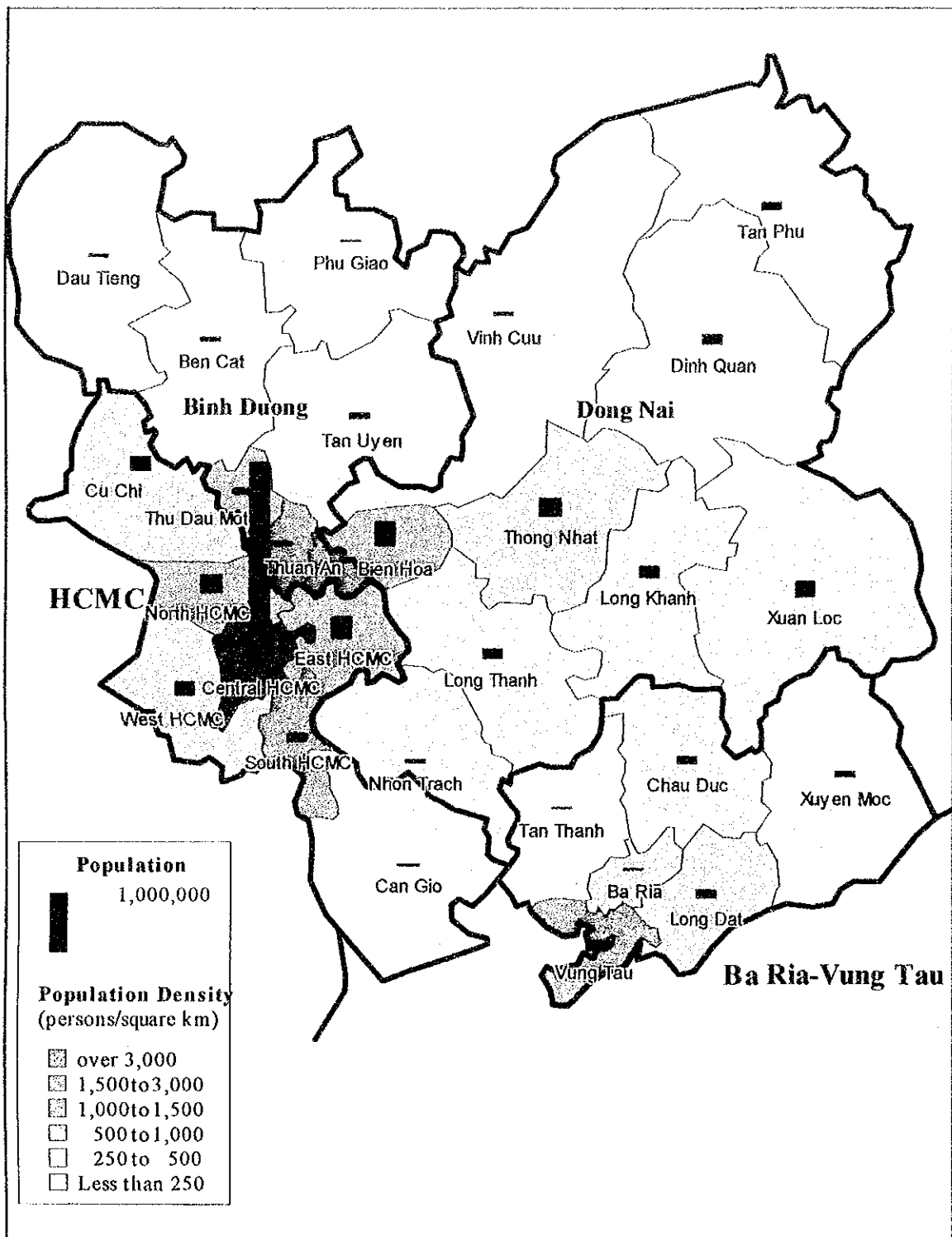


Figure 1.1.2 Distribution of Population and Density in the SFEA, 1999

1.1.2 Employment

(1) Whole Country

Until 1996 employment growth kept pace with labor force growth. In 1997, however, employment growth was negative, i.e. -0.6%, for the first time since Doi Moi reforms were initiated. The 1999 unemployment rate of labor force of working ages in urban area was 7.4% in cities, 9.3% at most in the Red River Delta and 6.0% in the Central Highlands. This means that the number of employment in 1999 was estimated at 35.5 million.

In VITRANSS, the labor force in 2000 was estimated by province. 38.3 million people were of working age or about 49% of the country's population. It is estimated that the labor force increases by about 3% annually.

Labor force for agricultural sector was dominant at 63% of the total. However, its share is decreasing year by year. Proportions of labor force by sector vary in region. The regions of Red River and Northeastern South have large share of labor force in industrial and service sectors.

Table 1.1.4 Labor Force by Region, 2000

Region	Number (million)	Share by Sector (%)			Employment Rate per Pop.
		Agriculture	Industry	Service	
1.Red River Delta	7.4	59.0	19.4	21.6	0.43
2.Northeast	5.5	73.8	12.5	13.7	0.61
3.Northwest	0.9	80.3	7.5	12.2	0.66
4.North Central Coast	5.1	68.7	14.8	16.5	0.50
5.South Central Coast	3.4	64.3	13.1	22.6	0.51
6.Central Highlands	1.1	73.3	9.8	16.9	0.26
7.Northeastern South	5.9	40.4	24.0	35.6	0.49
8.Mekong River Delta	9.0	66.9	10.9	22.2	0.55
Total	38.3	62.8	15.4	21.8	0.49

Source: VITRANSS

(2) Employment in the SFEA

The SFEA's number of labor force in 2000 is estimated at 3.9 million or 45% of the total population. Of which 42.6% is employed in service sector and 29.6% in industrial sector.

Table 1.1.5 Labor Force in the SFEA, 2000

City/Province	Number ('000)	Share by Sector (%)			Employment Rate per Pop.
		Agriculture	Industry	Service	
HCMC	2,183	9.0	39.0	52.0	0.42
Binh Duong	348	58.9	20.1	21.0	0.47
Dong Nai	1,001	53.0	15.0	32.0	0.49
Ba Ria-Vung Tau	416	40.0	23.0	37.0	0.51
Total	3,948	27.8	29.6	42.6	0.45

Source: VITRANSS

1.2 Economic Conditions

1.2.1 GDP

(1) Whole Country

Still one of the poorest countries in the world with a per capita GDP (gross domestic products) of about US\$ 400, Vietnam is at the beginning of a long transition to a modern and open market economy. Aggregate economic indicators have, until 2000, shown continued economic growth, over 8% per annum over 1992-1997. A driving force was the industrial sector while the agricultural sector firmly supported the rapid economic expansion.

Vietnam's closed capital account protected it from the early impact of the Asian crisis, but with the deepening regional recession it is now quite clear to policy-makers that the impact will be more severe than expected. After 1997 the annual growth rates are ranged from 4.8% to 6.8%.

In 2000, the GDP reached at VND 274 trillion and a per capita GDP was VND 3.5 million (at 1994 constant price). As for GDP by sector, the service sector has the highest share at 41% but it has no remarkable change since 1985. The share of industry and construction sector has being increased gradually from 25% in 1985 to 35% in 2000. On the other hand, the agricultural sector has being decreased from 35% in 1985 to 23% in 2000.

Table 1.2.1 Historical Changes in GDP, 1985-2000

Year	GDP (bil. VND)	Growth Rate (%)	Per Capita CDP (mil. VND)	By Sector (%)		
				Agriculture	Industry and Construction	Service
1985	106,176	-	1.8	34.7	24.9	40.4
1986	109,189	2.84	1.8	34.7	26.8	38.4
1987	113,154	3.63	1.8	33.1	28.1	38.8
1988	119,960	6.01	1.9	32.4	27.8	39.8
1989	125,571	4.68	1.9	33.1	25.9	41.0
1990	131,968	5.09	2.0	31.8	25.2	43.0
1991	139,634	5.81	2.1	30.7	25.6	43.6
1992	151,782	8.70	2.2	30.2	26.6	43.2
1993	164,043	8.08	2.4	28.9	27.7	43.4
1994	178,534	8.83	2.5	27.4	28.9	43.7
1995	195,567	9.54	2.7	26.2	29.9	43.8
1996	213,833	9.34	2.9	25.1	31.3	43.6
1997	231,264	8.15	3.1	24.2	32.6	43.2
1998	244,596	5.76	3.2	23.7	33.4	42.9
1999	256,272	4.77	3.3	23.8	34.4	41.9
2000 estimated	273,582	6.75	3.5	23.2	35.4	41.4

Source: GSO, "Statistical Yearbook", 2000

Note: GDPs are calculated at constant 1994 price.

As to GDP by region, 55% of total GDP comes from the Northeastern South including the SFEA and the Mekong River Delta in 2000. The southern area plays the role of economic pillar, supporting Vietnam's economy. Regarding per capita GDP, the Northeastern South has the highest value, at VND 7.9 million at 1994 constant price.

GDP by sector is markedly different by region. In the case of the Central Highlands and Mekong River Delta, about half of the GDP comes from agricultural sector. On the other hand, more than 90% of the GDP of the Northeastern South come from industrial and service sectors. That of Red River Delta, however, is distributed in all the sectors.

Table 1.2.2 GDP and Its Sectoral Composition by Region, 2000

Region	GDP (bil. VND)	Per Capita (mil. VND)	% of Country Total	Share by Sector (%)		
				Agriculture	Industry	Services
1.Red River Delta	57,142	3.4	20.9	20.2	33.3	46.5
2.Northeast	17,755	2.0	6.5	29.8	29.4	40.8
3.Northwest	3,556	1.6	1.3	39.9	15.6	44.5
4.North Central Coast	20,339	2.0	7.4	31.1	22.4	46.5
5.South Central Coast	16,966	2.6	6.2	27.1	30.3	43.6
6.Central Highlands	7,346	1.7	2.7	52.6	13.2	34.2
7.Northeastern South	95,112	7.9	34.8	8.7	53.1	38.2
8.Mekong River Delta	55,365	3.4	20.2	40.7	22.2	39.1
Total	273,582	3.5	100.0	23.1	35.9	41.0

Source: DSI

Note: GDPs are calculated at constant 1994 price.

(2) GDP in the SFEA

GDP of the SFEA accounted for 31.4% of the country total in 2000. Provinces in the SFEA have low proportion in agricultural sector ranging 1.9%-18.7% and high proportion in industrial sector ranging 46.0%-85.5%. Ba Ria-Vung Tau province has the highest GDP per capita at VND 23.5 million. However, its GDP includes the export of crude oil at Bac Ho oil field. Other provinces have higher GDP per capita than the national average, VND 10 million in HCMC and more than VND 5 million in Binh Duong and Dong Nai Provinces.

Table 1.2.3 GDP in the SFEA, 2000

City/Province	GDP (bil. VND)	Per Capita (mil. VND)	% of Country Total	Share by Sector (%)		
				Agriculture	Industry	Services
HCMC	52,342	10.0	19.1	1.9	46.0	52.1
Binh Duong	3,751	5.1	1.4	14.8	60.0	23.2
Dong Nai	10,422	5.1	3.8	18.7	56.5	24.8
Ba Ria-Vung Tau	19,347	23.5	7.1	3.4	85.5	11.1
Total	85,862	9.7	31.4	4.9	56.7	38.4

Source: DSI

Note: GDPs are calculated at constant 1994 price.

1.2.2 Agricultural Sector

(1) Whole Country

In Vietnam, the cultivation of cereals including paddy and maize is concentrated in the north and south. It's shown in both the planted area density and productivity of cereals. The both deltas of Red River and Mekong River have high planted area densities more than 0.8. Cereal productivity is still low comparing with the other countries and delta areas still have potentials to improve. The Planted area density of cereals is higher in the south than in the north. In addition, almost half the output of cereals comes from the Mekong River Delta.

Cattle breeding seems to be prevalent mainly in central Vietnam, buffalo raising in the north and pig raising equally distributed all over the country. Regarding marine products, about half of the total output comes from the Mekong River Delta which is endowed with rich marine and river environments. As to forest industry, the Northeast recorded the largest outputs in both firewood and wood products.

Table 1.2.4 Planted Area and Gross Output of Cereals^{1/} by Region, 2000

Region	Land Area (000 ha)	Planted Area of Cereals (000 ha)	Gross Output of Cereals (000 tons)	Planted Area Density of Cereals	Productivity of Cereals (ton/ha)
1.Red River Delta	1,479	1,305	6,874	0.88	5.3
2.Northeast	6,533	732	2,511	0.11	3.4
3.Northwest	3,564	241	608	0.07	2.5
4.North Central Coast	5,150	788	3,050	0.15	3.9
5.South Central Coast	3,307	451	1,754	0.14	3.9
6.Central Highlands	5,447	256	873	0.05	3.4
7.Northeastern South	3,473	645	2,072	0.19	3.2
8.Mekong River Delta	3,971	3,951	16,742	0.99	4.2
Total	32,924	8,369	34,484	0.25	4.1

Source: GSO, "Statistical Yearbook", 2000

Note: 1/ includes paddy and maize

Table 1.2.5 Other Agricultural Products (Livestock, Fishery and Forestry) by Region, 2000

Region	Cattle (000 heads)	Buffalo (000 heads)	Pig (000 heads)	Sea Products (000 tons)	Exploited Wood (000 m ³)	Exploited Fire-wood (000 m ³)
1.Red River Delta	334	173	4,253	149	135	438
2.Northeast	636	1,346	4,137	55	462	8,444
3.Northwest	153	365	835	4	222	2,890
4.North Central Coast	869	669	2,710	140	209	6,565
5.South Central Coast	936	127	1,626	266	247	1,740
6.Central Highlands	468	52	847	5	154	1,119
7.Northeastern South	484	148	1,681	302	130	873
8.Mekong River Delta	184	76	2,797	961	477	3,135
Total	4,064	2,956	18,886	1,882	2,036	25,204

Source: GSO, "Statistical Yearbook", 2000

(2) Agricultural Output in the SFEA

The gross output of agricultural sector in the SFEA is continuously increasing but its value is small comparing with the national total (7.1%). Of which Dong Nai province has the highest proportion of 52.4%.

Table 1.2.6 Gross Output of Agricultural Sector in the SFEA, 1997-2000

(Unit: Billion VND)

City/Province	1997	1998	1999	2000 estimated	% to SFEA Total (2000)	% to Vietnam Total (1999)
HCMC	1,486	1,442	1,481	1,522	20.1	1.5
Binh Duong	894	944	1,005	1,063	14.0	1.0
Dong Nai	3,590	3,597	3,726	3,974	52.4	3.7
Ba Ria-Vung Tau	830	880	968	1,025	13.5	0.9
Total	6,800	6,863	7,180	7,584	100.0	7.1

Source: Binh Duong Statistical Office, "Statistical Yearbook", 2000

Note: Values are calculated at constant 1994 price.

1.2.3 Industrial Sector

(1) Whole Country

There are about 618 thousand establishments engaged in various industrial production activities. Of this number, 1,786 SOEs and 959 foreign-invested enterprises account for small shares in terms of the number of establishments but take up considerable shares of 44.0% and 35.5%, respectively, of the entire industrial outputs.

The northeastern south region, encompassing the SFEA, produces 50% of the national industrial output, since 66% of foreign-invested enterprises are located there. The second-largest industrial region is Red River Delta with a concentration of 34% of SOEs and 19% foreign-invested enterprises.

Table 1.2.7 Industrial Establishments by Region, 1999

Region	No. of Industrial Establishments	Share by Entity (%)		
		SOEs	Local Non-SOEs	Foreign-invested Enterprises
1.Red River Delta	234,100	0.3	99.7	0.08
2.Northeast	59,524	0.4	99.6	0.03
3.Northwest	9,808	0.5	99.5	0.04
4.North Central Coast	109,584	0.2	99.8	0.01
5.South Central Coast	50,752	0.3	99.7	0.07
6.Central Highlands	17,841	0.3	99.6	0.10
7.Northeastern South	54,981	0.7	98.1	1.16
8.Mekong River Delta.	83,394	0.2	99.8	0.06
Total	619,984	0.3	99.6	0.15

Source: GSO, "Statistical Yearbook", 2000

Table 1.2.8 Industrial Gross Outputs by Region, 2000

Region	Industrial Gross Outputs (VND bil)	Share by Entity (%)		
		SOEs	Local Non-SOEs	Foreign-invested Enterprises
1.Red River Delta	39,363	40.6	22.9	36.6
2.Northeast	10,292	71.6	11.3	17.1
3.Northwest	528	48.7	46.8	4.5
4.North Central Coast	7,194	45.6	34.9	19.5
5.South Central Coast	9,565	56.0	31.2	12.8
6.Central Highlands	1905	30.2	61.2	8.7
7.Northeastern South	98,045	31.0	19.4	49.6
8.Mekong River Delta	18,668	48.8	41.5	9.7
Unknown	9,761	100.0	0.0	0.0
Total	195,321	42.0	22.4	35.5

Source: GSO, "Statistical Yearbook", 2000

Note: Values are calculated at constant 1994 price.

The gross output of major industrial products is listed in Table 1.2.9. In terms of tonnage, huge volume of mining products such as crude oil and coal, construction materials and chemical products were produced.

(2) Industrial Output in the SFEA

In the SFEA, the gross output of industrial sector is continuously increasing and its amount shared more than 49% of the country total. Of which, the proportions of HCMC and Ba Ria-Vung Tau was 53% and 26%, respectively.

Table 1.2.10 Gross Output of Industry in the SFEA, 1997-2000

City/Province	1997	1998	1999	2000 estimated	(Unit: Billion VND)	
					% to SFEA Total (2000)	% to Vietnam Total (2000)
HCMC	37,255	41,058	43,777	50,419	52.7	25.8
Binh Duong	3,621	4,277	5,107	6,502	6.8	3.3
Dong Nai	9,261	10,630	12,134	14,202	14.8	7.3
Ba Ria-Vung Tau	15,880	18,616	22,747	24,561	25.7	12.6
Total	66,017	74,581	83,765	95,684	100.0	49.0

Source: GSO, "Statistical Yearbook", 2000

Note: Values are calculated at constant 1994 price.

Table 1.2.9 Major Industrial Products in Vietnam, 1995-2000

Products	Unit	1995	1996	1997	1998	1999	2000 estimated
1. Mining Products							
Coal	'000 tons	8,350	9,823	11,388	11,672	9,629	10,857
Crude oil	'000 tons	7,620	8,803	10,090	12,500	15,217	16,274
Stones	'000 m ³	10,657	12,465	15,849	18,020	19,172	20,680
Sand, Pebbles	'000 m ³	14,363	17,147	22,395	25,431	31,119	34,398
2. Manufacturing Products							
- Food, Beverage and Cigarette							
Milled Rice, Maize	'000 tons	15,582	16,116	18,839	19,242	21,807	22,205
Sugar, Sugar Syrups	'000 tons	517	636	649	736	947	1,165
Salt	'000 tons	689	709	743	867	653	635
Beer	Mill. liters	465	533	581	670	690	728
Cigarettes	Mill. packs	2,147	2,160	2,123	2,195	2,147	2,600
- Textile, Garment and Shoes							
Ready Made Clothes	'000 pieces	171,900	206,959	302,192	275,046	302,426	333,713
Hosiery	'000 pieces	30,182	25,255	25,091	29,414	34,456	33,414
Leather Shoes & Sandals	'000 pairs	46,440	61,785	79,289	77,037	87,018	93,000
Fabric Shoes	'000 pairs	22,199	28,164	32,446	33,436	37,318	40,000
- Wood and Paper Products							
Lumber	'000 m ³	1,606	1,398	1,184	2,705	2,937	2,950
Paper, Covers	'000 tons	216	220	263	311	349	377
- Chemicals and Medical Products							
Chemical Fertilizers	'000 tons	931	965	982	978	1,143	1,333
Liquid medicine	'000 liters	3,651	3,475	3,328	3,191	3,139	3,145
Medicinal tablets	Mill. pills	14,065	14,728	17,062	18,536	18,446	19,436
- Construction Materials							
Bricks	Mill. pieces	6,892	7,119	7,262	7,697	7,831	8,443
Cement	'000 tons	5,828	6,585	8,019	9,738	10,489	13,347
Steel	'000 tons	470	868	978	1,077	1,357	1,672
Wire	Km	94,746	117,823	131,254	126,567	132,811	142,015
- Machine and Equipment							
Tractors and lorries	Piece	2,709	1,546	1,110	1,726	1,402	1,350
Threshing machines (no motor)	Piece	34,916	16,503	10,565	8,600	7,692	7,525
Rice mills	Piece	2,043	2,167	12,413	13,909	12,136	12,200
Diesel motors	Piece	4,217	7,838	6,761	6,883	15,347	14,999
Electricity rotor engines	Piece	29,390	35,575	38,116	41,172	38,091	46,489
- Electric Appliance							
Electric Fan	Piece	369,220	268,000	306,540	358,207	323,323	328,007
Assembled Televisions	'000 pieces	770	741	533	921	903	1,019
- Transport Vehicles and Parts							
Assembled Automobiles	Piece	3,524	5,806	6,535	4,905	5,915	12,468
Assembled Motorbikes	'000 pieces	62	68	77	256	242	398
Railway Carriages	Piece	28	41	24	46	43	40
Bicycles	'000 pieces	236	56	247	112	106	104
3. Electricity and water							
Electricity	Mill. kwh	14,665	16,962	19,253	21,694	23,599	26,600
Running Water	Mill. m ³	521	538	599	690	795	823

Source: GSO, "Statistical Yearbook", 2000

1.2.4 Service Sector

(1) Whole Country

The GDP of service sector shared 41% of the national total in 2000. Of which 39.4% was composed of wholesales and retail trade. The second dominant sub-sector is real estate sharing 10.8%. Financing and credit sub-sector shared only 5.2%.

Table 1.2.11 Breakdown of GDP in Service Sector, 1995-2000

(Unit: Billion VND)

Sub-sector	1995	1996	1997	1998	1999	2000 estimated	%: 2000
Wholesale and retail trade	33,595	36,866	39,422	41,170	41,994	44,612	39.4
Real Estates	9,738	10,337	11,071	11,682	11,926	12,236	10.8
Transport: storage and comm.	7,851	8,429	9,178	9,536	10,141	10,890	9.6
Education and Training	6,968	7,526	8,062	8,617	8,809	9,162	8.1
Hotels and restaurants	6,741	7,428	7,949	8,307	8,517	8,913	7.9
Compulsory Social Security	7,063	7,558	7,860	8,174	7,723	7,867	6.9
Social & Personal service activities	3,899	4,356	5,063	5,431	5,564	5,734	5.1
Finance and Credit	3,940	4,388	4,578	4,843	5,327	5,864	5.2
Other activities	5,903	6,352	6,712	7,209	7,329	8,035	7.0
Total	85,698	93,240	99,895	104,969	107,330	113,313	100

Source: GSO, "Statistical Yearbook", 2000

Note: Values are calculated at 1994 price.

(2) Service Sector in the SFEA

Breakdown of service sector's GDP is not available for the SFEA. However, the SFEA's retail sales of general trade shared 32.6% of the national total. Of which 81.8% were accounted in HCMC. Privates are the major players on the retail sales, sharing about 75%.

Table 1.2.12 Retail Sales of General Trade in the SFEA, 1997-2000

(Unit: Billion VND)

City/Province	1997	1998	1999	2000 estimated*	% to SFEA Total (2000)	% to Vietnam Total (2000)
HCMC	44,246	53,304	55,090	57,489	81.8	26.7
Binh Duong	3,042	3,312	3,520	3,966	5.6	1.8
Dong Nai	3,568	4,036	4,196	4,545	6.5	2.1
Ba Ria-Vung Tau	3,410	3,639	4,048	4,260	6.1	2.0
Total	54,266	64,291	66,854	70,260	100.0	32.6

Source: Binh Duong Statistical Office, "Statistical Yearbook", 2000

Note: Values are calculated at current price.

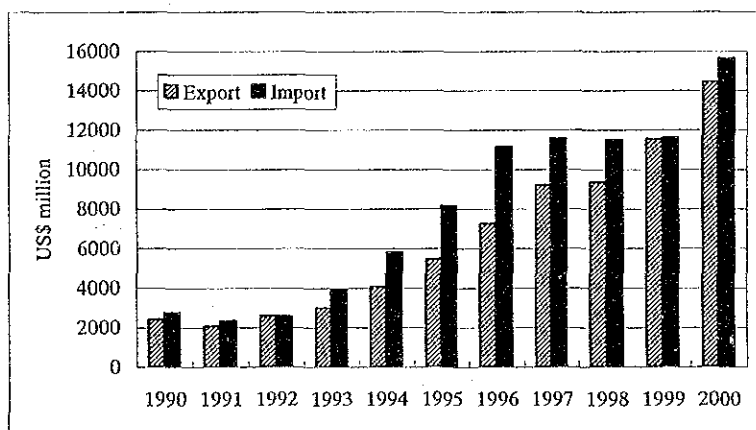
1.3 Foreign Trade

1.3.1 Value of Export and Import

(1) Total Trade Value

In 2000, the values of import and export reached at US\$ 15.8 billion and US\$ 14.4 billion, respectively. The value of foreign trade has been continuously increased. During the 1990s, Vietnam has always imported more than it has exported. The government has managed to avoid a balance of payments crisis by import contraction and high inflows of foreign direct investment (FDI) and official development assistance (ODA). The deficit in the current account in 2000 was US\$ 1,186 million or 3.9% of GDP.

As to trade value by region, 60.4% of total trade in terms of value was generated and attracted in the Northeastern South including the SFEA. The most of the rest trade was made in the Red River Delta including Hanoi and Haiphong. The trade value made in these two areas accounted for about 85% of the country total. In the Northeastern South, the value of export (69.3%) is more than that of import (52.3%).



Source: HCMC, "Statistical Year Book", 2000

Figure 1.3.1 Historical Change in Trade Value, 1990-2000

Table 1.3.1 Trade Value by Region, 2000

Region	Value (US\$ million)			% Share to the Country Total		
	Export	Import	Total	Export	Import	Total
1.Red River Delta	2,192	5,157	7,349	15.2	32.6	24.3
2.Northeast	174	595	769	1.2	3.8	2.5
3.Northwest	0	0	0	0.0	0.0	0.0
4.North Central Coast	161	151	312	1.1	1.0	1.0
5.South Central Coast	571	539	1,110	3.9	3.4	3.7
6.Central Highlands	276	51	327	1.9	0.3	1.1
7.Northeastern South	10,011	8,280	18,291	69.3	52.3	60.4
8.Mekong River Delta	889	367	1,256	6.2	2.3	4.1
Unknown	175	696	871	1.2	4.4	2.9
Total	14,449	15,836	30,285	100.0	100.0	100.0

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

(2) Trade Value in the SFEA

In 2000, the value of export and import in the SFEA shared at 67.5% and 51.9% to the country total, respectively. Especially, HCMC alone shares remarkably high proportion of export and import, at 52.2% and 35.5%, respectively.

Table 1.3.2 Trade Value in the SFEA, 2000

Province	Value (US\$ million)			% Share to the Country Total		
	Export	Import	Total	Export	Import	Total
HCMC	7,537	5,624	13,161	52.2	35.5	43.5
Binh Duong	532	557	1,089	3.7	3.5	3.6
Dong Nai	1,543	1,661	3,204	10.7	10.5	10.6
Va Ria-Vung Tau	124	382	506	0.9	2.4	1.7
Total	9,736	8,224	17,960	67.5	51.9	59.4

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

1.3.2 Trade Value by Type of Commodity

As to trade structure in terms of value, Vietnam exports mainly mining products (crude oil), light industrial products (garment, textile and footwear) and agricultural and marine products (seafood and rice), while it imports machinery and equipment, refined oil products, textile and garment, iron and steel, electronic component.

On the other hand, in terms of weight tons, large volumes of coal, coffee and rubber were exported and fertilizer, chemical products, material plastic and automobiles were imported.

Table 1.3.3 Major Commodities in Trade, 2000

Export/ Import	Major Commodity Type	Volume ('000 tons)	Value	
			US\$ mil.	%
Export	1. Crude Oil	15,424	3,503	24.2
	2. Garment and Textile	-	1,892	13.1
	3. Seafood	-	1,479	10.2
	4. Footwear	-	1,465	10.1
	5. Rice	3,477	667	4.6
	- Coffee	793	501	3.5
	- Rubber	273	166	1.1
	- Coal	3,251	94	0.7
	Export Total	-	14,449	100.0
Import	1. Machinery, Equipment and Spare-parts	-	2,571	16.2
	2. Refined Oil Products	8,777	2,058	13.0
	3. Textile, Garment and Leather Materials	-	1,422	9.0
	4. Iron and Steel	2,868	812	5.1
	5. Electronic Components	-	748	4.7
	- Chemicals and Chemical Products	987	610	3.9
	- Fertilizers	3,973	509	3.2
	- Material Plastics	648	480	3.0
	- Automobiles	15,740 units	134	0.8
	Import Total	-	15,836	100.0

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

1.3.3 Trade Value by Trading Partner

The Vietnam's trading partners are classified by area as shown in the table below. East Asian countries including Japan, China, Taiwan etc. have dominant shares in the Vietnam's trade in terms of value. Vietnam is exporting and importing to these countries about 46% of the total trade value.

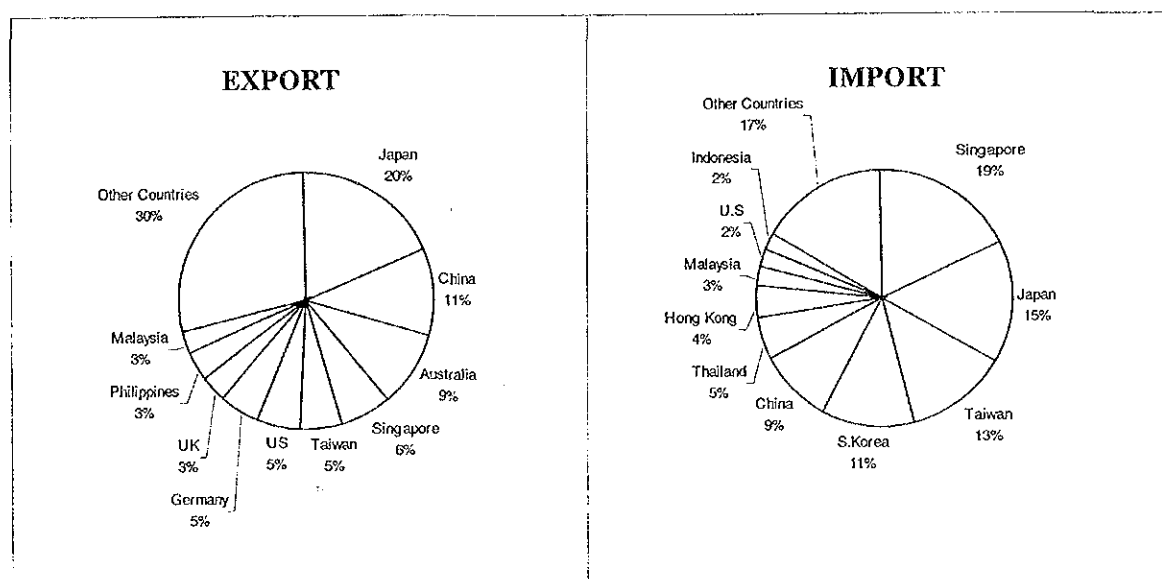
Two groups, the countries of Thailand, Malaysia and Singapore and European countries, have the second highest shares at 18.6% and 16.2%, respectively. The former is importing more value of goods from Vietnam than that of export. The latter has inverse relation.

As to trade value by country, the top three countries in export are Japan (20%), China (11%) and Australia (9%). On the other hand, top three countries in import are Singapore (19%), Japan (15%) and Taiwan (13%).

Table 1.3.4 Trade Value by Group of Trading Partners, 2000

Group of Trading Partners	Value (US\$ mil.)			% Share to the Total		
	Export	Import	Total	Export	Import	Total
1. Indochina (Laos and Cambodia)	199	149	348	1.4	1.0	1.2
2. East Asia (Japan, China, Korea, Taiwan, Hong Kong, Philippines)	6,057	7,970	14,027	41.9	50.3	46.3
3. North and South America	855	541	1,396	5.9	3.4	4.6
4. Europe	3,282	1,606	4,888	22.7	10.2	16.2
5. Middle East, South Asia and Myanmar	343	178	521	2.4	1.1	1.7
6. Indonesia, Brunei and Oceania	1,538	650	2,188	10.6	4.1	7.2
7. Thailand, Malaysia and Singapore	1,688	3,958	5,646	11.7	25.0	18.6
8. Unknown	486	783	1,269	3.4	4.9	4.2
Total	14,449	15,836	30,285	100.0	100.0	100.0

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)



Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

Figure 1.3.2 Vietnam's Trading Partners, 2000

From Vietnam, Japan is importing US\$ 2,622 million of commodities. Of which major commodities are garments and textiles (23.6%), crude oil (19.1%) and Seafood (18.6%). Most valuable commodity from Vietnam to China and Australia is crude oil sharing at 48.8% and 87.2% respectively. Other major commodities to China and Australia are seafood and vegetable etc.

In reverse way, to Vietnam, Singapore is exporting US\$ 2,760 million of commodities. Of which most major commodities are refined oil products (51.8% of the total). Other major commodities to Vietnam from Singapore, Japan and Taiwan are 1) machinery, equipment and spare-parts, 2) computer and electronic components, 3) textile, garment and leather materials.

Table 1.3.5 Major Commodities of the Top 3 Trading Partners, 2000

Export/ Import	Country	Total Value (US\$ mil.)	Major Trading Commodities	US\$ mil. % share	
				US\$ mil.	% share
Export	1. Japan	2,622	1. Garment & Textile	620	23.6
			2. Crude Oil	502	19.1
			3. Seafood	488	18.6
	2. China	1,534	1. Crude Oil	749	48.8
			2. Seafood	223	14.5
			3. Vegetable	120	7.8
	3. Australia	1,272	1. Crude Oil	1,109	87.2
			2. Garment & Textile	25	2.0
			3. Seafood	21	1.7
Import	1. Singapore	2,760	1. Refined Oil Products	1,429	51.8
			2. Machinery, Equipment, Spare-parts	355	12.9
			3. Computer, Electronic Components	206	7.5
	2. Japan	2,251	1. Machinery, Equipment, Spare-parts	459	20.4
			2. Computer, Electronic Components	457	20.3
			3. Textile, Garment, Leather Materials	194	8.6
	3. Taiwan	1,896	1. Textile, Garment, Leather Materials	485	25.6
			2. Machinery, Equipment, Spare-parts	330	17.4
			3. Steel	93	4.9

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

Table 1.3.6 Major Traders in the Most Valued Imports, 2000

Item	Company	US\$ million
Petroleum (Whole Country: US\$ 2,058 mil.)	PETROLIMEX	1,305
	Investment & Technical Trade Co. Ltd.	271
	Sai Gon Petro	191
	Vietnam Airlines Petro Company	122
	Petro Trade Company	67
Steel (Whole Country: US\$ 812 mil.)	Vinakyoei	46
	HCM City Seafood Import-Export Company	30
	VSC-Posco	22
	Hanoi Metalware Company	22
	Central General Material & Metalware Company	21
Urea Fertilizer (Whole Country: US\$ 261 mil.)	Ha Anh General Material Company	38
	VIGECAM	34
	Tan Hung Trade & Service Co. Ltd.	22
	Quang Nam Agriculture Material Company	19
	Nghe An Agricultural Material Company	16

Source: General Department of Customs (Vietnam Economic News, No.7, 2001)

1.4 Investment Patterns

1.4.1 Investment Outlays

(1) Whole Country

Total investment outlays in Vietnam have been increased and reached at VND 92 trillion in 2000. Of which state investment shared 61.9% of the total. The investment by non-state and foreign organization shared at 19.5% and 18.6% respectively.

As per sector, investments in service and Industrial sectors shared at 51.6% and 40.9% of the total, respectively. Investment in agricultural sector is very limited at 7.5%.

Table 1.4.1 Total Investment Outlays by Type of Source, 1995-1999

(Unit: VND Billion)

Item		1995	1996	1997	1998	1999	2000	% share
State Invested	1) State Budget	12,120	14,068	16,819	17,245	19,943	21,315	23.2
	- Central	6,989	7,626	8,063	7,824	8,815	9,900	10.8
	- Local	5,131	6,442	8,756	9,421	11,127	11,415	12.4
	2) Credit	2,736	7,041	10,384	7,932	11,253	18,803	20.5
	3) Outlay by SOEs	8,401	9,413	10,875	15,617	17,427	16,748	18.2
Sub-Total		23,257	30,522	38,078	40,794	48,623	56,866	61.9
Non-state Invested		17,857	17,664	16,353	15,918	15,986	17,889	19.5
Foreign Invested		19,623	19,303	24,774	18,869	14,388	17,052	18.6
Total		60,737	67,489	79,205	75,581	78,997	91,807	100.0

Source: GSO, "Statistical Yearbook", 2000

Note: Values are calculated at constant 1994 price.

Table 1.4.2 Total Investment Outlays by Sector, 1999

Sector	VND Billion	% by sector
Agriculture, forestry and fishery	5,887	7.5
Industry and Construction	32,346	40.9
Service	40,764	51.6
Total	78,997	100.0

Source: GSO, "Statistical Yearbook", 2000

Note: Values are calculated at constant 1994 price.

(2) Investment Outlays in the SFEA

Between 1991-1995, the total of investment outlays in the SFEA achieved VND 105.6 trillion at current price, equivalent to 10.2 billion, and four times greater than that between 1986-1990. Between 1996-2000, the growth of investment outlays was slow down. The total of investment outlays for development between 1995-1999 in the SFEA was VND 179.8 trillion, accounted for 40.3% of the Vietnam total.

Compared the proportions by sector between the nation and the SFEA, the investments by foreign and non-estate organizations in the SFEA shared higher proportion, accounting for 56.6% and 31.9%, respectively.

As per shares by sector, investment in industrial sector has higher proportion than that in service sector in the SFEA. Industrial and service sectors in the SFEA shared more than 40% of the Vietnam total.

Table 1.4.3 Capital Investment Structure by Source in the SFEA, between 1995-1999

Item		National Total		SFEA		
		VND Tri.	% to the Vietnam Total	VND Tri.	% to the SFEA Total	% to the Vietnam Total
State	1) State Budget	96,939	21.8	21,099	11.7	21.8
	2) Credit	45,159	10.1	16,343	9.1	36.2
	3) Outlay by SOEs	76,051	17.1	39,237	21.8	51.6
Non-state Invested		102,873	23.1	32,790	18.2	31.9
Foreign Invested		124,500	27.9	70,290	39.2	56.6
Total		445,522	100.0	179,759	100.0	40.3

Source: MPI, "Summary of Implementation of Socio-economic development policies in the Southern Focal Economic Area between 1991-2000", 2000

Note: Values are calculated at current price.

Table 1.4.4 Capital Investment Structure by Sector in the SFEA, between 1995-1999

Item		National Total		SFEA		
		VND Tri.	% to the Vietnam Total	VND Tri.	% to the SFEA Total	% to the Vietnam Total
1. Agriculture and Forestry		33,003	7.4	4,312	2.4	13.1
- Agriculture only		24,779	5.6	2,742	1.5	11.1
2. Industry and Construction		175,539	39.4	80,656	44.9	45.9
- Industry only		162,817	36.5	75,642	42.1	46.6
- Construction only		12,722	2.9	5,015	2.8	39.4
3. Service and Infrastructure		236,980	53.2	94,865	52.7	40.0
- Transport		76,439	17.2	28,865	16.1	37.8
- Education and Training		8,679	1.9	2,185	1.2	25.2
Total		445,522	100.0	179,759	100.0	40.3

Source: MPI, "Summary of Implementation of Socio-economic development policies in the Southern Focal Economic Area between 1991-2000", 2000

Note: Values are calculated at current price.

1.4.2 State Budget and Transport Sector Investment

The state revenue in 2000 reached at VND 74.5 trillion, equivalent to about USD 5.3 billion. Four provinces in the SPEA earned state revenue at VND 46.3 trillion or 62.1% of the national total, of which VND 26.1 billion was from HCMC, VND 0.8 billion from Binh Duong Province, VND 1.9 billion from Dong Nai Province and VND 17.5 billion from Vung Tau Province.

Breakdown of state revenue is not available by type of source. However, its structure of HCMC could be referred. The state revenue collected in HCMC was at VND 26.1 billion in 2000, accounted for 35% of the national total. Of which 42.4% was tax on import and export and others were of domestic revenues. Domestic revenues are composed of various kinds of taxes and fees. The dominate revenue sources are taxes on sales and profits

Table 1.4.5 Breakdown of State Revenue from HCMC, 1997-2000

(Unit: VND Billion)

Source	1997	1998	1999	2000	% to the total
A. Tax on export and import	7,158	9,111	12,571	11,050	42.4
B. Domestic Revenues	13,379	14,677	13,993	15,031	57.6
Of which by kind of tax					
- tax on sales	6,110	6,691	5,869	6,164	23.7
- tax on profit	2,446	2,636	2,918	2,955	11.4
- tax on income	743	848	780	784	3.0
- transportation fee	1,003	1,037	1,089	1,127	4.3
- revenue on land use and rent	488	267	470	449	1.7
- revenue on house sale	429	545	437	467	1.8
- revenue on capital use	224	214	218	210	0.8
- lotto	169	203	220	253	1.0
- fee on registry	346	348	359	280	1.0
- other taxes (license, housing and land, agriculture)	149	128	139	153	0.6
- other revenues	1,271	1,560	1,474	2,189	8.3
Total (A+C)	20,537	23,788	26,564	26,081	100.0

Source: Statistical Office of HCMC, "Statistical Yearbook", 2000

On the other hand, state expenditure in 2000 was VND 96.5 trillion, equivalent to about USD 6.9 billion. Its breakdown by is not available.

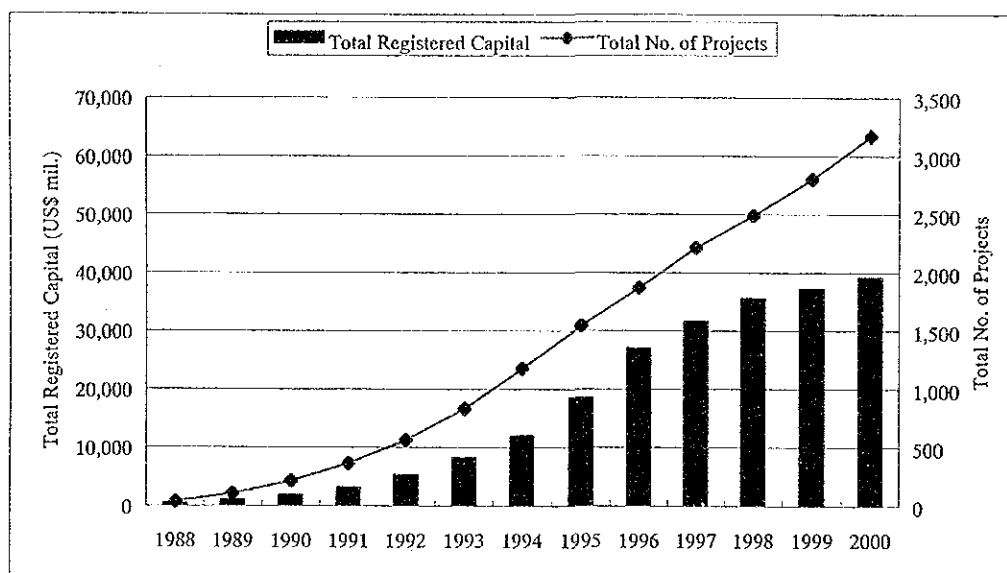
However, investment for transport sector in 1998 was VND 7.0 trillion. Of which VND 6.0 trillion was for new construction and improvement, VND 1.0 trillion for maintenance and rehabilitation. In 1998, out of VND 7.0 trillion, VND 5.6 trillion was foreign fund mostly from ODA.

Among all the transport sector investment, overwhelmingly large share has been provided for road. The share for road was about 83% and amount was VND 4.7 trillion in 1997. The share for railway was only 2%, VND 0.1 trillion and port and waterway about 15%, VND 0.7 trillion.

1.4.3 Foreign Direct Investment

(1) Whole Country

Foreign Direct Investment (FDI) has been continuously done and the accumulated number of projects from 1988 to 2000 reached at 3,170 or at US\$ 39 billion. In 2000, 371 projects were permitted and US\$ 2 billion of capital was registered. Despite the government's policy to broadly distribute FDI projects, about three-fourth of these projects are still concentrated in the northeastern south (77.1% of the total licensed projects or 84.7% of the total capital registered).



Source: GSO, "Statistical Yearbook", 2000

Figure 1.4.1 Historical Change in Foreign Direct Investment, 1988-2000

Table 1.4.6 Foreign Direct Investment by Region, 2000

Region	Projects		Registered Capital	
	Numbers	%	US\$ mil.	%
1. Red River Delta	42	11.6	43.4	5.2
2. Northeast	18	4.9	18.4	2.2
3. Northwest	1	0.3	0.5	0.1
4. North Central Coast	5	1.4	16.1	1.9
5. South Central Coast	10	2.8	41.0	5.0
6. Central Highlands	3	0.8	1.6	0.2
7. Northeastern South	280	77.1	701.3	84.7
8. Mekong River Delta	4	1.1	5.8	0.7
Total	363	100.0	828.1	100.0

Source: GSO, "Statistical Yearbook", 2000

Note: Excludes the projects for exploitation of oil and gas in the sea.

(2) FDI Projects in the SFEA

The most of the FDI projects in the Northeastern South are concentrated in the SFEA. There are 266 projects in 2000 excluding oil and gas exploitation projects. Of which 42.9% are both in HCMC and Binh Duong. The proportion of the registered capital in Binh Duong was higher than the number of the projects, at 49.4% of the SFEA total.

Table 1.4.7 Foreign Direct Investment in the SFEA, 2000

City/Province	Projects		Registered Capital	
	Numbers	% of the Total	US\$ mil.	% of the Total
HCMC	114	42.9	194.4	28.9
Binh Duong	114	42.9	332.5	49.4
Dong Nai	32	12.0	110.8	16.4
Ba Ria-Vung Tau	6	2.2	35.5	5.3
Total	266	100.0	673.2	100.0

Source: GSO, "Statistical Yearbook", 2000

Note: Excludes the projects for exploitation of oil and gas in the sea.

There are 900 projects invested in HCMC from 1988 to 1999. Its registered capitals reached at US\$ 10 billion. Of which 56.2% was invested in service sector and 43.3% in industrial and construction sector. The FDI in agricultural sector was very limited.

In terms of the type of investment, 61.7% was invested through establishing a joint venture company with Vietnamese enterprises. Remaining investments are in the form of 100% foreign capital (27.8%) and business cooperative (10.5%). In industrial and construction sector, the investment in 100% foreign capital shared more than half of registered capital.

Table 1.4.8 Structure of Foreign Direct Investment in HCMC, 1988-1999

Sector	Total No. of Projects	Total Registered Capital (US\$ mil.)	% share of Registered Capital		
			Joint Venture	Business Cooperative	100% foreign Capital
1. Agriculture	8	53	86.8	0.0	13.2
2. Industry and Construction	605	4,554	44.2	0.7	55.1
3. Service	287	5,912	74.9	18.3	6.8
Total	900	10,519	61.7	10.5	27.8

Source: HCMC Statistical Office, "Statistical Yearbook", 2000

(3) Comparison of Costs Related to the Investment in Major Asian Cities

According to the figures in table below, in attracting for the foreign investment HCMC and Hanoi have the advantages in personnel costs and office costs. On the other hand, the disadvantages are identified in the cost for electricity, communication and transportation.

Table 1.4.9 Comparison of Costs Related to Investment in Major Asian Cities, 2000

City	HCMC	Hanoi	Shang-hai	Singapore	Bangkok	Kuala Lumpur	Jakarta	Manila
Worker salary/month	94	93	199	518	147	341	122	179
Engineer salary/month	216	263	362	1497	325	649	177	310
Medium manager/month	489	535	598	2170	646	1,454	443	563
Office rental/m ² /month	15	19	24	49	10	17	20	28
Apartment rental/m ² /month	1700	1,700	1,750	2,418	1,330	921	2,350	1,550
Int'l phone charge (3 minutes to Japan)	7.92	7.92	5.44	1.55	2.48	2.61	3.02	2.07
Electricity/kWh	0.07	0.07	0.07	0.07	0.04	0.05	0.027	0.09
Transport to Yokohama (40 feet container)	1,400	1,500	911	715	1,453	670	1,045	1,169
Price of Gasoline/10 liters	0.37	0.37	0.35	0.83	0.83	0.31	0.12	0.374
Highest income tax (%)	50	50	45	37	37	29	35	32

Source: JETRO

Note: Salary includes bonus, allowances, social insurance and income tax. Apartment has 2 bedrooms or about 200 m².

Chapter 2 National and Regional Development Plan

In this chapter, the main features of the authorized national, regional and provincial development plans are summarized.

2.1 National Development Plan

During the last years of the 1990s, Vietnam was adversely affected by the economic crisis in the region and damaged by natural calamities in many areas. Even under such circumstances, the last 1991-2000 targets have been achieved in general and GDP has been doubled whilst economic structure has been shifted remarkably as shown in Table 2.1.1.

Table 2.1.1 Historical Changes of Economic Structure

	1990	2000
GDP	131,968 billion VND	275,918 billion VND
Agriculture	38.7 %	24.3 %
Industry	22.7 %	36.6 %
Service	38.6 %	39.1 %

Source: GSO, "Statistical Yearbook 1999"

The Socio-Economic Development Strategy for the next 2001-2010 with major targets below to accelerate industrialization and modernization, and to become an industrialized country by 2020 was adopted at the Ninth Congress held in April, 2001.

- To double GDP from the year 2000 level
- To raise substantially Human Development Index (HDI)
- To develop the infrastructure to meet demands of socio-economic development
- To enhance the state economic sector by renewing and ensuring its business efficiency

To attain these targets in the sustainable manners, Vietnamese Government is to exert all resources for the industrial development and relevant sectors.

2.1.1 Sector Development Plan

(1) Agriculture, Forestry and Fishery

To enhance the agricultural and rural industrialization by applying technology, rural electrification and farming mechanization etc. is the major development strategy in this sector.

The annual growth rate of 4.0-4.5%, the share of 16-17% in GDP and the export turnover of US\$ 9-10 billion in this sector are targeted in 2010.

(2) Industry and Construction

Light industries with competitive advantages such as food processing, garment, footwear and mechanical products etc. are to be developed, and the development of hi-tech industries including

information technology are also to be vigorously enhanced. Heavy industries like petroleum, metallurgy and fertilizers etc. are to be further developed in conformity with the capital and market conditions.

Industrial zones (IZs) and export processing zones (EPZs) are to be efficiently developed nationwide to form major industrial clusters and open economic zones with a number of hi-tech zones.

In this sector, the average growth rate of 10-15%, the share of 40-41% in GDP and the share of 70-75% in the total value of export turnover are targeted in 2010. And 23-24% of the total labor force are to be employed.

(3) Services

To expand the domestic market and to integrate into the international market efficiently, this sector is also to be vigorously developed.

Cargo and passenger transportation services are to be developed in the regional and international markets to reserve a large market share for domestic enterprises in the transportation of local goods.

In this sector, the annual growth rate of 7-8% and the share of 42-43% in GDP are to be achieved, and 23-24% of the total labor force is to be employed in 2010.

(4) Infrastructure

Power generation is to be accelerated together with upgrading the power transmission grid, and a modern communication network is to be developed to boost the information technology in the social life.

National roads and expressways are to be upgraded and constructed with attention given to border roads, beltways and roads connecting various regions with major development centers.

The planned national and local seaport networks are to be completed together with developing river transport systems and the maritime transportation capacities linked with ship building and repairing industries are to be upgraded.

The existing railway networks are to be upgraded and new railway lines leading to economic centers are to be open. The international and domestic airports are to be modernized.

2.2 Regional Development Plan

2.2.1 Regional Development Strategy

Development strategies in the three major regions are summarized as follows.

(1) Northern Focal Economic Area (NFEA)

The economic and labor structures are to be shifted from the agriculture sector to industries and services sectors, and the diversification in cash crops, food processing and aquaculture as well are to be accelerated.

Export-oriented and hi-tech industries as well as shipbuilding, metallurgy, fertilizers industries are to be developed.

National roads axes, seaports in Haiphong and Cai Lan areas and airports are to be completed and upgraded with high priority.

(2) Central Focal Economic Area (CFEA)

Coastal industrial zones are to be developed with the advantages in marine economy, North-South communication axes and seaports.

Oil refining, petrol-chemical, food processing, and manufacturing industries are to be developed together with constructing the deepwater ports as planned. Tourism with historical sites and scenic spots in the entire region is to be promoted.

Agricultural processing industries are to be developed, and measures to mitigate losses caused by floods and droughts are to be taken by constructing multi-purpose water reservoirs.

(3) Southern Focal Economic Area (SFEA)

Commerce, telecommunications, tourism, finance and banking are to be established as a leading industry in this region. Oil and gas exploitation to produce electricity, fertilizers and chemicals is also to be further developed as vital industries.

Industrial zones and export processing zones are to be upgraded and expanded with a due consideration to avoid over-concentration in urban areas.

Industrial crops cultivation and animal husbandry are to be vigorously developed by linking with the food processing industry.

National roads with regional and international connections, seaports and airports are to be upgraded and constructed.

2.2.2 Regional Development Plans in SFEA

(1) Outline of Southern Focal Economic Area (SFEA)

Among 3 focal economic areas of the country (the North, the Central and the South), the Southern Focal Economic Area (SFEA) was the first to develop. SFEA consists of Ho Chi Minh City, Dong Nai, Binh Duong and Ba Ria Vung Tau Provinces.

SFEA with total areas of 12,604 km² and the population of 8.6 million (1999) accounted only for 3.8% and 11.2% respectively against the national figures. This region has, however, much contributed to the national economy in terms of GDP (31%), export earning (68%) and state budget revenue(60%) as shown in the table 2.2.1.

Table 2.2.1 Contributions of the SFEA to the National Economy

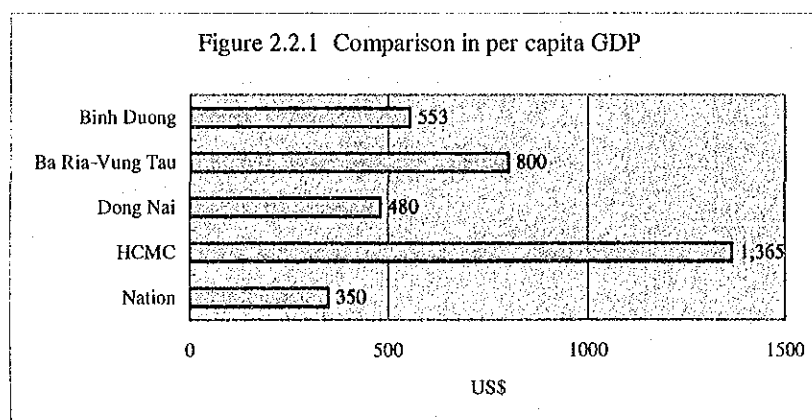
Item	Unit	SFEA	Vietnam	%
GDP (Whole sectors)	VND bil.	79,906	256,269	31.2
GDP (Agriculture)	VND bil.	4,914	102,900	4.8
GDP (Industry)	VND bil.	42,625	88,047	48.4
GDP (Services)	VND bil.	32,367	107,329	30.2
Industrial Production	VND bil.	96,034	166,965	57.5
Export	US\$ bil.	7,863	11,523	68.2
Import	US\$ bil.	5,143	11,636	44.2
Total budget revenue	VND bil.	42,702	71,100	60.1
Total budget expenditure	VND bil.	5,934	30,472	19.5

Source: HCM City Bureau of Statistics

Note: 1/ GDP (Agriculture) includes "forestry and fishery", and GDP(Industry) includes "construction"

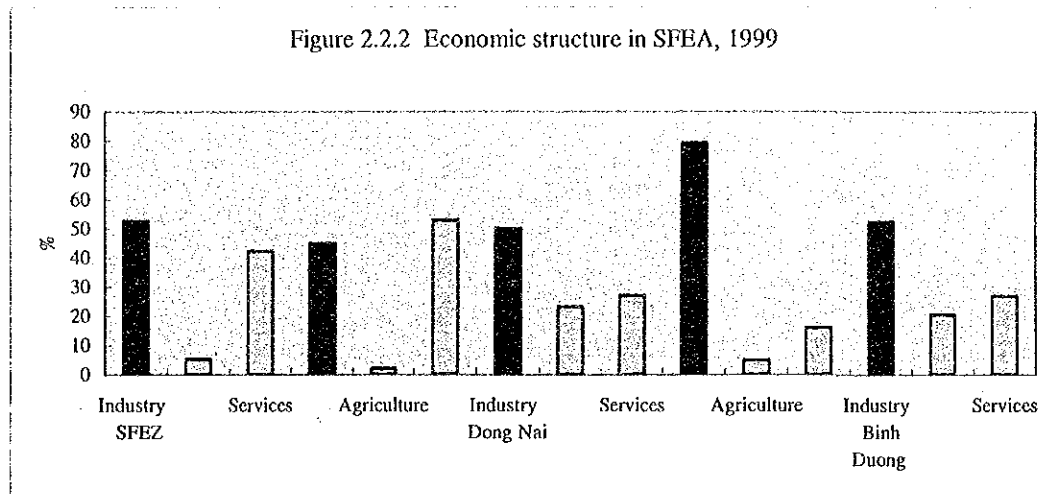
2/ 1999 figures based on 1994 prices

In 2000, per capita GDP of SFEA reached over US\$ 1,000, 2.85 times higher than the country's average of US\$ 350 (See Figure 2.2.1)



Source: Statistical Yearbook 2000 of respective provinces

SFEA with higher concentration in the industry (See Figure 2.2.2) has been playing a vital role for the national economy. Since early 1990s, SFEA was also successful to attract foreign and local investments by establishing a number of industrial zones (IZs) and export processing zones (EPZs) one after another.



Source: Implementation summary of socio-economic policies in SFEA 1991-2000, MPI

IZs and EPZs established in SFEA cover various types of enterprises. Those enterprises are manufacturers of textiles, leatherwear, garments, footwear, metallurgy, chemicals, electric apparatus, building-material and foodstuff etc. And some of them produce hi-tech products such as electronics and computer parts

Service sector also represents a large share of the GDP. In particular, finance, banking, and telecommunications developed in this region have dominated the country. HCMC has been a center of this sector in the whole nation.

The agriculture sector in SFEA has been remarkably shifted to the other sectors in the past decade. Even in Dong Nai and Binh Duong provinces dominated by the agriculture until early 1990s, the sector coverage has dropped to 23% and 21% respectively in 1999. This means a shift of large labor force to the other sectors.

According to the report "Implementation summary of socio-economic policies in SFEA 1991-2000, MPI", they forecast that the industrialization trend in SFEA will continue to reach the proportion of 54-55% for the industry, 4-6% for the agriculture and 40-41% for the services in 2010.

(2) Outline and Development Plans of Provinces in SFEA

1) Ho Chi Minh City

Ho Chi Minh City (HCMC) with the land areas of 2,094 km² and the population of 5.04 millions (1999) has attained the annual average GDP growth rate of 10.2% during the 1996-2000 period. The sector shares were 2.2% in agriculture, 44.6% in industry and 53.2% in services in 2000. The industrial sector has maintained the high growth with annual average of 14.1%.

In the next Five Year Development Plan (2001-2005), HCMC aims to attain the annual GDP growth rate of 11%. Their major programs and projects in the Plan are to develop the hi-tech and software IZs, to construct East-West highway and to rehabilitate major roads to mitigate traffic congestion, to develop human resources together with improving the higher school enrollment rate, and to improve the living and environmental conditions

In the industrial sector, higher growth rates in the sub-sectors of mechanical engineering, chemicals, plastics and rubbers, garments, shoes and leathers are expected.

In the service sector, software technology, transport, and post and telecommunications are forecasted to attain high growth rates.

In the agriculture sector, they plan to reduce the cultivation farming and to increase the proportion of animal husbandry as well as fishery. The annual growth rate of this sector will be 2%.

2) Dong Nai Province

Dong Nai with the land areas of 5,866 km² and the population of 2.04 millions (1999) has attained the annual average GDP growth rate of 12.0% during the 1996-2000 period. The sector shares were 50.0% in agriculture, 23.0% in industry and 27.0% in service in 1999.

The province adjacent to the huge consumption area of HCMC has developed IZs since the early 1960s. Nowadays it has established 10 IZs with total areas of 2,718 ha. About 50% of the whole areas have already been leased to various types of enterprises.

3) Binh Duong Province

Binh Duong with the land areas of 2,681 km² and the population of 743 thousand (2000) was separated from Song Be Province in 1997. The province has been attractive to the foreign and domestic investors as it is neighboring to HCMC.

Binh Duong with a development policy to accelerate the industrialization attained GDP growth rate of 13.9% in 2000. The sector shares were 16.9% in agriculture, 58.0% in industry and 25.1% in service in 2000.

Table: 2.2.2 Shifting of Sector Shares in Binh Duong

	1996*	1997	1998	1999	2000
Agriculture	26.2	22.8	21.1	16.9	16.9
Industry	45.0	50.4	52.3	57.6	58.0
Services	20.5	26.8	26.6	25.5	25.1

Source: Statistical Yearbook 2000, Binh Duong and hearing from the province officials

Note: * Statistics of former Song Be Province

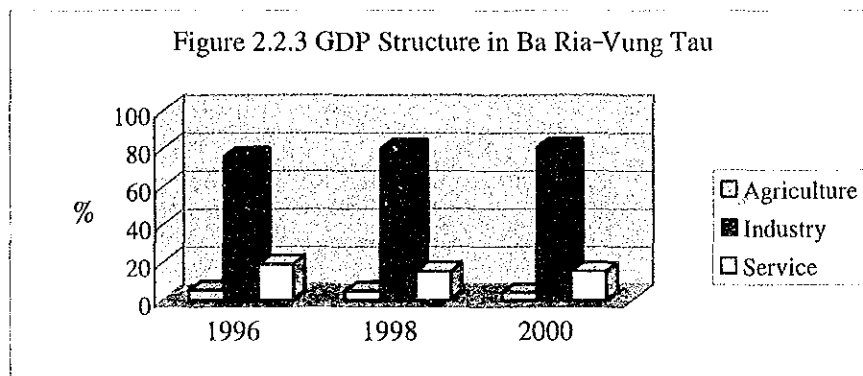
Currently 7 IZs with total areas of 1,500ha has been in operation and all of them are located in the southern tip of the province near HCMC.

4) Ba Ria-Vung Tau Province

Ba Ria-Vung Tau (BR-VT) with the land areas of 6,854 km² and the population of 821 thousand (2000) has attained the annual average GDP growth rate of 15.4% during the 1996-2000 period. The sector shares were 11.6% in agriculture, 47.2% in industry and 41.2% in service in 2000 (Figures exclude oil and gas).

Besides easy access to key economic areas of HCMC and Bien Hoa City, BR-VT is blessed with mineral resources such as crude oil, natural gas and building materials. The province also enjoys marine economy and tourism with a coastline of 305 km long, and is located favorably for the development of large-scale ports.

The economic structure of BR-VT is particular to other provinces in the region and in the country as well. The industry sector dominates overwhelmingly its economy owing to the oil and gas production (See figure 2.2.3.) and Nam Con Son gas pipeline of 357 km long will be completed in 2002. Five industry zones have also been established by 2001.



Source: Statistics Bureau and Department of Planning and Investment, BR-VT

Note: Figures include oil and gas

In the service sector, the average growth rate of 24.4% in 1992-1995 dropped to 15.7% in 1996-2000. This was largely due to a slow-down of tourism rapidly expanded in the early 1990s. Commerce, transportation and communications have steadily developed with higher growth rate during the same period.

In the agriculture sector, the average growth rate attained 6.7% in 1996-2000, which was higher figure than the national average.

In the master plan on socio-economic development of BR-VT in 2001-2010, the province aims to pursue the following objectives:

- To shift the province to a national and international center of the industry, tourism and ports
- To attain the average growth rate of 10.8-12.1% in 2001-2005, and 9.2-12.6% in 2006-2010
- To change the economic structure with proportion of 82.3% in industry, 14.6% in service and 3.1% in agriculture
- To accelerate foreign trade, especially export turnover to be 2.7 billion US\$ in 2005 and 3.2 billion US\$ in 2010

- To upgrade the infrastructure like road network, port system and power distribution network in the remote areas

As social betterments, the province plans to create more employment, to upgrade the education facilities, to reduce the population growth rate to 2.4% by 2010, and to improve various health indicators.

With the estimated population of about 1 million people by 2010, BR-VT plans to develop the industry as a leading sector. In this sector, oil and gas industry dominates almost 90% of the total industrial outputs in the province. They will continue to exploit the existing wells and explore new wells.

Together with oil and gas exploitation, heavy industry like power generation, productions of LPG, fertilizer, steel and so forth will play a vital role to boost the economic development in the province and the country as well. Labor-intensive industry such as garment and leather production will be also developed in the town areas and industry zones to cope with the unemployment problem.

For the infrastructure development, ports along the Thi Vai - Cai Mep river are to be constructed to accommodate larger vessels ranging from 15,000 to 70,000 DWT in Go Dau, Phuoc An, Phu My and Cai Mep areas to cope with the increasing throughput cargo.

In addition to the existing national roads No.51, 55 and 56 in the province, the province plans to construct or rehabilitate HCMC - Vung Tau expressway, Vung Tau - Long Hai - Binh Chau coastline road, national road No.55 etc.

Railway line between Bien Hoa and Vung Tau with stations in the industry zones and ports of My Xuan, Phu My, Long Hung, Ba Ria and Ben Dinh is also planned to be newly constructed.

Power generation in the province has been remarkably developed from 1,158 million kwh in 1996 up to 5,700 million kwh in 2000 thanks to the natural gas. At the completion of Phu My power station in 2010, the total power output will reach 20 billion kwh.

Water supply for potable and industrial uses will be increased to meet the target demand in 2010 by constructing a new water plant with a capacity of 100,000m³/day at Da Den

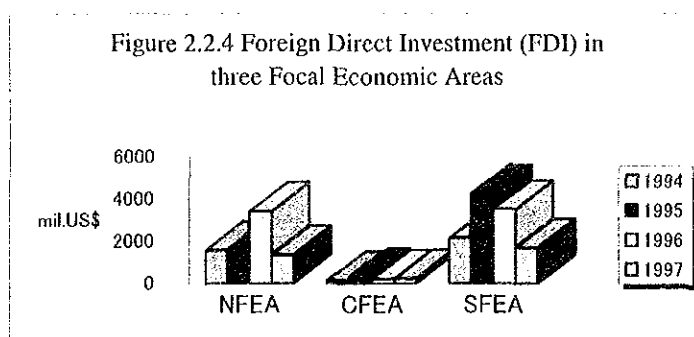
2.2.3 IZ and EPZ in SFEA

National regulations on the industrial zone (IZ) by the Decree in 1994 define IZ as 'concentrated' industrial zone, established by the Government decision with defined boundaries, providing services to support industrial production and having no inhabitants. And there are the following incentives for the enterprises to locate in IZ, which vary among provinces to attract more foreign and domestic enterprises than other provinces.

- lower taxes on profits
- shorter project evaluation
- land already cleared of occupiers

- serviced sites

According to the report "Implementation summary of socio-economic policies in SFEA 1991-2000, MPI " (SFEA Review Report), total investment for the development in SFEA in 1995-1999 covered 40.3% of the national total investment. Especially, most of the foreign direct investment (FDI) flowed into SFEA (See the figure 2.2.4.)



Source: SFEA Review Report

Since early 1990s, 32 industrial zones (IZ) and 3 export processing zones (EPZ) have been established in SFEA. These IZs and EPZs have played an important role to the industrial production not only for the south but for the whole nation. Recently IZs in Dong Nai, Binh Duong and Ba Ria-Vung Tau Provinces have been attracting more investment while that in HCMC has been declining since 1995.

On the other hand, SFEA Review Report warns that the number of IZs in SFEA has much exceeded the estimated 17 IZs in the master plan. Due to the regional economic recession and low growth of domestic investment, this big number has already caused low occupancy rates in the latecomer IZs.

Even the officials of HCMC who boast of higher occupancy rate in IZs are cautious to expand and develop new IZs unless the occupancy rate becomes much higher.

(1) Industrial Zones in HCMC

9 IZs and 2 EPZs are now in operation. Except EPZs started their operation in early 1990s, all IZs were established after 1996.

Most of them are located scattering in the suburb of HCMC, outside the ring road of National Road No.1-A. The total land areas so far developed is 1,571 ha, out of which 944 ha land (average occupancy rate: 60%) has been occupied by the enterprises.

Until the end of 2000, the top foreign investing countries in HCMC are Japan (365 million US\$), Taiwan (232 million US\$), Hong Kong (122 million US\$), Holland and USA.

Major products in respective EPZ and IZ are indicated in the table 2.2.5. Most of their products

can be categorized as light industry products. However, in the newly established IZ like Hiep Phuoc and Cat Lai in the suburbs of HCMC, some heavy industry enterprises like cement, power generation, ship repairing are situated.

Table 2.2.3 Major products in EPZ and IZ in HCMC

Tan Thuan EPZ		Linh Trung EPZ		Other IZ			
Foreign investment		Foreign investment		Foreign investment		Domestic investment	
Electrics, electronics	30%	Shoes	38%	Herbal	23%	Rubber, plastics	25%
Garments, weaving	18%	Electrics, electronics	16%	Foodstuff	14%	Garment	20%
Mechanics	13%	Garments, weaving	15%	Wood, bags	11%	Wood, bags	12%
Plastics	11%	Wood processing	9%	Mechanics	7%	Foodstuff	9%

Source: Situation of investment in HCMC, HEPZA

(2) Industrial Zones in Dong Nai

Dong Nai Province being a forerunner of IZ in the country has already developed ten IZs with total areas of 924ha (occupancy rate in IZ established before 1995 is between 75% to 90%) and plans to build the largest IZ in Vietnam with total areas of 2,700ha in Nhon Trach district. Number of IZ including planning stage ones totals 17 with the total areas of 8,119ha.

Most of IZ in operation are located along major national roads No.1-A, No.51, No.20 and in Bien Hoa city. And newly developed Nhon Trach IZ is situated close to the eastern part of HCMC and along Thi Vai River.

As of November 2000, the total foreign registered capital reached US\$ 3,928.7 million with 201 projects and domestic capital was US\$ 206.3 million with 27 projects, and the total number of employees working in IZs was about 84,000 persons.

In the development plan for IZ in 2001, the provincial IZ management office plans to lease the additional land of 77.5 ha, to attract new investment of US\$ 250 million and to generate new employment of 6,000 persons.

(3) Industrial Zones in Binh Duong

In Binh Duong Province there are seven IZs in total, out of which six IZs are under the supervision of the provincial management office and one is under the management of a private company.

All of them were established in 1995 and afterwards, and located in the southern tip of the province where is adjacent to HCMC and major national roads of No.1, No.1-A, No.1-K and No.13 intersects. Their locations are also close to ports in Sai Gon River and the international airport.

The total land areas so far developed is 803 ha, out of which 489 ha land (average occupancy rate: 61%) has been occupied by the enterprises. Especially, Song Than 1 IZ and privately managed

Vietnam-Singapore IZ (VSIZ) have been fully occupied.

Until February 2001, total invested capital to IZ amounts 665 billion VND and 52 million US\$. Taiwan (47%) and Singapore (19%) dominate in IZ as foreign investing countries, and Vietnam is also one of the leading investing countries. Even under the serious regional economy in the late 1990s, the province has kept to attract new investment to IZ owing to their advantageous locations.

(4) Industrial zones in Ba Ria-Vung Tau

All five IZs in BR-VT were established in 1996 and afterwards. Four of them are located in the northern part of the province along Thi Vai River and national road No.51, and the remaining one is in Vung Tau City.

Total land areas so far developed is 1,050 ha. But the average occupancy rate is still low with the rate of 26% because IZs in BR-VT are latecomers compared with IZs in other SFBA provinces and they were established just before and after the Asian economic crisis.

Even under such situations, in the near future they plan to develop Cai Mep and Long Huong IZs in connection with the natural gas exploitation off Vung Tau and with the expectation to construct a new deepwater seaport in the area.

Figure 2.2.5

Major Transport Development Plans in SFEA by 2020

