

Vietnam Country Report

by

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Executive summary

Vietnam is currently ranked fourth on the East Asian economic growth list. It follows China, Singapore and Hong Kong in growth rate, but is ahead of Thailand, Malaysia, Indonesia and the Philippines. However, it is still one of the poorest nations in the region. Vietnam has a population of about 80 million. About 90 per cent of the population are ethnic Vietnamese. Vietnam's economy grew an estimated 8.16 percent in the first nine months of the year, its fastest pace for the January-September period in the last ten years, the General Statistics Office said in a report published in the same period a year ago, the economy grew 7.84 percent.

According to Business Management International (BMI) the forecast of annual growth is 8,73% in GDP for 2006. The Vietnamese construction industry contributes around 9% to GDP, and in its newly released Vietnam Infrastructure report 2007, BMI forecasts that the construction industry will log 7% plus growth over the 2006-2010 period. The manufacturing and construction sector grew 10 percent from a year ago to 328 trillion dong (US\$20 billion) during the three quarters, representing 42 percent of total GDP.

With the implementation since Doimoi policy, the construction sector is really attractive many investors and is strong competitions, specially in some recent years. However the conclusion that let looking ahead the future on environmental threaten with rapid growth of economy as well as construction sectors.

1. Overview of National Economy

Gross domestic product, the value of all goods and services produced in the country, was estimated to be worth 787 trillion dong (US\$49 billion) in the first nine months, the GSO said. The services sector was grew 8.5 percent to 301 trillion dong (US\$19 billion), accounting for 38 percent of GDP.

Slower farming production, however, dragged on overall growth. The agricultural sector grew 3 percent to 158 trillion dong (US\$10 billion), accounting for 20 percent of the economy. "The agricultural sector has been beset by the outbreaks of disease which hurt poultry and animals," the GSO said.

Most economic and social indicators in Vietnam improved sharply over the past ten years, driven by reforms initiated following on Doimoi. The output growth was closely associated with the large inflows of foreign direct investment (FDI), primary from the Asian region, and related increasing exports.

However the domestic structural weaknesses, especially in the banking and state-owned enterprise sectors, the Asian economies have been in crisis. The country reached an impressive GDP growth averaging close to 9% during 1992-1997.

Gross Domestic Production (GDP) and Direct Foreign Investment (FDI) growth in Vietnam took a downturn but it is once again on the rise. Vietnam's GDP for 2005 grew at the remarkable rate of 7.5% over that of 2004. The GDP for 2006 is estimated at from 7.0% to 8.0 per cent. Only China with a GDP of 8% comes close to this admirable place in the world's economy.

The government targets economic growth of 8.5 percent in 2007, compared with 8.17 percent growth last year. The Asian Development Bank predicts Vietnam's economy could grow 8.3 percent this year.

Table 1. Number of Export and Import from 1996 to 2007.

	2007	2006	2005	2004	2003	2002	2001	2000 ¹	1999	1998	1997	1996
Exports	31.28	38.90	16.87	24.56	12.61	16.23	16.74	13.06/14.31	11.9	9.4	8.9	7.1
Imports	37.63	44.35	18.95	29.36	14.79	18.26	17.70	14.63/15.2	12.01	11.4	11.2	11.1
Balance	-6.35	-5.45	-2.08	-4.80	-2.18	-2.03	-1.0	-1.6	-0.2	-2.0	-2.3	-4.0

Year 2000 [VET January 2001]. Numbers in blue are from Vietnam's GSO

2. Main Economic Indicator

a. Construction Investment

Over the past year, the Vietnamese Government has attached importance to attracting foreign investment. The Government has incessantly improved investment environment to create favourable conditions for domestic and foreign enterprises, with special focus on realising the legislation construction programs.

In 2005 in particular, Vietnam's National Assembly adopted 14 laws-the highest number of laws to be adopted in a year up to now, including the General Investment Law and the Unified Enterprise Law-and has been debating 8 draft laws for approval in the coming session.

As a result, foreign investment flows to Vietnam have recovered, especially since 2004. Generally, over the past five years, Vietnam has attracted over USD 18 billion of newly-registered FDI and USD 13.6 billion of realized FDI which have contributed to increasing development investment capital, production capacity and export value of the economy. It is estimated that foreign-invested economic sector is contributing 14% to GDP, more than 20% of the total social investment capital and more than 1/3 of the total export turnover of

the country (not including crude oil). Over the last five years, the sector has contributed about USD 1 billion/year to the state budget, directly generated about 800,000 jobs and indirectly about 2 million others.

There are reasons for increasing international investors and organisations trust in Vietnam: Vietnam is a stable and peaceful country; having sustained high economic growth and increased per capita income as well as rising domestic demands. The international community gives their confidence to Vietnam for her efforts and determination to integrate into the world economically. This confidence was shown at the 2004 Consultative Group meeting of international donors for Vietnam with the amount of committed ODA up to USD 3 billion.

Table 2: Total projects with investment in sector as of August 22, 2007 (September 2007 VET)

Sector	Total Projects	Total Invested (US\$ bn)	Total Implemented (US\$ bn)
Industry & Construction	5,252+	44.277+	21.209+
Oil & Gas	36	2.146	5.829+
Construction	409+	4.421+	2.220+
Agriculture & Forestry	889+	4.205+	2.080+
Fisheries	121-	0.362+	0.166+
Services	1,685+	22.992+	7.617+
Banking and Finance	64	0.840+	0.763-
Health and Education	245+	1.159+	0.389+
Offices and Apartments	131	4.886+	1.908+
Building New Urban Areas	8	3.228-	0.283+
IPZ & EPZ Infrastructure	24	1.145+	0.579+
Transport & Telecom	197	4.176+	0.741+
Hotels & Tourism	206	5.500+	2.509+
Others	810	2.058+	0.443-

3. Construction Companies

Here some strong foreign investors presenting in Vietnam at present time are list below:

Foxconn signs massive 5 billion USD contract

29/08/2007 -- 10:23 PM

Ha Noi (VNA) - Taiwan 's Foxconn group inked a framework agreement for the largest singular company agreement in Viet Nam's corporate history.

Foxconn's Chairman Guo Taiming signed the 5 billion USD pact in Ha Noi on August 29 with Minister of Planning and Investment Vo Hong Phuc. At the signing ceremony, the Foxconn Chairman lauded the Vietnamese government for its determination to pursue the renewal process, open door policy and fast tracked development of the economy.

He revealed that his group plans to employ 300,000 workers throughout the country and will look to turn the country into a major hub that supplies hi-tech electronics, components, spare parts and precise machinery.

Foxconn has selected Ho Chi Minh City, the northern port city of Hai Phong, the northern provinces of Bac Ninh, Bac Giang and Vinh Phuc, and southern Binh Dinh province to house its hi-tech companies.

The same day, Foxconn reached an agreement with the Saigon Invest Group for exploratory work, and the construction of urban area, industrial zones and power plants in Viet Nam. -Enditem (source:vnanet.vn 2007).

Korean company to build highest building in Vietnam

09:25' 24/08/2007 (GMT+7)