VietNamNet Bridge - The Vietnamese Government has just granted a licence for Keangnam Company of South Korea to build the highest building on Pham Hung road in Hanoi with a total investment capital of US $1.05 billion, said Hanoi-based South Korean Embassy.

The construction of Keangnam Hanoi Landmark Tower, 336 metres high, the 17th highest building in the world as of July 2007, will begin late this month and be expected to be completed in 2010.

The building, including 70 storeys over the land surface and two basement storeys, will become the highest in Vietnam. So far, the highest building in Vietnam is the 34-storey Vinaconex apartment building built in Trung Hoa – Nhan Chinh urban area in Hanoi.

The Keangnam Hanoi Landmark Tower is located on Pham Hung road in a new urban centre of Hanoi, more than 20 kilometres north of the Noi Bai International Airport. The building will be constructed on an area of 46,008 square metres. The company will also build two 47-storey apartment buildings in the same location.

The Keangnam Company is also carrying out other projects in new Western Ho Tay (West Lake) in Hanoi together with Daewoo, Daewon, Dongil and Kolon construction companies.

(Source: Nhan Dan)

RoK builders bet on Vietnam

17:17' 06/01/2007 (GMT+7)

Many construction companies from the Republic of Korea are flocking to Vietnam in an attempt to seek new investment opportunities in a booming economy, according to RoK experts.

A perspective of the An Khanh new residential area in Ha Tay province

The Korean market is currently experiencing a slump after the local government applied a series of measures to reduce property speculation, Ahn Kwang-seop said.

In January last year, a consortium of five Korean construction companies won a US $1 billion contract to build a new urban area in the Hanoi Capital. The builders included Daewoo Engineering & Construction Companym, Kolon Engineering & Construction Company, Keangnam Enterprises, Daewon Company and Dongil Construction Ltd.

In December, Posco Engineering & Construction Company and Vietnam's Construction Import-Export joint-stock company (Vinaconex) were licensed to jointly develop a US $1.4 billion project to build the An Khanh new residential area in the northern province of Ha Tay.

The project is scheduled to begin in May and completed by 2020. Other projects are underway. After a 10-year interruption, the Kumho Asiana Plaza Firm has resumed its US $260 million project to build the Kumho Asiana Plaza centre in downtown Ho Chi Minh City.

Other RoK construction firms are making inroads in the Vietnamese housing market, particularly in apartments and villas.The Lee & Co Group, for example, recently received permission from the HCM City authorities to build an office building in the city. Daewon and Hanshin are also completing final procedures to develop apartment projects. Many RoK construction companies began their business in Vietnam in early 1990s but were forced to stop after the 1997 Asian financial crisis. In 2004, RoK builders began to return to Vietnam.

(Source: VNA)

a. Employees and Construction labor

According to report of VIE/98(Social safety net study)The important constribution labour-based construction has already made to the development of Vietnam's public sector infrastructure. With some sotable exeptions most roads, water and irrigation schems, community buildings and agricultural projectss have been built by men and women using their own labour and the simplest of technologies.

In recent times numerous construction projects have been designed around the mobilization and harnessing of large labour forces. To construct and rehabilitate valuable public sector infrastructure. By the report of SSN, there are some 30 million workdays have been expende on the construction of sea dykes in 12 northern and central provinces over a period of 9 working years on two major world food programme projects.

In the rural sector, both the sea dyke and rural roads initiatives are targeted at the poorest and most needy communities. The development of participatory irrigation management operation and maintenance procedures is mobilising farmers.

4. Overview of the Construction Industry

By data of MOLISA, the total workforce in Vietnam comprised arount 40,2 million of which 94 % wre of woking age. In 2000, there are 62,7% were working in agriculture, 13.2% in industry and construction, and 24.3% inservice sector. The statistics on the value-added per emplyee was not available. According findings by B.S.Tang(2003) that the construction sector productivity had experienced a significalt drop since the Asian financial crisis. The increasing use of equipment and machinery, coupled with the application of higher level of technology caused a rather quick progress in productivity.

Table 3: 10 biggest foreign investors to Vietnam (as of October 2005)

No	Countries/Territories	Number of projects	Registered capital (million US dollars)	Realized capital (million US dollars)
1.	Taiwan	1,384	7,739.90	2,961.44
2.	Singapore	383	7,508.93	4,180.78
3.	South Korea	1,004	5,391.92	2,504.74
4.	Hong Kong	351	3,683.71	1,940.50
5.	B.V.Islands	243	2,623.56	1,267.26
6.	France	162	2,136.86	1,165.36
7.	Netherlands	60	1,886.33	1,784.53

8.	Thailand	125	1,474.08	716.82
9.	Malaysia	175	1,471.38	843.51
10.	US	245	1,398.48	739.23

Table 4: Top Ten Foreign Direct Investor Nations in first six months of 2007.

Rank[2]	Nation	Number of Projects	Total Capital (US$b)	Implemented Capital (US$b)
1	Rep. of Korea	1,560+	10.608+	2.933+
2	Singapore	509+	9.610+	4.072+
3	Taiwan	1,706+	9.175+	3.175+
4	Japan	857+	8.509+	5.170+
5	Hong Kong	414+	5.586+	2.326+
6	Br.Vir.Islands	311+	4.282+	1.445+
7	United States	347+	2.577+	0.784+
8	Netherlands	78+	2.457+	2.242+
9	France	187+	2.384+	1.152+
10	Malaysia	222+	1.809-	1.136-

Table 5: FDI in economic sectors (as of October 2005)

No	Sector	Number of projects	Investment capital (million US dollars)	Realized capital (million US dollars)
1.	Heavy industry	1,161	12,210.08	6,326.31
2.	Light industry	1,633	8,206.71	3,189.37
3.	Construction	304	3,942.21	2,157.90
4.	Food industry	257	3,083.78	1,882.98
5.	Oil industry	27	1,891.19	4,555.11
6.	Agro-Forestry	649	3,367.28	1,678.27
7.	Fishery	110	303.47	152.22
8.	Office and apartment	110	3,884.11	1,692.61

	construction			
9.	Transportation-Post	158	2,907.51	716.68
10.	Hotel-Tourism	171	2,849.07	2,121.81
11.	Municipal construction	4	2,551.67	51.29
12.	Other services	416	1,112.82	350.99
13.	Culture-Health-Education	201	1,103.26	273.05
14.	Processing and Industrial zone infrastructure construction	20	986.10	521.37
15.	Finance-Banking	53	702.55	611.93

Compiled from Investment Review, Economic Times and www.vneconomy.com.vn from 2nd-4th November 2005).

5. Future development concerning construction innovation

a. Socio-economic and political constraints

The renovation policy since 1986 had brought about substantial economic progress in Vietnam. During this period, the construction industry had made remarkable contribution to the economic growth of the country, especiaqlly in building up its infrastructure. From 2002, the government was expected to concentrate on capital investment in key projects that promote modernization and industrialization of the country. This projects include airport expansion (of Noibai, tan son Nhat and Chu Lai), deep water ports (Cailan, Thi Vai, Dung quat, Van phong, lien Chieu, Nghi son)

It was increasingly recognized that research and develoment of new construction technology requied international cooperation. The policy of MoC focused on the following objectives:

- Encourage professional institutes to move towards modernization;
- Assessment and review of the level of construciton techology in the country;
- Application of modern information technology;
- Enhancement of modernization of standards that aims to secure joint venture with international community;
- Training of young groupos; and
- Reform of training program for techical labour.

The MOC had set the policy that, by the year 2010, the industry should raise its construction science and technology to the regional level with regard to the following areas:

- Complete systems of policies, codes, research and development, and education;
- Ability of SOEs to construct complex projects underground or on the sea, and
- High skill professional teams in sufficient quantities.

b. Regulation and institutional Frameworks

According to report of The World Bank (February 2006) the construction planning represent by the following issues:

1 A hierarchical system of construction planning has been in place in Vietnam since it first gained independence from France in 1954. The current regime is governed by three key legal instruments, the 2003 Construction Law, Decree 08/2005/ND-CP of the National Government on Construction planning, and Ordinance 15/2005/TT-BXD of the Ministry of Construction guiding assessment and approval of construction planning. Under this legislation there are three principal types of physical plan. These are regional plans, master plans and detail plans of scale 1/2,000 and 1/500.

2 Regional plans (scale 1/25,000) cover contiguous territory may comprise of several municipalities or provinces, or can be limited to a regions designated by function (for example, zones for industry, urban use, agriculture and tourism, and environmental protection). These plans can cross cut different administrative areas and their authority is limited to their specific purpose. The functional scope of any plan depends entirely upon their objective

3 The next level is the Urban Master plan (scales 1:2000 to 1: 25,000) which are prepared for whole cities or towns, for districts of centrally governed cities, for new cities, and for high tech and special zones (e.g. tourism, heritage, conservation, industrial zones etc). The overall objective for these plans is to control urban spatial development and infrastructure construction within their administrative limits. Master plans are prepared for a 15-20 year period and are updated every five years. As an illustration, the current Hanoi Master Plan to 2020 are their technical requirements and the institutional responsibilities for their preparation.

THE CONSTRUCTION PROCESS

1. Environmental Protection Plan - Prepared by the CLIENT with the guidance of V V G, for the approval by the Provincial or City Environmental Department. Documents to be prepared and submitted include:

- Official Letter Request executed by the CLIENT for submission to the Environmental Department
- Environmental Protection Plan
- Eco-Technical (or Feasibility) Study of the Project

- Investment License
- Layout of the Project (include architectural plans and drawings)
- Land Allocation Map and Land Use Approval issued by the provincial or City People's Committee

2. Fire Protection Plan - Prepared by the CLIENT with the guidance of V V G, for the approval of the Fire Protection Department of the Province or City. Documents to be prepared and submitted include:

- ficial Letter executed by the CLIENT for submission to the Fire Protection Department
- Detailed design of fire-risk and safety solution for fire-explosion prevention plan. Details should include the type of business; inflammable grade of construction materials, raw materials, supplies, and equipment; location of emergency exits; elements and location of internal fire suppression equipment; elements and location of fire protection water supply; elements and design of electrical systems; elements and location of lightening-suppression systems.
- Investment License
- Layout of project
- Land Allocation Map and Land Use Approval issued by the provincial or City People's Committee

3. Application of Design Details - Prepared by the CLIENT with the guidance of V V G, for submission to the Construction Department of the Province or City. The documents include:

1. Application letter executed by the CLIENT
2. Investment License
3. Eco-Technical (or Feasibility) Study of the project
4. Land Allocation Map and Land Use Approval issued by the provincial or City People's Committee
5. Construction Project Design Plans (4 sets) consisting of:

    - Geological Report
    - Layout of the project and technology line
    - Main structure drawings to include foundation
    - General architectural drawings: construction block, cross-section, profile, layout of technology floors.
    - System layout of waste water treatment plan, network plan of infrastructure support to include: water supply, drainage system, power supply, roadways, fence lines, etc.
    - Fire Protection Plan
    - General Report
    - List of standards used in the design.

The Vietnamese legal (juridical) status of the design organization confirmed by its business license, or the design permit granted by the Ministry of Construction if the designer is a foreign entity.

Upon receipt of approvals of (1) the Environmental Protection Plan and (2) the Fire Protection Plan, they are to be submitted to the Construction Department as part of the application process.

6. Looking ahead

Vietnam is developing very fast and is very much oriented towards the future with the rapid economic development in Vietnam. According to Pekka Hyvönen(2007) Vietnam will be able to handle the exploding economy in a sustainable way without damaging the environment. “Also Vietnam has to make sure to maintain a social development which ensures that the gap between the rich and the poor is not too big”, he says.

Y.H. Chang (2004) compile that the whole construction industry will have to undergo reforms in the following directions:

- Investing in technology and modern construction ewuipment to promote industrialized production.
- Reorganizing existing infustry into strong construction groups and units that are capable of implementing large-scale construction projects with complicated techniques in the local economic development regions and industrial zone.
- Strengthening the abilitiers of the construction organizations in order to perform different kinds of construction business.
- Setting up management institutions, and strenthening the legal environment of create favourable conditions for the contractors to carry out their business activities, alnd to support domestic and foreign construciton companies to participate in foreign investment projects.

Other experts concern that with an annual growth rate of more than 7% in recent years, the second-highest in the Asian region after China, Vietnam is seen as a land of milk and honey. Ahn Kwang-seop (2007), an official of the RoK Construction Association, said contractors were arriving to stay one step ahead of their foreign competitors. However, foreign investors who may complain elsewhere when faced with the same patterns of corruption, bureaucracy, duel pricing, and lack of transparency.

BMI report (2007) contend that Vietnamese policies will change to favor FDI to better compete with its neighbors in Southeast Asia, and stand up to the extreme competition coming, and only increasing, from China. The question is, why must it take so long?

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