

# Developing Industrial Zones in Hanoi: Current Status and Solutions

Do Van Loi

Nanjing University of Science and Technology, Nanjing, China

## ABSTRACT

Attracting investment in industrial parks (IPs) in the city. Hanoi not only contributes to promoting the capital's overall socio-economic development, but also changes the industry structure towards prioritizing the development of new industries. The article evaluates the current status of Hanoi's industrial park development over the past time, points out the achieved results and limitations, and then proposes development solutions in the coming time.

## KEYWORDS

Industrial Parks, Hanoi, Investment Attraction

## 1. INTRODUCE

In recent times, in addition to basic advantages, such as: political stability, Vietnam's position and power are increasingly increasing in the international arena; The economies in the region have recovered and developed positively. Although affected by the Covid-19 pandemic, the Capital's economy in general and Hanoi's industrial parks in particular still face many difficulties. For example: the world situation has had some fluctuations, such as: the Russian-Ukrainian military conflict caused gasoline prices to increase and shortages, the supply of some raw materials and fuel products of some businesses was disrupted. .. Besides, Hanoi's industrial parks also have many limitations that affect the attraction of investment, production and business of businesses. Therefore, it is necessary to evaluate the current state of operation of Hanoi's industrial parks, thereby proposing development solutions in the future.



## 2. ACTUAL STATUS OF OPERATION OF INDUSTRIAL PARKS IN HANOI

### 2.1. Result

Recently, City. Hanoi has paid special attention to investment attraction activities and committed to pioneering in creating a favorable investment and business environment, accompanying businesses. The city has given drastic directions on building e-government, enhancing the application of information technology, reviewing and simplifying administrative procedures. Many public services directly related to businesses can be performed 100% online, such as business registration, taxes, customs, social insurance; registering land use rights, granting construction permits... At the same time, the City continues to promote administrative reform by authorizing the Management Board of Industrial and Export Processing Zones to be the focal point for solving problems under the "one-stop shop" mechanism. "connected" with all administrative procedures in industrial parks on investment, construction planning, labor, environment... Therefore, production and business activities of Hanoi's industrial parks have also achieved many achievements. The results, expressed as follows:

### 2.2. Regarding production and business in industrial parks

Currently, in Hanoi, there are 9 operating industrial parks with a total area of 1,670.6 hectares; 3 industrial parks have been established and are in the process of implementing infrastructure construction with a total area of 663.4 hectares, including: Quang Minh II Industrial Park, area of 160 hectares; Hanoi bio-high-tech park, area of 200.6 hectares; Soc Son Clean Industrial Park, area 302.8 hectares.

With flexible policies and lots of support from the Government and the City, the production and business situation of the enterprise is basically stable (Table). However, at present, industrial production is facing a decline in orders for major export industries, such as textiles and garments, footwear, electronics, wooden furniture... The last months of 2022, early 2023 Many businesses reduce revenue and work hours to maintain and retain workers. The risk of shortage of input materials for production still exists.

**Table: Production and business results in 2021, 2022, 2023**

<b>Targets</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Revenue	7,775	8,947	9,477
Submitting national budget	239	300	358
Export	4,887	5,443	5801
Import	4.104	4,342	4452

Unit: Million USD

Source: Management Board of Hanoi Industrial and Export Processing Zones

Despite being affected by the Covid-19 epidemic and the world economic downturn, the growth rate of production and business in industrial parks still exceeds the set plan (2.3% increase in 2021; 2022 increase). increased by 15%).

### 2.3. About attracting investment

According to the Management Board of Hanoi Industrial and Export Processing Zones, in 2021, despite being heavily affected by the Covid-19 epidemic, Hanoi's Industrial and Export Processing Zones still attracted 7 new projects with registered capital of 27 million. USD and 315 billion VND, 26 investment projects to expand registered capital of 147 million USD and 2039 billion VND; Total

investment attraction reached 275 million USD equivalent, reaching 92% of the 2021 plan, 2.3 times higher than the same period in 2020.

In 2022, Hanoi's industrial parks will attract investment in 9 new projects with registered capital of 8.5 million USD and 611 billion VND, 19 expansion investment projects with registered capital of 308 million USD and 385 billion VND; Total investment attraction reached 359.5 million USD, reaching 90% of the plan, 1.5 times higher than the same period in 2021.

In 2023, industrial parks have attracted investment of 99 million USD equivalent, including 01 new project and 09 expansion investment projects, reaching 90 planned plans.

Cumulatively to date, industrial parks have attracted 706 active projects, including 301 foreign direct investment projects with registered capital of over 6.4 billion USD; 405 domestic investment projects, registered capital of nearly 19,000 billion VND.

## **2.4. About attracting labor**

By the end of 2022, the number of workers working in industrial parks will be nearly 167,000 people, including 1,200 foreign workers. Propaganda and dissemination of guidance on law implementation for businesses has minimized arising labor disputes, maintained stable security, order, and social safety, serving the requirements of economic development - society.

Security and order in industrial parks have been guaranteed, law dissemination and public opinion orientation have been paid attention to, so businesses and workers trust the Party's leadership and accept the Party's leadership. enforce State laws, contributing to increasing industrial production value, export value, paying the City's budget and attracting jobs for many workers.

## **2.5. Some limitations and challenges**

Although the results of attracting investment in industrial parks have basically met the set plan, the investment attraction is mainly expansion projects, with no new large-scale, high-tech projects. Hanoi South Support Industrial Park has a higher land rental price than neighboring provinces, and has just attracted 1 domestic project with an investment capital of 210 billion VND; 1 foreign project invested 2 million USD. The implementation progress of Bio-Tech Park and Quang Minh II Industrial Park is still slow. The economic recovery situation after the Covid-19 epidemic is slow, the supply chain is broken due to the epidemic gradually recovering, affecting investment, production and business plans in industrial parks.

Besides, there is not much clean land fund in industrial parks left. Many factors, such as: land rental and transportation costs are higher than in neighboring provinces, site clearance work is slow... Basic technical infrastructure has been completed, but there are still some upgraded industrial parks. from clusters that need to continue to improve technical infrastructure and maintain renovation, maintenance and upgrading of technical infrastructure to meet the requirements of industrial park operations, such as: Quang Minh I Industrial Park and extensions; Thach That Industrial Park - Quoc Oai; Phu Nghia Industrial Park. Since 2008, Nam Thang Long Industrial Park has not yet completed the entrance road project to the Industrial Park due to problems in site clearance. Some industrial park infrastructure investors do not invest in building and upgrading industrial park infrastructure according to planning, leading to degraded and incomplete infrastructure.

Besides, Hanoi's industrial parks currently still have some disadvantages, such as: Small scale, fragmented, not synchronized in infrastructure, administration, and technology; The socio-economic value brought to the City by industrial parks is not high. In new industrial parks, mainly processing and assembly enterprises, Vietnamese enterprises participating is still low, so the added value is still very low. little. In fact, this is not only a disadvantage of Hanoi's industrial parks but the general situation of the whole country.

### 3. MAIN SOLUTIONS

In the context that the world economy is forecast to slow down, with many risks and challenges affecting FDI capital flows, the development of our country's industrial parks will also have changes with advantages and disadvantages. interleaving. Therefore, to develop industrial parks, it is necessary to have policies to take advantage of the 4.0 Industrial Revolution and improve the effectiveness of attracting and cooperating foreign investment according to Resolution No. 50-NQ/TW, dated August 20, 2019. 2019 of the Politburo on orientations to perfect institutions and policies, improve the quality and effectiveness of foreign investment cooperation until 2030. Along with that, the Party's orientations and policies and the State's policies Recently, the country has placed requirements on improving the efficiency of developing industrial parks and economic zones towards sustainable development and innovating development models and land use efficiency. Therefore, concretizing guidelines and policies on industrial parks, especially perfecting institutions and policies to ensure that industrial parks and economic zones continue to play an important role in implementing development goals is important. Socio-economic development is an urgent requirement.

Along with the central solutions, to promote the development of Hanoi's industrial parks, in the coming time, the following solutions need to be implemented:

**Firstly**, promote attracting investors, remove difficulties to speed up the progress of industrial park infrastructure investment and business projects and secondary projects to fill new and expanded industrial parks. Accordingly, it is necessary to propagate and promote investment in industrial parks, especially South Hanoi Support Industrial Park. Accelerate the review and adjustment of planning, to create a legal basis to attract infrastructure investors to deploy new industrial park projects.

Second , promote investment attraction to welcome foreign investment capital flowing from other countries to Vietnam. The orientation for the development of industrial production industries in industrial parks in the coming years are a number of key and leading industries, such as: information technology, new materials industry, manufacturing industry, supporting industries, electronics, precision mechanics, medical instruments, and pharmaceutical chemical industry in order to restructure industries in accordance with the City's industrial development orientation for the period 2021-2025 and the following periods. according to. Organize a working group to exchange and learn experiences in China, Korea, Japan, Europe, and the US on new industrial park development models and promote calling for investment attraction in Hanoi Industrial Park. Organize on-site investment promotion conferences for foreign investors in industrial parks. Organize exhibitions, displays, and introductions of high-tech products and supporting industries of industrial park enterprises.

**Third**, build and develop industrial parks and high-tech zones to ensure synchronization of technical and social infrastructure to meet the needs of investors, businesses as well as workers to create sustainable development, attaching businesses to industrial parks, attaching workers to businesses. Accordingly, the Management Board of Industrial Parks and Export Processing Zones needs to coordinate with relevant departments, agencies and branches to develop solutions, and advise the City People's Committee to gradually deploy synchronous infrastructure construction in Industrial Parks to improve quality. material life and spiritual culture for workers, especially investing in the construction and improvement of "cultural institutions"; Build a healthy environment of political security and social order and safety in industrial parks.

**Fourth**, enhance understanding of the situation of businesses in industrial zones. The City Party Committee, People's Council, and People's Committee need to promulgate guidelines and policies to remove difficulties, promptly resolve complex problems that arise, and create conditions for businesses in industrial parks to develop comprehensively. Proactively grasp the situation and have solutions to effectively resolve disputes between businesses and employees to prevent strikes and walkouts to help businesses stabilize production and protect their rights. workers' legitimacy.

Create favorable conditions for the investment and business environment, reform administrative procedures so that businesses can feel secure in expanding production development, changing advanced technology, increasing industrial production value, export value to promote restructuring of investment capital of enterprises to improve competitiveness in the international market.

Promote administrative reform, focusing on shortening the time to handle administrative procedures in simultaneously handling administrative documents in the investment field. Carry out state management well after granting investment registration certificates for projects, in order to remove difficulties for businesses in industrial parks. Strengthen coordination with functional agencies in state management of investment for projects in industrial parks to be implemented in accordance with regulations. Promote propaganda and dissemination of legal regulations on investment to businesses in industrial parks.

Continue to innovate the organization of training conferences, propaganda, dissemination, and guidance for businesses in industrial parks to well implement laws on labor, insurance, trade, tax, environmental protection, and prevention of diseases. Explosion-proof, energy saving; policies related to business investment and import-export activities; Implementing online public services... ensures practicality, efficiency, guidance, and answers to problems for businesses.

**Fifth**, inspect and monitor disbursement progress, completion of objectives and scale of secondary investment projects according to the issued investment registration certificate. Timely resolve difficulties in the investment process. Guide businesses to properly implement legal regulations in the fields of investment, environment, construction planning, labor, and fire and explosion prevention. Continue to strengthen coordination in inspection and supervision of compliance with legal regulations on labor, investment, environmental resources, fire prevention and fighting, and construction planning to ensure that businesses comply well with the provisions of law.

Coordinate with departments, branches and branches to inspect and monitor the environment in industrial parks. Carry out environmental sampling, monitoring and analysis at enterprises to assess the current environmental status of industrial parks (regularly and irregularly) annually. Ensure that 100% of industrial parks in operation have standard wastewater treatment systems and have automatic wastewater monitoring stations installed to transmit data to the Department of Natural Resources and Environment for monitoring and supervision according to regulations. determined.

**Sixth**, train and improve the quality of officials and civil servants to meet task requirements and well implement administrative procedures according to authority. Innovate working practices and styles, create strong and positive changes in the performance of public duties by officials, civil servants and public employees. Build a team of professional and courageous civil servants to meet the requirements of the development of industrial parks, improve the efficiency and effectiveness of state management, and accompany and support businesses in industrial parks.

## 4. SUMMARY

The attraction of investment into the industrial zones (IZs) in Hanoi city does not contribute to only promoting the socio-economic development of the capital in general, but also changing the sectoral economic structure towards prioritizing the development of new industries. The article assesses the current situation of Hanoi's industrial zone development, points out the achieved results and limitations, thereby predicting development solutions in the coming time.

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