



# Industry Development Direction of Ho Chi Minh City (2022-2030)

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# STRATEGIC LOCATION OF HO CHI MINH CITY

Ho Chi Minh City has a strategic location, as the center of key economic area of the South of Vietnam, with synchronized connected infrastructure and the most developed social infrastructure in the whole country.

The geo-strategic location of Ho Chi Minh City



Source: Roland Berger



# STRATEGIC LOCATION OF HO CHI MINH CITY

**Especially, the national critical projects currently being constructed in the area is expected to connect Ho Chi Minh City to the world and other regions.**

The connecting ability of Ho Chi Minh City to economic corridor axis.



Potential economic corridor to participate	Nations
1 Economic corridor of China – Indochinese peninsula	
2 Southern Economic Corridor (SEC)	
3 East – West Economic Corridor (EWEC)	
4 Economic corridor of India – Mekong Area	

Source: ADB, BCIM, ICT Vietnam, Roland Berger



## Export Processing Zones, Industrial Zones, High-Tech Zones in Ho Chi Minh City

<b>Export Processing Zones</b>	<b>3</b>
<b>Industrial Parks</b>	<b>14</b>
<b>High-tech Park</b>	<b>1</b>
<b>Area</b>	<b>3,900 hectare</b>
<b>Occupied ratio</b>	<b>&gt;80%</b>
<b>Number of projects</b>	<b>1,674</b>
<b>Registered capital</b>	<b>USD 12.5 billion (foreigner-owned accounted for 45%)</b>
<b>Average export value</b>	<b>USD 7 billion/year</b>
<b>Labor quantity</b>	<b>281,000 workers, accounted for 6% the whole workers of Ho Chi Minh City</b>
<b>Capital amount/hectare</b>	<b>6.23 billion/hectare</b>

Source: Ho Chi Minh Export Processing Zone Authority (Hepza)



## Export Processing Zones, Industrial Zones in Ho Chi Minh City comparing to the Southern Key Economic region and the whole country

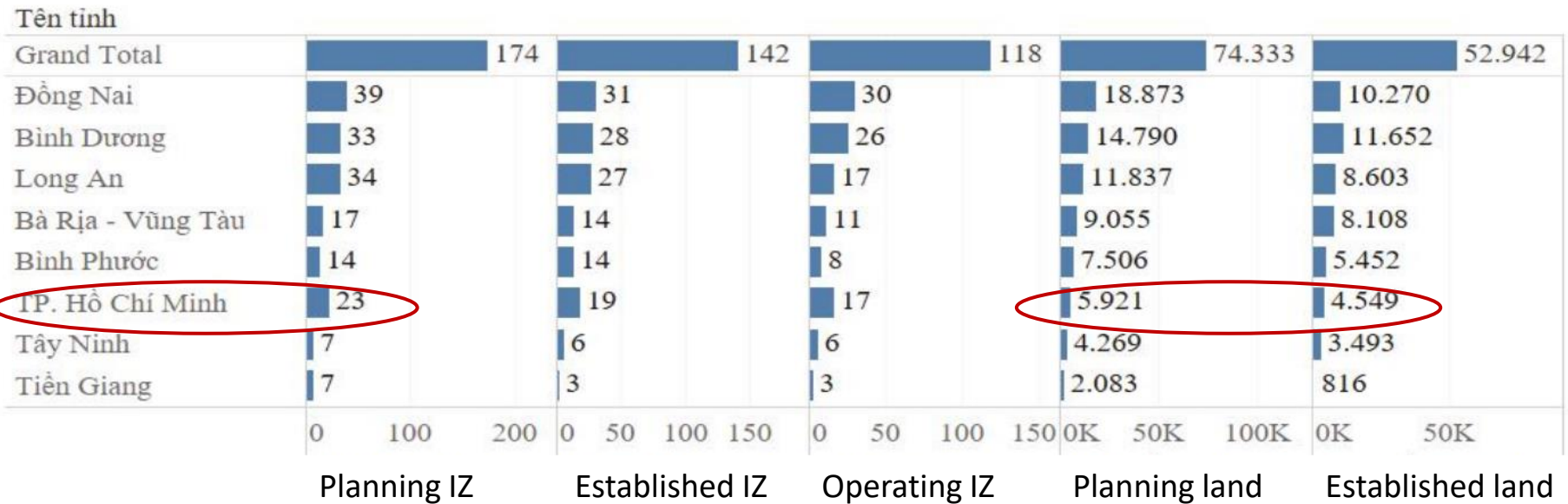
**Table 1. Industrial zone in the whole country counted to June 2021**

	Planned industrial zones	Established industrial zones	Operating Industrial zones	Planned Industrial zone area (Hectare)	Operating Industrial zone are (Hectare)
Total	560	395	288	210,948	123,020
Southern Key Economic Area	174	142	118	74,333	52,942
Ho Chi Minh City	23	19	17	5,921	4,529
Ho Chi Minh City / Total (%)	4.1	4.8	5.9	2.8	3.7
Ho Chi Minh City / Southern Key Economic regions (%)	13.2	13.4	14.4	8.0	8.6

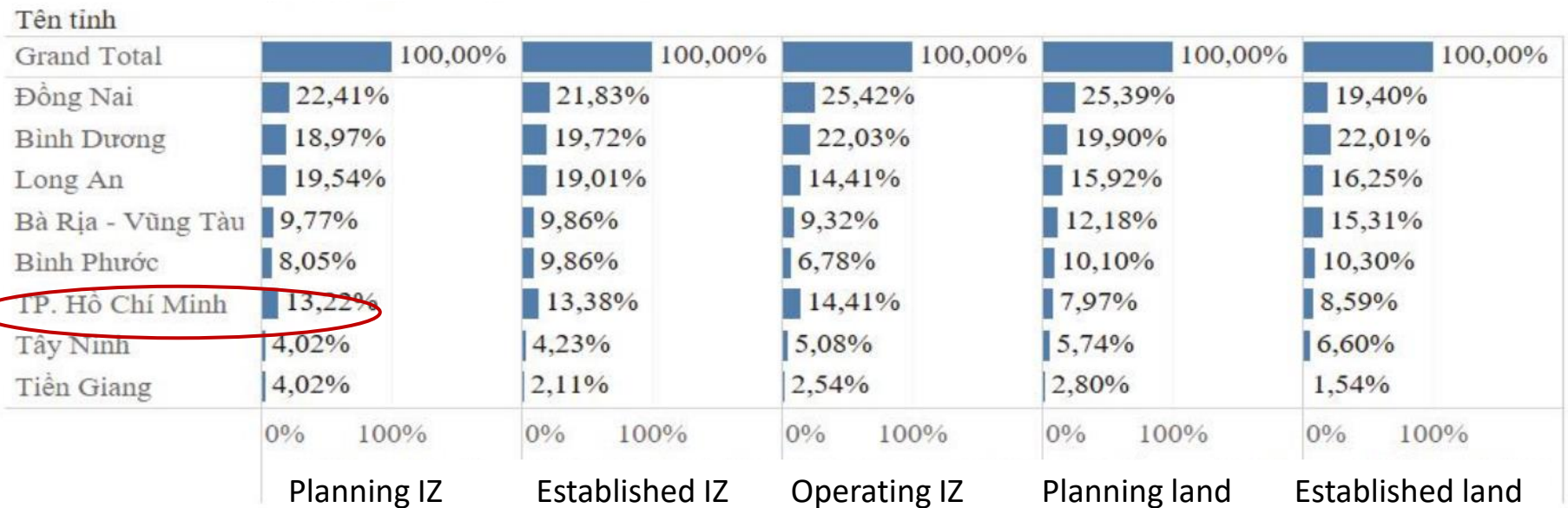
Source: Ministry of Planning and Investment



## Southern Key Economic region Industrial zones



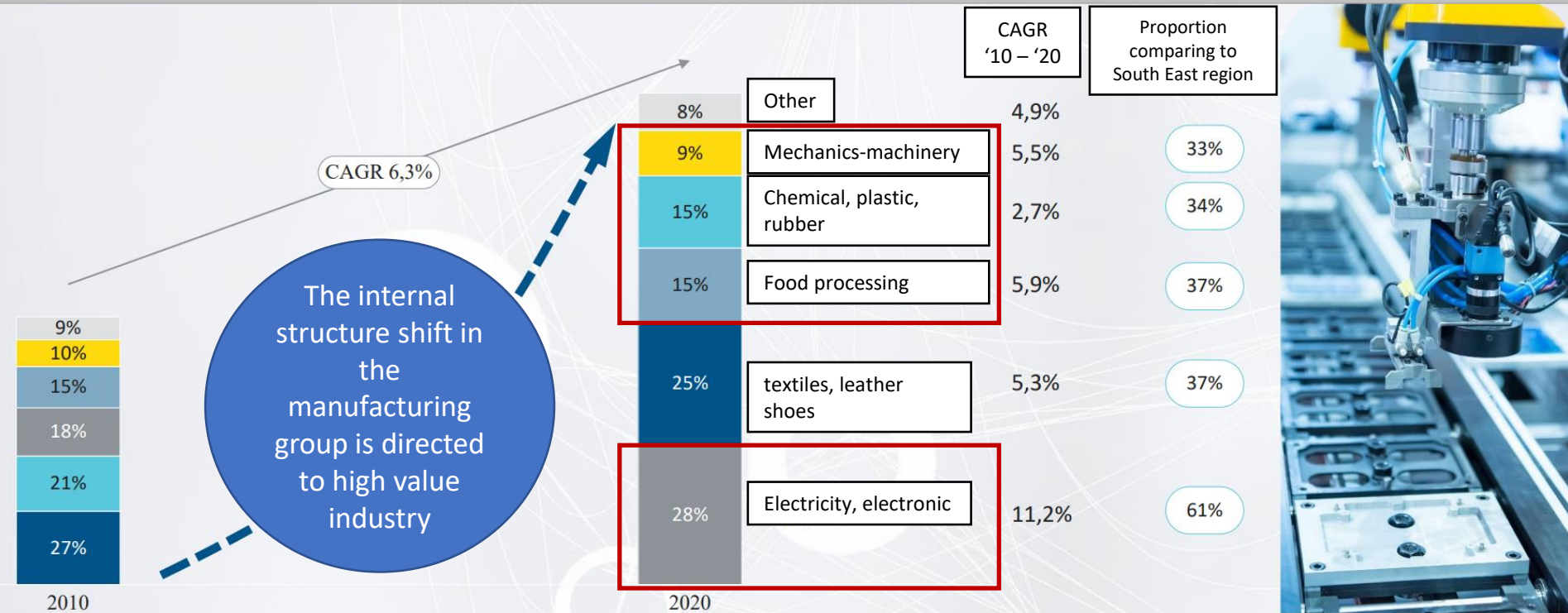
## Southern Key Economic Industrial zones structure



# Manufacturing and Processing is the main pillar

The manufacturing and processing industry is restructuring quickly, **4 main industries** have been clearly formed: **Mechanics-machinery, Electronic-information technology, Deep processing of food, Pharmaceutical and rubber.**

The shift in the structure of level 2 industries of manufacturing group

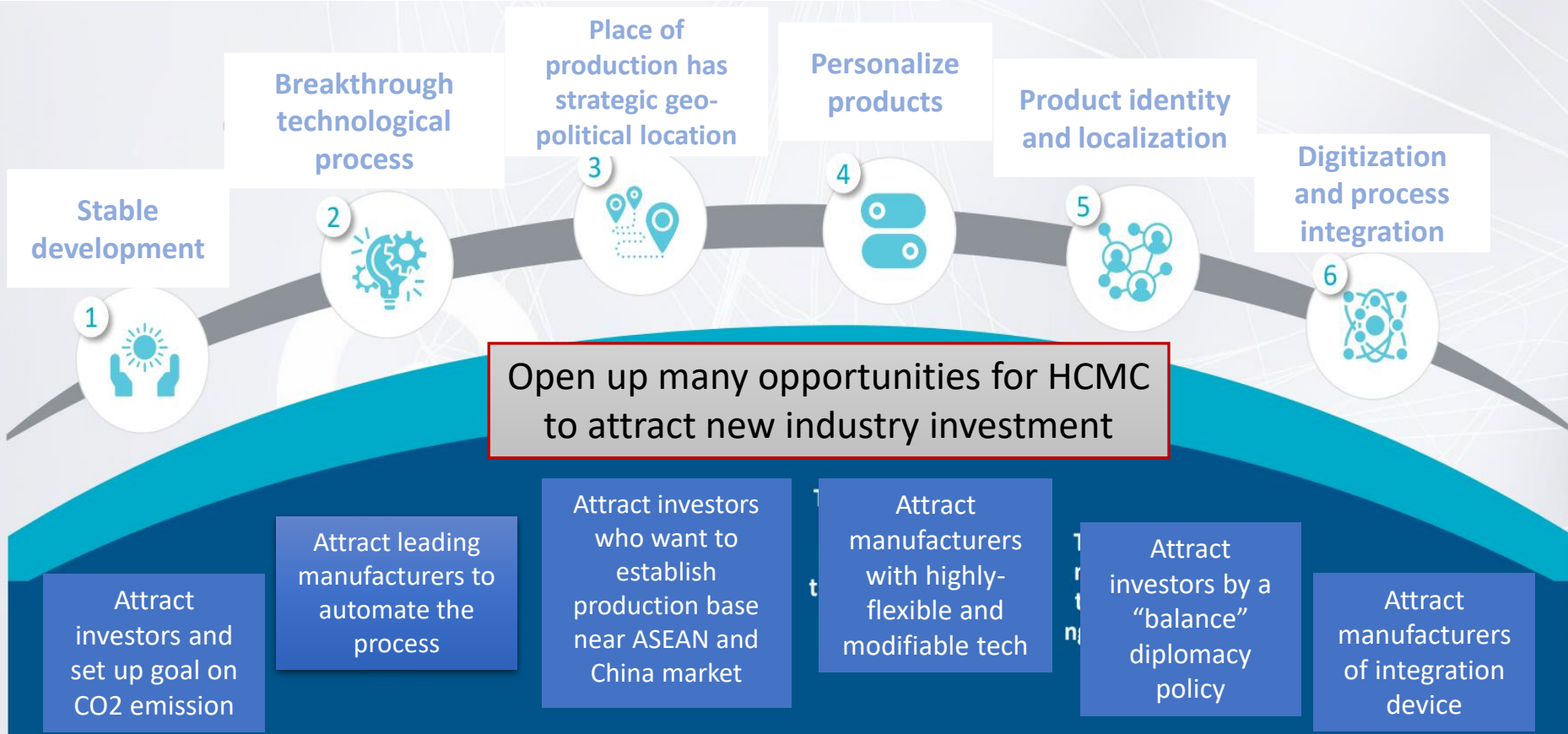


Source: Roland Berger



# 6 new trends in industrial manufacturing in the global and HCMC's opportunity

## 6 new trends in industrial manufacturing in the global






Source: Roland Berger















# The selection of new industries for HCMC is suggested the 3 following Criteria:

Chỉ tiêu chọn các ngành tiềm năng

	Criteria	Percentage	Explanation
 <p>Market attractiveness</p>	Market capacity	15%	Predicted exporting industry scale until 2020
	Growth	15%	Prediction of growth in exporting industries from 2020 - 2050
 <p>Ability to attract investors</p>	Source of material	5%	Easy to approach input material without distancing problem
	Generate more jobs	5%	Number of jobs generated measured by job generating ranking by industries
	Room for development	10%	Room for development based on competitive background in HCMC and Southern Key Economic area
	Attract the moving of investment to SEA	10%	The attractiveness of the industry when country like USA, Europe, Korea, Japan moves and expand
 <p>Government priority</p>	Government priority	15%	Based on direction of the Government and prioritized industries of the South East region according to Resolution 24
	Eco-friendly	10%	The stability in term of the environment based on Pollution index
	Value added content	15%	The contribution of the industry to GRDP based on value added proportion via conversion factor VAGO

# Industry Selection Criteria

The selection criteria shall follow the development direction of Industry which the Resolution No. 24 and the Government policies created for the South East Region of Vietnam

		Prioritized industries until 2025	Prioritized industries for South East Region of Vietnam
1	 Metal, machinery	Agriculture machineries, steel production	Production of robots, new materials
2	 Cars	Shipbuilding, production of vehicle and accessories	
3	 Petrochemical	Petrochemical products and production technology	
4	 Plastic and rubber	Engineering plastics and rubber	
5	 Textile	Raw materials for garments, textile and leather product	
6	 Food and beverage	Processing agricultural, forestry and fishery products	
7	 Medicine	Pharmaceutical	Medicine, chemical product, bioproducts
8	 Electronic	Communication device, electronic components	Electronic – communication, digital product service, information security technology
9	 Information technology	Industrial software and hardware	Equipment integrating automatic operation, remote control, software production technology
10	 Renewable energy	Atomic energy technology	Environment technology

Source: Roland Berger

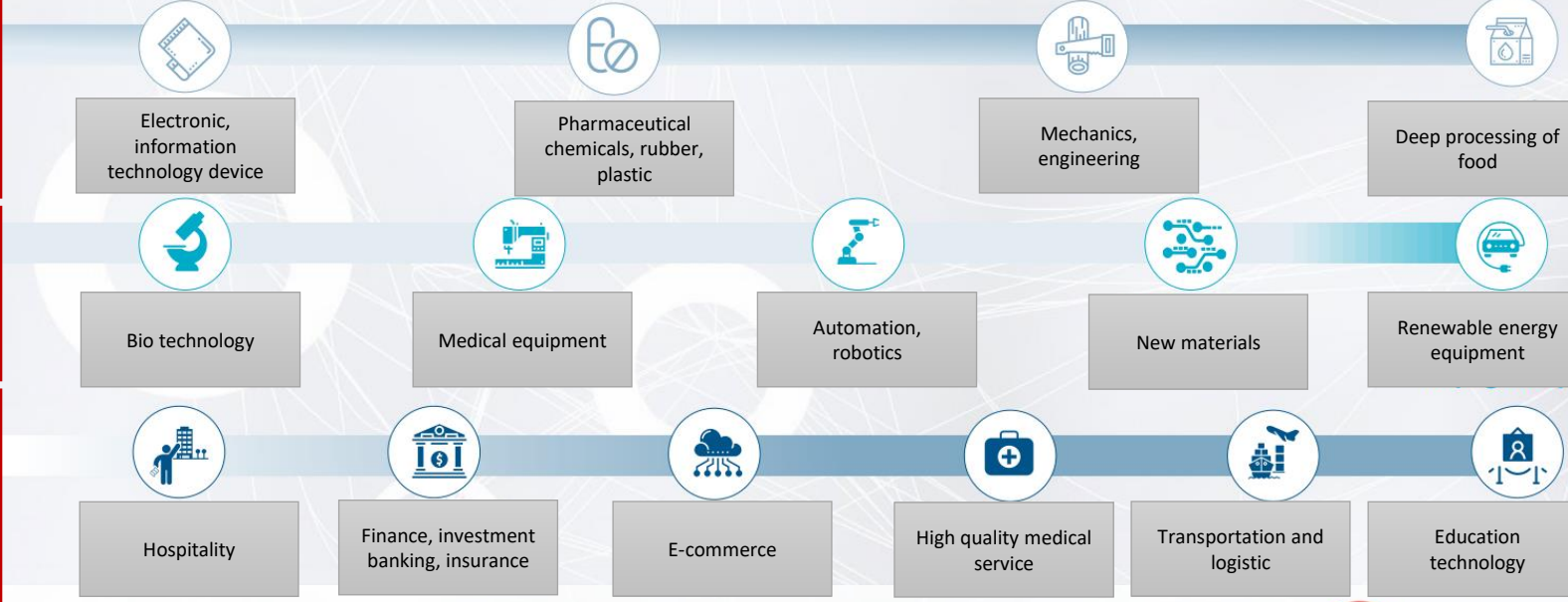


# 4 + 5 + 6

**As analyzed above:** Along with **4** current main industries, HCMC is proposed to extend to **5** new industries and create ecosystem for **6** potential supporting services



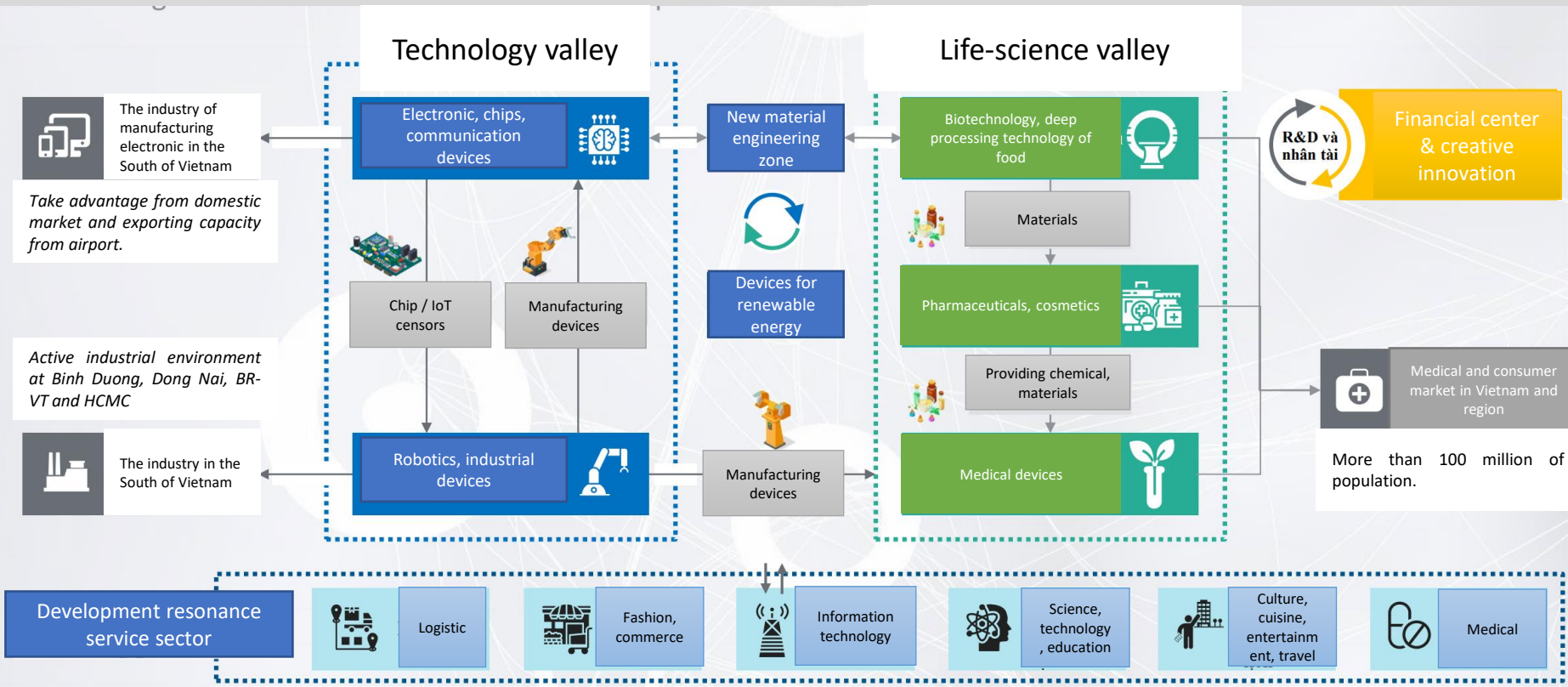
- 4 main current industries**
- + 5 new high-tech industries**
- + 6 potential supporting services**



# 4 + 5 + 6

Model “4 + 5 + 6” shall help HCMC connect more closely with other provinces in the regions, helping create center for creative innovation, new and modern manufacturing zone.

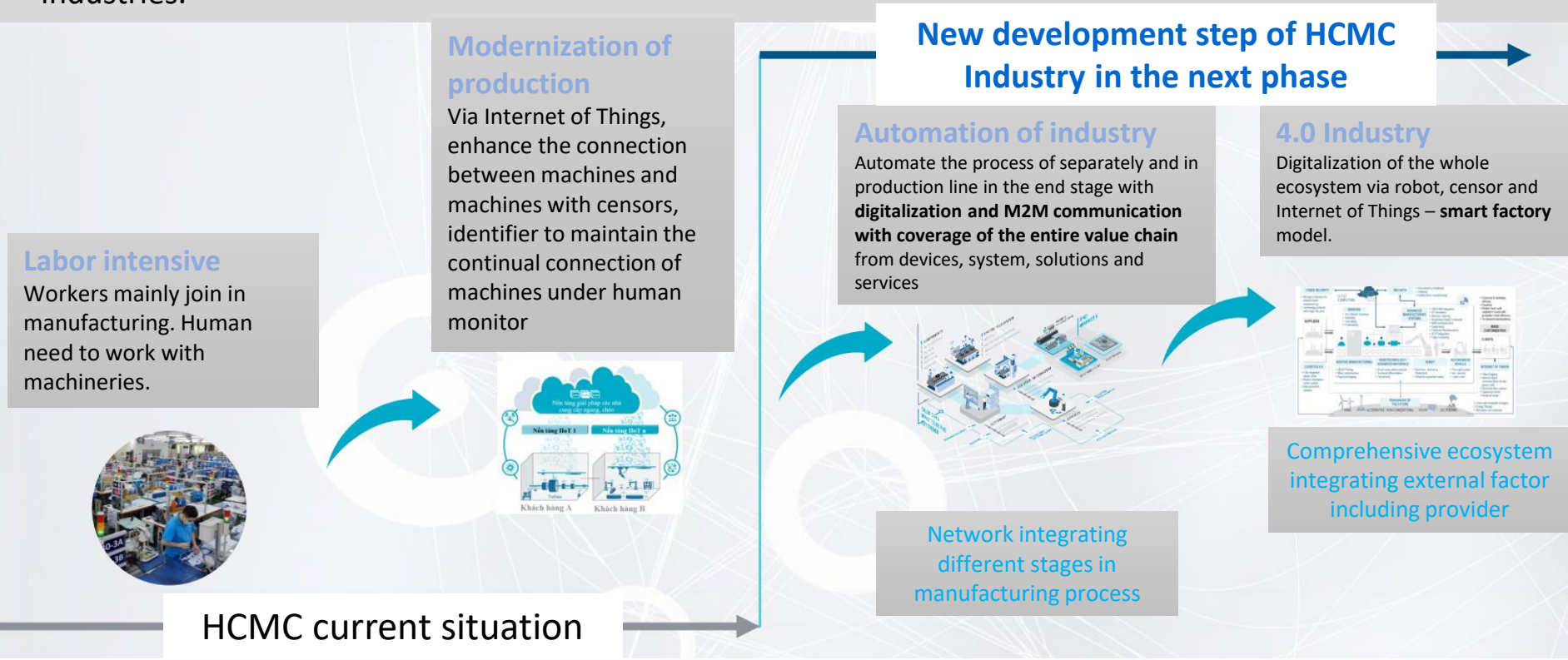
Creative innovation center of Southern Key Economic are.



# 2 STEP SCHEDULE

With this model, HCMC need to set up a 2 step schedule:

1. Boost the restructuring of the existing industries to enhance the production, increase technical content and move polluting, labor intensive industries out of HCMC to create new land to develop new industries.
2. Step by step creating an ecosystem, make use and boost the regions connection to attract high tech industries.



# 4 NEW INDUSTRIAL ZONE MODELS

HCMC will focus on 4 new Industrial zone models, as follow:



## Smart & Stable Industrial zones

### Idea:

- Industrial zones shall promote the establishment of SMART city, aiming to stable goal via:
  - Stable area planning (for example: prioritizing open area and natural habitat.
  - Set up technologies and infrastructures for smart city (for example: censor and “internet of things” to monitor the environment)
  - Set up standard for “green” construction
  - Apply “green” technology (for examples: sponge bob city to reserve and reuse water).
- Size, scale and product provided is not unified and changed in each development stage.

**Successful development models:**  
Sino-German, China.



## Integrated Industrial zones (Residency – Service – Industry)

### Idea:

- Big scale industrial zones with factions for development purpose: residential area, commercial and other public construction.
- Usually located in area with connecting capacity via variety means (for example: near airport or suburban of big city) to help employee and visitor easily visit.
- The smart and stable idea usually integrated to the development of a town to enhance the living and working conditions.

**Successful development models:**  
IITGN, Greater Noida, India  
Memphis Aerotropolis, USA



## Ecologist Industrial zones (Industry symbiosis)

### Idea:

- Small scale Industrial zone shall be a place for company groups gathering and exploit each other’s product for a goal of stable development.
- Ecologist Industrial zone can be developed as a new investment project (greenfield) a part of a lager industry development.
- Product provided is not unified and can be changed depending on the scale and characteristic of the community.

**Successful development models:**  
National Industrial zone of Ulsan, Korea



## Specialized Industrial zones

### Idea:

- Industrial zones is directed for specific trades – usually perform the main role in promoting the new development of the industry.
- Providing Industrial zone goods and land/space/infrastructure modified for specific industry.
- Size, scale and product is not unified and can be changed depending on the development stage.
- Multi-way connection and the ability to approach town and big area is not mandatory (for example: crowded area may not be suitable to industrial zones focusing on heavy manufacturing).

**Successful development models:**  
High tech: Suzhou, China  
Restaurant and beverage: Mega Food Park, India  
High tech: NJ New Materials Park, China  
Logistic: London Gateway Park, UK



## DETAIL RESTRUCTURE PLAN FOR INDUSTRIAL AND EXPORT PROCESSING ZONES IN HCMC

### 1. Regarding existing Industrial and Export Processing Zones

- In-deep transforming: ecological, high-tech industrial zone; technology renovating, advance the added value and become more eco-friendly.
- Attracting high tech industries with high capacity for spreading and have advantages in the Industrial zones to create connecting chain between industries.
- For small industrial zones surrounded by residential area: consider to convert.
- For other industrial zones: keep reserving land for industry development after the operation duration; but need to transforming in-deep for better efficiency.

2023 – 2025 duration: Set up a **pilot** project to convert 04 manufacturing, industrial zones, including: Tan Thuan Manufacturing zones, Tan Binh, Cat Lai and Hiep Phuoc Industrial zones according to the direction to gain experience, replication the model and schedule, solution.

2025 – 2030 duration: Set up pilot project to convert remaining manufacturing, industrial zones and starting to convert the manufacturing and industrial zones gradually.



## **2. Regarding new Industrial Zones**

### **2.1 Industrial zones already established but not yet operating:**

- Le Minh Xuan 2
- Le Minh Xuan Expansion
- Phong Phu
- Tay Bac Cu Chi Expansion
- Vinh Loc Expansion

### **2.2 Industrial zones already in the list of the HCMC's Industrial Park Plan but not yet established:**

- Vinh Loc 3
- Hiep Phuoc 3
- Pham Van Hai I and II, area: 668 hectares (replacing three industrial zones, including Phuoc Hiep, Bau Dung, Xuan Thoi Thuong)





## 2.1 Industrial zones already established but not yet operating:

- Le Minh Xuan 2 (area: 319.77 hectares) – located at Le Minh Xuan, Binh Chanh district, **specialized in health – medicine.**
- Le Minh Xuan Expansion Industrial zone (area: 109.91 hectares) – located at Le Minh Xuan, Binh Chanh district: **has variety trade, focusing on food industry, electricity – electronic and other key industries.**
- Phong Phu Industrial zone (area: 67 hectares) – located at Phong Phu, Binh Chanh district: **specialized in information technologies – electronic – telecommunication.**
- Tay Bac Cu Chi expansion Industrial zone (area: 173.24 hectares) – located at Trung Lap Ha and Tan An Hoi, Cu Chi district: **specialized in automation mechanics** (creating a connecting chain of mechanic industry in HCMC's northwest).
- Vinh Loc expansion (area: 56.06 hectares) – located at Vinh Loc A, Binh Chanh district: **specialized in food industry.**



## 2.2 Industrial zones already in the list of the HCMC's Industrial Park Plan but not yet established:

- Vinh Loc 3 Industrial zone (area: 200 hectares) – located in Binh Chanh district: specialized in **rubber and plastic industry**.
- Hiep Phuoc Industrial zone – phase 3 (area: 500 hectares) – located in Nha Be district: reserving **100 hectares for logistic, 100 hectares reversed for moving enterprises from other industrial zones** due to operation expiration, not in accordance with the plan or investment portfolio of HCMC; planning and reserving the remaining land (**area: 100 hectares**) for **food industry**.
- Pham Van Hai I and II Industrial zones (area 668 hectares) is high tech industrial zone, **with planned faction for electricity – electronic, rubber – plastic and automation mechanics**.





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