

START-PAPER

Hung Yen Province

December 2005

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1. Introduction

This section of the Hung Yen province start-up paper analyses available data to identify where Hung Yen lies in relation to its regional neighbours, as well as regional and national averages in all areas. Hanoi has been excluded from some analysis in order to gather a truer picture of the region and Hung Yen's position. Statistical data has been gathered from several resources including the General Statistics Office (GSO), the Ministry of Finance (MoF), Hung Yen province as well as a number of independent donor reports on the business environment in Hung Yen and poverty and socio-economic development levels in Hung Yen province and Viet Nam as a whole.

The report covers several areas. Firstly the report analyses Hung Yen's economy before looking in detail at the make-up and ownership structure of Hung Yen's economy and GDP, analysing the main growth producers in Hung Yen. Within the context of the Red River Delta Hung Yen has one of the lowest levels of GDP, though growth levels were higher than national and regional averages in 2003.

The report then looks closely at the sectorial make-up of Hung Yen province and found agriculture, fisheries and forestry to be the main driver of the provinces economy. Within agriculture, rice is the leading crop.

Thirdly, we look closely at employment and wages in Hung Yen province. Unsurprisingly we find that Hung Yen has a mainly agriculturally employed labour force with little employment in services and industry. Our analyses found that wages in Hung Yen province are lower than regional and national averages for both enterprise and state sector wages.

In public finance Hung Yen remains reliant upon central transfers for its revenue. Enterprises in the manufacturing sector pay a surprisingly high level of fees and taxes and there is a move in the structure of the provinces revenues to be more reliant on FDI and non-state sectors for budget revenues.

Finally we look at ODA spending in Hung Yen. Poverty levels are slightly higher than national averages but have been declining significantly over the last decade.

2. Hung Yen Provincial Economy

Table 1: National, Regional and Province GDP indicators, 2003

	Viet Nam	Red River Delta average	Red River Delta average without Hanoi	Hung Yen
Average GDP Growth,	7.34	11.2	11.8	12.6
Average Provincial GDP, VND billion	9,462	10,845	7,297	5,685
Average GDP per person per year, VND million	7,485,390	5,895,898	4,944,986	5,110,931

2.1. Provincial Growth GDP

Though Hung Yen province has one of the smallest economies of the Red River Delta, with a GDP of VND5,685 billion in 2003, its growth rate has been one of the highest in the region reaching 12.6% in 2003 and 12.8% in 2004¹, averaging 11.68% between 2000 and 2003. As the table below shows this is higher than both regional and national averages. The Government of Hung Yen province expect GDP growth to reach 12.9% in 2005 and then average 12% over the period to 2010².

¹ Reported by the Department of Planning and Investment, Hung Yen province, not yet supported with GSO data.

² www.hungyen.gov.vn

Table 2: Growth rates in constant (1994) prices

	2000	2001	2002	2003	2000-2003
Vinh Phuc	24.9	14	12.9	17.5	17.33
Bac Ninh	16.6	14.1	13.9	13.5	14.53
Hung Yen	11.1	10.9	12.1	12.6	11.68
Hai Duong	9.5	8.2	12.2	12.8	10.68
Red River Delta regional average	10.78	9.33	10.27	11.20	10.40
Hai Phong	9.5	10.2	11	10.4	10.28
Ha Noi	6.9	10.9	11.6	11.3	10.18
Ha Tay	12.6	7.9	9.8	9.1	9.85
Ninh Binh	7.4	7.2	8.5	11.8	8.73
Ha Nam	8.1	7.9	7.8	8.5	8.08
National		6.89	7.08	7.34	7.1
Nam Dinh	5.4	6.5	5.7	10	6.90
Thai Binh	6.6	4.8	7.5	5.7	6.15

Source GSO, 2005

This impressive growth has related into few actual GDP gains for Hung Yen province. GDP grew by only VND1,577 billion or 38% between 2000 and 2003. Other provinces in the region managed much higher growth, as we can see from the growth table above. Vinh Phuc and Bac Ninh provinces, both with lower but similar levels of GDP to Hung Yen in 2000, managed growth over the period of 63%, or VND2,482 billion and VND2,117 billion respectively. Within the context of the region Hung Yen has fallen in its regional contribution to GDP, from 7th in 2000 to 8th in 2003, overtaken by Vinh Phuc. Its contribution to national GDP has also only improved slightly, from 0.93% to 0.94% in 2003.

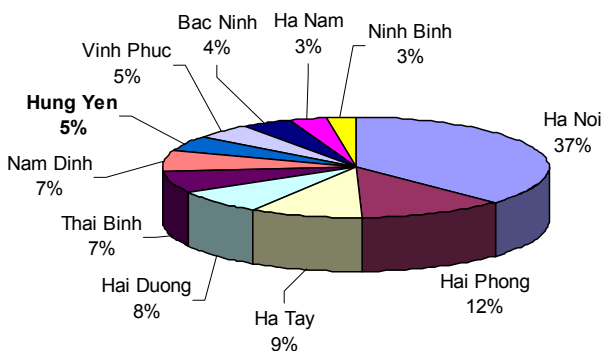
Table 3: GDP of Vietnam and the Red River Delta, current prices, VND

	2000		2003	
	VND Billion	% of National GDP	VND Billion	% of National GDP
National	441,646		605,586	
Red River Delta regional total	81,029	18.35%	119,296	19.70%
Ha Noi	30,239	6.85%	46,323	7.65%
Hai Phong	9,913	2.24%	14,149	2.34%
Ha Tay	7,622	1.73%	10,544	1.74%
Hai Duong	6,175	1.40%	9,997	1.65%
Nam Dinh	5,437	1.23%	7,461	1.23%
Thai Binh	5,743	1.30%	7,142	1.18%
Vinh Phuc	3,921	0.89%	6,402	1.06%
Hung Yen	4,108	0.93%	5,685	0.94%
Bac Ninh	3,367	0.76%	5,483	0.91%
Ha Nam	2,383	0.54%	3,138	0.52%
Ninh Binh	2,120	0.48%	2,971	0.49%

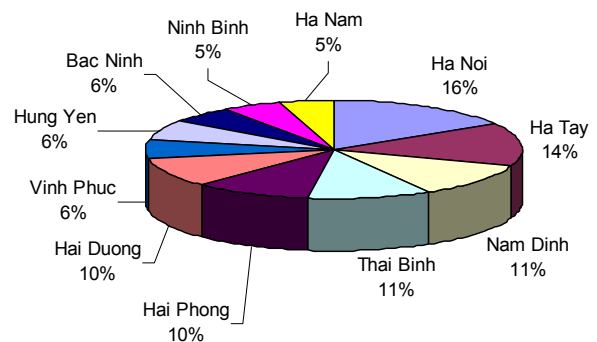
Source: GSO 2005

Figure 1 : GDP and Population distribution in the Red River Delta Region.

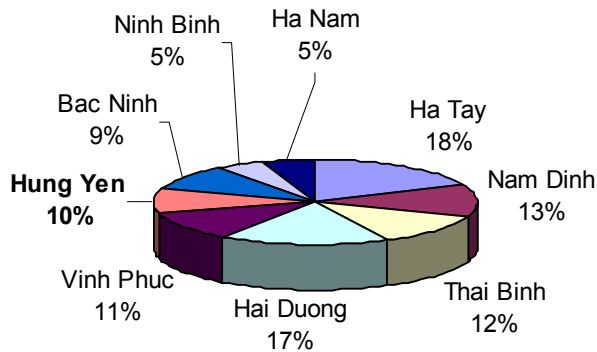
Red River Delta GDP distribution with Ha Noi and Hai Phong



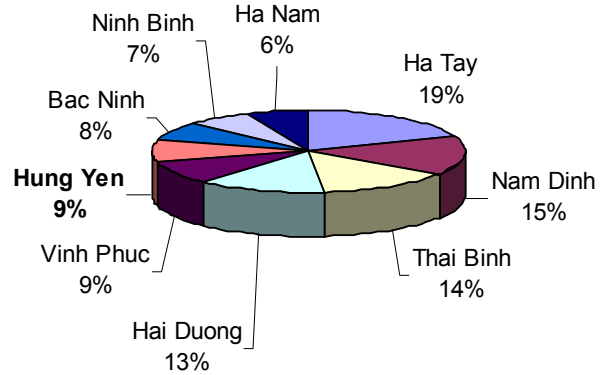
Red River Delta Population distribution with Ha Noi and Hai Phong



**Red River Delta GDP distribution,
without Ha Noi and Hai Phong**



**Red River Delta Population distribution,
without Ha Noi and Hai Phong**



Source: GSO 2005

By 2003 Hung Yen's GDP and population levels meant that GDP per person had reached VND 5,110,931 per year. An increase of VND 1,345,211 or 36%. This gain was strongly helped by low population growth over the 4 years, 2000 to 2003, less than 2%, moving from 1,091,000 people in 2000 to 1,112,400 people in 2003. While GDP per person in Hung Yen has always fallen below national and regional averages, in 2000 it had the 3rd highest GDP per person in the Red River Delta. However, by 2003 Hung Yen had fallen to 6th below Hai Duong, Bac Ninh and Vinh Phuc.

Hung Yen's provincial government estimates GDP per person to have risen to VND5.9 million in 2004 and VND7 million in 2005, reaching VND19 million in 2010, or US\$1,200³. This will require GDP growth of 19% between 2004 and 2005 and then 22% a year growth from 2005 to 2010 with no population growth⁴, according to this authors calculations. This is significantly higher than past averages and growth forecasts for the province.

³ www.hungyen.gov.vn

⁴ Hung Yen government targets are a population growth of around 1%

Table 4: GDP per person, 2000 & 2003, VND

	2000	2003	2003 US\$
Ha Noi	10,641,310	15,405,020	975
Hai Phong	5,793,525	8,066,359	511
National	5,688,719	7,485,390	474
Hai Duong	3,695,834	5,918,186	375
Red River Delta regional average	4,128,708	5,895,898	373
Bac Ninh	3,515,401	5,614,109	355
Vinh Phuc	3,514,296	5,601,890	355
Hung Yen	3,765,720	5,110,931	323
Ha Tay	3,134,211	4,252,521	269
Thai Binh	3,164,655	3,900,169	247
Nam Dinh	2,837,299	3,855,969	244
Ha Nam	2,976,887	3,851,025	244
Ninh Binh	2,376,654	3,278,698	208

Source: GSO 2005

2.2. Ownership and Investment in Hung Yen

GDP contributions by ownership are detailed in the table below for 2000 and 2003. The non-state sector is the leading contributor to GDP, contributing almost 70% in 2003 compared to regional averages of 61% and national of 46%. Across the Red River Delta region the contribution of the non-state sector to GDP varies considerably. Ha Noi sees the lowest level of non-state GDP contribution with 21% coming from the non-state sector, while Thai Binh sees the highest with 83% of GDP coming from the non-state sector.

The share of GDP coming from the state sector in Hung Yen appears to be increasing, having moved from 18.5% to 20.6% in 2003. In actual terms this represents a 54% increase over the 2000 to 2003 period, increase from VND760 billion to VND1171 billion. In 2003 the state sectors contribution to GDP was lower than regional averages and significantly lower than national averages. Hung Yen has

one of the lowest state sector contribution levels of the region, with only Ha Tay and Thai Binh showing lower shares. Hanoi has the highest level with 62% of GDP coming from the state sector.

While the contribution of the foreign owned sector was above regional averages in 2003, it has been in decline as a percentage of all GDP contributions having fallen from 13% in 2000. The actual value of FDI contribution to Hung Yen's GDP has risen only slightly from VND541 billion in 2000 to VND549 billion in 2003. Vinh Phuc registered the highest foreign owned investment contribution to GDP in 2003 with almost 30% of its GDP coming from FDI, and the 3rd largest actual contribution to GDP with VND1920 billion. Hung Yen is in a much healthier position when compared to Ha Nam, Thai Binh, Nam Dinh and Ninh Binh all with less than 1% of GDP coming from FDI.

Table 5: GDP by ownership, 2000 and 2003

	2000			2003		
	State	Non-state	FDI	State	Non-state	FDI
National structure	38.5%	48.2%	13.3%	39.0%	46.5%	14.5%
Red River Delta Average	30.00%	61.49%	8.51%	29.97%	60.90%	9.13%
Hung Yen	18.49%	68.35%	13.16%	20.60%	69.75%	9.65%

Source: GSO 2005 & authors calculations

Though growth in 2003 was highest in the state sector in Hung Yen and the non-state sector was behind state and FDI growth in all sectors was higher than national averages.

Table 6: GDP growth by ownership, 1994 prices

	2003		
	State %	Non-State %	Foreign %
Vinh Phuc	22.6	14.5	18.8
Bac Ninh	20.5	11.9	0.2
Hung Yen	18.1	11.2	13.1
Hai Duong	16.3	2.4	74.4
Red River Delta regional average	11.4	10.1	38.4
Ha Noi	11.0	11.2	13
Nam Dinh	10.8	9.8	10
Hai Phong	10.1	8.9	11.8
Ha Nam	8.3	8.6	86.4
National average	7.7	6.4	10.5
Ha Tay	5.7	9.5	12.4
Ninh Binh	1.5	16.4	-40
Thai Binh	0.7	6.6	222.4

Source: GSO 2005

2.3. Non State sector and enterprise registrations

General Statistics Office figures for 2005, show Hung Yen as having 401 registered enterprises in operation as of December 2003. This is one of the lowest levels of the region, second only to Ha Nam province. However, the rate of companies going into operation between 2002/ 2003 was 22%, an increase of 73 companies, one of the highest growth rates in the region. The average capital per enterprises is quite high, VND14.9 billion. This is above regional averages if Ha Noi is excluded from regional calculations.

Despite this growth in recent years if we look at the number of operating enterprises and provincial populations Hung Yen has the lowest ratio of the region. For each registered enterprises Hung Yen has 2721 people, compare to a regional average of 886 people per enterprise and 1884, excluding Ha Noi from the regional average. Nationally you can expect to find 1 enterprise per 1123 people.

According to the Hung Yen Department of Planning and Investment, 756 enterprises have been registered up to October 2004⁵. This start-up paper uses enterprise figures from the GSI as they show enterprises in operation rather than those that may be set up but are not yet in operation, those that may be wound up or those simply set up for tax and VAT reasons⁶.

Table 7: Number of Enterprises in operation, 31st December 2003

	Number of Enterprises Operating , 31 st December 2003	Average capital per enterprise VND billion	Growth in registrations 2002/2003 %	Provincial population per enterprise in operation 2003
National	72012	23.9	14.47	1123
Red River Delta regional total	19457	17.55	22%	886
<i>without Hanoi</i>	7644	12.74	17%	1884
Ha Noi	11812	20.66	25%	241
Hai Phong	1904	20.75	20%	899
Ha Tay	1013	8.96	14%	2401
Hai Duong	778	11.75	14%	2148
Nam Dinh	777	10.22	9%	2466
Bac Ninh	718	8.16	27%	1334
Thai Binh	706	5.39	12%	2570
Vinh Phuc	534	16.67	36%	2089
Ninh Binh	455	7.41	5%	1960
Hung Yen	401	14.90	22%	2721
Ha Nam	358	10.60	13%	2236

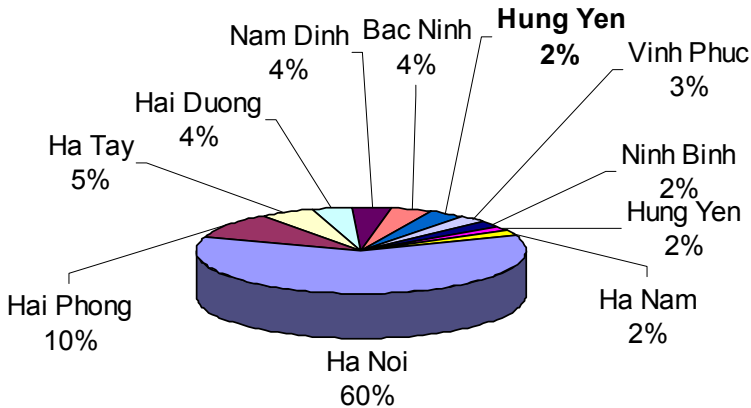
Source: GSO 2005

⁵ Figure quoted in Vision and Associates survey paper, may 2005, “Domestic Investment: From Business Idea to Reality: baseline report.

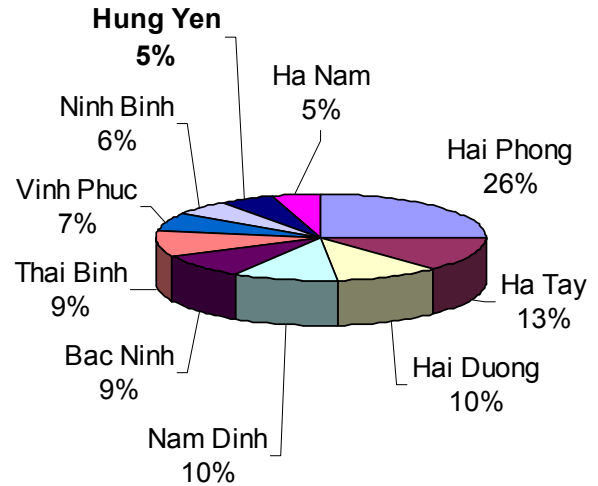
⁶ A detailed examination of the different enterprise figures available in Vietnam is available in Freeman, Nguyen and Nguyen, 2005, Beyond the headline numbers: Business Registration and Startup in Vietnam” published by MPDF.

Figure 2: Provincial share of registered operating enterprises in the Red River Delta region, 2003

With Ha Noi



Without Ha Noi



Source: GSO 2005

Manufacturing dominated enterprise operations in Hung Yen in 2003, with 39% of enterprises operating in this sector. Given the importance of Highway 5, passing through the north of Hung Yen and connecting Ha Noi to Hai Phong, and the concentration of industrial parks and zones and manufacturing along this highway, it is of little surprise that Hung Yen contains a significant number of manufacturing enterprises. However the proportion of these enterprises, 39% is much higher than both national and regional proportions which report 25% of enterprises in manufacturing. The table also illustrates the significant growth in manufacturing enterprises between 2001 and 2003, 58% over the period.

Enterprises operating wholesale and retail trade and repair of motor vehicles followed, with 23% of enterprises operating in Hung Yen. Nationally and regionally this group of companies usually makes up the largest percentage of companies at around 40%. Construction makes up 15% of companies in Hung Yen, inline with regional and national percentages of 11% and 13% respectively. Companies operating in Financial intermediation make up 12% of all companies. Though this is

not a large percentage it is significantly higher than the regional and national average of just 1% and 2%.

Table 8: Areas of operation of Hung Yen province enterprises, 2001 – 2003

Areas of operation	2001	2002	2003	Growth 2001-2003
Manufacturing	98	104	155	58%
Wholesale and retail trade; repair of motor vehicles	61	77	93	52%
Construction	41	57	62	51%
Financial Intermediation	48	48	48	0%
Agriculture, Hunting and Forestry	15	18	17	13%
Transport, storage and communications	9	10	10	11%
Real estate, renting and business activities	3	4	6	200%
Hotel and restaurant	6	5	5	-17%
Education activities	-	3	4	-
Fishing	2	1	1	-50%
Science and technology activities	-	-	-	-
Health and social work	-	-	-	-
Cultural and sport activities	-	-	-	-
Community, social and personal services	-	-	-	-
Total	283	327	401	24%

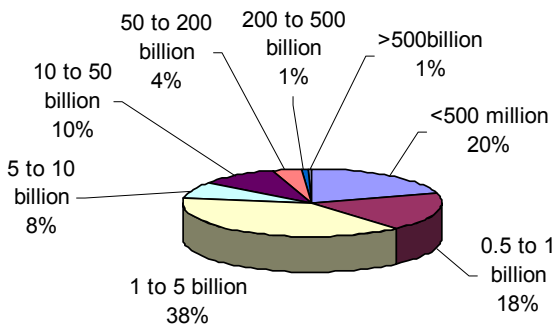
2.3.1. Small and Medium Sized Enterprises in Hung Yen Province

Decree 90 of the Vietnamese government defines SMEs to be “those business and production establishments that have registered under the current legislation, have the registered capital of less than VND10 billion at business registration and/ or the average number of annual permanent employees of less than 300” ADB estimates that 99.9% of firms in Vietnam have a capital under VND10 billion and 99.7% employ less than 300 people.

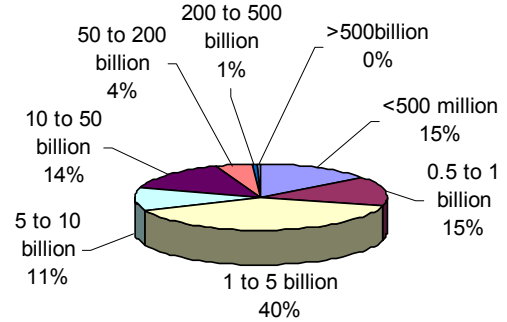
Under the governments Decree 90 criteria, 81% of Hung Yen’s registered enterprises have registered capital under VND10 billion, 325 enterprises, and 91% employ less than 300 people, 365 enterprises. This is slightly lower than Red River Delta regional averages of 84% below VND10 billion in capital and 95% with less than 300 permanent employees.

Figure 3: Registered capital and number of employees of operating enterprises in the Red River Delta and Hung Yen province

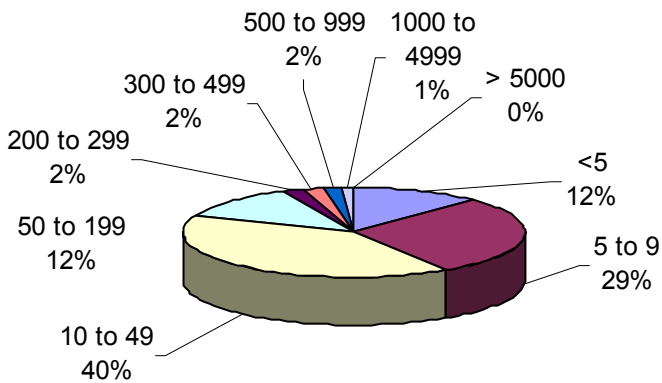
Red River Delta
Red River Delta enterprises by capital resources



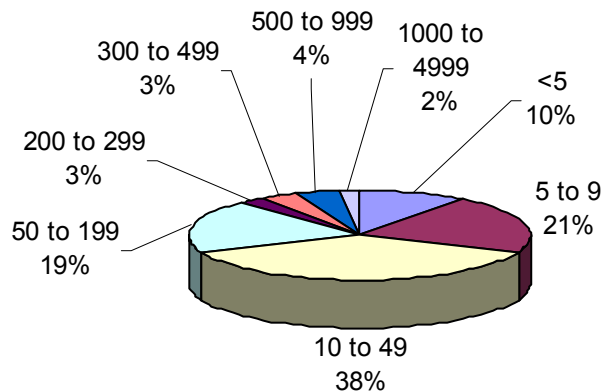
Hung Yen
Hung Yen enterprises by capital resources



Red River Delta enterprises by employees



Hung Yen enterprises by employees



Source: GSO 2005

2.4. Foreign Investment

MPI and GSO figures on foreign direct investment in Hung Yen show a healthy picture. Though as we saw above the proportion of GDP FDI contributes is declining the number of projects and the level of disbursement of capital is high. The contradiction may be due to FDI projects in Hung Yen being import reliant for production or being in their start-up stages, using capital to purchase equipment and set up operations.

MPI figures show Hung Yen had 53 FDI projects “in operation” by October 2005. The number of licensed FDI projects may be significantly higher. GSO figures show 49 projects were licensed as at the end of December 2004. There has been a significant increase in new FDI projects going into operation, mostly taking advantage of Hung Yens’ Positioning on the Highway 5 linking Ha Noi to Hai Phong and its proximity to Ha Noi.

Though the capital investment of these projects is not as high as many other provinces in the region, Hung Yen has managed to convert investment capital commitments into actual disbursement quite successfully. According to MPI data, the Red River Delta region as a whole has only been able to ensure investment of 42% of registered project capital. In Hanoi disbursement is as low as 34%. In Hung Yen FDI disbursement is 68%, only Bac Ninh has a higher rate at 72%.

In 2004, 10 projects were licensed in Hung Yen, with a total capital of US\$21.2 million. In the first 10 months of 2005 MPI reported 9 projects had gone into operation with a registered capital of US\$10.7 million. However, Bac Ninh and Vinh Phuc has outpaced Hung Yen in 2005. Bac Ninh has 6 FDI projects in operation in 2005 but with a total capital of US\$14 million. Vinh Phuc has managed to attract and put into operation 18 FDI projects with capital of US\$60 million.

Table 9: Foreign direct investment projects in operation, 1988 to Oct 2005

Province	No of Projects in operation, Oct 2005	Total Investment Capital of enterprises in operation	Disbursement of enterprises in operation
Ha Noi	636	9,236,430,000	3,154,630,000
Hai Phong	178	1,948,880,000	1,203,920,000
Vinh Phuc	87	726,420,000	413,670,000
Hai Dong	72	627,500,000	376,010,000
Hung Yen	53	215,530,000	147,520,000
Ha Tay	41	423,000,000	219,750,000
Bac Ninh	35	218,160,000	157,660,000
Thai Binh	29	41,860,000	28,440,000
Nam Dinh	11	69,599,000	9,300,000
Ninh Binh	7	65,808,000	6,100,000
Ha Nam	3	6,200,000	3,807,156
Red River Delta	1,152	3,579,387,000	5,720,807,156
National total <i>not including oil and gas</i>	5,747	47,211,000,000	21,727,000,000

Source: Foreign Investment Agency - Ministry of Planning & Investment⁷

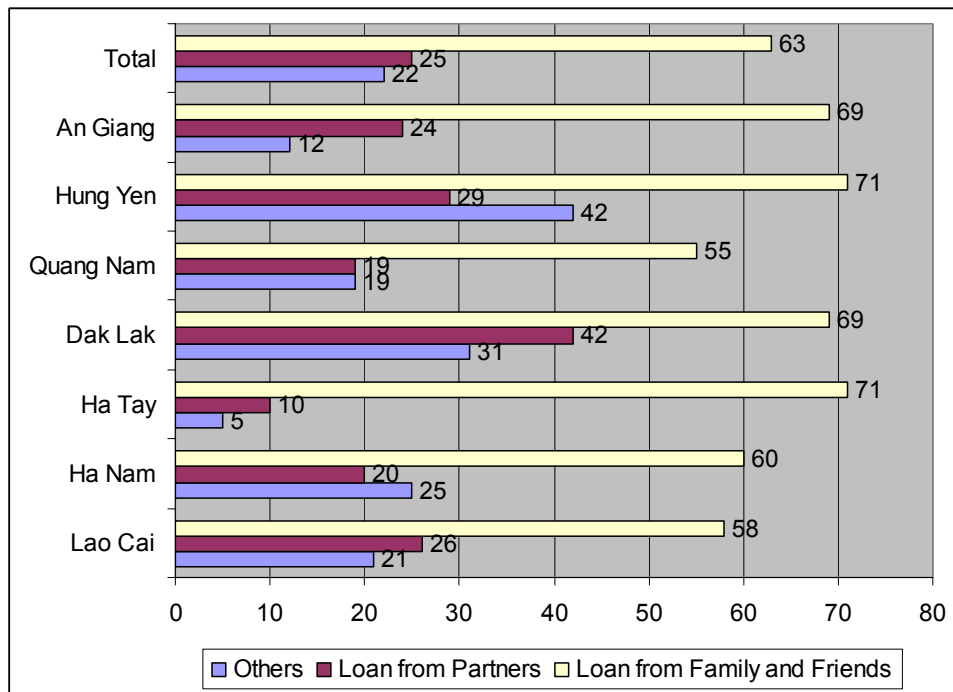
2.5. Enterprise access to finance

In a recent GTZ, CIEM and Vision Associates survey of 175 enterprises, across 7 provinces including A selection of enterprises from Hung Yen province were asked about their informal and formal lending habits. In Hung Yen 71% of enterprises surveyed said they borrowed money via friend and family networks, compared to an

⁷ Viet Nam Investment Review, 14th November 2005

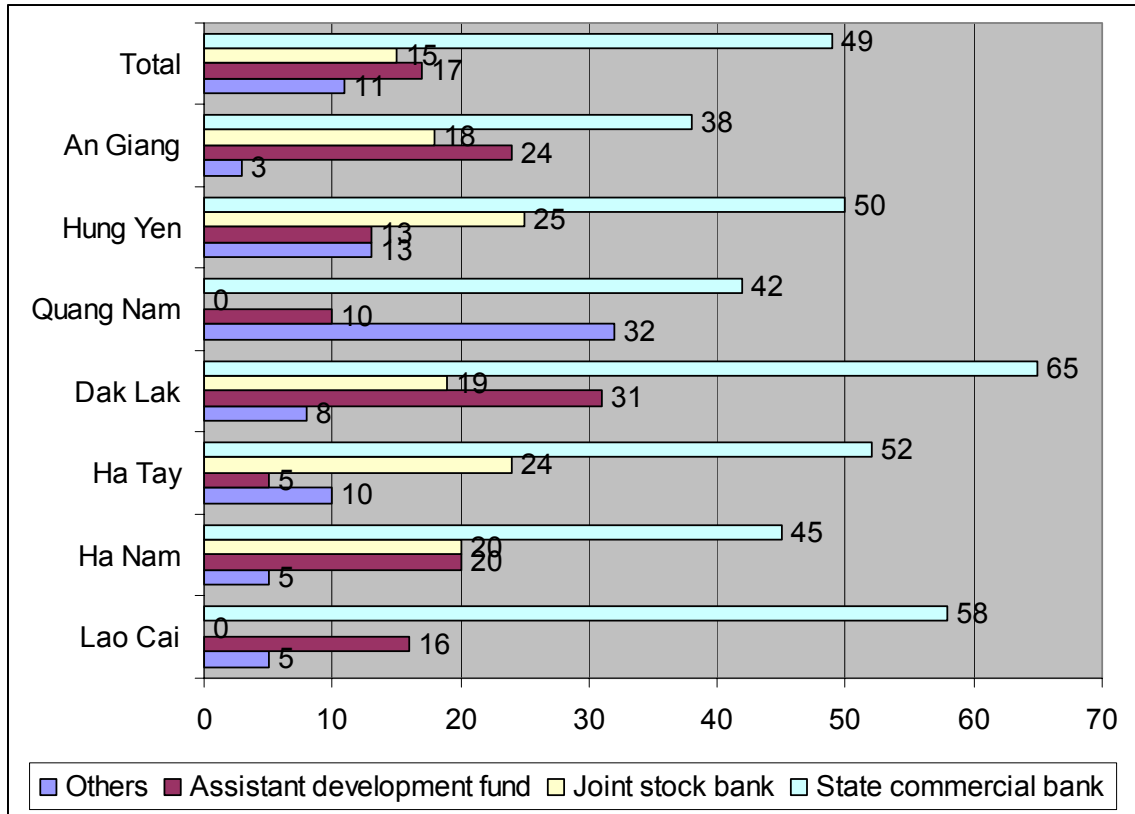
average of 63% across the survey provinces, the highest level in the survey. Informal borrowing from family and friends is a very common means of financing in Vietnam. The banking sector is generally in its infancy and lends very little to the SME sector. The banking sector often lends based on personal relationships and/ or demands collateral that many SMEs do not have available.

Figure 4 : Informal access to finance



We can see from the same GTZ survey that businesses in Hung Yen province when borrowing formally, borrow mostly from state commercial banks, this is inline with the survey's average findings. The survey also found that loan processing times in Hung Yen, 40 days, was the highest of the survey group and above the survey average of 32 days. Given the large number of enterprises operating in the financial intermediation sector, 48 enterprises in 2003 or 12% compared to 1% nationally, this might suggest a competitive arena for accessing credit, which in turn should shorten the time it takes to access credit. However in the case of Hung Yen this does not seem to have led to shortening of the time taken to access credit.

Figure 5: Formal access to finance



3. Sectorial make-up of Hung Yen's Economy

3.1. GDP by sector

While Agriculture, Forestry and fishing remains the leading contributor to GDP in Hung Yen in 2003, reliance on this sector is in decline, having moved from 41% of GDP in 2000 to 35% in 2003. The service sector has remained steady over this period at 31% and 32%, while industry and construction are contributing increasingly more to the provinces GDP, 33% in 2003 compared to 28% in 2000.

Agriculture, forestry and fishing continue to follow regional trends in GDP contribution in actual terms, as the table below shows, contributing VND2,009 billion to GDP in 2003 compared to a regional average of VND2,187 billion. Other sectors fall far short of regional levels. Industry and construction in Hung Yen contributes less than regional averages, discounting for Ha Noi, as does the service sector.

Table 10: GDP by sector, VND billions, 2000 & 2003

	2000			2003		
	Agriculture, Forestry and fishing	Industry and construction	Services	Agriculture, Forestry and fishing	Industry and construction	Services
National	24.5%	36.8%	38.7%	21.8%	40.0%	38.2%
Red River Delta average	24%	33%	43%	20.16%	37.96%	41.88%
Red River Delta average/ without Ha Noi	37%	30%	33%	32%	35%	33%
Hung Yen	41%	28%	31%	35%	33%	32%
Average regional GDP VND billions	1763	2454	3148	2187	4116	4542
Average regional GDP VND billions/ without Ha Noi	1846	1534	1699	2278	2588	2432
Hung Yen GDP	1704	1141	1264	2009	1886	1790

Source: GSO 2005

Figures from the government of Hung Yen show that in 2004 agriculture's contribution to GDP had fallen to 34%, with industry and construction increasing to 34.5% and the service sector remaining on 31%. Interestingly provincial estimates for sectorial structure of GDP sees Industry and construction declining in its share of GDP, to 32.5%, services increasing to 35.5% and agriculture falling to 32%⁸. The provincial government hopes that by 2010 sectorial contributions will change substantially to 45% for Industry and construction, 35% for services and 20% for agriculture.

Agriculture, Forestry and fishing continues to be the greatest contributor to GDP, though by only VND150 billion over Industry and construction. Growth levels in this sector have been higher than national averages but lower than regional figures. Industry and construction appear to be the growth powerhouses of Hung Yen, growing at an average of 18% between 2000 and 2003. The 5 year plan for the province appears to call on growth in industry and construction to raise to 23% a year over the period 2005 to 2010, the service sector is to grow at 15% and agriculture 5%, inline with the current growth.

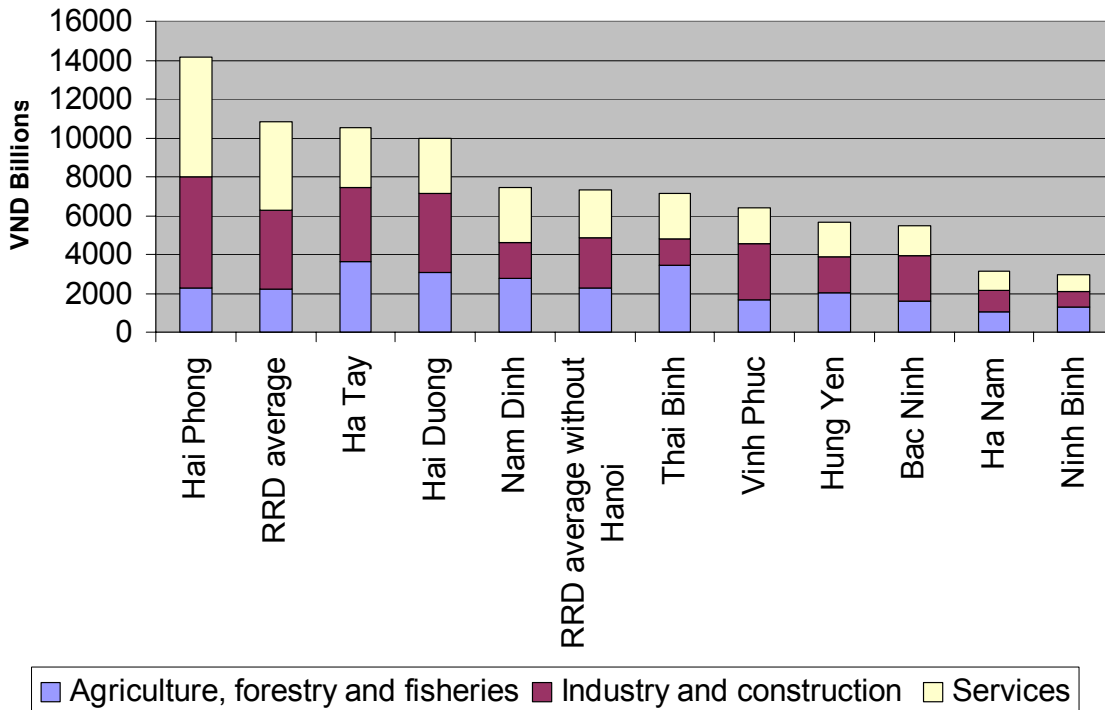
Table 11: GDP growth by sector, current prices

	Agriculture		Industry and Construction		Services	
	2003	average 00-03	2003	average 00-03	2003	average 00-03
National	3.6%	3.9%	10.5%	10.1%	6.5%	6.1%
Red River Delta regional average	7.30%	7.46%	21.46%	18.84%	12.28%	12.99%
Red River Delta regional average/ without Ha Noi	6.64%	7.29%	20.78%	19.05%	15.76%	12.72%
Hung Yen	6.85%	5.68%	18.07%	18.24%	13.47%	12.31%

Source: GSO 2005

⁸ www.hungyen.gov.vn

Figure 6: Red River Delta GDP, by sector, 2003



3.2. The Agricultural sector

3.2.1. Agricultural Cultivation

Agricultural production was valued at just VND2,009 billion in 2003, up by little over VND300 billion since 2000. Cultivation makes up 69.4% of agricultural output in 2003, livestock 29.1% and services in the agricultural sector 1.5%. Rice production is by far the leading agricultural area. GSO figures on cultivation indicate that around 96% of Hung Yen’s agricultural land is under paddy, though a number of crops may not have reported, lowering this figure. Interestingly, despite land shortages in the Red River Delta region and the growth of urban areas and industrial parks, the amount of hectares under paddy has increased in Hung Yen, by 9%.

The table below indicates other movements in agricultural production in other crops. Maize, Cassava and jute show significant levels of growth.

Table 12: Hung Yen province, agricultural production and area under cultivation, 2000 to 2003

	2000	2003		2000	2003		
	Tons produced		Change 2000 to 2003	Hectares under cultivation		Change 2000 to 2003	Share of cultivated area 2003
Paddy	2177700	2678500	23%	464400	503900	9%	96.08%
Maize	10500	52000	495%	5100	9000	76%	1.72%
Coconut	44660	25667	-43%	2792	2776	-1%	0.53%
Soyabean	5500	6500	18%	2300	2500	9%	0.48%
Cashew	258	277	7%	500	554	11%	0.11%
Pepper	10	23	230%	30	30	0%	0.11%
Sweet potatoes	5800	8200	41%	400	400	0%	0.08%
Cassava	8100	88100	1088%	600	4500	750%	0.04%
Sugar cane	16000	9000	-44%	300	200	-33%	0.04%
Jute	37	180	486%	23	90	391%	0.02%
Peanuts	1000	700	-30%	500	400	-20%	0.01%
Palmyra	58	60	3%	58	60	3%	0.01%
Tobacco	63	50	-21%	33	30	-9%	0.01%
Total	2269686	2869257		477036	524440		

Source: GSO 2005

Interestingly GSO does not highlight longan production figures in its 2005 provincial year book, a crop Hung Yen is renowned for in Vietnam and which it has substantial production. a large proportion of the longan crop is dried and used in traditional medicines. Hung Yen's longan production has been in recent years by economic and natural problems. Dry weather and hot summers often lesson the yield of trees, while competition from producers both in the south of Vietnam and in other Asian countries has reduced demand. China, Hung Yen's largest export market, is also no longer reliant upon only Hung Yen longan⁹.

***Pho Hien logan:** Hung Yen is famous throughout the country for its logan. It is amazing that on Red river delta plain, only Pho Hien logan is considered as the king of logan species. Logan is densely grown in dyke edges from Dang Chau, Xich Dang to Luoc estuary. With bumper harvest, the turnover of the whole*

⁹ IFPRI, 160:2002

province is estimated of approximate VND 150-200 billion. Currently, around Hung Yen town and surrounding areas, many households have planted transplanted and grafted logan trees in plantations. The area is endowed with interminable logan farms¹⁰[sic].

3.2.2. The Hanoi Market

While agricultural diversification has seen farmers move into a number of new agricultural production areas, often for export, such as cucumber, Hanoi offers Hung Yen a significant domestic market for its produce. As the Hanoi economy grows and tastes change this offers provinces close to Hanoi and with an understanding of consumers needs a great advantage. Those that do not change with towards more quality and processed food produce will find an increasingly dwindling market. Increasingly more diverse produce is needed and as questions about the quality and safety of current food suppliers are raised, especially from China but also within Vietnam, it gives producers of clean and hygienic food produce a growing market. Large supermarkets in Hanoi, such as the Big C and Metro are increasingly looking for good quality Vietnamese produce both fresh and processed for customers.

A recent survey of the Hanoi food processing and packaging industry and market structure found a lack of quality raw and processed produce in all food sectors with substantial gaps in the market for local producers and processors to supply. Individuals, homes, caterers, hotels and restaurants are increasingly more demanding in their food quality and hygiene requirements. The table below gives an illustration of some of the areas that food processors may find market opportunities in and where food producers could provide supplies¹¹.

¹⁰ <http://www.hungyen.gov.vn/index.asp?menuID=52&language=english>

¹¹ Food Processing and Packaging in Hanoi: Base for the setup of the business incubator in Hanoi, May 2005. this report was produced as part of an EU Private sector Support Programme

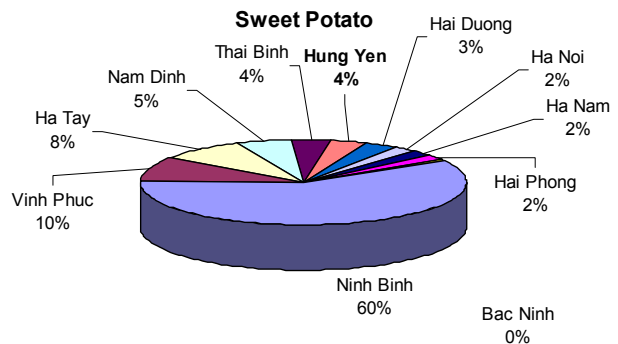
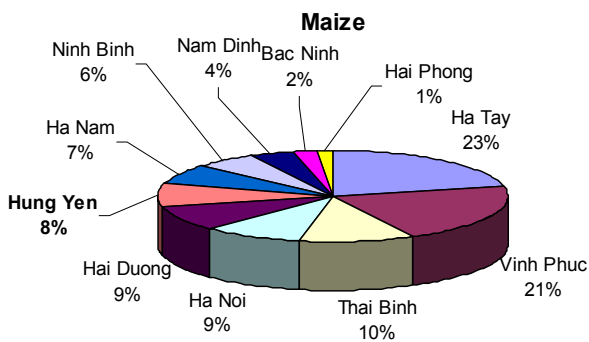
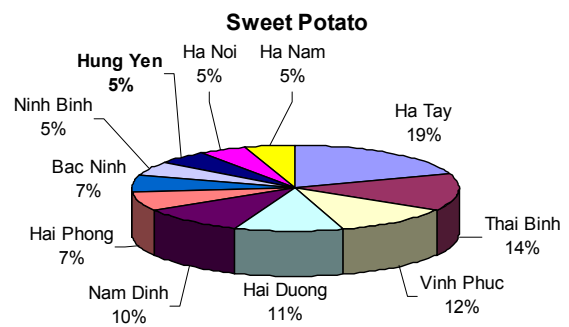
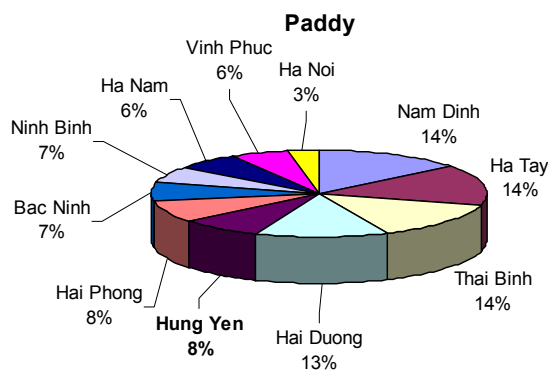
Table 13 : Food processing and producing market opportunities in Hanoi and surrounding provinces.

Sub-sector	Product	Some market segments
	Natural flavours and additives	<ul style="list-style-type: none"> • Food • Confectionery • Beverages
	Baby food (natural flavours / fruits and vegetables)	<ul style="list-style-type: none"> • Health institutions • Schools • Home • Catering
Agro-processing	Herbs and spices (deep frozen)	<ul style="list-style-type: none"> • Home consumption • Hotel and catering
	Coffee (diversification in terms of blending and roasting)	<ul style="list-style-type: none"> • Home consumption • Hotels / catering • Export / own brand or for third parties
	Appetizers (produced out of rice, corn, ground nuts and cashew)	<ul style="list-style-type: none"> • Home consumption • Hotels and catering
Dairy products	<ul style="list-style-type: none"> • Natural milk (cow or soy) • Flavoured milk (natural flavours) • Yoghurt (traditional, flavoured, diet and pieces) • Ice-cream (traditional, industrial) 	<ul style="list-style-type: none"> • Health institutions • Schools Home • Hotels & catering • Sports
Confectionary	<ul style="list-style-type: none"> • Jams • Candies and sweets • Chewing gum 	<ul style="list-style-type: none"> • Industrial use • Bakeries • Hotels and catering • Home consumption
Meat products (pork based)	Traditional (European and Vietnamese) smoked and/or dried products (e.g. Italian sausages, ham)	<ul style="list-style-type: none"> • Home consumption • Hotels and catering • Exports (Vietnamese communities)
Beverages	Fresh, canned and natural fruit and/or vegetables juices, type refreshments(ice tea energetic drinks and concentrated)	<ul style="list-style-type: none"> • Home consumption • Sports • Health institutions • Schools • Hotels and catering
Food processing	<ul style="list-style-type: none"> • Deep frozen products; fruits and vegetables salads, sliced meat of different sources, cakes and biscuits • Deep frozen prepared meals (traditional) 	<ul style="list-style-type: none"> • Home consumption • Hotels and catering • Schools

Source: EU 2005

Given the northern Vietnamese and Hung Yen tradition of villages specialising in growing, making and processing certain products, it may be possible for one of these villages to take a foothold in one of the food processing market opportunities detailed above¹². Alternatively, producers in Hung Yen could supply others with raw produce in these areas for processing. At the least there is definitely a market for good quality and hygienic food produce within Hanoi in hotels and restaurants and increasingly with households. However, food safety needs to be ensured in order to keep customers and assistance and information from local authorities could assist in this.

Figure 7: Provincial share of a number of agricultural products, 2003



¹² Amongst Hung Yens specialist villages are Ban Yen town, My Hao district, specialising in crude soy sauce which is reported to be famous in the north of Vietnam and Nghia Trai village in Tan Quang commune, Van Lam district, which produces and processes traditional trees and plants. Ke Chau village, Phu Cuong commune, Kim Dong district specialises in molasses.

3.3. Forestry production

Forestry production in Hung Yen is negligible, reaching just VND24.6 billion in 2003 up from VND19.2 billion in 2000. Wood production is reported to have declined over this period, falling from 18,000 m³ to 11.1 m³.

3.4. Fisheries

Both the value and tonnage of fisheries production in Hung Yen is small. One of the lowest in the region. Given the level of draught the north suffers for a substantial period of the year, this is possibly unsurprising. The main focus is farmed fish. However, Hai Duong, Hung Yen's previous provincial partner has almost twice the income from fisheries and more than twice the tonnage from farmed fisheries. Hai Duong does have a greater access to river water to support this activity.

Table 14: Leading Red River Delta fisheries production areas, 2003, VND billion

	Vinh Phuc	Ha Nam	Ha Noi	Hung Yen	Bac Ninh	Ha Tay	Hai Duong	Ninh Binh	Thai Binh	Nam Dinh	Hai Phong
Farmed	58	85.1		97.9		176.1	185.6	214	294.7	289.5	
Caught	11.5	5.4		20.6		35.8	17.4	18.9	219.4	324.1	
Services	5.4	6.5		3.8		3.1	20.5	1.7	11.6	12	
Total	74.9	97	116.3	122.3	129.5	215	223.5	234.6	525.7	625.6	680.5

Table 15: Production of fishery products in selected provinces of the Red River Delta, tons, 2003

	Vinh Phuc	Ha Nam	Hung Yen	Ha Noi	Bac Ninh	Ninh Binh	Ha Tay	Hai Duong	Thai Binh	Nam Dinh	Hai Phong
Total	7272	8947	9770	10105	11947	12221	17542	21462	47787	54746	60859
Caught	1276	582	1670	929	1346	2591	3155	1946	27874	31598	29710
Farmed	5996	8365	8100	9176	10601	9630	14387	19516	19913	23148	31149
Fish	5996	8313	7500	9130	10223	8073	14386	19500	12248	11395	12538
Shrimp		50	170	46	304	1007			2346	2034	2379
Others		2	430		74	550	1	16	5319	9719	16232

Source: GSO 2005

3.5. Industrial production

The tables below, detailing industrial production and export figures, give an indication of the production and growth in Hung Yen. There is a mixture of industry in Hung Yen, from large manufacturers along highway 5 producing goods for export and the domestic market to a number of traditional handicraft and trade villages. The core of industrial production lies along highway 5 and the industrial zones either side of this, with much of this for export.

Table 16 : Industrial production in Hung Yen, 2000 & 2003

	2000	2003	Growth rate 2000-2003
Sporting Shoes (thousand pairs)	596	1582	265%
Milled rice, maize (thousand tons)	389	512	32%
Beer (thousand liters)	6963	10353	49%
Paper (ton)	2051	2083	2%
Assembled Televisions (thousand pieces)	219.5	476.9	217%
Assembled motorbikes (piece)	45963	17250	-62%

Source: GSO 2005

The table below gives a break down of some of the manufacturing activities enterprises within Pho Noi A industrial park are undertaking. A substantial number of enterprises are producing some element of car manufacturing or spare parts. This would appear to be to support the local car and motorbike markets and also benefit from government regulations that require a % of domestic parts within vehicles, cars and bikes, assembled inside Vietnam. Textile and garment manufacturing is also high, all for export.

Table 17: Areas of industrial production in Pho Noi A Industrial park

-
- | | |
|--|--|
| <ul style="list-style-type: none">• Assemble TV, electronics parts• Car's spare parts, motors, assemble IKD motor• Produce and process cattle food• Bottled Mineral water• Spoons, forks, stainless steel knives for export• Garment products for export• Foodstuff• Pottery and Chinese products for export• Manufacture, install all sorts of crane and metal framed products• Garment products for export• Manufacture & process stainless steel products• Nuts, bolts and rings | <ul style="list-style-type: none">• Clean agri-products, cattle fresh, and foodstuff• Aroma products for export• Television, fridge and computer cases, compact light.• Stockings• Shoes for export• Blankets, linen sheets, pillow, mattress, and materials for garment industry• Feather• Motor spare parts• Hats and embroideries for export• Plastic covers• Electricity generators and ignition sets• Machine-tools and accurate mechanical products |
|--|--|
-

Source: www.hungyen.gov.vn

3.6. Hung Yen Exports

Hung Yen's level of local exports has shown significant and impressive growth since 2000. In 2003 exports were US\$26 million, up from US\$11.5 million in 2000, according to GSO figures. The provincial government of Hung Yen reports much healthier figures, with local exports reaching US\$ 37 million in 2003 and "export-turnover" reaching US\$103 million in 2003 (this includes US\$66million from central and joint venture exports). "Export-turnover" figures are expected to reach US\$210 million in 2005 and are planned to reach US\$400 by 2010 according to Hung Yen government figures

Table 18: Red River Delta exports and provincial shares, 2000-2003, US\$

	2000		2003		Growth 2000 to 2003
	US\$ millions	% of regional exports	US\$ millions	% of regional exports	
National	14482.70		20176.00		
Red River Delta	772.74	5%	1367.30	7%	
Red River Delta without Hanoi	366.02	3%	626.97	3%	
Ha Noi	406.72	53%	740.33	54%	82%
Hai Phong	189.66	25%	379.32	28%	200%
Nam Dinh	26.75	3%	50.76	4%	90%
Hai Duong	30.02	4%	47.57	3%	58%
Thai Binh	30.75	4%	47.02	3%	53%
Ha Nam	16.16	2%	26.63	2%	65%
Hung Yen	11.57	1%	26.22	2%	227%
Vinh Phuc	8.83	1%	15.23	1%	72%
Bac Ninh	31.34	4%	13.92	1%	-56%
Ninh Binh	3.54	0%	10.25	1%	290%
Ha Tay	17.39	2%	10.05	1%	-42%

Source: GSO 2005

The table below are export quantities as reported by the Hung Yen provincial government¹³, which differ significantly to those given by the General Statistics Office in the second table. This is due to the classifications and consolidation of amounts done by GSO when reporting very general trade figures. As you can see from the table below, the provincial authorities give a much more detailed picture and classification for export figures.

¹³ www.hungyen.gov.vn

Table 19 : Hung Yen exports, 1997 to 2003

		1997	1998	1999	2000	2001	2002	2003
Jackets	pieces	653,808	593,830	895,743	1,091,825	1,379,832	1,974,788	2,961,000
Shirts	"	6,591	107,514	22,096	46,017	84,608	100,121	118,142
Suit	set					12,750	16,826	22,715
Waist coats	pieces	573,286	19,517	60,641	112,378	414,468	248,080	210,860
Trousers	"	163,764	4,804	206,118	410,158	285,720	681,884	715,978
Swimsuit	set	75,642	164,093		373,089	406,085	54,114	
Shopping Bags	ton	2,349	1,403	165	778	1,660	1,500	2,800
Children's Skirts	pieces	32,591	51,120	10,171	27,393	15,795	11,000	12,000
Gum Shoes	pairs			206,575	344,687	1,209,286	1,876,701	2,800,000
Canvas Shoes	pairs	36,828	289,478	368,012	286,633	83,671	90,000	89,000
Televisions	pieces		6,352	27,559	95,898	11,925	78,616	157,200
Knives	pieces						88,200	176,000
Spoons and Forks	set						1,052,758	2,100,000
Cucumber	ton	218,5	3,050	1,389	4,800	2,854	2,332	1,984
Dried Litchi	"	165	1,974	785	460	130		
Dried Longan	"	17,9	12	105	146	100		
Longan	"	103	67	109	81	5	6	
Baby Jute	"	1,177	406		260	503		
Cane & bamboo (handicraft wares)	items	1,046,000	890,000	840,000	689,000	574,000	884,000	600,000
Frozen Pork	ton						20	500

Source: www.hungyen.gov.vn

Table 20 : Selected exports, Hung Yen, 2000-2003

	2000	2001	2002	2003	% change 2000 to 2003
Jackets (thousand pieces)	239.1	296.9	495.6	515.5	216%
Sporting Shoes (thousand pairs)	345	1209	1877	878	254%
Fabric Shoes (thousand pairs)	287	84	351	696	243%
Bamboo products (thousand pieces)	689	574	884	1480	215%

Source: GSO 2005

3.7. Infrastructure and access to markets

Hung Yen more than any province in this series of start-up papers benefits from both a proximity to 2 large urban centres, Hanoi and Hai Phong, as well as a major international port, Hai Phong. It is also positioned along one of the main highways of the north, Highway 5 between Hanoi and Hai Phong and is benefiting greatly from spillover effects of Hanoi's development, land and rental price rises in Hanoi.

3.7.1. Land and Industrial parks

3.7.1.1. Pho Noi A Industrial Zone

Pho Noi A IZ is positioned along Highway 5, 25km from Hanoi and 80k from Hai Phong. Total land area is 390ha with 274 ha Industrial land for rent. the park already contains several foreign and joint venture companies in several areas, as detailed in the table above.

Table 21 : Selection of companies and areas of operation in Pho Noi A Industrial Zone

Cargill Branch Company Ltd.	Produce and process cattle food
KYUNG VIET garment Joint venture Company	
Vietnam – Australia crane and equipments Joint venture	Manufacture, install all sorts of crane and metal framed products.
Uginox Vietnam Joint venture Company Ltd.	Manufacture & process stainless steel products

Alphanam – Lucklux industry joint venture company	Manufacture manufacturing machine-tools and accurate mechanical products
Company Ltd. SNS Viet Nam	Manufacture all kinds of feather
PRACTMAX Vietnam Company Ltd.	Manufacture all kind of trade make
Cap I Corp Company	Manufacture hats and embroideries for export
Vina Pioneer industry company Ltd.	Manufacture all sorts of plastic covers
Kevin copper wire Company Ltd.	Manufacture & process all kinds of enamel copper wires
Sum Pung stainless steel Company Ltd.	Manufacture & process all kinds of stainless steel products
Tae Yang Vietnam Company Ltd.	Manufacture spoons, forks, stainless steel knives for export

Source : www.hungyen.gov.vn

3.7.1.2. Pho Noi B Industrial Zone

Further along highway 5, 32km from Hanoi and 70km from Hai Phong lies Pho Noi Industrial Zone. Newer and smaller in size, with stage one measuring 95ha (compared to 390 for Pho Noi A) with 66ha of industrial land for rent. The main areas of industrial operation are fabric and material production, fabric and material dye, garments, and the production and service manufacturing and processing to supply to the garment and textile production sector. The Hung Yen government is calling for further investment in the industrial park to take the size to 155 ha, of which approximate 110 ha are industrial land for rent¹⁴.

Table 22: Selection of companies and areas of operation in Pho Noi B Industrial Zone

Lifan – Vietnam motors manufacture Joint venture	Manufacture & assemble motors spare parts
Hung Yen Engine Company Ltd.	Manufacture spare parts motors
Lifan – Trong Sheng motors spare parts manufacture Joint venture	Manufacture all sorts of gear box and other motors spare parts
Lifan – Xing Yong motors manufacture Joint venture	Manufacture plastic sets and motor's lighting block
Lifan – Zhuoli motors manufacture and	Manufacture all sorts of nuts,

¹⁴ www.hungyen.gov.vn

development joint venture	bolts and rings
Lifan-Zhicheng motors manufacture and development joint venture company	Manufacture all sorts of rings and buffers
Lifan – JiLi motors manufacture and development joint venture	Manufacture all sorts of electricity generators and ignition sets
Ngoc Te Company Ltd.	Manufacture shoes for export
Lifan – Chingong motors spart parts manufacture joint venture company	Manufacture all sorts of motor axles
VIC construction joint venture branch company	Manufacture interial wooden facilities
Xuan Thien air conditioning electric manufacture Company Ltd.	Manufacture & assemble air conditioners

Source: www.hungyen.gov.vn

3.7.1.3. Nhu Quynh A and B

Nhu Quynh A, around 20km from the centre of Hanoi and bordering the Hanoi district of Gia Lam, is planned to cover a total area of 50ha with 12.8ha reported to be in use in 2004¹⁵. Nhu Quynh B is planned to cover a further 50ha. Both have attracted a number of foreign and domestic projects, including a number of large foreign investment projects such as the LG electronic company and several auto part producers. Both IPs are seeking further investment to develop the infrastructure in the parks¹⁶.

Table 23: Selection of companies and areas of operation in Nhu Quynh A Industrial Zone

LG electronic VN Company Ltd.	Manufacture assemble TV, electronics parts
GMN cars and motors spare parts manufacturing Joint venture	Manufacturing car's spare parts, motors, assemble IKD motor
Vietnam AUTO PART	Manufacture motor spare parts
Long An Mineral water Branch Company	Manufacture bottled Mineral water
Global Sourcenet Company Ltd.	Manufacture garment products for export
Vifon Ace Cook technology Company	Manufacture foodstuff
KKT textile Company Ltd.	Manufacture all sorts of stockings

Source : www.hungyen.gov.vn

¹⁵ Vietnam Economic Times, 04/2004, <http://www.vneconomy.com.vn/eng/index.php?param=article&catid=03&id=040422103316>

¹⁶ www.hungyen.gov.vn

3.7.1.4. Further Industrial Parks

The Hung Yen government plans a number of further Industrial parks and has a Industrial park management body situated in Pho Noi, My hao District. **Minh Duc Industrial park** is planned to have around 200ha with 53ha currently under rental to 15 investment projects. Minh Duc is also on highway 5, 37km from Hanoi and 65km from Hai Phong.

Hung Yen town, the capital of Hung Yen in the south of the province, on highway 39 which joins highway 5 in the north, plans a park of 60ha, with a number of further parks along highway 39¹⁷. Cho Gao park aims to develop an industrial zone of 50ha which will attract industries processing agricultural products (flowers, fruit, meat, jute etc), beer, soft drinks, weaving, leather, dressmaking and the production of other consumer goods¹⁸.

3.7.2. Industrial parks in the Red River Delta

This section will briefly look at other industrial parks in the region, especially Ha Noi. Though Hanoi has 6 licensed industrial parks, only 3 of these can be considered in operation. One is in construction, one is not leased and further project, the Sai Dong A, is mired in a dispute between its Vietnamese and foreign partners that looks beyond resolve without the intervention of the Hanoi or even central government¹⁹. Hanoi has a further 18 small and medium sized industrial zones, these vary in their levels of infrastructure.

Table 24: Hanoi Industrial Parks

Hanoi Industrial Parks	Distance to the centre of Hanoi	Enterprise sectors
Sai Dong B	8km	Electric & Electronic Industries, garment, etc.
Noi Bai	20km	Industrial and metal processing
Dai Tu	8km	Newly started

¹⁷ <http://www.hungyen.gov.vn>

¹⁸ <http://www.vneconomy.com.vn/vet/index.php?param=info&name=Developments&id=1899>

¹⁹ Vietnam Economic Times, October 2005, “An Absence of Trust”

Daewoo-Hanel	9km	Not yet operating
Thang Long	16km	Industry and manufacturing
Sai Dong A	15km	In dispute

Source: EU 2005

There are several problems with Hanoi's Industrial zone development plans, firstly its is difficult to obtain licenses and suitable partners for development, especially where land has to be cleared. Secondly, even in Industrial zones land prices are often beyond all but the largest companies, especially where rents, for 40 years or more, are paid in advance. Thirdly, industry is slowly being pushed out of Hanoi to its suburbs and beyond as rents increase²⁰. This will also affect Hanoi's industrial zones as residential and commercial areas are already encroaching on previously planned industrial land, which Hanoi can not afford to leave in the hands of industry²¹.

Hung Yen also faces competition from other provinces around Hanoi for this pushed out industry and investment, Bac Ninh currently has 2 IPs, Ha Nam 1, Ninh Binh 1, Hai Duong 4, Hai Phong 3, Ha Tay 1 and Vinh Phuc 2. With several other industrial parks licensed across provinces this makes for a very competitive atmosphere with more than 20 IPs competing for business against each other and Hanoi's IPs with several provinces, Hai Duong, Hai Phong and Bac Ninh benefiting from similar infrastructure strengths and spillovers as Hung Yen. Almost all parks give very similar benefits for investment, such as tax holidays.

This is only a regional overview while the growth in the south and provinces such as Ho Chi Minh City, Dong Nai and Binh Duong who have more than 40 IPs and a longer history in attracting investment and operating industrial parks²².

²⁰ EU Report, June 2005, Ha Noi's Food Processing Industry A Start-up Condition Assessment for Food Processing Companies in Ha Noi.

²¹ Vietnam Investment Review, 21/11/2005, Hanoi's IZs to feel land squeeze

²² Vietnam Economic Times, November 2005

Table 25: Comparison of Industrial Park prices in Northern Vietnam

Industrial Park	US\$ square metre/ year	Other charges metre/ year
Pho Noi A & B, Hung Yen	US\$0.10 no infrastructure US\$0.50 with infrastructure (US\$25/ 50 yrs and US\$20 for 40yrs)	US0.10 management fee
Hapro, Gia Lam, Ha Noi	US\$0.47	US\$0.20 management fee
Noi Bai IP, Ha Noi	US\$1.3 sqm	
Nomura-Hai Phong IP	US\$1.20 (US\$60 a square metre for 50years)	US\$0.479 maintenance US\$0.406 service charge
Cai Lan IP, Quang Ninh	US\$0.248 46years US\$0.346 20years US\$0.433 10years US\$0.50 5years US\$0.58 1year	
Song Cong IP, Thai Nguyen	US\$0,07 no infrastructure US\$0.27 with infrastructure	
Thuy Van IP, Phu Tho	US\$0.15	

Source: EU 2005

3.7.3. Ports

While there are a number of river ports in the red river delta, especially in Hanoi, drought and flooding make the rivers unreliable. The development of the Red River Delta road system and investment in numerous bridges, means access to ports such as Hai Phong, now takes very little time.

Hai Phong

Hai Phong port is the largest port in the north of Vietnam with a total port area of 670,000m², with warehouse space of 55,000m² and open storage of 615,000m². As

we can see from the table below, the port is mainly used for imports, accounting for 52% of tonnage passing through Hai Phong, while exports accounted for 17%.

As we have seen Hung Yen's various industrial zones lie on the main highway to Hai Phong from Ha Noi, highway 5 and none are more than 80km from Hai Phong.

Table 26: Hai Phong Port tonnage, 2000 to 2003

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total	7,645,000 MT	8,575,000 MT	10,350,000MT	10,518,000 MT	10,500,000MT
Import	3,586,000 MT	4,358,000MT	5,370,000 MT	5,401,000MT	5,370,000MT
Export	1,234,000 MT	1,336,000 MT	1,400,000 MT	1,758,000 MT	1,800,000MT
Domestic	2,825,000 MT	2,881,000MT	3,580,000 MT	3,359,000 MT	3,300,000MT
Container	200,000 Teus	219,000 Teus	228,000 Teus	377,000 Teus	398,300TEUs
Ship calls	1,559	1,710	2,316	2,650	2,430

Source: Vietnam Port Association 2005

Table 27: Major Import and Exports passing through Hai Phong

Major imports	Major exports
Container: 1,787,800 MT	Container: 1,650,085 MT
Steel: 984,000 MT	
Animal Feed: 519,026 MT	
Cement, clinker: 332,064 MT	

Source: Vietnam Port Association 2005

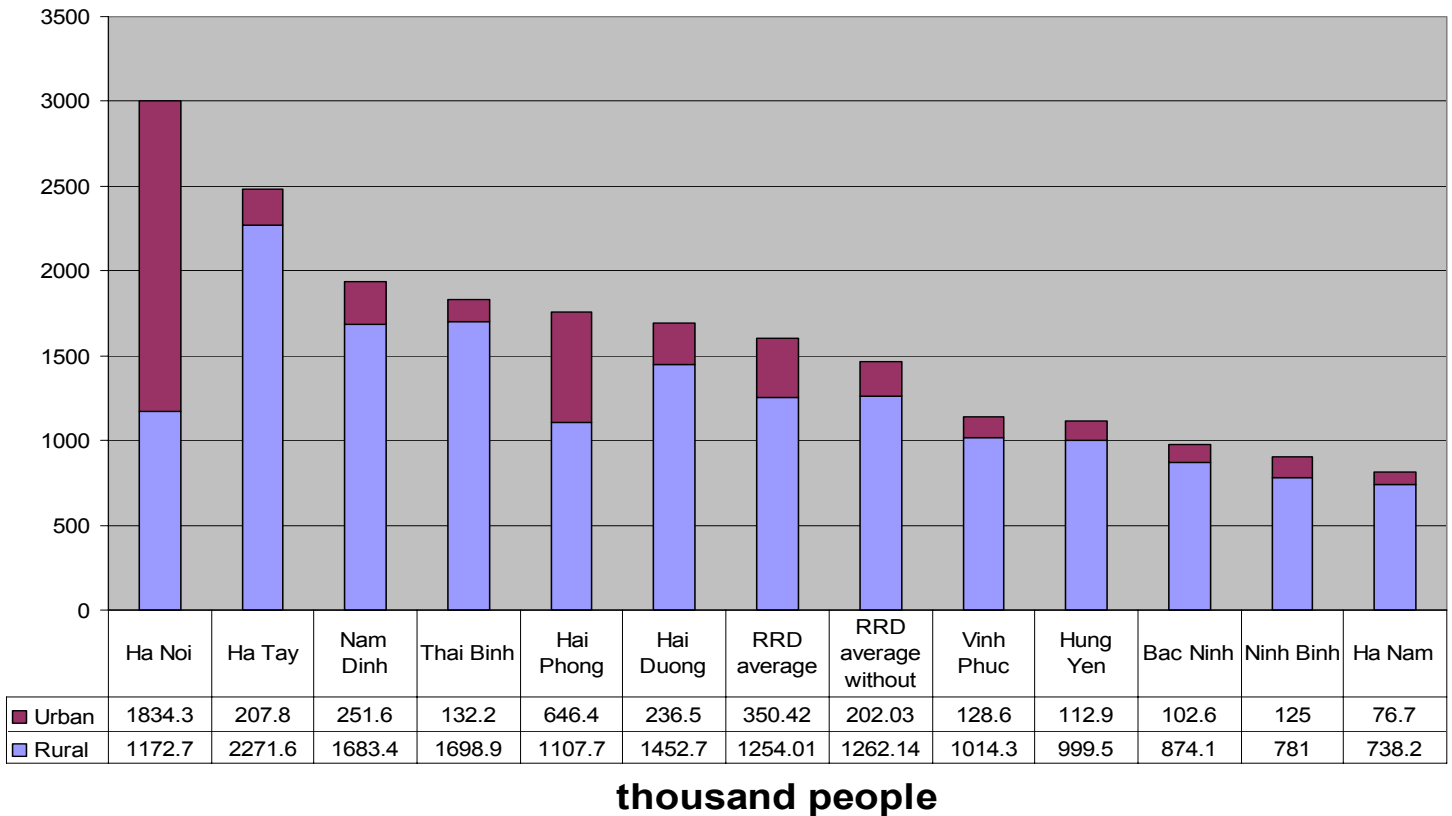
3.7.4. Airports

Noi Bai airport, lieing to the north of Hanoi, 40km from Hung Yen has access to all major domestic, Asian, American and European routes and transit routes through them. It is serviced by most of the major airlines in Asia and also international airlines.

Gia Lam airport lies in Gia Lam district of Ha Noi which borders Hung Yen, around 10km from the border of Hung Yen. Though not used for commercial routes a substantial amount of domestic and international cargo passes through the airport.

4. Hung Yen's Labour force

Figure 8: Rural/ Urban populations in the Red River Delta, 2003



Source: GSO 2005

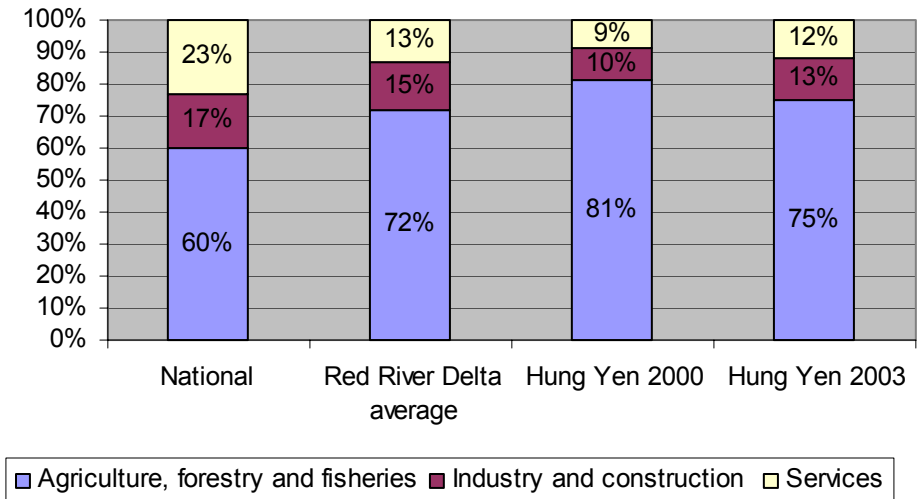
4.1. Employment by sector

Only 10% of Hung Yen's population is resident in urban areas, 90% in rural areas, one of the lowest levels of the Red River Delta, with only Bac Ninh, Ninh Binh and Ha Nam lower. The average for the region is 22% in urban areas and 14% if you remove Hanoi.

Unsurprisingly the majority of Hung Yen's labour force is employed in agriculture, forestry or fisheries, 75% in 2003. This is a decline from 81% in 2000. Industry and construction and Services employ an almost equal share of the workforce as the

table below illustrates. This is inline with the regional averages but well below the national averages.

Figure 9: Employment by sector, 2000 & 2003



Source: GSO 2005

As the table below shows, Hung Yen has a similar employment structure to many of its neighbouring provinces. If we compare Hung Yen to 2 other provinces with similar population sizes and GDP levels, Bac Ninh and Vinh Phuc, which also border Hanoi, Bac Ninh has one of the highest proportions of its labour force working in Industry and construction, 19%, The same as Hai Phong. Vinh Phuc however has the lowest at just over 9%. However if we look at the actual numbers of workers in Industry and construction and there productivity (GDP in each sector divided by the labour force in each sector), Vinh Phuc the highest GDP produced from Industry and construction and the highest productivity in this area. Vinh Phuc with just 59000 labourers in Industry and construction produces VND2909 billion, VND48 million per worker, suggesting that industry and construction is much less labour intensive and more efficient than Hung Yen.

Hung Yen productivity strength lies in agriculture, fisheries and forestry. Here Hung Yen's 432000 workers contribute VND2009billion to the provinces GDP, VND4.65 million per worker. Hung Yen's Industry and construction productivity figures are almost half of Vinh Phuc's. With more workers, 76000, industry and construction

contributes only VND1881 billion to GDP or VND25 million per worker. The service Industry across the 3 provinces contributes and employs similar levels and produces similar levels per worker.

Figure 10: Employment structure of Red River Delta provinces, 2003, by sector²³

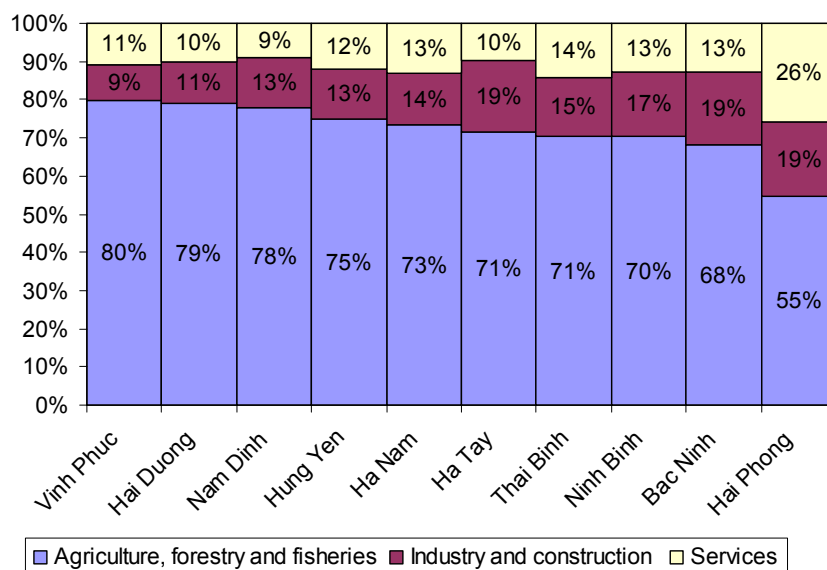


Table 28: Productivity in Vinh Phuc, Hung Yen and Bac Ninh

		Agriculture, forestry and fisheries	Industry and construction	Services	Total
Vinh Phuc	Labour Force	505,300	59,900	69,600	634,800
	GDP, VND billion	1661	2905	1836.4	6402.4
	GDP produced per employee	3,287,156	48,497,500	26,385,060	10,085,700
Hung Yen	Labour Force	431,700	75,700	67,900	575,300
	GDP, VND billion	2009.3	1886.1	1790	5685.4
	GDP produced per employee	4,654,390	24,915,460	26,362,300	9,882,496
Bac Ninh	Labour Force	376200	104700	70800	551700
	GDP, VND billion	1600.8	2355.4	1527.1	5483.3
	GDP produced per employee	4,255,183	22,496,660	21,569,210	9,938,916

Source: GSO and Authors calculations

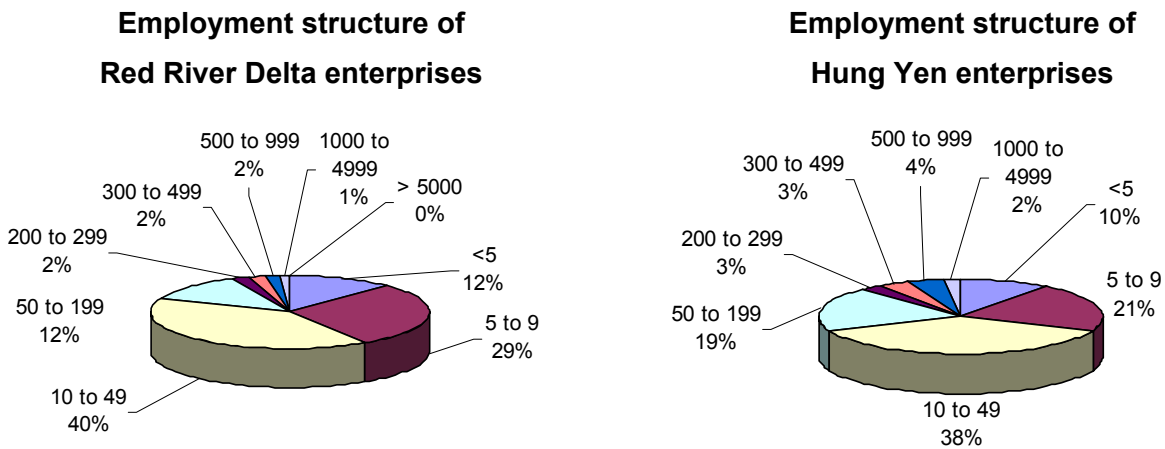
²³ Figures were not available for Ha Noi

4.2. Enterprise employment

Of the 431,700 people available for employment in Hung Yen in 2003, 44,302 were employed by operating registered enterprises. This represents over 10% of the workforce. The average for the region, not including Hanoi, is 7%²⁴. Vinh Phuc, which has more registered enterprises than Hung Yen has employment of only 30,614 in these enterprises, less than 5% of its workforce. Bach Ninh with over 300 more enterprises than Hung Yen, 718, employs less also 40,947, 7% of its workforce. Again these figures suggest enterprises that are more labour rather than capital intensive than other provinces in the region.

Enterprises in the manufacturing sector are by far the largest employer in Hung Yen, employing 35,000 people, almost 80% of the workforce. This figure is much higher than the region, 47% and national figures, 54%. Manufacturing has seen an increase in employment of 20,000 people over the 3 years 2001 to 2003. In 2001 manufacturing employment accounted for 70% of employment. Construction in 2003, employed 9.5%.

Figure 11: Number of employees in registered enterprises



Source: GSO 2005

²⁴ Total workforce figures for Hanoi were not available at this time. Total workforce for the Red River Delta, excluding Hanoi is 8,339,760. 611,813 workers are employed in registered companies.

However, when we look at the number of employees per company in Hung Yen we see only around 91% employ less than 300 employees. Regionally 95% of firms employ less than 300 employees and are considered SMEs.

Table 29: Monthly wages in registered enterprises, 2003

	Registered Enterprises			State sector			
	VND thousand per month			VND thousand per month			
	2001	2002	2003	2001	2002	2003	
National	1,103,000	1,249,000	1,422,000				
Ha Noi	1,179,000	1,316,000	1,505,000	Ha Duong	615,500	766,600	1,018,800
Red River Delta average	981,000	1,110,000	1,265,000	Bac Ninh	736,500	774,100	998,900
Hai Phong	929,000	1,074,000	1,196,000	Ha Noi	721,300	832,800	919,700
Vinh Phuc	801,000	974,000	1,082,000	Hai Phong	647,500	730,000	848,600
Ha Duong	717,000	840,000	1,053,000	Ha Nam	549,200	557,900	823,800
Ha Tay	706,000	848,000	1,044,000	Red River Delta average	615,427	677,036	820,645
Red River Delta average without Ha Noi	759,000	871,000	991,000	Ninh Binh	506,900	623,400	814,500
Bac Ninh	696,000	783,000	862,000	Red River Delta average without Ha Noi	604,840	661,460	810,740
Ha Nam	624,000	689,000	841,000	Hung Yen	618,500	648,300	804,600
Hung Yen	685,000	798,000	829,000	Thai Binh	646,100	688,800	737,800
Ninh Binh	652,000	713,000	823,000	Vinh Phuc	590,200	612,100	733,600
Nam Dinh	586,000	667,000	751,000	Ha Tay	619,800	673,600	702,300
Thai Binh	490,000	513,000	584,000	Nam Dinh	518,200	539,800	624,500

Source: GSO 2005

4.3. Wages

According to GSO data for wages in the state sector and registered enterprises, wages are below regional averages, as the table below illustrates. This is the case even when Hanoi is removed from calculations for the regional average. In registered enterprises it is unsurprising to find that Hanoi leads the region in wage levels, with wage levels almost 82% higher than in Hung Yen. While on the one hand

this may mean that workers may look towards Hanoi and other provinces with higher wages than Hung Yen, for employment, it also means Hung Yen has a substantial advantage over Hanoi and other provinces such as Vinh Phuc and Hai Duong, given that its labour force is cheaper.

State sector wages, though lower than regional averages, are generally inline with all provinces in the region. Interestingly, Hai Duong, Hung Yen's neighbour has the highest levels of state wages having risen by 65% since 2001.

A recent GTZ, CIEM, Vision Associates survey of firms across 7 provinces found that only 26% of the firms surveyed felt the quantity of labour in Hung Yen was insufficient, below the survey average. 11% felt that the quality was insufficient.

Table 30 :Availability of labour forces in the provinces

Provinces	Availability in quantity		Availability in quality	
	Sufficient	Insufficient	Sufficient	Insufficient
Total	73%	27%	92%	8%
An Giang	66%	34%	89%	11%
Hung Yen	74%	26%	89%	11%
Quang Nam	71%	29%	100%	0%
Dak Lak	68%	32%	100%	0%
Ha Tay	83%	17%	100%	0%
Ha Nam	89%	11%	82%	18%
Lào Cai	71%	29%	82%	18%

Source: Vision Associates

5. Hung Yen's Public Finances

5.1. Revenue

5.1.1. Central Transfers to the province

Ministry of Finance Revenue estimates for 2004 were expected to reach VND1,239,374 in 2004, a 20% increase since 2002. Hung Yen is still highly reliant upon central transfers for revenues. In 2004 this was expected to account for 59% one of the highest levels in the region.

Table 31: Red River Delta revenue sources, 2004

	100% local Taxes	Shared taxes	Transfer from Centre
	%	%	%
Nam Dinh	17%	14%	69%
Ha Nam	10%	28%	62%
Hung Yen	16%	26%	59%
Ha Tay	13%	40%	47%
Red River Delta Average	17%	45%	38%
Hai Duong	15%	50%	34%
National Average	23%	44%	33%
Bac Ninh	19%	51%	30%
Ha Noi	25%	75%	0
Hai Phong	22%	78%	0

Source: Ministry of Finance 2004

5.1.2. Revenue base

Domestic revenue is was set to increase by 50% in 2004 and will account for only 22% of all revenues. Revenue from foreign and non-state enterprises is set to increase 27% and 109% respectively and will continue to account for 42% of domestic revenue. Revenue from State owned enterprises will account for 12% of

domestic revenues in 2004. In line with revisions in the land law and a general increase in revenues across provincial budgets from land related income, Hung Yen will see 28% of budget revenue coming from land rent, sales and taxes, an increase from 23% in 2002. Some care should be taken here as much of this revenue may have a one of benefit and may also place an added burden on poor land owners.

Table 32 : Budget Revenue for Hung Yen 2002 and 2004, VND million

	2002	2004
Total Revenue (I + II)	1,003,064	1,239,374
I Total Provincial Budget Revenue (A+B+C)	364,098	542,000
A Domestic Revenue	182,136	272,000
Revenue from State owned enterprises	18,373	33,000
Revenue from foreign invested enterprises	59,186	75,000
Revenue from non-state sector	18,161	38,000
Revenue from Fees	12,121	17,500
Revenue from land (taxes, rent and sale)	42,534	78,200
Other Revenue	31,761	30,300
B Revenue from customs	133,114	270,000
C Other domestic revenue	48,848	-
II Local Budget Revenue	638,966	697,374
Revenue via Central Government transfer	408,960	425,374
Other Revenue	230,006	272,000

Source: MOF 2005, 2002 has been finalised, 2004 approved estimates

5.1.3. Taxation of enterprises

GSO data indicates that Hung Yen's 401 enterprises paid VND521 billion in taxes and fees in 2003, well above the regional average excluding Hanoi, as the table below illustrates. The VND1.3 billion per enterprise is also very close to the national average of VND1.5 billion. This represents a substantial increase in taxes and fees from registered enterprises. In 2001 Hung Yen collected only VND61 billion from enterprises, by 2003 this had increased 8.5 times. In 2001 taxes and fees paid per enterprises were only VND0.22 billion per enterprise.

Table 33 : Taxes and fees paid by enterprises, 2003

	Total Tax and fees paid by enterprises VND billion	Average per enterprise VND billion
National provincial average²⁵	1721.87	1.53
Red River Delta average²⁶	28,468.2	1.46
Red River Delta average without Ha Noi	6,336.7	0.83
Hung Yen²⁷	521.0	1.30

Source: GSO 2005

GSO figures illustrate an increasing reliance upon the manufacturing sector for taxes and fees from the manufacturing sector. By 2003 the manufacturing sector provided almost 95% of taxes and fees paid by registered enterprises, and also paid a substantially higher amount, VND3.16 billion per company compared to below VND0.4 billion for all other enterprises. In 2003 the 155 enterprises paid VND490.3 billion in taxes and fees compared to the VND45.4 billion in 2001 paid by the 98

²⁵ GSO figures show VND110,199.4 billion in taxes and fees paid by 72012 enterprises nationally in 2003.

²⁶ GSO figures show VND5,297.1 billion in taxes and fees being paid by 11032 enterprises across the Red River Delta region in 2003.

²⁷ GSO figures show VND 549.6 billion in taxes and fees being paid by 1004 enterprises across the An Giang in 2003.

manufacturing companies in operation. This is an increase of over 12 times while the number of enterprises has risen by just 50%.

Across the region manufacturing accounted for only 30% of taxes and fees, behind the wholesale and retail trade; repair of motor vehicles which provided 39% in 2003. This is a substantial increase from VND4424 billion in taxes and fees paid in 2001 by the manufacturing sector to VND8818 billion in 2003.

Table 34: Taxes and Fees paid by enterprises, 2003

Sector	Number of enterprises	% of all enterprises	Taxes and fees paid	% of all taxes and fees paid	Taxes and fees per enterprises
Manufacturing	155	38.65%	490.3	94.11%	3.16
Agriculture, Hunting and Forestry	17	4.24%	6.3	1.21%	0.37
Construction	62	15.46%	13.4	2.57%	0.22
Wholesale and retail trade; repair of motor vehicles	93	23.19%	9.2	1.77%	0.10
Hotel and restaurant	5	1.25%	0.3	0.06%	0.06
Transport, storage and communications	10	2.49%	0.3	0.06%	0.03
Real estate, renting and business activities	6	1.50%	0.2	0.04%	0.03
Financial Intermediation	48	11.97%	1	0.19%	0.02
Fishing	1	0.25%	0	0.00%	0.00
Education activities	4	1.00%	0	0.00%	0.00

Source: GSO 2005

5.2. Expenditure

Total budget expenditure for Hung Yen in 2004 is set to be only 13% higher than that of 2002. The majority of expenditure will remain in socio-economic development, Interestingly development expenditure is estimated to fall, while social services and public administration costs are set to rise.

Table 35: Budget expenditure for Hung Yen 2002 and 2004

	2002	2004
<i>Total Local Budget expenditure</i>	612,222	690,172
Development investment	164,691	158,392
Socio-economic development	415,473	497,365
Social services	196,015	272,520
General Public Administration	69,154	96,975
Other expenditure	150,304	127,870
National Targeted programmes	20,458	34,415
Other	11,600	-

Source: MOF 2005, 2002 has been finalised, 2004 are approved estimates

6. Business Environment

A number of surveys have been carried out recently to examine both the experience of firms in the business registration process (GTZ, CIEM and Vision Associates, 2005) and also in an attempt to index provinces according to the business environment in each province (VNCI, 2005).

6.1. Business Environment

In the recent Provincial Competitiveness Index (PCI) developed by the Vietnam Competitiveness Initiative (VNCI financed by USAid), Hung Yen was given a PCI index of 60.03, placing it in the mid-high range. The highest overall rating was 76.82 in Binh Duong and the lowest 38.81 in Ha Tay. As we can see from the table below illustrating the results from the Red River Delta, Hung Yen had on eof the highest competitiveness ratings of the region. Hung Yen lay behind Vinh phuc the leading province in the region, and just behind Thai Binh and Ha Noi.

The PCI study and ranking looked at several categorisations for doing business and dealing with provincial bureaucracy, from entry costs to starting a business through to provincial private sector development policies and initiatives. Each sub-indices had a further set of sub indices to build a complete picture of doing business in a province.

Hung Yen scored highest in entry costs and informal charges as the table illustrates, indeed the highest of the Red River Delta. Hung Yen also scored highly in access to land again the highest across the region. However, Hung Yen scored very low in its private sector development policies with firms complaining that there was little market information, especially for trade, the provincial government did little consultation with business. Firms also complained that labour capacity training was very low in Hung Yen.

Table 36: Provincial Competitiveness Index 2005

Provincial Competitiveness Sub-Indices											
<i>Province</i>	<i>Entry Costs</i>	<i>Access to Land</i>	<i>Transparency</i>	<i>Time/ Inspections</i>	<i>Informal Charges</i>	<i>Implementation</i>	<i>SOE Bias</i>	<i>Proactivity</i>	<i>Private Sector Dev. Policies</i>	<i>Weighted PCI (Max =100)</i>	<i>PCI rank</i>
Vinh Phuc	7.46	5.71	5.37	6.50	7.17	6.62	5.87	8.12	5.18	65.09	5
Thai Binh	5.39	5.90	5.13	7.77	5.57	7.53	7.38	6.78	5.45	61.39	9
Ha Noi	7.28	6.05	4.12	6.78	3.97	4.32	5.72	6.23	7.73	60.32	15
Hung Yen	7.73	6.57	5.34	6.28	7.96	5.40	5.37	6.01	3.08	60.03	16
Hai Phong	7.02	5.68	5.69	6.42	6.01	4.69	5.98	5.32	5.29	59.40	20
Bac Ninh	6.19	6.21	5.37	8.35	5.29	6.62	4.68	7.53	2.39	58.06	24
Red River Delta Average	6.85	6.02	5.17	7.02	6.00	5.86	5.83	6.66	4.85	60.72	
Ha Nam	7.37	4.40	2.90	5.17	7.18	6.21	6.04	5.40	4.40	53.36	31
Nam Dinh	5.82	4.23	4.19	7.41	7.08	2.77	5.85	1.60	2.56	45.97	38
Hai Duong	4.50	5.26	4.18	6.18	6.43	6.62	5.39	3.39	2.93	45.79	39
Ninh Binh	4.99	5.08	2.97	8.25	5.78	6.05	4.92	2.15	1.05	41.21	41
Ha Tay	4.27	3.67	3.75	6.10	6.87	4.84	4.27	1.20	3.27	38.81	43

Source: VNCI 2005

In the recent GTZ, CIEM and Vision Associates survey of Hung Yen and 6 other provinces, which examined the time taken at the different business administration processes, Hung Yen overall was inline with the surveys average findings, with 67% of firms claiming all procedures were finalised within the statutory timeframe, compared to 69% for the survey as a whole. Only in actual registration of a business was Hung Yen significantly below the average, with only 59% of firms completing these procedures within 15days.

Table 37: Findings on length of registration related procedures

Procedures	Average	Dak Lak	Quang Nam	An Giang	Hung Yen	Ha Tay	Ha Nam	Lao Cai	
1. Business registration certification	less than 15 days	66%	52%	93%	74%	59%	38%	53%	83%
2. Having the official business seal	less than 7 days	67%	62%	89%	58%	81%	100%	50%	56%
3. Tax registration	less than 7 days	77%	85%	95%	76%	71%	100%	56%	73%
4. Official receipt purchase	less than 3 days	54%	50%	69%	57%	71%	80%	35%	25%
5. Customs registration	less than 3 days	36%	67%	0%	33%	50%	0%	0%	0%
6. Completion of all these procedures	less than 30 days	69%	54%	97%	63%	67%	90%	31%	60%

Source: Vision Associates 2005

6.2. Access to land

The findings of the PCI on access to land appear to be backed up by the findings of our second survey from GTZ, CIEM and Vision Associates. Hung Yen had one of the lowest time scales in accessing land, both in and outside of Industrial parks. Access took just 53 days for Industrial parks and 50 days for land outside parks

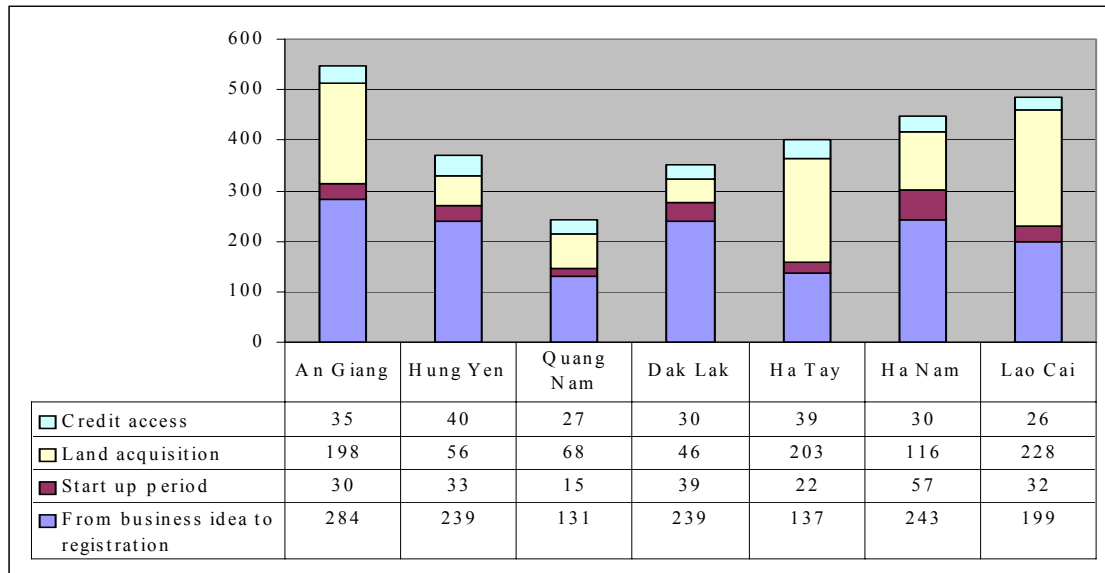
Table 38 : Time scale in accessing land

Provinces	Total	In industrial zones/parks	Outside industrial zones/parks
	Average length (days)	Average length (days)	Average length (days)
Total	168	111	187
Ha Tay	90	NA	135
Quang Nam	86	120	75
An Giang	198	NA	518
Ha Nam	92	83	105
Hung Yen	51	53	50
Dak Lak	33	NA	33
Lao Cai	213	203	220

Source: Vision Associates 2005

To get through all procedures, from idea to registration, start-up, land acquisition and credit access took 368 days compared to 547days in An Giang.

Figure 12: Total length for all business procedures



Source: Vision Associates 2005

6.3. Investment promotion

6.3.1. Industrial parks

We detailed above Hung Yen’s developments in Industrial parks and its success along Highway 5. Hung Yen has a number of Industrial parka in operation or in development including Pho Noi A&B, Nhu Quynh A&B, Minh Duc and Hung Yen town as well as a number of trade villages.

Most of Hung Yen’s Industrial parks offer similar fiscal investment incentives, which are again very similar to the incentives across the region. Incentives in Hung Yen include²⁸:-

For FDI

²⁸ www.hungyen.gov.vn

- Exempt land lease fee during the construction period and subsequent seven years dating from the time the project putting into operation (*apply to projects renting land areas*);
- Annual enterprise income tariff tax is levied at from 10% to 25% of profits;
- Exempt enterprise income tax for two years dating from the time having incomes subject to taxation and reduce 50% from two to five following years;
- Exempt import tax for facilities and machines standing as fixed properties.

For Domestic investment

- Enterprise income tariff tax; preferences in the duration of enterprise income tax exemption and reduction;
- Exempt land lease fee from three to six years from the date signing the land lease contract;
- Exempt import tax for facilities and machines standing as fixed properties;
- The National Export Support Fund will consider to lend credit loans and provide credit guarantees for export goods trade and production investors;
- Exempt individual income tax for shareholders of the project;
- Is supported by national authorities pursuant to the Investment and Development Law.

6.4. Calls for further investment

The Hung Yen government has publicised a list of 8 projects for international or domestic investment. In total they call for US\$30 million in investment. The projects listed appear mainly aimed at the processing of local agricultural produce and the development of new produce.

Table 39: Investment projects being called for in Hung Yen, 2005

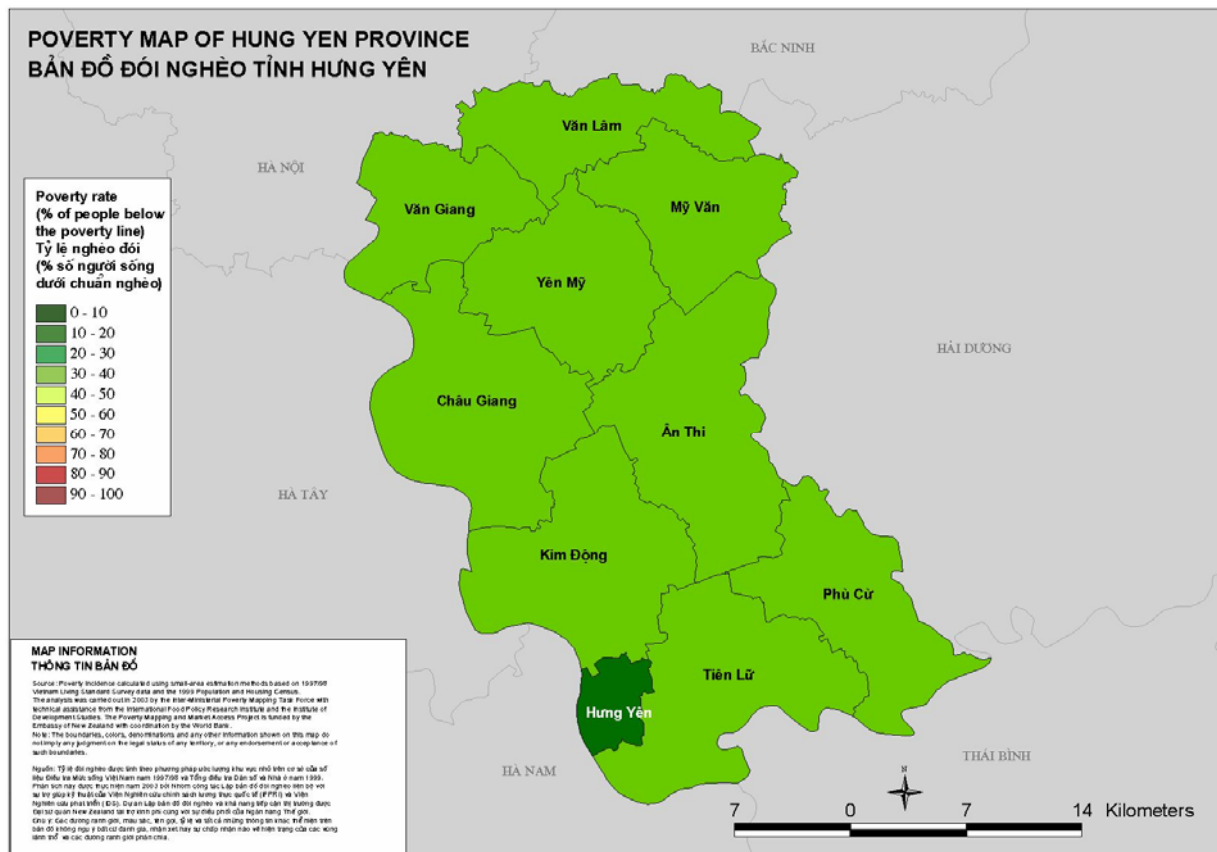
Project Focus	Amount needed
Fruit juice processing for export <i>Project objectives:</i> Processing apple, logan, banana, tomatoes, pineapple, litchi and orange into fruit juices, organising the tree growing for farmers and purchasing fruits for processing.	US\$ 6 million

Mushroom growing and processing for export <i>Project objective:</i> Investing in high quality variety, instructing techniques for farmers, and buying and processing mushroom for export.	US\$ 4.5 million
Fruit drying for export Project <i>Project objective:</i> Drying Logan, banana, apple, litchi and other fruits, organising the fruit tree growing for farmers and purchasing high economic value fruits for processing for export.	US\$ 4 million
Potato processing for export Project <i>Project objectives:</i> Processing potatoes into starch, ground powder, slice drying and frying for export; investing to develop and enlarge the material areas to meet the requirements for export.	US\$ 4 million
Food processing Project <i>Project objectives:</i> Processing pork, beef and chicken into frozen products, pate and sausages for export and domestic consumption replacing export products.	US\$ 4 million
Spices and food flavouring processing <i>Project objectives:</i> growing and processing spices and flavour of onion, garlic, chili, ginger and food essential oils such as basil, cinnamon and lemon grass	US\$ 3.5 million
Organic vegetable production Project <i>Project objectives:</i> producing different types of organic vegetables meeting the demands of urban centres, industrial and export zones.	US\$ 3.5 million.

Flowers growing for export <i>Project objectives:</i> organising high-quality flower growing for farmers and buying for export.	US \$ 3 million
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Source: <http://www.hungyen.gov.vn/index.asp?newsID=1262&language=english>

7. Poverty in Hung Yen province



Source: IFPRI, ICARD, IDS 2003²⁹

Hung Yen has one of the lowest levels of poverty in the region at 37% or as total of less than 400,000 people under the poverty line, from a population of just over a million. Other provinces have much higher levels of poverty, both as a percentage of the population and in absolute terms. Has Noi for instance only has a poverty rate of 16%, but this amounts to 430,000 people.

Table 40: Poverty incidence in the Red River Delta, 2003

²⁹ The map predates the establishment of Hau Giang province which is included as part of Can Tho.

Province Name	Population	Total population under poverty	Incidence of poverty (P0)	Incidence of rural poverty	Incidence of urban poverty	Percent urban
Ha Tay	2378438	920541	38.70%	40.86%	13.02%	8%
Nam Dinh	1890240	657072	34.76%	38.07%	11.21%	12%
Thai Binh	1786382	610209	34.16%	35.70%	8.47%	6%
Hai Duong	1650624	538399	32.62%	35.90%	11.89%	14%
Vinh Phuc	1092040	490928	44.96%	47.85%	20.06%	10%
Hai Phong	1672425	487774	29.17%	40.07%	8.03%	34%
Ha Noi	2675166	429926	16.07%	31.16%	4.67%	57%
Hung Yen	1069158	395440	36.99%	39.06%	16.88%	9%
Bac Ninh	942106	357545	37.95%	39.99%	18.02%	9%
Ninh Binh	884155	337200	38.14%	42.24%	9.99%	13%
Ha Nam	793103	303208	38.23%	39.80%	13.56%	6%

Source: IFPRI, ICARD, IDS 2003

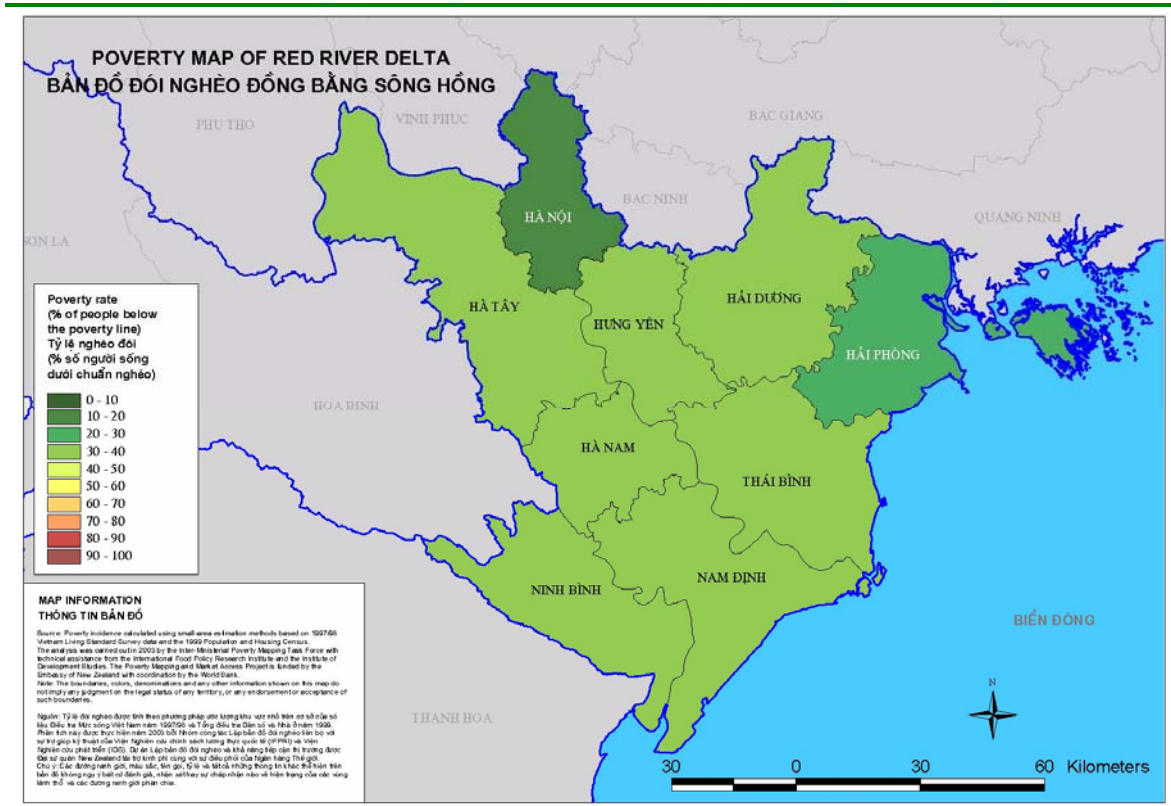
Within Hung Yen province, Kim Dong in the south of the province has the highest percentage of its population under the poverty line, 39.4%. Chau Giang has the largest amount of people under the poverty line, 66,457 of a population of 178,004, though it does have the largest population of the province. Northern provinces, who often lie along highway 5, and Hung Yen town the capital have lower percentages and absolute numbers under poverty than those in the south of the province.

Table 41: Poverty incidence in Hung Yen province districts

District Name	Population	Incidence of poverty (P0)	Total population under poverty	Incidence of rural poverty	Incidence of urban poverty	Percent urban
Chau Giang	178004	37.33%	66457	38.11%	17.49%	4%
Tien Lu	128890	39.37%	50738	40.17%	15.20%	3%
Kim Dong	125653	39.40%	49506	39.40%	-	0%
An Thi	124678	39.10%	48749	40.72%	14.54%	6%
Yen My	121931	39.17%	47761	41.37%	19.65%	10%
Phu Cu	84757	38.75%	32843	38.75%	-	0%
Van Lam	92467	34.71%	32098	37.44%	16.62%	13%

Hung Yen Province, Red River Delta, Vietnam

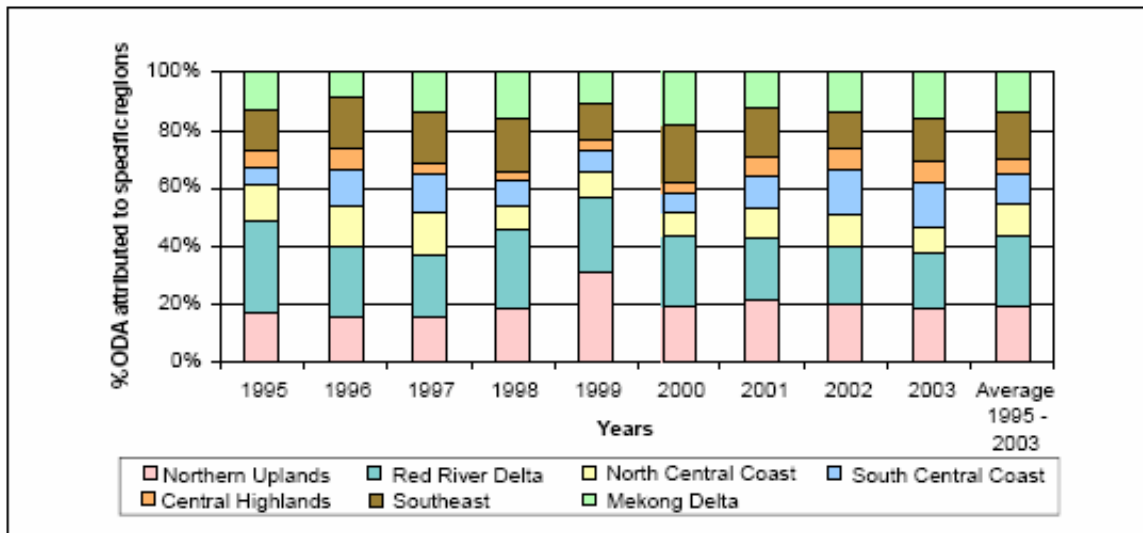
Van Giang	91162	35.01%	31916	36.17%	23.71%	9%
My Hao	81343	35.69%	29031	38.02%	14.86%	10%
Hung Yen	40273	15.60%	6284	-	15.60%	100%



8. ODA in Hung Yen province

Though the Red River Delta region as a whole receives the highest proportion of ODA in Viet Nam, a large percentage of this goes to or via Ha Noi. In fact if Ha Noi's excluded from regional calculations the Red river Delta receives the second lowest amount of ODA per capita in Viet Nam, just US\$8.46 per person compared to US\$24 for Ha Noi alone.

Figure 13: Regional Shares of ODA (%) in 1995 - 2003³⁰



Source: UNDP Viet Nam DCAS

Our analysis found very few ODA projects operating in Hung Yen. The most notable and possibly the one that has the greatest impact is the development of highway 5, financed by a JBIC loan. In the last 5 years most ODA projects in Hung Yen have focused on health or education issues.

The two largest projects currently in operation are two **World Vision projects** which have long term interest in Phu Cu and Kim Dong districts in Hung Yen. The projects aim to promote agricultural production, enhance the quality of education and decrease the percentage of malnourished children and the presence of common

³⁰ UNDP, 2005, Vietnam Development Cooperation Report 2004

diseases in these districts. Both projects have budgets around US\$1 million and a time scale of 7 to 11 years.

The provincial government of Hung Yen has also called for a range of capital investment projects it would like to carry out with the assistance of overseas development aid. These include a number of waste treatment projects, vocational training and vegetable and trade development.

Table 42: ODA investment projects

<p>1. My Hao – Van Lam industry and domestic waste treatment factory construction Project</p> <p>Construction of the solid waste collection and treatment zones for residential regions in My Hao and Van Lam districts, waste collection and treatment for industrial zones along the National Route no.5 in Hung Yen.</p>	<p>US\$ 6 million</p>
<p>2. Technical Labourer Training School Construction Project</p> <p>Construct industrial technical labourer training school.</p>	<p>US\$ 5.5 million</p>
<p>3. Pho Noi Industry and Household Clean Water Supply Project</p> <p>Construct the clean water supply factory for industrial and domestic consumption purposes in Pho Noi urban centres and industrial zones.</p>	<p>US\$ 5 million</p>
<p>4. Wastewater and waste treatment and trade village environment protection Project</p> <p>Overall study and construction of wastewater treatment system for trade villages.</p>	<p>US\$ 4 million</p>
<p>5. Industrial zones wastewater treatment system construction Project</p> <p>Construct wastewater treatment factory for industrial zones in Van Lam and My Hao.</p>	<p>US\$ 6 million</p>
<p>6. Seedlings production centre upgrade investment Project</p> <p>Equipment investments, and experiments and research to grow widely rice variety, fruit trees, vegetables and crops in Hung Yen seedlings centre for agricultural production in the province.</p>	<p>US\$ 5 million</p>
<p>7. Hung Yen town solid waste treatment factory construction Project</p> <p>Construction of solid waste collection and treatment zones for</p>	<p>US\$6 million</p>

residential regions in Hung Yen town and surrounding districts, and waste treatment for industrial projects in Hung Yen town.

8. High quality and safe vegetable growing Project

US\$ 5 million

Set up production of safe vegetables with an area of 1,300 ha, with a yield of 3500 tonnes/year meeting the demands of big urban centres, industrial zones and export.

9. Rural transport road system upgrade and improvement Project

US\$ 5.5 million

Upgrade and improve communal roads to meet the demands of production and livelihoods of local people.

Source: <http://www.hungyen.gov.vn/index.asp?newsID=1261&language=english>

9. District review

As we have seen above northern districts in Hung Yen tend to be better off than their southern neighbours, containing the majority of the Industrial parks, situated along highway 5 and having lower levels and numbers of poor. urban populations are also higher in these northern provinces. the provincial government is developing new ways to ensure investment trickles down to other provinces, especially along highway 39 which joins Hung Yen to highway 5, the majority of investment will be in the north and along highway 5 for the foreseeable future.

Table 43: Poverty incidence in Hung Yen province districts

District Name	Population	Incidence of poverty (P0)	Total population under poverty	Incidence of rural poverty	Incidence of urban poverty	Percent urban
Hung Yen	40273	15.60%	6284	-	15.60%	100%
My Hao	81343	35.69%	29031	38.02%	14.86%	10%
Chau Giang	178004	37.33%	66457	38.11%	17.49%	4%
An Thi	124678	39.10%	48749	40.72%	14.54%	6%
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Yen My	121931	39.17%	47761	41.37%	19.65%	10%
Van Giang	91162	35.01%	31916	36.17%	23.71%	9%

Sources: Vietnam Population and Housing Census 1999, Vietnam Living Standards Survey 1997/98, Poverty Mapping project estimates

Khoai Chau, also known as Chau Giang receives the largest budget expenditure of the province, as the table below shows. The district does have the largest population of the province, with 16% of the provinces population and receives 13% of budget expenditure. Overall budget expenditures follow population trends for the province, though there is a southern district leaning, with these provinces receiving greater budget expenditure shares.

Table 44: Hung Yen Districts Budget Expenditure and Revenue, 2004

<i>DISTRICTS</i>	<i>TOTAL BUDGET REVENUE OF DISTRICTS</i>	<i>ADDITIONS FROM PROVINCIAL BUDGET TO DISTRICT BUDGET</i>	<i>TOTAL BUDGET EXPENDITURE OF DISTRICTS</i>
KHOÁI CHÂU	10,148	35,065	36,859
ÂN THI	5,118	29,758	30,619
YÊN MỸ	14,179	25,148	28,085
KIM ĐỘNG	5,904	27,143	27,850
HƯNG YÊN	40,679	12,875	27,070
TIÊN LŨ	8,488	24,744	26,013
VĂN LÂM	20,025	18,863	22,468
VĂN GIANG	7,449	21,344	22,248
PHÙ CỪ	4,535	21,089	21,893
MỸ HÀO	15,930	17,998	20,859

Source: MOF 2005

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11. Annex

Details of some foreign investment projects in Hung Yen as of 2004

Name and area of operation	Number of employees	Implemented capital 2004
1. LG electronic VN Company Ltd. Manufacture assemble TV, electronics parts	299	US\$12,000,000
2. GMN cars and motors spare parts manufacturing Joint venture Manufacturing car's spare parts, motors, assemble IKD motor	1,044	US\$39,000,000
3. Cargill Branch Company Ltd. Produce and process cattle food	200	US\$ 2,500,000
4. Long An Mineral water Branch Company Manufacture bottled Mineral water	65	US\$ 1,200,000
5. Tae Yang Vietnam Company Ltd. Manufacture spoons, forks, stainless steel knives for export	995	US\$ 6,676,000
6. Contracted trading cooperation Company T&T and Chonqin Jilong Mec., Manuf., Co ltd Chinese Manufacture motors frame and spare parts	450	US\$ 5,000,000
7. Global Sourcenet Company Ltd. Manufacture garment products for export	2,300	US\$ 5,000,000
8. Vifon Ace Cook technology Company Manufacture foodstuff	n/a	n/a
9. Hung Yen Mechanical Company Ltd. Manufacture motor's frame and CKD motor frame, motors' spare parts ;	100	US\$ 600,000
10. Kum Ho portery and chinese products Company	410	US\$ 1,000,000
11. KYUNG VIET garment Joint venture Company Manufacture textile garment for export	800	US\$ 1,200,000
12. Lifan - Vietnam motors manufacture Joint venture Manufacture & assemble motors spare parts	155	US\$ 4,667,000
13. Hung Yen Engine Company Ltd. Manufacture spare parts motors		US\$ 2,695,000
14. Hung Yen knitting factory contracted trading cooperation Manufacture & process textile, wool, silk for export	550	US\$ 1,900,000
15. Lifan - Trong Sheng motors spare parts manufacture Joint venture Manufacture all sorts of gear box and other motors spare parts	200	US\$ 3,300,000
16. Vietnam - Australia crane and equipments Joint venture Manufacture, install all sorts of crane and metal framed products.	50	US\$ 1,600,000
17. Lifan - Xing Yong motors manufacture Joint venture Manufacture plastic sets and motor's lighting block	70	US\$ 3,000,000

18. Beeahn Hung Yen II Joint venture Manufacture garment products for export	500	US\$ 504,000
19. Uginox Vietnam Joint venture Company Ltd. Manufacture & process stainless steel products	20	US\$ 2,000,000
20. Lifan - Zhuoli motors manufacture and development joint venture Manufacture all sorts of nuts, bolts and rings	40	US\$ 900,000
21. Lifan-Zhicheng motors manufacture and development joint venture company Manufacture all sorts of rings and buffers	50	US\$ 120,000
22. Lifa - JiLi motors manufacture and development joint venture Manufacture all sorts of electricity generators and ignition sets	42	US\$ 400,000
23. Alphanam - Lucklux industry joint venture company Manufacture manufacturing machine-tools and accurate mechanical products	50	US\$ 500,000
24. Duc Viet joint venture company ltd. Manufacture clean agri-products, cattle fresh, and foodstuff	100	US\$ 500,000
25. Rangata Company Ltd. Manufacture aroma products for export	80	n/a
26. Garment export factory - BEEAHN Vietnam company Operation objectives: Manufacture garment products, export hiring	450	US\$ 1,500,000
27. Anh Quang International CR Company Ltd. Manufacture television, fridge and computer cases, compact light.	86	US\$ 350,000
28. KKT textile Company Ltd. Manufacture all sorts of stockings	120	US\$ 200,000
29. Ngoc Te Company Ltd. Manufacture shoes for export	1,800	US\$ 2,000,000
30. Lifan - Chingong motors spart parts manufacture joint venture company Manufacture all sorts of motor axles		US\$ 400,000
31. Hung Yen Fiber Mirae Branch Company Manufacture blankets, linen sheets, pillow, mattress, and materials for garment industry	100	US\$ 800,000
32. Company Ltd. SNS Viet Nam Process and manufacture all kinds of feather	10	US\$ 40,000
33. Vietnam AUTO PART Manufacture motor spare parts		n/a
34. VIC construction joint venture branch company Manufacture interior wooden facilities	120	US\$ 100,000
35. PRACTMAX Vietnam Company Ltd. Manufacture all kind of trade make	10	n/a
36. Cap I Corp Company Manufacture hats and embroideries for export	300	US\$ 405,000
37. Vina Pioneer industry company Ltd. Manufacture all sorts of plastic covers	147	n/a

38. Kevin copper wire Company Ltd.		
Manufacture & process all kinds of enamel copper wires	147	US\$ 696,000
39. Xuan Thien air conditioning electric manufacture Company Ltd.		
Manufacture & assemble air conditioners	50	n/a
40. Sum Pung stainless steel Company Ltd.		
Manufacture & process all kinds of stainless steel products	78	n/a
41. Thuan Thanh Mechanical Company		
Manufacture hem sets and cam-shaft of motor engine.	40	n/a

Source: <http://www.hungyen.gov.vn/index.asp?newsID=1198&language=english>