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INDUSTRY NEWS UPDATE

Ho Chi Minh City FDI up five times at \$8.65 billion in 2008

Despite the economic crisis and global recession, foreign direct investment in Ho Chi Minh City last year was worth US\$8.65 billion, five times the 2007 figure, according to the Department of Planning and Investment.

Its director, Thai Van Re, said importantly, the investments flowed into areas like trading, services, science and technology, education, and health, sectors the city has been focusing on.

Some of the major projects are the US\$3.5-billion Vietnam International University Township by Malaysia's Berjaya Leisure, \$1.2-billion Teco software park in Thu Thiem, a joint venture between Saigon Telecommunication and Technologies Corp (SaigonTel) and Singapore's TA Associates International, and a \$400-million healthcare park in Tan Binh District by Hoa Lam Service Co. and Singapore's Shangri-La Healthcare Investment.

The foreign investments are helping raise living standards in the city by developing infrastructure.

Exports by FDI companies rose from 10.3 per cent of the city's total exports in 1995 to over 27 per cent last year.

Some economists predict that the global recession will result in falling foreign investment this year but the city is making efforts to sustain FDI flows. It is offering a slew of incentives to investors in services and trying to smooth licensing procedures.

To date, the city has disbursed nearly US\$10 billion for FDI projects. Mr. Re predicted that FDI would not shrink in 2009 because Thanh Da peninsula project attracts more than US\$5 billion while 70 overseas investors have registered to tender 164 Dong Khoi project which is expected to attract over US\$2 billion. The city will also spend FDI capital on fixing traffic infrastructure.

(Source: SGGP - SGGP - Ho Chi Minh City, Vietnam, Dated 1st January 2009)



Mr. Thai Van Re predicted that FDI would not shrink in 2009 because two projects, Thanh Da peninsula and 164 Dong Khoi, attract many overseas investors