

Vietnam optimistic about 2009 foreign investment

Compiled by Thuy Hang

Despite the global financial turmoil, Vietnam has entered the new year with high hopes for foreign direct investment (FDI) into the country, especially in real estate projects.

The country has set a target of luring US\$20 billion in FDI this year, nearly one-third of 2008's figure.

Foreign investors still appreciate Vietnam's investment environment and its mid- and long-term prospects, Ministry of Planning and Investment's Foreign Investment Department Head Phan Huu Thang said.

Southern Ba Ria-Vung Tau Province will license a number of foreign-invested projects totaling around US\$5 billion this month, according to the provincial Department of Planning and Investment.

Oil- and gas-rich Ba Ria-Vung Tau is one of the leading destinations for FDI in Vietnam. The director of the provincial Department of Planning and Investment Department, Le Kim Huong, said a \$4.1 billion tourism and entertainment project called Winvest will soon be licensed, making it the second such project in the province.

A year ago, the \$3.2 billion Ho Tram (Tram Lake) tourism project was granted a license. Among the new eight FDI projects expected to be licensed this year, two will be urban area projects. One of them is the \$200 million Vietstar mixed-use complex covering 154,500 square meters in Vung Tau City.

Neighboring Ho Chi Minh City and Dong Nai, Binh Duong provinces have not yet licensed any projects so far this year.

But an official of Dong Nai Province's Department of Planning and Investment said several big projects, mainly property projects, worth billions of dollars were likely to be licensed in February. Huong said projects now awaiting licenses could be implemented quickly. Phan Huu Thang, general director of the Ministry of Planning and Investment's Foreign Investment Agency (FIA), said Vietnam's FDI prospects this year were not so bad.

"The most important thing is how to boost effective disbursement of the projects," he said. The department set a target of \$11 billion to \$12 billion in FDI disbursement this year, the same as in 2008.

Granting a license is just one of the eight steps required to implement a project, according to Ba Ria-Vung Tau planning department's Huong. The most difficult thing is obtaining land for the projects, she said.

Huong said clearing 6,800 hectares of land for 41 projects would be quite a tough task. Investor Terence Park, managing director of A-Jung Engineering & Construction Co. Ltd, which is implementing a new urban area project in Vung Tau City, said: "Vietnam's property market will face difficulties in the next two years, and things will get better in 2011 thanks to increasing demand for housing." Malaysia's Setia Company, an investor in southern Binh Duong Province, is implementing the \$600 million Eco Lake urban area. "We have just made a little change in the design of the houses but the project is still underway as planned," a Setia representative said.

Ho Chi Minh City Department of Planning and Investment Deputy Director Lu Thanh Phong said it was business as usual for investors of most big projects.

"Berjaya, the Malaysian investor of an international financial center worth over \$900 billion in HCMC has sent a letter to municipal authorities asking for work to begin on site clearance and compensation so they can implement the project," he said.

In 2007 and 2008, Vietnam attracted FDI pledges of \$85 billion, a 20-fold on the total amount of total FDI for the 19 previous years.

[>>> Read more](#)