

ASEAN BUSINESS

Vietnam woos Singapore investors to Da Nang

The city, aiming to be an economic powerhouse, will focus on developing tourism, high-tech, marine industries

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Singapore
VIETNAM is wooing Singapore investors to play a bigger role in the transformation of Da Nang city beyond a tourist hotspot to a city of innovation and an economic powerhouse in Vietnam and South-east Asia.

Singaporean investors and businesses with financial and technological expertise were told by Vietnamese officials on May 12 to seek opportunities in the coastal city, better known for its beautiful beaches and where the population of about 1.2 million people is projected to grow to more than two million by 2045.

Ho Ky Minh, vice-chairman of Da Nang People's Committee, said the city would focus on developing three main pillars: tourism, high-tech and marine industries.

"The industries where Singapore businesses are strong at are also what Da Nang city is seeking investments in – such as information technology, high-tech manufacturing, automation, supporting industries, as well as healthcare, education and real estate," he said.

Mr Ho was speaking at an online seminar organised by the Singapore Business Federation (SBF), the Asia Competitiveness Institute (ACI)-Lee Kuan Yew School of Public Policy

(LKYSPP) and the National University of Singapore, in collaboration with the Vietnam embassy in Singapore and Da Nang People's Committee.

In line with its 2045 vision, which has been given the stamp of approval by Vietnam's Prime Minister Nguyen Xuan Phuc in March, Da Nang is seeking investment in these key areas: tourism and high-quality services associated with real estate and resorts; seaports and airports associated with logistics services; high-tech industry associated with smart city and start-ups; information technology industry associated with digital economy; and high-tech agricultural and fishery products, Mr Ho said.

Elaborating, Huynh Lien Phuong, director, Da Nang Investment Promotion Agency, said business opportunities within the high-tech industry include micro-electronics, mechatronics and opto-electronics; biotech; information and communications technology; automation, new energies and nano tech as well as tech-applied for petrochemistry and other special industries.

Attractive incentives will be offered to investors in Da Nang Hi-tech Park. For example, corporate income tax will be exempted for the first four years. It will then be at 5 per cent for the next nine years, followed by 10 per cent for the ensuing two years. For projects of more than

US\$130 million, the corporate tax rate will be at 10 per cent for 30 years. Such projects are also exempted from paying land clearance compensation fee, among others.

Incentives are also offered for investors in Da Nang IT Park. These include exemption from land lease depending on the type, size of investment and tenure.

Da Nang is planning to open the bidding tender for its new ports next year. The new Lien Chieu port project will sit on 450 ha of land, have a dead-weight capacity of 100,000 tonnes, container capacity of 8,000 TEU and a throughput capacity of 46 million tonnes a year. The funding model is likely to be a public-private partnership (PPP). It also plans to convert the Tien Sa Port to a cruise terminal.

Plans are also underway to upgrade Da Nang International Airport to two full runways, expand the cargo terminal, passenger terminal at T1 to accommodate up to 14 million passengers a year and build a new T3.

Other key infrastructure projects include the realignment of the north-south expressway and the construction of a new railway station with mixed use development around it; water management project and a new waste management project. Bidding for the latter is expected next year.

Da Nang People's Committee has signed a contract with a joint venture between the Sakae Corporate Advisory Company and Surbana Jurong consulting company (Singapore) to develop a project on adjusting the Da

Singapore-Vietnam ties at a glance

Some Singapore's investment in Vietnam (cumulative FDI by sector)

SECTOR	PROJECTS		INVESTMENT VALUE		AVG SIZE OF PROJECT (US\$M)
	NUMBER	SHARE IN TOTAL (%)	US\$M	SHARE IN TOTAL (%)	
Manufacturing	371	19.6	14,090	34.9	38
Electricity and gas	31	1.6	11,191	27.8	361
Real estate	118	6.2	10,045	24.9	85.1
Wholesale, retail, repair services	484	25.5	1,306	3.2	2.7
Professional, science, tech services	334	17.6	526	1.3	1.6
Information and communication	212	11.2	237	0.59	1.1
Water supply and waste treatment	5	0.3	552	1.4	110.5
Finance, banking, insurance	6	0.3	4	0.01	0.6

Some Singapore's investment in Vietnam (cumulative FDI by location)

	PROJECTS		INVESTMENT VALUE	
	NUMBER	SHARE IN TOTAL (%)	US\$M	SHARE IN TOTAL (%)
Ho Chi Minh	1,062	56	6,622	16.4
Quang Nam	9	0.5	4,036	10
Ha Noi	287	15.1	2,792	6.9
Da Nang	30	1.6	475	1.2

Source: Ministry of Planning and Investment, Vietnam

Nang city master plan until 2030, with a vision to 2045.

Le Cong Dung, deputy chief of mission at the Vietnam embassy in Singapore, said the relationship between Vietnam and Singapore is at "an all time

high", following 48 years of diplomatic ties.

His views were echoed by associate professor Vu Minh Khuong at LKYSPP, who is a member of the Vietnam Prime Minister's Economic Advis-

ory Team. The professor said Singapore has proven to be a "very reliable friend", with its resilience, long-term commitment and capacity for investment. Paul Cheung, director at ACI-LKYSPP said Covid-19 did not slow investments from Singapore. Rather, Singapore's share of foreign direct investment (FDI) rose at a time when some countries pulled back.

Despite the pandemic, Singapore invested nearly US\$9 billion in 248 projects in Vietnam last year. With a total of 2,629 projects and registered capital of more than US\$56.5 billion, Singapore is the third largest foreign direct investor in Vietnam, after Korea and Japan.

Da Nang itself has 28 FDI projects from Singapore, with a total registered capital of more than US\$838 million, making Singapore second among over 50 investing countries, accounting for about 22 per cent of total registered capital in Da Nang.

"Vietnam-Singapore cooperation is expected to be further strengthened when Vietnam and Singapore participated in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Asia-Pacific Regional Comprehensive Economic Partnership (RCEP)," Mr Ho said.

To connect Vietnamese businesses to the world through Singapore, the Singapore Manufacturing Federation – which has about 5,000 corporate members – has set up the Vietnam Connectivity Center to promote investment opportunities in Vietnam.