



Investing in Central Viet Nam

Da Nang Investment Promotion Agency



Overview of Central Vietnam

A growing region for investment

Central Viet Nam Key Economic Zone

- 27,884 km² land
- 6.4 million people

Central Viet Nam

- 97,363.7 km² land
- 14 million people
- 07 coastal provinces
- 01 coastal city
- 05 highland provinces



Key Economic Zone
in Central Viet Nam

HA NOI

HO CHI MINH CITY

HOANG SA
ARCHIPELAGO

HOANG SA
ISLANDS

TRUONG SA
ARCHIPELAGO

Da Nang - Powerhouse for Central Viet Nam's growth

The ASEAN City of Sustainable Environment (2011)

Top 20 the cleanest cities in the world in energy conference of APEC 2012



Excellence in City Transformation 2015 by the Financial Times and the International Finance Corporation



1st Rank in Readiness for ICT application and development (2009 – 2015)



6 out of 11 times at the top of Viet Nam's Provincial Competitiveness Index

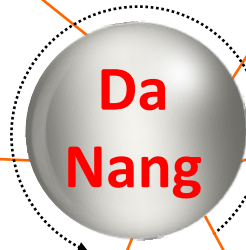


2nd Rank in VN Provincial Governance and Public Administration Performance Index (2012 & 2014)



1st Rank in the list of "Top 10 destinations on the rise for 2015" by TripAdvisor;

"Asia leading festival and event destination" by World Travel Awards Asia 2016

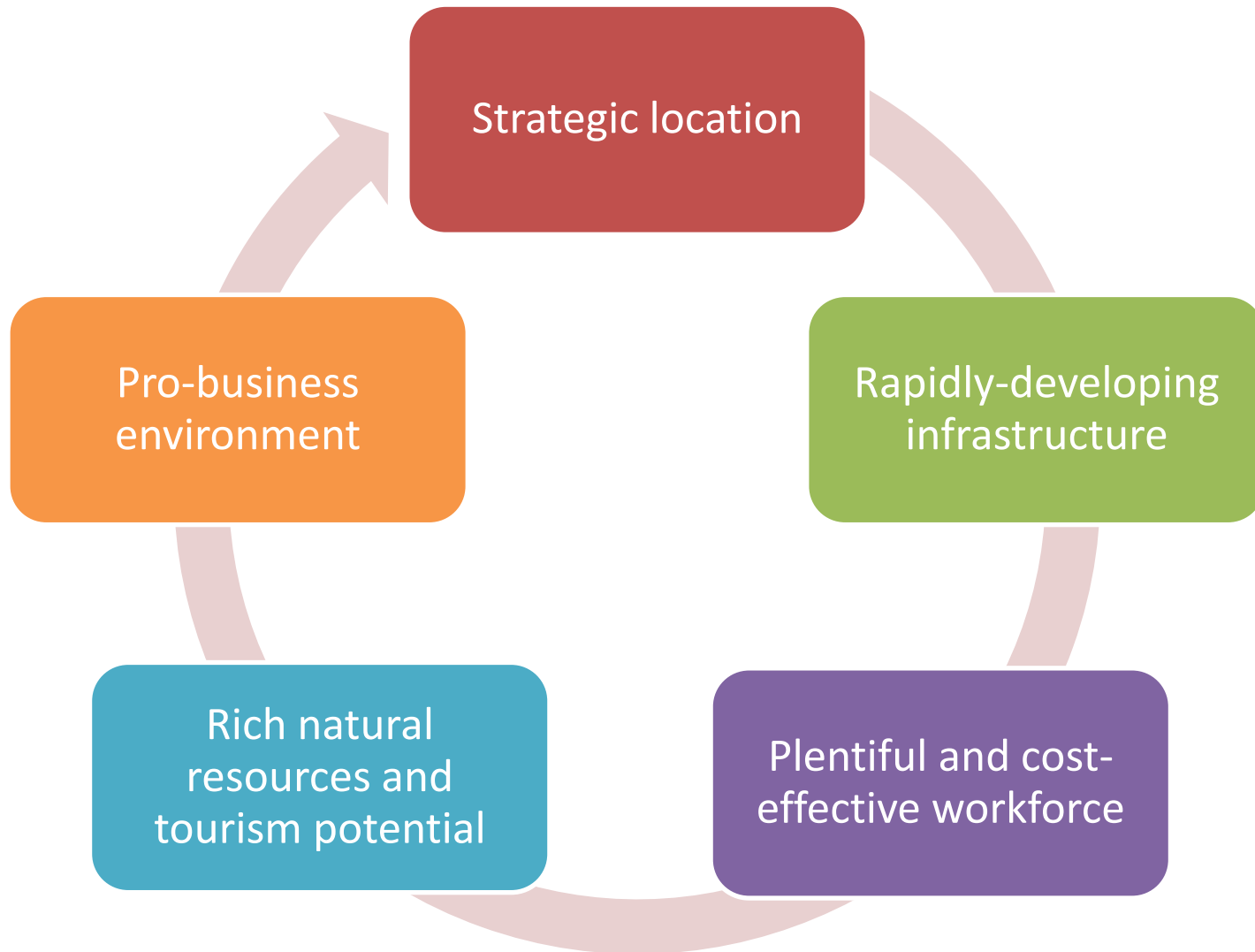


Da Nang – At a glance

- **US\$ 3,504 mil**
GRDP (current price)
- **US\$ 3.36 bil**
Total retail sales of goods and services
- **US\$ 1.7 bil**
Total investment capital for development
- **18,680**
No. of non-state enterprises
- **98%**
Percentage of SMEs
- **455 projects/ US\$ 4.4 bil**
Inward FDI
- **372**
No. of branches, rep. offices of FDI enterprises
- **59**
No. of shopping centers, supermarkets
- **99**
No. of hospitals and health clinics
- **US\$ 710 mil – up 23.5%**
Tourism revenue
- **575 (21.648 rooms)**
No. of hotels and resorts
- **47%**
Percentage of trained labor
- **32,000**
No. of new jobs (2016)
- **3.8%**
Urban unemployment rate

	Thua Thien Hue	Da Nang	Quang Nam	Quang Ngai	Binh Dinh
Area (km ²)	5,033	1,285	10,438	5,138	6,025
Population (million)	1.12	1.02	1.48	1.25*	1.52
Workforce (million)	0.62	0.74	0.93		0.91
GRDP per capita (USD)	2,000	3,054	2,660	2,447	1,842
Exports (mil USD)	717	1,115	613	400*	730
Imports (mil USD)	474	1,300	1,686	351*	290
FDI					
No. of projects	96	455	153	40	67
Capital (bil USD)	2.38	4.40	5.78	1.10	0.54
No. of visitor arrivals	3,250,000	5,500,000	2,500,000	1,400,000	2,600,000

Why Central Viet Nam and Da Nang



Strategic location



Rapidly-developing infrastructure

- 03 international airports, 05 domestic airports
- 11 seaports (including 06 deep seaports)
- **Da Nang – Hue Highway** to be completed in 2017
- **Da Nang - Quang Ngai Highway** (139km) to be completed by 2018
- **Da Nang Hi-tech Park**, one of 03 hi-tech parks in Viet Nam
- **Da Nang Software Park**, unique in Central Viet Nam
- 07 Economic Zones (EZ) in operation
- 50 Industrial Parks (IP) of good infrastructure





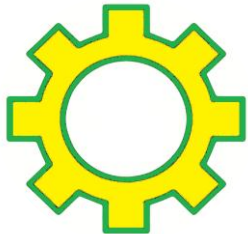
Da Nang Port - 3rd biggest port in Viet Nam

- Capacity of 07 million DWT; Upgraded to 12 million DWT (2018)
- 18 – 20 container ships/week; 70 cruises /year



Da Nang International Airport - 3rd biggest int. airport in VN

- Capacity: **12 million** passengers/year; **50,000 tons** of cargo/year
- **390** international flights/month to **25** cities in Asia



Best ICT infrastructure in Viet Nam

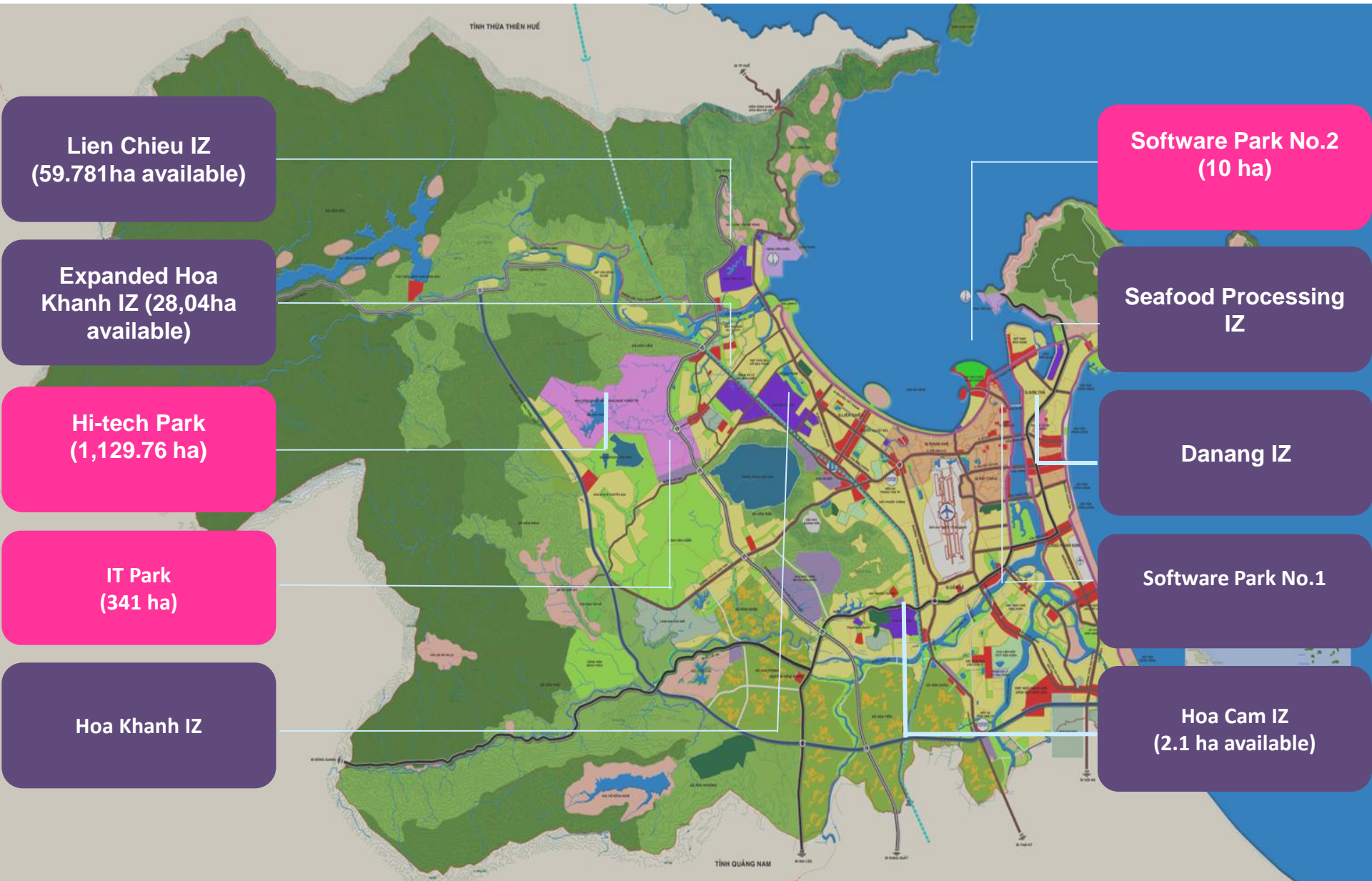
- Direct connection with **Asia Pacific Gateway** submarine cable and International Marine Optical Fiber Cable Station (**SEAMEWE3**)
- A Metropolitan Area Network (MAN), a data center, Da Nang Wifi (350 free access points), an IT R&D and training center in use




One of leading service hubs in Viet Nam

- 30 insurance companies; 57 bank branches
- 760 warehousing/freight forwarding

Industrial Parks, IT Parks, Hi-tech Parks in Da Nang



 In operation

 Under construction

IT Parks in Da Nang

Software Park No.1 (2ha) in operation



FPT Complex (5ha) in operation



Software Park No.2 to be built in 2017

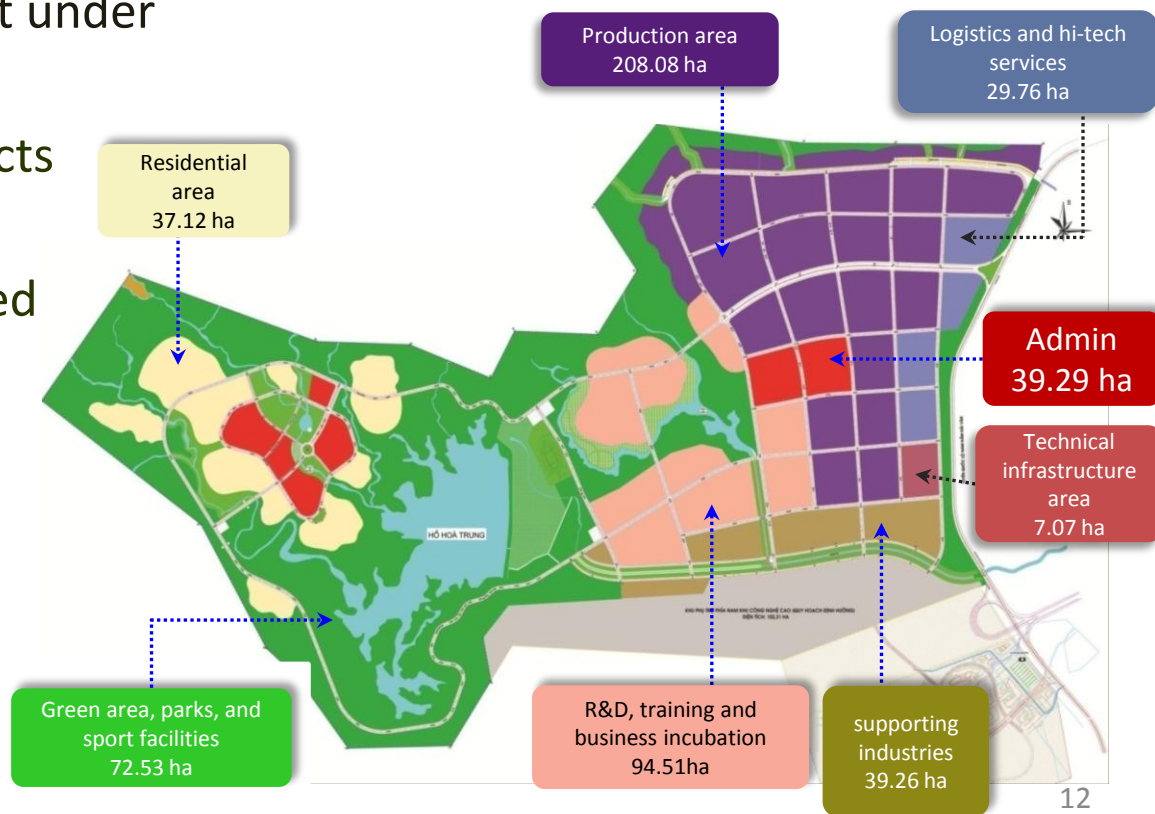


IT park (351 ha) under construction



Da Nang Hi-tech Park

- Land area: 1,129 ha
- Location: Hoa Lien district
- **150 ha** of land with sufficient utilities available for rent (phase I)
- Waste water treatment plant under construction
- 02 Japanese invested projects in operation
- 03 domestic projects licensed



Plentiful and cost-effective workforce

- Young, hardworking and energetic workforce
- Stable work force: Low turnover rate, almost no strike
- Major universities in Da Nang, Hue, Nha Trang
- A wide range of vocational training centers, foreign language centers
- Low labor costs



Min. Wage: 135USD/month

(Hanoi , Ho Chi Minh City: 150USD/month)

	Da Nang	Hanoi	Ho Chi Minh	Bang-kok	Manila
Worker	137	173	185	363	268
Engineer	249	396	351	669	386
Manager	485	859	783	1461	1077

(Unit: USD/month; Source: JETRO Survey, June 2015)

Danang - Pool of skilled and qualified workforce



70% of population

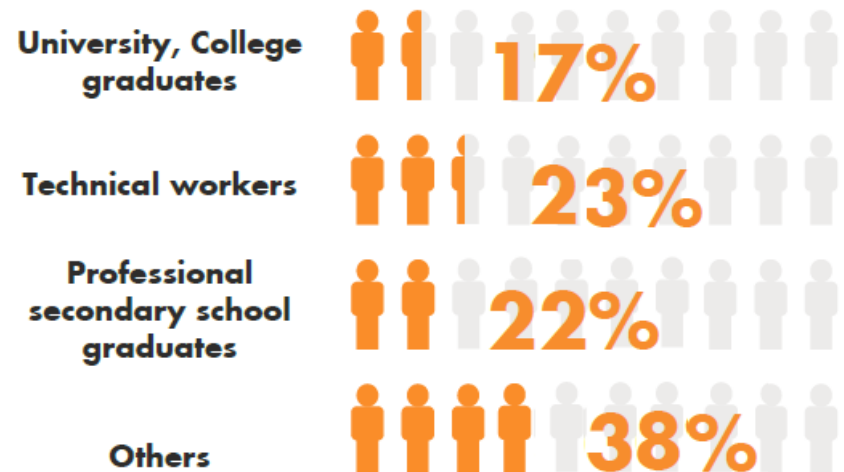
40,000 well-trained and skilled graduates annually from:

- **25** universities and colleges
- **19** professional secondary schools
- **59** vocational centers

Globally integrated

- Da Nang University provides training programs in **cooperation with foreign university**
- **03** international schools
 - Pegasus (Singapore)
 - APU (America)
 - VNUK (British)

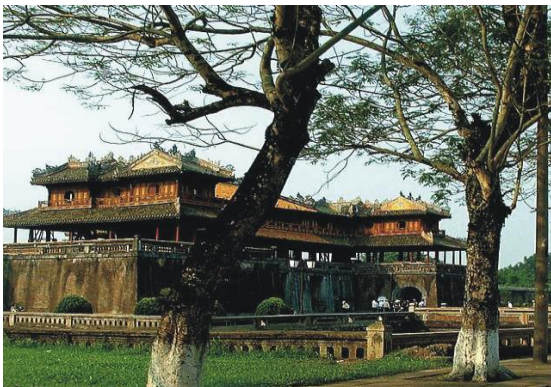
Workforce by qualification (2015)



(Source: Department of Labour, War Invalids and Social Affairs)

Rich natural resources and tourism potential

- Plenty of agricultural, forestry, fishery products and minerals with high economic value (silica sand, kaolin, gold, coal, granite, etc.)
- Central Highlands named as the “coffee capital” of Vietnam
- 4 World Heritage sites recognized by UNESCO (Hue royal citadel, Hoi An ancient towns, My Son holly-land, Highlands gong cultural space)
- 1,500 km coastline with beautiful beaches, gulfs and majestic landscapes
- Unique traditional festivals and arts



Danang - a focal tourism destination



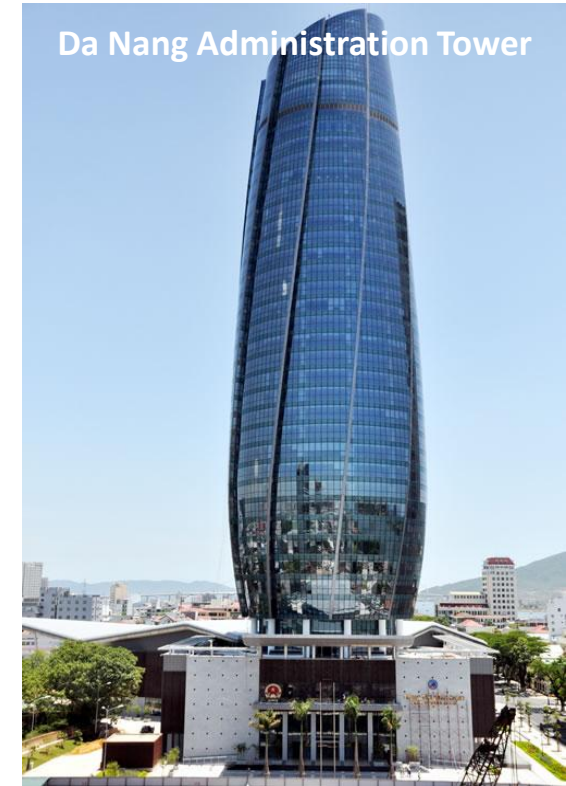
Pro-business environment

☐ “One-stop shop” services (IPA)

- Simplified and transparent investment procedures
- Utilities provided to project sites
- Effective settlement of existing investors' recommendations

☐ Attractive incentives

- Projects located in IPs in areas of especially difficult/ difficult socio-economic conditions
- Projects located in EZs, Hi-tech park
- Projects of listed supporting industries
- Projects of encouraged industries



Business-friendly Government of Danang



Offering ‘ONE-STOP SHOP’ services in:

- Investment and enterprise registration (*Management Board of Hi-tech Park, IPs and Dept. of Planning & Investment*)
- Business registration for conditional projects (*Dept of Planning & Investment and 8 other functional depts*)
- Receiving & settling recommendations of existing investors



Awarded Outstanding e-Government Prize by WeGo (2014)

- Online web portal for each local department
- Online business registration
- Online electronic tax declaration, custom clearance
- Online Q&A



Supporting investors and enterprises

- Regular dialogues between city leaders and businesses
- Promote business matching and market development
- 20%

Investment incentives

□ **Corporate income tax (CIT)** applied for hi-tech projects, IT Projects and software production projects, hi-tech agricultural projects, supporting industrial products

- 10% for 15 years*
- Tax exemption for the first 4 years
- Tax reduction of 50% for the next 9 years

* **SPECIALLY-TARGETED PROJECTS: 10% for 30 years**

□ **Import tax**

- Machinery & Equipment imported to form Fixed Assets of the prescribed specially-encouraged investment/encouraged investment sectors, or special difficult social-economic location
- Materials imported for direct utilization for production of software products which has yet locally produced
- Goods imported for direct use for R&D activities
- Limited at 5 year exemption when importing materials used for production of specially-encouraged investment sectors or for special difficult social-economic locations, hi-tech enterprises

□ **Personal income tax (PIT): 50% PIT reduction** applied for employment income of employees physically working in economic zones and in IT sectors

Incentives in Da Nang Hi-tech Park

Infrastructure using fee

~0.2
USD/m²/year

- Projects in R&D, incubation and training
- Projects in the list of encouraged hi-tech products and technologies
- Projects in supporting industries

Off **100%**
The first 2 years

Off **50%**
3 years

Off **100%**
The first 2 years

Off **50%**
The first 2 years

Land rents (as per Decision 36/2013/QD-UBND)

PRODUCTION PROJECT
USD/m²/year
0.23

One off
payment

PRODUCTION PROJECT
USD/m²/year
0.36

Annual
payment

SERVICE PROJECT
USD/m²/year
0.31

One off
payment

SERVICE PROJECT
USD/m²/year
0.45

Annual
payment

Incentives in Da Nang Hi-tech Park

□ Land rents



- Projects in the list of domains entitled to **special investment preferences**

(Hi-tech application, Hi-tech production, Hi-tech incubation, R&D...)



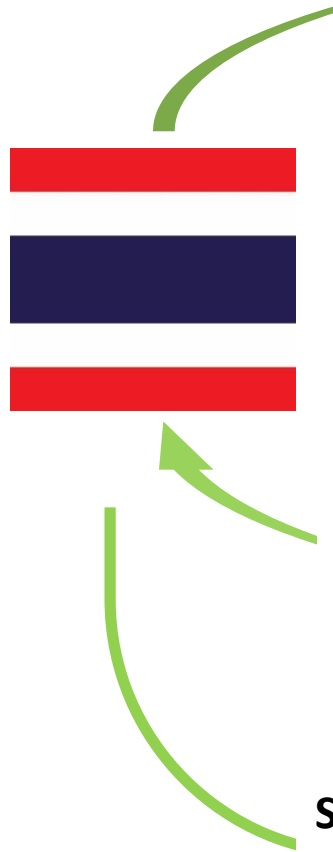
- Projects in the list of domains entitled to **investment preferences**

(Construction of apartment complex for workers, investment and commercial operation of: Infrastructure of education and training institutions, logistics, bonded warehouse, tax suspension warehouse...)



- Other projects (Healthcare, cultural activities and other services related to residents' life in DHTP)

Viet Nam-Thailand Investment & Trade Relations



Import US\$**8.3** bil (2015)

Products: cars, electrical products and parts; cereal and confectionery, electric wires and cables, vehicles and spare parts; ores and other minerals, pharmaceutical raw input



Export US\$**3.2** bil (2015)

Products: phones, computers, electronic products and components, vehicles and spare parts, seafood, machinery, tools and spare parts, iron and steel, etc.

FDI **445** projects - US\$**7.8** bil (2016)

Sectors:

- Processing & Manufacturing (automobile, petrochemical, paper products, etc.)
- Wholesale and Retails

Da Nang-Thailand Investment and Trade Relations



TRADE

Imports: US\$**32** mil (6.7%)

Products: textile materials and fabric, raw and synthetic rubber, chemicals, plastic beads, medical drugs and other raw materials

Exports: US\$**2.6** mil (16.7%)

Products: processed rubber, air and oil filters, fishing rods, etc.

12 Da Nang enterprises have direct trade relation with Thai partners.



FDI

Central Vietnam & Highlands **43** projects – US\$**266** mil

Da Nang **06** projects – US\$**33** mil

(mainly wholesale and retail and manufacturing food packaging)



18,183 Thai visitors (2015)

21,759 Thai visitors (2016 - up by **20%**)

FDI inward in Da Nang (As of Dec, 2016)

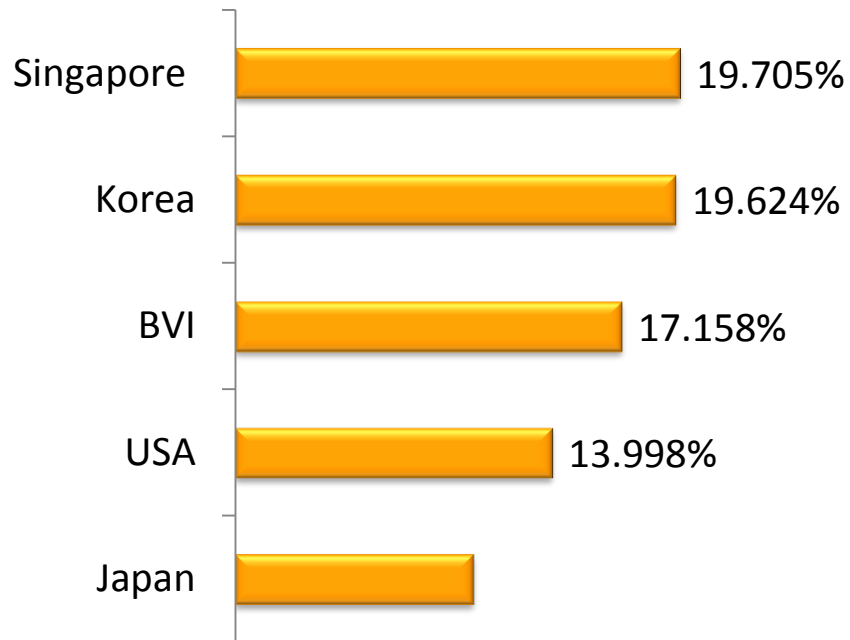


455 projects
43 countries/territories

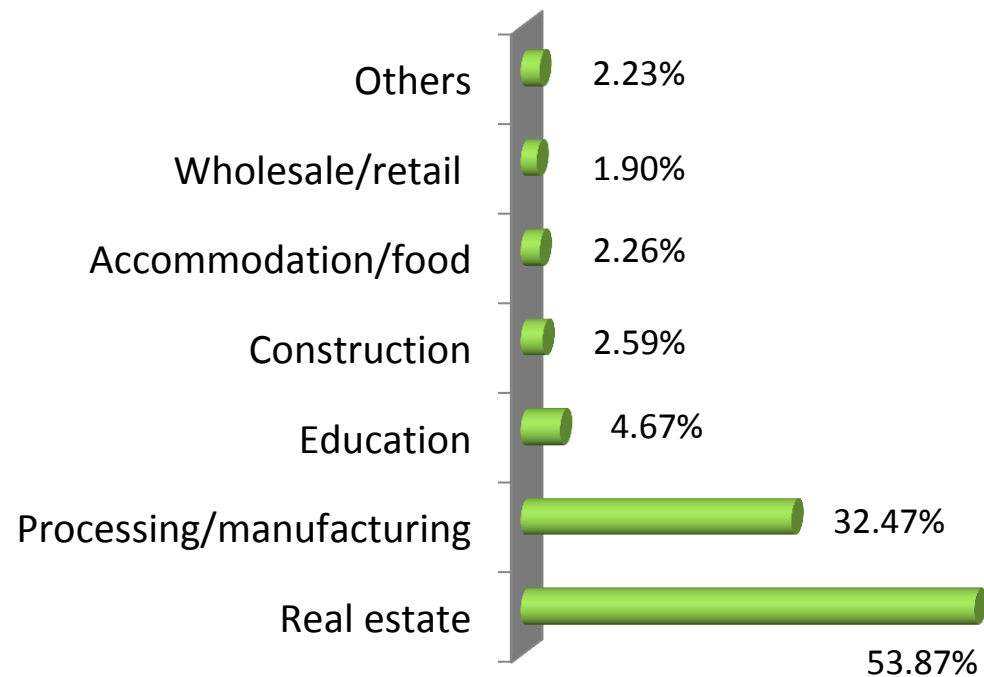


48,119 jobs

Top 5 investors (by capital)



FDI by sector



Trade and investment opportunities in Central Viet Nam

Manufacturing

- Food processing
- Consumer goods
- Electronic products
- Spare-parts of vehicles
- Textiles and garments
- Supporting industries
- **Investment into Hi-tech Park**
 - ICT equipment & spareparts
 - Software production
 - Optoelectronics
 - Precision mechanics
 - Biotech-applied products
 - New materials, new energy
 - Environment technology

Services

- Hotels, resorts, restaurants
- Recreation facilities
- Shopping malls, supermarkets
- Hospitals and schools of world standards
- Logistics services
- Banking and finance, insurance
- Tourism (MICE, ecotours, culture, adventure, recreation tourism)

Infrastructure

- Industrial park, hi-tech park, IT park. EZ
- Seaport , airport
- Monorail/tram/metro
- Waste water and solid waste treatment

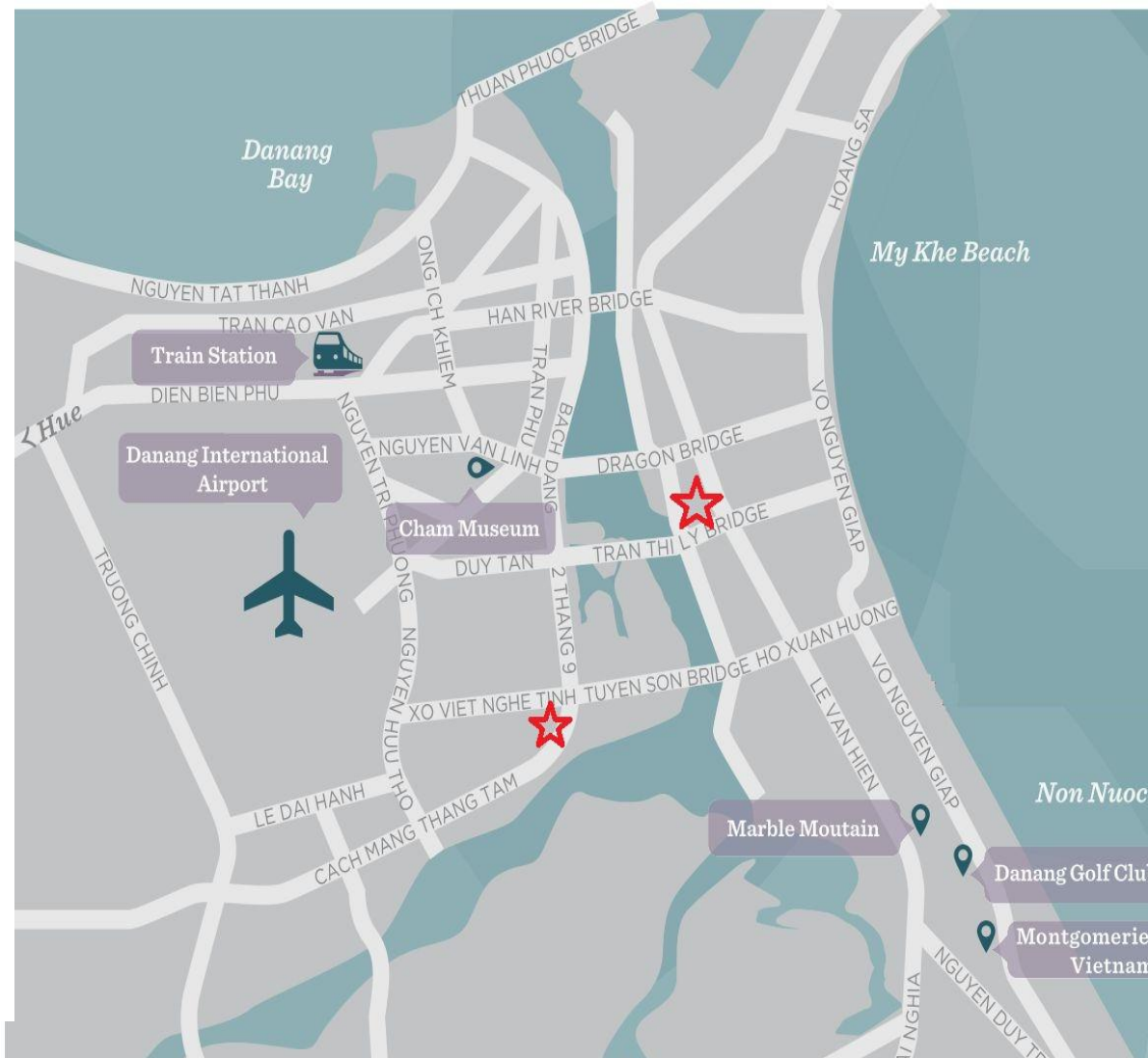
Project: Shopping mall, Hotel & Condotel

Site 1: An Hai Tay Ward, Son Tra District

- Area: 11.5 ha
- At least 33-storey high building
- No restriction on rental period

Site 2: Hoa Cuong Nam Ward, Hai Chay District

- Area: 0.7 ha
- At most 17-storey high building
- Rental period: 50 years



Project: Logistics Center

Est. capital investment: US\$ 64.5 mil

Duration: 50 years

Scope: Serving increasing demand in Da Nang and Central Vietnam

Investment form:

- Joint venture with Da Nang Port JSC
- Foreign equity up to 50%

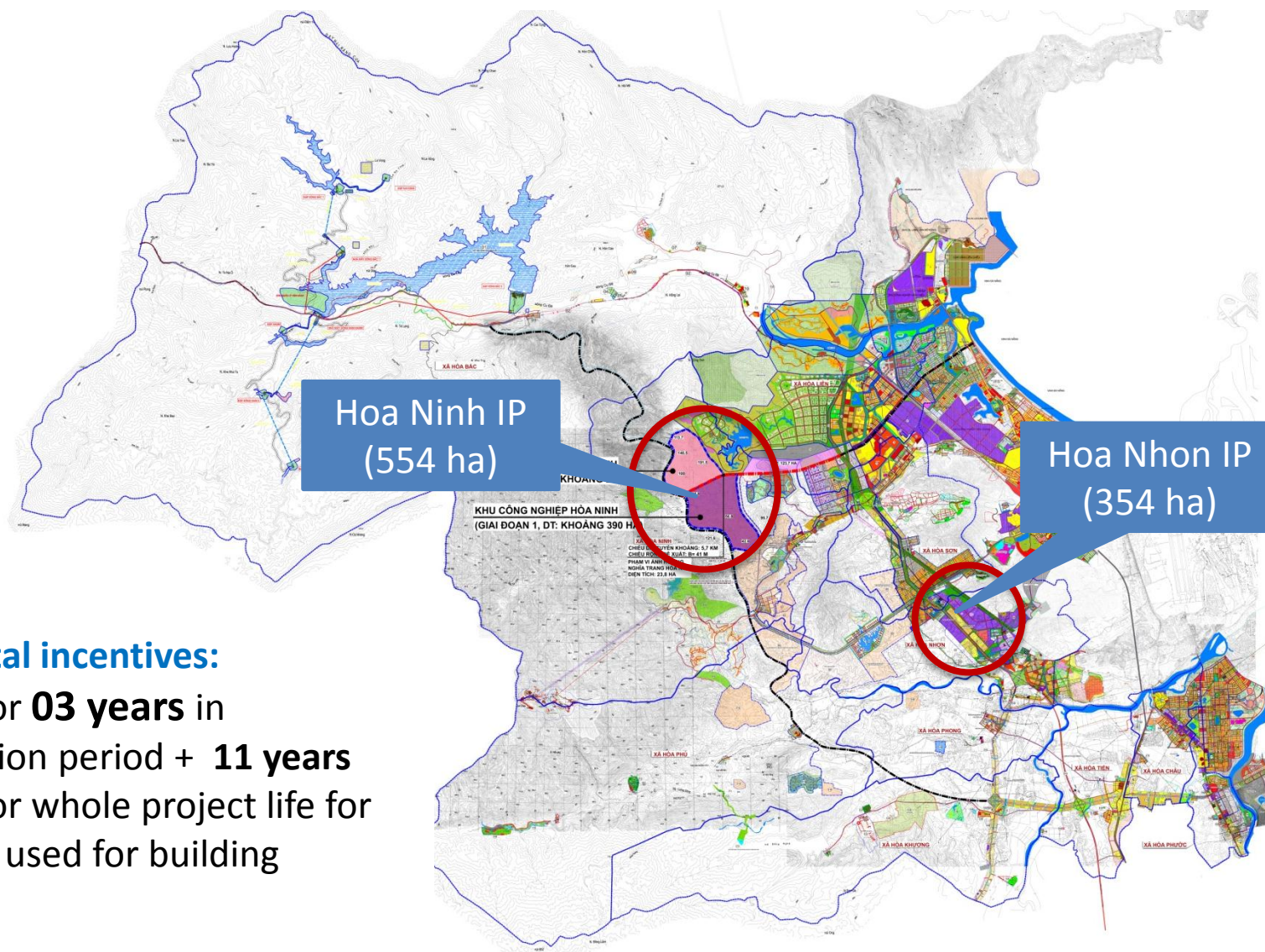
Planned project site: Hoa Nhon Commune, Hoa Vang District (20ha)

Infrastructure:

- Available water and power supply
- Electricity cost: US\$ 0.06 – 0.19/kwh
- Water cost: US\$0.64/m³
- Good telecommunication infrastructure
- Convenient transportation



Project: Development of IP infrastructure



Land rental incentives:

- Exempt for **03 years** in construction period + **11 years**
- Exempt for whole project life for land area used for building utilities

Please contact

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Thank you!

