INDUSTRIAL ZONE DEVELOPMENT

Key Issues from the Experiences of Japanese Industrial Zone Developers in Vietnam & Thailand

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Key Ingredients for Success

1. Ownership and management
2. Facilities and services
3. Additional support for Japanese SMEs
4. Industrial zone marketing
5. Costs, fees and lease terms

Case Studies

1. Amata Nakorn & OTA Techno Park (Thailand)
2. Long Duc (Vietnam)
3. Dong Van II (Vietnam)
4. Vie-Pan Techno Park (Vietnam)
1. Ownership and Management

- There are many ownership options—public (central or local govt.), private (local, foreign, JV), and PPP.
- Typical Japanese industrial zone developers form JVs consisting of:
  - A Japanese trading company (often majority)
  - A construction firm (zone builder) and/or a manufacturer
  - Sometimes, host government may also participate in ownership
- An IZ developer may provide marketing and management services to tenant firms directly, or outsource such services to specialized firms/consultants.
Thailand

• Industrial Estate Authority of Thailand (IEAT), under MOI, centrally manages and monitors all industrial estates in Thailand.

• IEAT service quality is moderate.

• As of 2012, there are a total of 62 industrial estates in Thailand, of which:
  - 11 operated and owned by IEAT.
  - 37 privately developed and built, and jointly operated by a private developer and IEAT.
  - 14 privately built, operated and owned.
Vietnam

- Industrial zone management is decentralized. Provincial & municipal governments are mainly responsible for FDI attraction and IZ regulation.
- Central authority (Ministry of Planning and Investment) is charged with general policy making and property management of IZs. Policy quality, however, is low.
- There are about 180 IZs (+100 IZs under construction or planning). Government once tried to stop creating more IZs but the policy remains ineffective.
  - Five IZs developed and managed by foreign firm/agency (Japan 3, Thailand 1, Singapore 1), often with local partners.
  - There are also older IZ/EPZs developed by Taiwan and Malaysia.
  - A few high-tech parks & economic zones are directly managed by central ministries.
  - The rest are developed and managed by provincial/municipal governments and/or Vietnamese private developers.
2. Facilities and Services

Hard infrastructure & facilities

- Everything must be perfect—transport, power, water, waste water & solid treatment, internet, etc.
- Guarantee of no power failure by local government, or IZ having multiple power supply options
- Amenities—housing (apartments for foreigners), clinic, school, bank, shops, Japanese restaurant (or canteen offering Japanese food), sometimes even a golf course.

Location & geology

- Proximity to a large city (Japanese prefer to live in a large city and commute for one hour at maximum)
- Logistic advantage—easy access to port & airport
- Bearing power of soil (ground firmness for heavy equipment)
- Elevation & flooding risk
Business service & support

- Factory construction & initial operation
- Operational support—logistics, customs, recruiting, banking, courier service, security guards, fire brigade...
- Quick & effective trouble-shooting (24 hours, 365 days)
- Information exchange and dissemination on new laws, wage levels and other common issues for tenant firms (monthly meetings organized by the developer)
- All these services must be provided by Japanese staff (or someone who clearly understands Japanese business mindset and speaks fluent Japanese)
High Quality Infrastructure Service

Case A (Long Duc Industrial Park, Vietnam)
- Vietnamese engineers on duty 24 hours/day (any problem in power, water, waste treatment, etc. will be attended immediately);
- Special arrangement with EVN (state-owned power company). EVN supplies 110 MVA to the park via 2 exclusive lines. The developer have contracts with tenants for power supply.

Case B (Amata Nakorn Industrial Estate, Thailand)
- Amata Corporation has group companies which provide power, water, natural gas, logistics, transportation services, etc.

Case C (Dong Van II Industrial Park, Vietnam)
- Strong commitment by provincial governor to ensure sufficient and stable power supply around the clock exclusively for Japanese investors.
- Good off-park infrastructure including direct access to highway, TVET, engineering university, hospital, etc.
# Services Provided by Japanese Staff

It is important to assign Japanese and/or Japanese-speaking staff at the service center of IZ to quickly respond to inquires and requests from Japanese tenant firms (especially SMEs).

## Before moving in
- Prepare documents for corporate registration on its behalf
- Obtain company seal and tax codes
- Assist conducting Environmental Impact Assessment
- Advise on obtaining visas, work permits for Japanese
- Introduce real estate agent
- Introduce accounting firms, law firms, etc.
- Assist local staff recruitment
- Provide support to any issues whenever possible

## After moving in
- Professional management by Japanese staff always on site
- Stable supply of power/water and operating wastewater treatment system around the clock
- Staff recruitment center (located within IZ)
- Provide and coordinate various services (IT, logistics, lunch box delivery & catering, etc.)
- Exchange and share latest information on new laws & regulations, staff wage, coping with labor disputes, tax issues (personal income tax, etc.)
- Organize social gathering, parties, golf competition, etc.

(Source) Elaborated by the author, based on the brochure of Long Duc Industrial Park.
Investor Support Services: The Case of TLIP

**Thang Long Industrial Park (Vietnam, near Hanoi)**
- JV of Sumitomo Corporation (Japan: 58%) and Dong Anh Mechanical Company (Vietnam: 42%)
- 98 tenant companies (80 factories + 18 offices) of which 78 factories are Japanese. The anchor firm is Canon.

**The Tenant Relation Division of TLIP** (Japanese staff) is charged with:
- Organizing monthly meetings for tenants
  - Sharing information on new or revised laws/regulations, or any other issues affecting business environment
  - Announcing & coordinating the schedule for infrastructure maintenance
- Conducting annual surveys on planned salary level of national staff at major tenant firms, following announcement of minimum wages by the Vietnamese government for next year.
  - Sharing survey results (anonymous)
  - Coordinating meetings for major tenants on the salary issue
3. Additional Support for SMEs

- Japanese investors are more risk-averse than others (Chinese, Korean, Indian, Turkish, etc.) Japanese SMEs are even more risk-averse than large ones.
- Although Japanese manufacturing SMEs excel in technology, they usually have little overseas experience and are constrained by the lack of managerial, administrative and marketing capabilities.
- To promote their overseas investment, various means must be employed to (i) minimize initial investment (especially building & equipment); (ii) minimize failure risk; and (iii) positively increase the chance of business success.
- Many industrial zones operated by Japanese developers offer small-size rental factories and other renting options for SMEs.
- They also offer special (more intense) support to SMEs to relieve administrative burden and let them concentrate on production.
Many Ways to Minimize Initial Cost & Risk

- **OEM**—contracting out manufacturing of products bearing your brand name to a local company (no need to invest or build a factory).
- **Line Gari** (Rent a Line)—creating a production line in a local partner’s factory space with Japanese firm providing expertise, technology, equipment, quality control, etc. (very small investment)
- **License manufacturing** (contract risk exists)
- **Rental factories**—small size to start with (250m², 500m², 1,000m² etc.), move out and build own factory if successful.
- **Collective FDI**—a number of Japanese SMEs invest in group in one area sharing space, cost, information, services, etc. (coordination may be difficult but there are groups that overcome this problem.)
- **Nokisaki**—renting small area from another Japanese FDI firm which has unused factory space (note: this is possible only when local laws permit FDI firms to sublease unused space; some authorities consider it as “service” provision not permitted under a manufacturing license).
- **Joint venture** with a local company (partner risk exists)
- **M&A**—purchasing existing local firm and factory
What is Nokisaki?

- *Nokisaki* literally means the protruding part of a house roof. The house owner may choose to let a merchant rent small space under *Nokisaki* to do business for a small fee.

- In manufacturing, *nokisaki* means letting another manufacturer use unused factory space for trial production before proceeding to serious investment and expansion.

The case of V.I.T. in Thailand: factory space is subdivided for multiple renters.
A Step-by-Step Approach

Start with a low-cost, low-risk option and gradually move up to more costly options for expansion.

Example:

1. Find a reliable local trading or production partner (through visits, trade exhibition, etc.)

2. Rent a production line in partner’s factory providing expertise & equipment (or even try OEM)

3. If everything is satisfactory and business climate is acceptable, proceed to form a JV with a local partner or build one’s own factory inside an industrial zone (or even outside it)

Other scaling-up paths are also possible.

Note: for IZ operators, provision of small rental space and intensive support for SMEs is not commercially viable (too much trouble, little revenue). But they still do it because (i) existence of skilled SMEs adds to the attractiveness of IZ; (ii) they want to support national policy; and (iii) they just want to help others; no monetary gain is expected.
Specialized Support for Japanese SMEs

- Obtaining work permit for Japanese staff
- Recruiting Vietnamese staff (managers, interpreters, engineers, workers, etc.) and providing training
- Undertaking all kinds of administrative work and procedures (labor management, general affairs, accounting, salary calculation, social welfare and benefits, etc.)
- Providing common office space for administrative work and meetings
- Undertaking import and export procedures
- Purchasing raw materials
- Transporting manufactured products and raw materials
- Delivering lunch for Vietnamese and Japanese staff
- Transporting Japanese staff
- Introducing rental apartments, etc.

Source: based on information provided by Vie-Pan Techno Park and The Support.

Specialized support for SMEs is broader in scope and more pampering than for larger firms—anything from business matters to personal problems such as health, cable TV setup and house repair. Sometimes even marketing support is provided to find Japanese, local, or non-Japanese customers in a new land.
Phased Approaches to Overseas Investment by Japanese SMEs

Case A (Nambu: Thailand)
- 2002: Renting production space from an existing Japanese company (Nokisaki, 300m²) in Amata Nakorn IE
- 2006: Renting three units at OTA Techno Park (960m²)
- 2012: Building own factory at Amata Nakorn IE (2,500m²)

Case B (V.I.T.: Thailand)
- Joint investment by SMEs, operating in a rental factory (825m²) sharing production space, marketing, administrative services, etc.
- Started with 10 firms (Mar. 2011) → 19 firms (Sept. 2013)

Case C (Nakano: Vietnam)
- Identifying good manufacturing partner (via exhibitions, etc.)
  → OEM with technical cooperation
  → Plan to start production at rental factory
4. Industrial Zone Marketing

- Active marketing to attract Japanese investors is conducted by
  - The developer itself (Long Duc IP -- Sojitz), or
  - Japanese trading company (AMATA Nakorn IE – Itochu, Sumitomo, etc.), or
  - Japanese business consultant (Dong Van II IP -- BTD Japan, with Ha Nam Province).

- Japanese developers, trading companies & consultants often jointly organize promotional seminars in Japan, by inviting governments and IZ authorities of partner countries.

- It is important to strategically attract an anchor firm (large manufacturer) to create industrial agglomeration via supply chain

Anchor Firm and its Suppliers (“Canon Effect” in Vietnam)

## 5. Costs, Fees and Lease Terms

<table>
<thead>
<tr>
<th>Name</th>
<th>Space</th>
<th>Fees and Terms</th>
<th>Management Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amata Nakorn Industrial Estate</td>
<td>OTA Techno Park: Unit: 320㎡ (apartment type)</td>
<td>64,000 baht/month (about 1,920 USD) per unit = 6 USD/m²/month for 3 years (renewable)</td>
<td>33,600 baht/month (about 1,120 USD) per unit = 3.5 USD/m²/month (including various mgt. support)</td>
</tr>
<tr>
<td></td>
<td>General Industrial Zone</td>
<td>7 million baht/rai = 131.25 USD/m²</td>
<td>900 baht/rai/month = 0.017 USD/m²/month</td>
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<tr>
<td></td>
<td>Rental factory for J-SMEs Unit: 512㎡, 768㎡, 960㎡, 1,042㎡ (apartment type)</td>
<td>5.5–5.9 USD/m²/month for 5 years (renewable)</td>
<td>0.15 USD/m²/month Additional mgt. support can be provided by The Support (fee-based).</td>
</tr>
<tr>
<td>Long Duc Industrial Park (Vietnam, Don Nai Province near HCMC)</td>
<td>General Industrial Zone</td>
<td>Land lease fees: 90 USD/m² (~2057)</td>
<td>N.A.</td>
</tr>
<tr>
<td></td>
<td>Rental factory for J-SMEs Unit: 250–500m² (apartment type); 1,000–2,000m² (separate type)</td>
<td>4 USD/m²/month for 10 years (renewable)</td>
<td>0.5 USD/m²/year Additional mgt. support can be provided (fee-based).</td>
</tr>
<tr>
<td>Dong Van Industrial Park II (Vietnam, Ha Nam Province near Hanoi)</td>
<td>General Industrial Zone</td>
<td>Land lease fees: 58–75 USD/m² (~2056)</td>
<td>0.25 USD/m²/year</td>
</tr>
<tr>
<td></td>
<td>Rental factory for J-SMEs Unit: 250m², 500m², 1,000m² (apartment type)</td>
<td>5 USD/m²/month for 5 years</td>
<td>3–5 USD/m²/month (including various mgt. support)</td>
</tr>
<tr>
<td>Vie–Pan Techno Park (Vietnam, HCMC)</td>
<td>General Industrial Zone</td>
<td>Land lease fees: 90–95 USD/m²/month (~2058)</td>
<td>Infrastructure O&amp;M 0.64 USD/m²/year</td>
</tr>
<tr>
<td>Hiep Phuoc Industrial Park</td>
<td>General Industrial Zone</td>
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</tbody>
</table>

(Source) Elaborated by the author, based on the information provided by IZs during 2012–2014. Fees and terms are subject to change.
## Occupancy Situation of Selected Industrial Parks

<table>
<thead>
<tr>
<th>Name</th>
<th>Area</th>
<th>Date of Operations</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dong Van Industrial Park II (Vietnam, Ha Nam Province near Hanoi)</td>
<td>300 ha (phase 1)</td>
<td>2006</td>
<td>70% occupancy (as of July 2013)</td>
</tr>
<tr>
<td>OTA Techno Park (Rental factory area for J-SMEs in Amata Nakorn IE, Thailand)</td>
<td>320㎡/unit x 25 phase 1) 8 units phase 2) 9 units phase 3) 8 units</td>
<td>1) June. 2006 2) Nov. 2007 3) Feb. 2013</td>
<td>Phase 1 fully occupied (Aug. 2007) 13/17 units occupied (as of July 2010) Fully occupied (March 2013)</td>
</tr>
<tr>
<td>Long Duc Industrial Park (Vietnam, Don Nai Province near HCMC)</td>
<td>270 ha</td>
<td>Sept. 2013</td>
<td>60% occupancy (as of Sept. 2014)</td>
</tr>
<tr>
<td>Rental factory for J-SMEs area (in Long Duc IP)</td>
<td>9,664㎡ (phase 1) for 13 units</td>
<td>Sept. 2013</td>
<td>8/13 units occupied (as of Sept. 2014)</td>
</tr>
<tr>
<td>Vie-Pan Techno Park (Rental factory area for J-SMEs in Hiep Phuoc IP, Vietnam, HCMC)</td>
<td>3 ha (phase 1), out of 13 ha</td>
<td>Dec. 2014</td>
<td>1 unit (as of Sept. 2014)</td>
</tr>
</tbody>
</table>

(Source) Elaborated by the author, based on the information available from HP and interviews.

- **Nomura Haiphong IP**: First industrial park (supported by foreign investors) in Northern Vietnam, approved in 1994 and became operational in 1997. Initially slow occupancy due to investors' preference of Southern Vietnam (better business conditions, locational and infrastructure advantages), and Asian financial crises (1997).
- **Vie-Pan Techno Park**: Met with 700 Japanese SMEs (seminars, individual meetings) → 150 companies shown interests (received inquiries) → 55 companies visited the site → 7-8 companies strongly interested → 1 company signed contract (as of Sept. 2014).
Case Studies
## Features of Selected Industrial Zones

<table>
<thead>
<tr>
<th>Name</th>
<th>Developer</th>
<th>Management Service</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amata Nakorn Industrial Estate (Thailnad, Chonburi, Eastern Seaboard)</td>
<td>Public (IEAT) and local private (Amata Corporation) JV</td>
<td>One stop services provided jointly by the developer and IEAT</td>
<td>The developer, with the support of Japanese trading companies (Itochu, Sumitomo, etc.) and Ota–city, actively engaged in marketing and sales.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Specialized services for SME (rental factories) also available, supported by Japanese local govt. (Ota–city/Tokyo)</td>
<td></td>
</tr>
<tr>
<td>Long Duc Industrial Park (Vietnam, Don Nai Province near HCMC)</td>
<td>Foreign private JV: Long Duc Investment Co. Ltd. (Japan 88%, VN 12%)</td>
<td>One stop services provided by the developer</td>
<td>The developer (esp. Sojitz) actively engaged in marketing and sales. Kansai METI’s pilot for SME investors</td>
</tr>
<tr>
<td></td>
<td>-Sojitz, Daiwa House, KOBELCO</td>
<td>-Specialized services for SME (rental factories), provided by experienced Japanese SME</td>
<td></td>
</tr>
<tr>
<td>Dong Van Industrial Park II (Vietnam, Ha Nam Province near Hanoi)</td>
<td>Local private (VID Group)</td>
<td>One stop services provided jointly by the developer and Japanese consultant</td>
<td>Japanese consultant (BTD Japan) actively engaged in marketing and sales, working closely with Ha Nam province.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Specialized services for SME (JASMEC) also available</td>
<td></td>
</tr>
<tr>
<td>Vie–Pan Techno Park (Vietnam, HCMC)</td>
<td>Japan (private)–Vietnam (public) JV: Vie–Pan Techno Park Co. Ltd. (Japan 55%, VN 45%). -Hiep Phuoc IZ (HCMC–owned) -Unika, Seibu shinkin (with JBIC co-financing), etc.</td>
<td>One stop services specialized for SMEs, provided by the developer</td>
<td>The developer (esp. Unika Holdings) actively engaged in marketing and sales, working closely with HCMC.</td>
</tr>
</tbody>
</table>

(Source) Elaborated by the author, based on the information provided by IZs.
Distances:
- Bangkok: 57km, 45min. (Bangna-Trad Expressway or Bangkok-Chonburi Motorway)
- Suvarnabhumi International Airport: 42km
- Laem Chabang Deep Seaport: 46km
Amata Nakorn Industrial Estate
(Chonburi Province, Eastern Seaboard)

- One of the largest industrial estates in Thailand. Largest agglomeration of Japanese companies.
  - 600 tenants, of which more than 60% are Japanese companies. Nearly 40% are automotive-related.
- Developed by Thai private (AMATA Corp.), jointly managed by Industrial Estate Authority of Thailand (IEAT); one stop service operated by IEAT.
- Japanese trading companies (Itochu, Sumitomo, etc.) acting as sales agent; Japanese staff placed for marketing and investor services.
- Total area: 4,120 ha (huge). Phase 1-9 completed (1989-); phase 10 under development.
- Different types of rental factories
  - OTA Techno Park: designated area for Japanese SMEs (1 unit: 320㎡), with specialized services by Japanese-speaking staff (supported by Ota-city, Japanese local govt.)
  - Amata Summit Ready Built: 1,000～2,000㎡
  - TICON (private rental factory company): 1,500～5,000㎡
Amata Nakorn Industrial Estate

OTA Techno Park (for SMEs)

HINO

Siam Kubota Tractor

Siam Toyota Mfg.

Denso

Daikin

AGC Glass

Siam Denso

Bridgestone (tire)
OTA Techno Park

Phase 1: 8 units (4 companies)
Phase 2: 9 units (5 companies)
Phase 3: 8 units (3 companies)
Total: 25 units (leased by 12 companies)

Phase 3 Plan
Number of units: 8 units

Service Center, Management Office
OTA Techno Park (more…)

- Designated area for Japanese SMEs in Amata Nakorn IE, equipped with small-sized rental factories and specialized management support services.
- Established in 2006, with the cooperation btw. Amata Corporation and Japan’s Ota-city Industrial Promotion Organization (PIO).
  - Unit size: 320㎡ (apartment type), 3-year contract (renewable)
  - Total of 25 units (phase 1: 8 units, phase 2: 9 units, phase 3: 8 units)
  - Currently, 12 tenants (fully occupied by SMEs in Ota city (8), Osaka pref. (2), Hiroshima and Aichi pref. (1 each)
  - Management support provided by Ota-city: 1) providing common facilities, 2) organizing monthly meetings for tenants, 3) supporting corporate registration, 4) introducing accounting and recruitment firms, 5) assigning Japanese-speaking staff for inquiries and consultation.
- PIO (Ota-city) staff visit OTP 2 to 3 times per year, meeting with tenants (e.g., conveying their problems to Amata Nakorn IE and urging solutions, as necessary).
Long Duc Industrial Park
(Dong Nai Province, Southern Vietnam)

Distances:
- Ho Chi Minh: 40km (40min.)
- Tansonnat Int’l Airport: 60min.
- Cat Lai Port: 40min.
- Long Than Int’l Airport: 20min.
Long Duc Industrial Park
(Southern Vietnam, near HCMC)

• Developed and managed by Japanese private JV (Sojitz, Daiwa House, KOBELCO), with a Vietnamese SOE (minority share).
• Total area: 270 ha, operating from Sept. 2013.
• One stop service center operated by the developer. Sojitz (Japanese trading company) staff placed for marketing and investor support.
• Designated area for Japanese SMEs (small-sized rental factories)
  • Area 9,664㎡ (phase 1) subdivided into small units: 512㎡, 768㎡, 960 ㎡, 1,042㎡ (apartment type); separate, tailor-made type will be built for phase 2.
  • One of the tenants providing specialized service for SMEs.
• METI Kansai has concluded MOU with Dong Nai Province, and set up Kansai Business Desk in Dong Nai Industrial Zones Authority (DIZA).
Layout:
Long Duc Industrial Park
The Support (run by Japanese SME and a tenant of the rental factory) provides all kinds of management support to the other tenants.

They also make for space for incubation (by subleasing).
Dong Van II Industrial Park
(Ha Nam Province, Northern Vietnam)

Locational advantage
- Close to Hanoi (easy daily commuting)
- Access to port & airport is good and improving with new highways
- Relatively rural; labor supply is cheaper & more ample than in Hanoi

Distances
- Hanoi: 30-40min.
- Haiphong Port: 80km
- Along the National Hwy No.1 connecting the North to the South

Mr. Ryoichi Nakagawa, an experienced industrial zone promoter, of BTD assists Japanese SMEs

Mr. Nguyen Quang Khang, a personal secretary to the Governor Dung and fluent in Japanese, runs the Japan Desk
Dong Van II Industrial Park
(Ha Nam Province, near Hanoi)

- Developed and managed by local private firm (VID Group)
- Total area: 300 ha (phase1), operating from 2006.
- BTD Japan, a Japanese business consultant firm, acts as sales agent, providing marketing and investor support.
- One stop service center provided, jointly by the developer and BTD Japan.
- Strong support from local government (Ha Nam Province) to attract Japanese investors (special incentives).
  - Japan Desk, and 24-hour hot line to Governor Mai Tien Dung
- Designated area for Japanese SMEs (JASMEC), 11ha, providing various options.
  - Rental factories: apartment type (250～500㎡); separate type (1,000 ～2,000㎡)
  - Standard factory (1,000～2,000㎡). In this option, tenants are allowed to sublease extra space for other SME (Nokisaki).
Layout:
Dong Van II Industrial Park

Service Center, Management Office

Highway to Hanoi, less than 1 hour

Japan SME Center (JASMEC)
WE GUARANTEE:

1. Sufficient and stable power supply (24 hours)
2. Good basic infrastructure (water, sewerage, internet, banks, etc.)
3. Free provision of land to be used for dormitories for workers (outside the industrial park)
4. Efficient administrative procedures (investment license to be approved in a few days)
5. Sufficient labor supply, developing a university town (1,000 ha secured for universities relocating from Hanoi)
6. Facilitating procedures for setting up and operating companies, tax incentives, and subsidies for training expenditures for Vietnamese staff
7. Public security and safety for companies
8. Flexible administrative response, to accommodate unanticipated changes in investors’ business plans
9. Prevention of strikes (local and foreign companies)
10. 24-hour hotline to the governor’s desk (by assigning Japanese-speaking management staff: Japan Desk)
Vie-Pan Techno Park: Exclusively for Japanese SMEs  (Ho Chi Minh City, Vietnam)

- Developed and managed by JV of Japanese private firm and Vietnamese municipal government (Ho Chi Minh City)
  - Japan (55%): Unica Holdings & Japanese SMEs, Seibu Shinkin; also JBIC loan mobilized
  - Vietnam (45%): Hiep Phuoc IP (under HCMC EPZ Authority (HEPZA))
- Providing rental factories for Japanese SMEs (13ha) within Hiep Phuoc Industrial Park (2,000ha planned)
  - 3ha subdivided into small units: 250㎡, 500㎡, 1,000㎡ (phase 1)
  - Tenants can conclude rental contracts or contracting manufacturing agreements with Vie-Pan Techno Park -- no need to set up company
- One stop service center operated by the developer (based on 17-year experience of SME support by Unika Vietnam)
- Strong support by HCMC Peoples Committee and HCMC EPZ Authority.

Mr. Jinjiro Kimura of Unika, originally from Vietnam, now a naturalized Japanese citizen, will support you
Vie-Pan Techno Park (Phase 1 Master Plan)

Hiep Phuoc Industrial Park (HEPZA) - Easy access to city center
- Access improving with new highways
- A commercial port within IZ

- HCMC: 15 km
- Tansonnat Int’l Airport: 21 km
- Long Thangh new Int’l Airport: 42 km (2020)
- Hiep Phuoc Port: 1 km
Vie-Pan Model to Minimize Cost and Risk for Japanese Manufacturing SMEs

Japanese SMEs with no overseas experience

Special support & subleasing company (UNIKA + local authority)

Vie-Pan Techno Park

Ho Chi Minh City government

Hiep Phuoc Industrial Park

Other tenant

Other tenant

Sublease or manufacturing contract with Vie-Pan; no need to formally establish a company in Vietnam

Land lease contract

Vie-Pan under construction (Sep.2014)
Implications for Ethiopia

• There are many ownership options for IZ development (local public/local private JV, local public/foreign private JV, 100% local private, etc.)

• To attract Japanese investors, special consideration is needed to accommodate their business & manufacturing styles (location, layout, infrastructure, service quality…).

• Japanese staff (trading company experts, qualified business consultants, etc.) are needed for
  • Marketing and promotional activities (including in Japan)
  • Providing management support to tenants
  • Offering advice on legal procedure and business environment

• Consider establishing a Japanese area within one of the planned IZs (e.g., Bole Lemi II, Kilinto) with the provision of specialized services for Japanese investors.

• Double-subleasing and “nokisaki” possibilities further facilitate Japanese manufacturing FDI.