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**SPEECH BY MR GOH CHEE WEE, MINISTER OF STATE
(TRADE & INDUSTRY) AND (COMMUNICATIONS),
AT THE OFFICIAL LAUNCH OF
VIETNAM-SINGAPORE INDUSTRIAL PARK
AT MANDARIN HOTEL, SINGAPORE
ON TUESDAY, 30 JANUARY 1996 AT 5.00 PM**

I am pleased to be here this afternoon to participate in the launch of the Vietnam-Singapore Industrial Park (VSIP).

The idea of developing a Singapore-style industrial park was first raised by Vietnam's Prime Minister Vo Van Kiet to Prime Minister Goh Chok Tong, when they met in March 1994. The project grew out of Vietnam's desire to industrialise its economy and improve the economic well-being of its people. Singapore gladly acceded to Vietnam's request as we believe that Vietnam's economic development and prosperity will benefit not only its people, but also the region.

Since the beginning of the economic reforms in the late 1980s, Vietnam's economy has developed rapidly. Gross Domestic Product has expanded in excess of eight per cent annually over the last few years. Inflation which had been a previous concern is largely under control. Foreign investors' interest in Vietnam continues to grow. Cumulative, more than US\$18 billion has been

invested in the country since the reforms began. In 1995, Vietnam attracted over US\$6 billion in foreign direct investments, almost double the US\$3.5 billion it attracted in 1994.

Singapore and Vietnam enjoy good bilateral relations. We have established strong economic ties. Today, Singapore is a major investor in Vietnam. Our total investments in Vietnam have exceeded US\$1.7 billion, making Singapore the fourth largest investor in the country. Singapore is also Vietnam's second largest trading partner with bilateral trade exceeding S\$3 billion for the first time last year.

The Vietnam-Singapore Industrial Park (VSIP) is another concrete manifestation of the close economic ties between our two countries. The first phase of VSIP will cover 100 ha and completion is targeted for 1998. But we expect the first ready-built factory to be ready by early next year. The initial 500 ha is expected to be completed by the year 2004. The VSIP will target tenants from industries like consumer electronics, automotive components, and food processing.

Singapore is happy to be a partner in advancing Vietnam's industrialisation programme. Through the VSIP project, we hope to share with Vietnam our extensive experience in industrial development. With our world-wide network of investment offices and our good relations with the multi-national companies, we will help to market the industrial park to the potential foreign investors. Singapore companies which are seeking out investment opportunities in the region would also be encouraged to look at VSIP.

Singapore views VSIP as an important project. It marks a change and a diversification in the nature of Singapore's investments in Vietnam - from mainly property development towards industrial park development and manufacturing.

Although the VSIP will be jointly developed by the private sectors of our two countries on a commercial basis, support from the Vietnamese and Singapore governments is important for the project's success. The VSIP is an ideal test bed for Vietnam to experiment with new and innovative industrial and fiscal policies - policies which would enhance the country's attractiveness for foreign investments. A highly successful Vietnam-Singapore Industrial Park can become a model for industrial development in the rest of the country.

With these remarks, may I wish the Singapore-Vietnam consortium every success in this highly significant joint venture project.

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