



Long An: Gateway for Development

AHK Blog – February 2024



Delegation der Deutschen
Wirtschaft in Vietnam
Delegation of German Industry
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As the Gateway to the Mekong Delta, Long An's economy was focused on agriculture for the longest time. In recent years, however, the province has emerged as an industrial hub. Its location right next to Ho Chi Minh City (HCMC) and its large quantities of available industrial land drive a strong increase in manufacturing activities. In the long term, Long An is slated to catch up with more industrialized provinces such as Binh Duong or Dong Nai.

Please note that this article is part of a marketing project in cooperation with Industrial Park – KCN Vietnam in Long An.

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Geographical and Social Characteristics

Long An borders the provinces of Tien Giang and Dong Thap in the south and Tay Ninh and HCMC in the north. To the east lies Cambodia. Its terrain is divided by a system of rivers and canals with a total length of up to 8,912 km. Two main rivers are the Vam Co Dong and Vam Co Tay, which connect with the Tien River to form a larger river system. In addition, the Soai Rap is another important river in the region. The province's ground is mostly made up of alluvial deposits making piling necessary in most regions. Because Long An is a transitional land between the Southeast and the Southwest, the terrain tends to lower from the northeast to the southwest. The north and northeast of the province have some low hills; the middle of the province is plain; and the southwest of the province is the low-lying area of Dong Thap Muoi, in which a major Melaleuca forest is located.

Long An is situated in the humid monsoon climate zone. Thus, it is characterized by the climate of the Mekong Delta with year-round warm temperatures. The dry season lasts from November to April. Long An has experienced drought in the past years, e.g. causing a water shortage in 2020. On the other hand, during the rainy season, which lasts from the beginning of May to the end of October, areas located next to rivers are prone to flooding, causing erosions over time. Due to its exposure to such climate change-induced events, Long An continuously participates in climate adaptation projects.

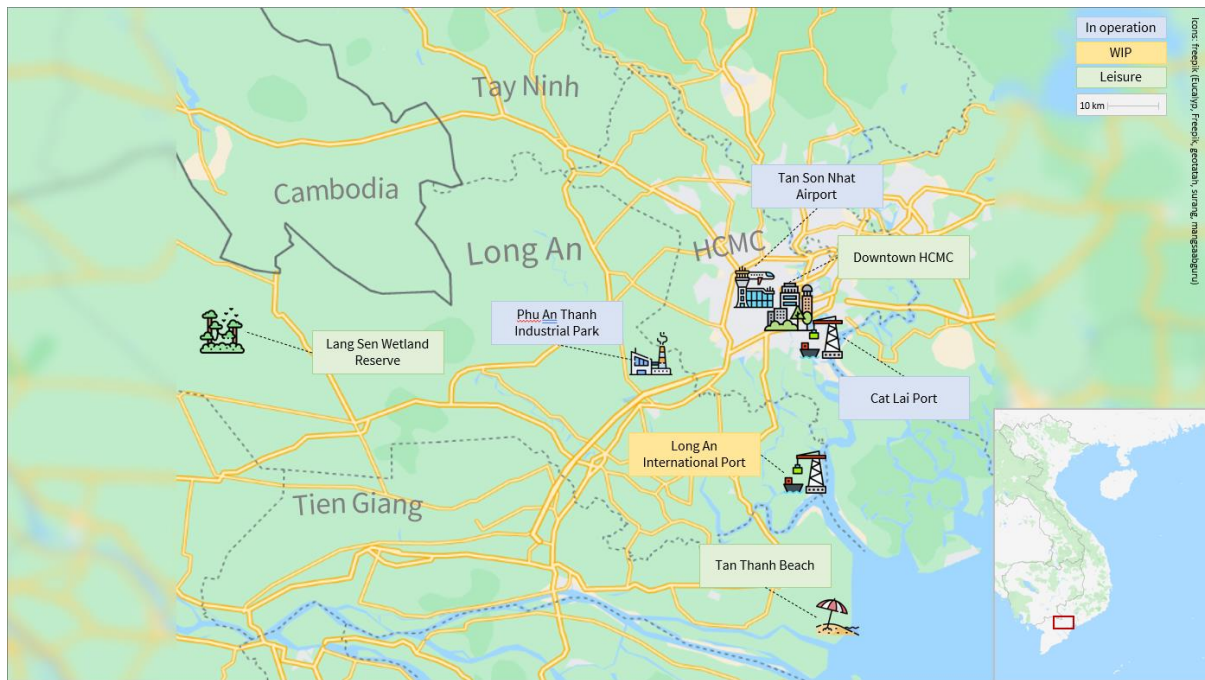
Proximity to HCMC

Long An is part of the greater HCMC metropolitan area. With a population of 9 million, HCMC itself is the biggest municipality in Vietnam. However, with its surrounding provinces of Binh Duong, Long An, and Dong Nai the city forms a megalopolis with roughly 16 million inhabitants contributing roughly half of Vietnam's economic output. For many businesses, HCMC is therefore the first point of entry into the country. Apart from its enormous business opportunities the city is also Vietnam's major hub for culture and leisure. With its lively dining and party scene it is able to attract top talent from around the world. Furthermore, HCMC hosts some of the country's best medical facilities as well as many international schools. From the HCMC Central Business District (CBD), our partner KCN Vietnam's facilities in Long An are only 37 km away. Thus, making it convenient for workers to commute from and to HCMC.

Infrastructure

The location of Long An has excellent potential for manufacturers and logistics demand due to the flow of tremendous trade of raw materials and agricultural products to the biggest consumption market in HCMC. Therefore, as a gateway linking HCMC and the Mekong Delta region, Long An has excellent accessibility to HCMC through multiple roads as well as through a developed river system infrastructure.

- **Road:** Currently, Long An is completing the upgrading of inter-regional roads such as the National Highway 1A, National Highway 50, National Highway 62, and N2. At the same time, the highways Ho Chi Minh City - Trung Luong and Ben Luc - Long Thanh also contribute to the province's overall development, thereby creating opportunities for the real estate market. Also, the Ring Road 4 section Ben Luc - Hiep Phuoc and metro 3A Ben Thanh - Tan Kien are currently being started.
- **Sea:** Traditionally, a lot of transportation in Long An has been done by its many rivers that form capable waterways for barges. Nowadays, however, Long An's road accessibility to two of Vietnam's largest ports may be more crucial:
 - **Cat Lai Port / HCMC:** Currently, this is the busiest port in Vietnam. Cat Lai is handling roughly half of the freight in southern Vietnam serving mainly Asian routes. It is located on the Dong Nai River roughly 45 km from this blog entry's partner – KCN Vietnam.
 - **Cai Mep / Ba Ria Vung Tau:** Operating since 2009, this is a relatively new development. While Cat Lai is a river port, Cai Mep is a true deep sea port located close to the mouth of the Soai Rap River. It is able to receive huge container ships of up to 200k DWT. Cai Mep aims to develop direct shipping lines to Asia and America and to become a transshipment hub. In 2019, the port handled about a third of southern Vietnam's shipments. Cai Mep's distance from KCN is ca. 100 km.
 - **Long An International Port:** is a project located in a complex of 4 project areas with a total area of 1,935 hectares. The complex consists of a 396-ha industrial park, a 239-ha services and industry area, a 1,145-ha urban area, a 147-ha port. The Dongtam Group invested over \$500 million in the complex, with a warehouse of up to 1 million sq m. Long An International Port officially connected seven wharves on June 24 and began container loading and unloading services. The port will be able to handle more than 500,000 TEUs a year.
 - **Hiep Phuoc Industrial Park:** was established on September 16, 1996. Hiep Phuoc Industrial Park is home to 3 major ports, including Saigon Central Container Port, Tan Cang Hiep Phuoc Port, and Saigon Hiep Phuoc Port, all located along the Soai Rap River. Accompanying that are industries, warehousing businesses, seaport services... Currently, Tan Cang Hiep Phuoc port is not simply a place to serve import and export activities but also an ideal place to gather logistic services and become a key economic zone in the south of the city.
- **Air:** The biggest airport in Vietnam, Tan Son Nhat (TNS) in HCMC, is only 38 km (60') away from Ben Luc, Long An, and provides access to many national and international destinations. Additionally, the travel time from Ben Luc, Long An, to the new Long Thanh Airport in Dong Nai via the Ben Luc - Long Thanh expressway (60 km) or the HCMC - Long Thanh - Dau Giay expressway is also short.



Besides its strategic location and accessibility to HCMC, Long An is also considered the next rising star due to its competitiveness in the labor pool and (industrial) land availability.

- Availability of high-quality labor sources and competitive labor cost: With a population of more than 1.7 million people of which more than 62 % are within the working age group, a large workforce is trained on-site at schools and vocational training centers that regularly supply businesses every year. In addition, taking advantage of being adjacent to HCMC, investors can easily attract an abundant source of high-quality labor. Along with that, labor costs are competitive, making many investors decide to choose Long An instead of other provinces in Vietnam.
- Availability of land: Finding a large area of land in HCMC is gradually becoming impossible, especially in satellite urban areas. Land prices also increase, so the potential for an increment is not high. Long An is therefore a potential destination for investors as infrastructure development is completed and industries and services grow.

Economic Development and International Investment

Long An's geographic location and resources are favorable for developing industries and services. In the first 6 months of 2023, Long An's economic growth rate (GRDP) increased by 3.43%. This is a positive growth rate, creating a premise to promote economic development in the last 6 months of 2023. The economic structure of the agriculture, forestry, and fishery sectors accounts for more than 16% of GRDP; The industrial and construction sector accounts for nearly 51%; The service sector accounts for more than 27%. The province's disbursement rate ranks 5th out of 63 provinces and cities nationwide. In the first ten months of 2023, Long An is becoming the destination attracting the most foreign investment in the Mekong Delta region. While these destinations have reached their limits regarding land and labor availability, Long An is pushing forward in developing industrial parks and strengthening its infrastructure.

There are 34 industrial parks in Long An and now Long An plans to establish 17 new industrial parks, bringing its total to 51 by 2030, with a total area of nearly 12,500ha, according to the provincial People's Committee. The 17 newly established industrial parks will be located in an area of nearly 3,200ha. Forty countries and territories have directly invested in 1,367 projects in Long An with a total registered capital of 13.5 billion USD.

Regarding attracting foreign direct investment (FDI), in 2023, Long An issued investment certificates for 116 projects (an increase of 57 projects), newly granted investment capital of 549.5 million USD, an increase of 37.1% over the same period. To date, in the province, there are 1,245 FDI projects, with a capital of 10.6 billion USD, of which 588 projects are in operation, total investment capital of over 3.6 billion USD. Long An is prioritizing the development of processing, manufacturing, and renewable energy industries; manufacturing metal and prefabricated metal products, mechanical engineering, food processing, electronic products, chemicals, and chemical products. The province is also focused on technological innovation, productivity improvement, and effective resource management to achieve an average annual industrial output growth rate of about 13 percent from now to 2030. In addition to a number of corporations such as STS, Yushin, CJ, Lotte, Iraq, Coca-Cola..., Long An has connected and signed about 20 memorandums of understanding and cooperation contracts between the province's enterprises and foreign enterprises. Currently, the province has received over 10 billion USD of FDI capital from 40 countries and territories; The leading partners are Korea, Japan, and Taiwan. German companies are also very fond of Long An. After HCMC, Hanoi, and Binh Duong, Dong Nai is the province with the most German investments. Nine companies invested more than 12 million USD into manufacturing operations.

Overview: German production investments in Long An

Investor Name	Products	Investment Sum	Establishment
Quickpack	Packaging	3.7 million USD	2017
Oechsler	Shoe supplies	3.2 million USD	2017
Oppermann	Lashing straps	2.5 million USD	2019
Coepito	Packaging	1.0 million USD	2017
Surtec	Chemicals	1.0 million USD	2019
Decotex	Curtains	300k USD	2015
Kurtz Ersä	Electronics		2018
MC-BIFI Bauchemie	Chemicals		2017
Deutsche Bekleidungswerke	Apparel		2014

Our partner

KCN Vietnam is a developer of industrial properties. The company offers ready-built with high-quality factories, warehouses, hybrids, and built-to-suit facilities. It is part of the Thien Huong Group, a local cross-sectoral corporation. Currently, the industrial park has a 7-hectare project completed in Nhon Trach 5 Industrial Park, a 16.3-hectare project in Ho Nai Industrial Park - Dong Nai, a 13.4-hectare project in Phu An Thanh - Long An and project 10, 6 hectares at Deep C Industrial Park - Hai Phong is in the final stages of completion. KCN Vietnam has customers from Korea, China, Switzerland, America, Germany, Malaysia, etc. The industrial park's land fund is 200 hectares and is still growing. It is thus one of the fastest and most ambitious industrial property developers in Vietnam.

The KCN Phu An Thanh project is located within the Phu An Thanh Industrial Park. It is comprised of ready-built factories (RFB) and ready-built hybrids (RBH) and is located in Ben Luc District, Long An Province, close to the border with Ho Chi Minh City.

The project is divided into two phases, eventually delivering a total gross leasable area of 90,000 sqm to the industrial real estate market. Phase 1 of the project with approximately 45,000 sqm of leasable properties started in February 2022 and is now available for lease. The second phase was commenced in January 2024 and planned to finish by Q3 of the same year.

KCN Vietnam is offering “Ready-Build Factory” (RBF) as well as “Ready-Build Hybrids” (RBH), an innovative design that allows flexibility for end-users to switch back and forth between warehouse and factory functions according to their needs. Unit size for RBF starts from 2,560 sqm up to 15,360 sqm, whereas unit size for RBH starts from 3,624 sqm up to 14,496 sqm.

Models of factories available in Vietnamese industrial zones



Type	Read Built Factory	Built to Suit Factory	Greenfield Investment
Ownership	Lease from Industrial Zone	Lease from Industrial Zone	Investor
Capital Tie-up	Low	Low	High
Design flexibility	Low	Middle	High
Time to move in	Immediately	6 to 12 months	12 months ++

Vectors: freepik (madrovector)

Nowadays, such leasable properties are increasingly popular alternatives to “traditional” investment models where the investor acquires land and builds the factory buildings; so-called “Greenfield Investments”. This is due to the fact that such objects do not necessitate capital expenditures for construction. Also, renting a completed property can speed up the setup process of a factory a lot in comparison to lengthy procedures for building a manufacturing site.

With the KCN Phu An Thanh project come the following features:

- High-quality construction with a hybrid design, international management, competitive rental rate, near residential area

- Abundant labor force and competitive labor cost (minimum wage is around 3,430,000 Dong; 2021)
- Environmentally friendly by applying rooftop solar

With premium industrial properties for rent, KCN Vietnam is offering a one-stop solution for companies with manufacturing or warehousing needs in Vietnam.

Conclusion

Considered the next rising star in the southern key economic region, Long An is steadily establishing itself as an important engine for economic growth in southern Vietnam. As industrial land becomes limited, Long An's large industrial land, improving infrastructure, and advantageous location have made the province an attractive destination for investment in the Greater HCMC Area. While Long An aims to transform its development model towards high-tech manufacturing, as well as building a Hi-Tech Economic Zone, it is on the right track to catch up with more established industrial provinces such as Binh Duong and Dong Nai.

If you have any further questions or are in search of a manufacturing location in Vietnam, feel free to let us know. For contact details see: <https://vietnam.ahk.de/en/services/investment-location-analysis>

Contact Us

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