

SPEECH OF MR NGUYEN VAN HON, DEPUTY DIRECTOR PHU QUOC ISLAND INVESTMENT MANAGEMENT & DEVELOPMENT BOARD

First of all, I would like to extend my thanks to Sir **Fernando Curcio Ruigómez**, Spanish Ambassador in Vietnam!

Ladies and Gentlemen!

I should be really honoured to be invited and to make a speech at the important meeting with Spanish investors in Hochiminh City.

Ladies and Gentlemen!

Our world in recent years had to go through a difficult period due to the impact of economic crisis with global scale. Vietnam is the country whose economy is still quite young, not really thrives, and thus, less affected. However, the domestic economy might have some influence as well: the situation of investment and economic development were almost down, especially in investment, construction, etc. In spite of this, thanks to the determination of the Government, the Provincial Party Committee and People's Committee of Kien Giang province in focus on investment, construction and development of Phu Quoc island - Vietnam's largest island, in accordance with the policies, orientations which have been previously set out, Phu Quoc's Economy always maintains its growth rate steadily and impressively, especially in the service and tourism sector.

To help our delegates and investors from the Spanish Kingdom understand better about the island of Phu Quoc, I would like to present sketchy profiles on the status, the situation of investment and development, as well as our investment plans of infrastructure construction for the following years on Phu Quoc Island, Kien Giang province.

Phu Quoc is both the name of a cluster of 27 islands of all sizes with a total natural area of about 593 km², and the name of Vietnam's largest island in Phu Quoc Archipelago with natural area of about 567km² in the Gulf of Thailand. Phu Quoc is an administrative division at district level, directly under the province of Kien Giang. Phu Quoc Island district includes 02 towns and 08 communes or villages, of which there are 02 island villages separate from the main island of Phu Quoc. Duong Dong is both the largest town and administrative center of Phu Quoc district. The current population of Phu Quoc is around 93,000 people, living mainly on fishing, fish sauce processing, farming, etc ... Most famous products of the Phu Quoc can be referred to as Phu Quoc fish sauce and black-pepper, etc.

Thanks to the geographically advantageous location, situated deeply in the Gulf of Thailand with less storms or hurricanes, the density of forest coverage is quite large, between 65-70%, so the climate of Phu Quoc is quite mild, warm all year round, the average temperature of about 28°C or 82.5°F. Phu Quoc is an ideal island since its natural environment is still wild with long, clean, snow-white, fine-sand beaches, transparent sea, immense ranges of green forests, the fauna and flora are fairly diversified and abundant, more than 16,000ha of sea grass and 3,000ha of colourful coral reefs are strictly preserved and protected, and so on. In addition, Phu Quoc Island is located particularly convenient for trading with other countries in the South-East Asian region, it takes only about 1 hour flight from Phu Quoc to such countries as Singapore, Malaysia,

Thailand, Philippines, etc. Phu Quoc is widely known by more and more domestic and foreign tourists as a destination for ideal ecological tourism and resorts.

As a result of the above factors, the Government of Vietnam has identified that the potentiality for development of Phu Quoc island is extremely large, and at the same time, oriented to construct and develop Phu Quoc island into the Special Economic – Administrative Region; island-marine ecological tourist city; center of eco-tourism, high-end resorts and entertainment; center of financial trade and commerce at regional and international level in association with the general master planning on construction of Phu Quoc island, Kien Giang province till 2030 with a vision after 2030. Simultaneously, the Government also issued a series of regulations, special preferential policies for Phu Quoc, such as the policies of investment incentives, tax incentives, immigration, import / export, etc. in order to call and attract investment into Phu Quoc island. Owing to these advantages, the economy of Phu Quoc increases, grows strongly and continuously. Economic growth rate of GDP on average is about 20% per year. Especially, the number of tourists and revenue from tourism sector is continuously increasing over 31% per year. The number of tourists to Phu Quoc particularly in 2009 was approximately 220.000 visitors. Phu Quoc has 72 tourist accommodation establishments with 1.498 rooms and 2.461 beds. Particularly in the field of tourism development, at present the number and quality of the accommodation establishments, tourist services remains low, can not meet the diversified, and abundant demand of tourists and visitors to Phu Quoc. Budget revenues increase between 45 - 50% per year on average. Economic structure is shifting towards positive. People's lives have been increasingly improved and upgraded.

I. Status and projects which have been invested.

1. Infrastructures:

+ *Aviation*: Using brand-new 64-seated ATR72 flying from Hochiminh City or Rach Gia City. There are 10 flights per day from Hochiminh City to Phu Quoc on average. Flying time from HCMC to Phu Quoc is about 1 hour. In the end of March, 2010 there will be flights from the city of Can Tho to Phu Quoc. We have already started the construction of the International Airport of 4F standard (ICAO standards) in November, 2008 and it is expected to be completed and put into operation in June, 2012, serving over 1 million passengers per annum in stage 1.

+ *Seaport system*: The mixed international seaport in the southern part of the island has been being constructed and can admit anchorage of ships from 2.000 – 3.000 tons when finished. Currently, the port construction works is in the period of completion, it is expected to put into use in the first quarter of 2010. Other ports are under planning, preparing procedures for investment.

+ *Roads*: There are inter-roads, circle-roads throughout the island (these roads have been being built), fish-bone roads to tourist spots. We are improving, upgrading and investing on construction of new roads designated in the general master plan. These projects are expected to complete before 2012.

+ *Water supply*: According to the general master planning, Phu Quoc has five reservoirs with a total capacity of 34 million m³. Currently, only Duong Dong reservoir (*total capacity 4 million m³*) was built and is in use with a capacity 5.000 m³ per day primarily to supply to the town of Duong Dong, planned to upgrade to 15.000 m³ per day. The others are also under planning, preparing procedures for investment and construction.

+ Communication facilities: Phu Quoc has a full range of infrastructure services for communications, entertainment, advertising such as postal system, mobile phone (network coverage of the whole island), cable TV, internet , and so on.

+ Power Plant: We are currently using power from diesel generators with a capacity of 14.3 MW, available capacity of 18.35 MW (*temporarily meet the current need*).

2. Projects being implemented: Implementing the investment project to build a thermal coal power plant with a total capacity of 200MW, Phase 1 with capacity of about 50MW; implementing the project of connecting undersea cables from the mainland to the island. These projects are expected to complete and put into use before 2013. Besides, other investors still continue to study and survey other electricity supply sources using renewable energy like wind power, solar power, from waste treatment, etc.

+ Waste water, solid waste: Currently, Phu Quoc has no collection system and wastewater treatment, as well as solid waste treatment system. However, Phu Quoc has implemented the planning of collection system and centers of sewage treatment and solid waste treatment for the entire island of Phu Quoc, this planning will be integrated into the content of the general master planning adjustment on construction of Phu Quoc Island till 2030 to submit for the Prime Minister's approval, investment capital for the entire collection system and sewage treatment is estimated around 325million US dollars in particular. Preparing investment procedures to carry out the construction project of one of the two solid waste collection and treatment plants on a scale of 25ha. According to the general master planning, Phu Quoc has two solid waste treatment areas on a scale of 25ha's each; five waste-water treatment centers scatteredly arranged across the island of Phu Quoc.

3. Investment attraction:

Up to the present, Phu Quoc has registered 213 projects with total investment area scale of around 10.387ha, total registered investment capital of approximately 400.000 billion dong, of which:

Already granted investment certificates to 39 projects, scale area of 3.012ha, total investment capital of 42.563 billion dong, of which 05 FDI projects with an area of 570ha and a total investment capital of 27.477 billion dong. Among the projects being granted investment certificates, 07 projects have been started the construction and put into operation with an area of about 17ha, 04 projects are being developed on an area of 227ha. The remaining projects are under performing the compensation work and clearance procedures, finalizing investment formalities or making 1/500 master plans.

Approved investment consents for 174 projects with scale area of about 7.375ha. These projects are in the stage of setting up investment projects, detailed planning, basic designs, performing evaluation reports on environmental impact, ect.

Most of the above investment projects mainly aim at the areas of tourism, urban construction planning, infrastructure engineering. Registered businesses on Phu Quoc island are increasing rapidly in both number and scale of business, in 2009 alone there were 196 businesses registered with a scale of business up to 3.767 billion dong. By the end of 2009, the district of Phu Quoc had 782 businesses on a registered capital scale of 12,080 billion dong.

II. Infrastructure projects continuing to call for investment and upgrading.

1. *Seaport system:* Continue to call for investment projects to build the deep-water international tourist seaport Bai Dat Do.

2. *Roads*: Investment projects to build branch roads, other roads in functional areas and urban areas according to the general master planning.

3. *Water supply*: Investment projects to build reservoirs and water supply distribution system of Cua Can with capacity scale of about 15 million m³.

+ Prioritizing investment projects to develop clean energy, renewable energy such as wind power, solar power, etc.

+ *Sewage and solid waste*: Investment projects on construction of collection systems, sewage treatment and solid waste treatment across the island of Phu Quoc.

III. Expected projects to continue investing from now to 2012 and subsequent years:

1. Construction project of pulling 110 KV undersea cables from Ha Tien - Phu Quoc to acquire electricity from the mainland to the island to meet with the future demand for electricity consumption, catching up the progress of construction of Duong To international airport. Total length of cables is about 53km, projected investment capital for stage 1 is about 1300 billion dong.

2. Construction project of a coal power plant – Stage 1 with a scale of 50mW, construction area of the plant is about 60ha.

3. Construction project of a collection system and sewage treatment plants on the entire island, scale of projected investment capital is over 325 million US dollars.

4. Construction project to build the collection system and solid waste treatment plant No. 1, scale of 25ha in Ham Ninh commune (02 plants of 25ha's each according to the general master planning)

5. Project of upgrading Duong Dong reservoir (storage capacity 4 million m³ and upgrade the current capacity of clean water supply system from 5.000m³ per day to 15.000m³ per day)

6. Investment project of the new reservoir of Suoi Lon with supply capacity of 10.000m³ per day, Rach Ca reservoir with supply capacity of 18.300m³ per day, including water supply systems.

7. Wind power development project combining solar energy on Hon Thom (*South of An Thoi town*). Projected capacity is expected to invest about 10MW, which is prepared to install 1MW at Stage 1.

8. Road construction projects of the North - South backbone road and the circle-road round the island.

9. Implementing construction projects of project owners, investors who have completed investment formalities.

In general, the situation of investment, construction and development of Phu Quoc Island is still slow compared to the set targets and plans. The work on implementing the investment and construction projects also contain quite a lot of difficulties due to most construction materials are transported from the mainland to the island by boat, so much dependent on weather conditions, construction costs are normally higher than those in the mainland (*about 30%*). However, the interest of local and foreign investors today for investment projects in Phu Quoc has increased thanks to the determination of the Government and local government in investing, improving and upgrading the infrastructure

system on Phu Quoc Island, which has a large contribution made by the lowered temperature of the global economic crisis fever.

On behalf of the Management Board for Investment and Development of Phu Quoc Island, local authorities of Phu Quoc Island, I would like to call on investors in the Kingdom of Spain working in the fields of all economic sectors, please, come and visit Phu Quoc Island so as to find out more specific things about our people, culture, investment opportunities which may bring practical benefits in Phu Quoc. We as people working on behalf of the State and local authorities in the field of investment management, construction and development of Phu Quoc Island is committed to assisting investors on Phu Quoc Island with our abilities and responsibilities. In order to conclude my speech today, I would like to extend my special thanks to the Embassy and the Ambassador of the Kingdom of Spain holding this important meeting between Vietnamese and Spanish partners, my special thanks to ladies and gentlemen. I strongly wish the Ambassador, ladies and gentlemen "Good Health - Happiness and Success". Thank you!