

Constructing Industrial Clusters and Regulations in Industrial Cluster (IC) Development

Nguyen Xuan Hai¹, Dinh Tran Ngoc Huy, MBA^{2*}, Le Ngoc Nuong, PhD³ & Pham Hung Nhan, Master⁴

¹Vifon Corporation - HCM University of Technology, Vietnam. ²Banking University HCMC, Ho Chi Minh City, Vietnam - International University of Japan, Japan. ³Thai Nguyen University of Economics and Business Administration (TUEBA), Thai Nguyen, Vietnam. ⁴Political School of Ca Mau Province, Vietnam. Email: dtnhuy2010@gmail.com*



DOI: https://doi.org/10.46382/MJBAS.2023.7301

Copyright: © 2023 Nguyen Xuan Hai et al. This is an open access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Article Received: 14 May 2023

Article Accepted: 22 July 2023

Article Published: 29 July 2023

ABSTRACT

In Hanoi, there are currently 70 industrial clusters (CCNs) operating, contributing significantly to economic growth and ensuring social security. Hanoi has good infrastructure in terms of traffic, electricity, water, post office, etc. Besides, Hanoi has been invested heavily in infrastructure development, this is a good condition. to develop CCNs (industrial clusters). CCN is the geographical concentration of production - business establishments, organizations related to each other in terms of production, use of infrastructure and limiting environmental pollution. Therefore, CCN can be considered as the focal point for implementing internal linkages between industries and services and linking industry with rural areas in the region and locality. Therefore, CCN is the nucleus that promotes regional and local socio-economic development.

Keywords: IC development; Industrial clusters; Regulations; Shortcomings.

1. Introduction

First of all, according to DECREE No: 68/2017/ND-CP

Hanoi, May 25, 2017 - ON MANAGEMENT AND DEVELOPMENT OF INDUSTRIAL Clusters - In this Decree, the following terms are construed as follows:

1. An industrial cluster is a place of production and provision of services for industrial production and handicrafts, with definite geographical boundaries, no inhabitant, invested and built in order to attract, relocate small and medium enterprises, cooperatives and cooperative groups to invest in production and business.

The industrial cluster has an area not exceeding 75 ha and not less than 10 ha. Particularly for industrial clusters in mountainous districts and industrial clusters in craft villages with an area not exceeding 75 ha and not less than 5 ha.

- 2. Craft village industrial cluster means an industrial cluster serving the relocation and expansion of production and business activities of small and medium-sized enterprises, cooperatives, cooperative groups, household and individual production establishments in the village, occupations in order to overcome environmental pollution, develop professions and craft villages in the locality.
- 3. Investors in construction of technical infrastructure of industrial clusters are enterprises, cooperatives and units established and operating in accordance with Vietnamese law, investing in construction, management and exploitation system of technical infrastructure works for industrial clusters.
- 4. District-level industrial cluster development center is a non-business economic unit with revenue directly under the district-level People's Committee, which has been established under the Regulation on management of industrial clusters promulgated together with Decision No. 105/2009/QD-TTg dated August 19, 2009 of the Prime Minister.



- 5. The district-level industrial cluster management board is a unit directly under the district-level People's Committee, established by decision of the district-level People's Committee to assign or authorize the investor to build the cluster's technical infrastructure of the industry in the area.
- 6. The system of general technical infrastructure works of the industrial cluster includes the system of internal traffic works, sidewalks, trees, water supply, drainage, wastewater treatment, solid waste, and electricity supply, public lighting, internal communication, operator, security and other works serving the operation of the industrial cluster.
- 7. Organizations and individuals investing in production and business in industrial clusters, including enterprises, cooperatives and cooperative groups established in accordance with Vietnamese law; individuals and households (for industrial clusters and craft villages) have business registration in accordance with the law.

2. Methodology

Authors have used qualitative and analytical methods, descriptive method for primary model, synthesis and discussion methods in this paper.

We also used historical materialism method.

3. Main findings

3.1. Background

CCN is the geographical concentration of production - business establishments, organizations related to each other in terms of production, use of infrastructure and limiting environmental pollution. Therefore, CCN can be considered as the focal point for implementing internal linkages between industries and services and linking industry with rural areas in the region and locality. Therefore, CCN is the nucleus that promotes regional and local socio-economic development.



Figure 1. Hanoi develop ICs

(SOURCE: Internet)

2



3.2. Relevant Regulations

Article 7. Conditions for adjustment and supplementation of the industrial cluster development planning.

Conditions for adjusting industrial clusters out of the planning: An industrial cluster that meets one of the following two conditions shall be considered and removed from the Planning:

- a) The industrial cluster is no longer consistent with the socio-economic development planning; Industrial and handicraft development planning; Land use planning and plans; Construction and urban planning and other industry and product planning in the area;
- b) There is a need to convert an industrial cluster with effective investment in low-tech infrastructure for the purpose of developing other fields and industries according to the orientation of socio-economic development planning, construction and urban planning. in the area approved by the competent authority.

4. Discussion and Conclusion

According to Document (CIRCULARS) No: 28/2020/TT-BCT

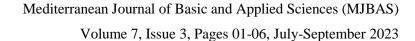
Hanoi, November 16, 2020

PROVISIONS AND INSTRUCTIONS FOR IMPLEMENTATION OF SOME CONTENT OF DECREE NO. 68/2017/ND-CP DATE MAY 25, 2017 OF THE GOVERNMENT ON MANAGEMENT AND DEVELOPMENT OF INDUSTRIAL Clusters AND DECREE No. 66/2020/ND-- CP JUNE 11, 2020 OF THE GOVERNMENT AMENDING AND SUPPLEMENTING SOME ARTICLES OF DECREE NO. 68/2017/ND-CP

Section 2. INVESTMENT IN TECHNICAL INFRASTRUCTURE OF INDUSTRIAL Clusters

Article 4. Selection of enterprises and cooperatives as investors in construction of technical infrastructure of industrial clusters

- 1. To receive and select enterprises and cooperatives as investors in the construction of technical infrastructure of industrial clusters in the locality:
- a) Immediately after receiving the written request to act as the investor in the construction of technical infrastructure of industrial clusters from the enterprise or cooperative, the district-level People's Committee shall notify the receipt and the time for making the successful application. establish and expand industrial clusters on local mass media;
- b) The decision on establishment and expansion of an industrial cluster (including the assignment of enterprises or cooperatives as investors in the construction of technical infrastructure of the industrial cluster) is announced on the mass media of the enterprise. immediately after being signed by the provincial People's Committee for promulgation.
- 2. The selection of enterprises and cooperatives as investors in the construction of technical infrastructure of industrial clusters is a content of appraisal of the establishment and expansion of industrial clusters. The time for





selecting an investor to build technical infrastructure is within the period of appraising the application for the establishment and expansion of the industrial cluster.

- 3. The Investor Selection Evaluation Council (hereinafter referred to as the Council):
- a) During the appraisal of dossiers of establishment and expansion of industrial clusters, the Department of Industry and Trade shall report to the provincial-level People's Committees to decide on the establishment of a Council, including: The Chairman of the Council is the leader of the provincial-level People's Committee., the Vice Chairman of the Council is the leader of the Department of Industry and Trade, the Secretary of the Council is the representative of the professional management department of the Department of Industry and Trade, the members of the Council are the representatives of the Departments of Planning and Investment, the Department of Natural Resources and Environment. school, Department of Construction, Department of Finance and some other relevant agencies and units (if necessary);
- b) The Council conducts evaluation and selection of investors to build technical infrastructure of industrial clusters when there are at least 2/3 members participating, following the scoring method with a 100-point scale for the methodological criteria. investment projects for construction of technical infrastructure (maximum 15 points), plans for management and environmental protection of industrial clusters (maximum 15 points), capacity and experience of enterprises and cooperatives (maximum of 15 points) 30 points) and financial plan for investment and construction of technical infrastructure (maximum 40 points). Based on the actual conditions of the locality, the Department of Industry and Trade shall report to the Council to agree on the principles and working methods of the Council, the contents of each criterion and the corresponding score level of those contents. be suitable;
- c) The evaluation score for selection of investor in the construction of technical infrastructure of an industrial cluster shall be decided by the Council, presented in writing and signed by the Council's Chairman (or the Council's Vice Chairman if approved by the Council's Chairman). Board of Trustees), secretary of the Council and members of the Board to participate;



Figure 2. ICs development

(SOURCE: Internet)



Enterprises and cooperatives with score books of 50 or more may be considered and assigned as investors in the construction of technical infrastructure of industrial clusters. In case there are two or more enterprises or cooperatives that jointly request to be the investor in the construction of technical infrastructure, the enterprise or cooperative with the highest score shall be selected; if there are two or more enterprises or cooperatives with the same score, the Council shall unanimously propose to select one enterprise or cooperative as the investor in the construction of technical infrastructure of the industrial cluster.

d) The Council is responsible to the People's Committee of the province for the results of evaluation and selection of investors in the construction of technical infrastructure of the industrial cluster.

Declarations

Source of Funding

The study has not received any funds from any organization.

Competing Interests Statement

The authors have declared no competing interests.

Consent for Publication

The authors declare that they consented to the publication of this study.

Authors' Contributions

All the authors took part in literature review, research and manuscript writing equally.

Acknowledgement

Thank you, editors, friends to assist this publication.

References

Nguyen Xuan Hai (2023). Risk Management and Productivity Improvement in Construction Sector – Case in Vietnam. International Journal of Scientific Research in Science and Technology, 10(4).

Do Thu Huong, Dinh Tran Ngoc Huy, Nguyen Thi Hang, Pham Thi Huyen Trang, Duong Thi Ngu (2021). Discussion on Case Teaching Method in a Risk Management Case Study with Econometric Model at Vietnam Listed Banks - Issues of Economic Education for Students. Review of International Geographical Education, 11(5).

Dat, Pham Minh, Mau, Nguyen Duy, Loan, Bui Thi Thu, & Huy, Dinh Tran Ngoc (2020). Comparative China Corproate Goevrnance Standards After Financial Crisis, Corporate Scandals and Manipulation. Journal of Security and Sustainability Issues, 9(3). doi: 10.9770/jssi.2020.9.3(18).

Dinh Tran Ngoc Huy (2015). The critical analysis of limited south Asian corporate governance standards after financial crisis. International Journal for Quality Research, 9(4).



Duong Thi Tinh, Nguyen Thu Thuy, Dinh Tran Ngoc Huy (2021). Doing Business Research and Teaching Methodology for Undergraduate, Postgraduate and Doctoral Students-Case in Various Markets Including Vietnam. Elementary education Online, 20(1).

Dinh Tran Ngoc Huy (2012). Estimating Beta of Viet Nam listed construction companies groups during the crisis. Journal of Integration and Development, 15(1): 57-71.

Dinh Tran Ngoc Huy, Vo Kim Nhan, Nguyen Thi Ngoc Bich, Nguyen Thi Phuong Hong, Nguyen Thanh Chung, Pham Quang Huy (2021). Impacts of internal and external macroeconomic factors on firm stock price in an expansion econometric model—a case in Vietnam real estate industry. Data Science for Financial Econometrics, Pages 189-205.

Dinh Tran Ngoc Huy & Dinh Tran Ngoc Hien (2010). The backbone of European corporate governance standards after financial crisis, corporate scandals and manipulation. Economic and business review, 12(4).

NTN Lan, LL Yen, NTT Ha, PTN Van, DTN Huy (2020). Enhancing roles of management accounting and issues of applying IFRS for sustainable business growth: a case study. Journal of Security & Sustainability Issues, 10(2).

NN Thach, HT Hanh, DTN Huy, QN Vu (2021). Technology quality management of the industry 4.0 and cybersecurity risk management on current banking activities in emerging markets-the case in Vietnam. International Journal for Quality Research, 15(3).

Nguyen Trong Diep Nguyen Xuan Hai, Dinh Tran Ngoc Huy (2023). Environmental Law and Policies for Problems in Construction Sector. International Journal of Scientific Research in Science, Engineering and Technology, 10(3).

DTN Huy (2015). The critical analysis of limited south Asian corporate governance standards after financial crisis. International Journal for Quality Research, 9(4).

DTN Huy, DTN Hien (2010). The backbone of European corporate governance standards after financial crisis, corporate scandals and manipulation. Economic and Business Review, 12(4).