

Print ISSN: 2288-4637 / Online ISSN 2288-4645
doi:10.13106/jafeb.2017.vol4.no3.27

The Role of Investment Attraction in Vietnamese Industrial Parks and Economic Zones in the Process of International Economic Integration*

Nguyen Tien Dzung¹, Nguyen Anh Tuan², Do Phu Tran Tinh³

Received: April 16, 2017 Revised: May 27, 2017 Accepted: August 5, 2017

Abstract

This study aims to assess the attraction of foreign direct investment in Vietnamese economic zones (including industrial zones and economic zones). The main research method used are synthesis and comparison analysis based on the data collected from the surveyed group comprising of enterprises operating in the economic zones in the Middle (Chu Lai, Nhon Hoi, Dung Quat) and the Southern (the largest island: Phu Quoc) . After conducting surveys, research results show that there is a difference between the assessment and the level to meet the requirements of investors with business environment, expressed through the following criteria: (1) the infrastructure; (2) quality of public services; (3) preferential policies; (4) labor; (5) market; and (6) social services. Based on the assessment of the identified criteria, this paper had suggested six number of recommendations to promote the role of attracting foreign direct investment capital into the economic zones in Vietnam: (1) implementing the "one-stop-shop" policy; (2) continuing to improve the infrastructure of economic zones; (3) prevent and ensure the security of economic zones; (4) implementing vocational training activities to improve quality of human resources; (5) development of supporting industries; (6) raising the quality of capital invested in the economic zone

Keywords: Economic Zones, Direct Investment, International Economic Integration, Vietnam.

JEL Classification Code: O16, O53, P25.

1. Introduction

Introduction of the economic zone model really has a role and an important meaning for countries, especially developing countries, because of their roles and their spread to the regions and territories. Nowadays, in the process of extensive economic integration, the role of economic zones is increasingly needed to be promoted as it

contributes to the positioning of the national economy. The birth of economic zone has been around for a long time prior to the 18th century, in the form of free ports or commercial areas. However, it only became popular in late 20th century with the success of the Shenzhen Economic Zone model in China. Since this success, a series of economic zones have been opened in different countries around the world.

In Vietnam, the economic zone model has also been formed and developed quite early with the opening of Vung Tau - Con Dao special economic zone. So far, the model of economic zone in Vietnam has developed in various forms and diversity, such as: industrial zones, export processing zones, border economic zones, high-tech zone, special economic zone and coastal economic zones. These economic zones have changed the local economic aspects and are expressed through many important criteria such as attracting foreign direct investments (FDI), creating jobs, contributing to the local budgets, contributing to promoting export activities, bringing foreign currency to the economy, etc. Therefore, the economic zones are used with many different goals, one of the most important goals is to create

* This research is funded by Vietnam National University - Ho Chi Minh City (VNU-HCM) under grant number B2015-34-02

1 First Author. Department of Economics, Faculty of Economics, University of Economics and Law, Vietnam National University - Ho Chi Minh City, Vietnam. E-mail: ntdung@uel.edu.vn

2 Department of Economics, Faculty of Economics, University of Economics and Law, Vietnam National University - Ho Chi Minh City, Vietnam. E-mail: tuanna@uel.edu.vn

3 Corresponding Author. Department of Economics, Faculty of Economics, University of Economics and Law, Vietnam National University - Ho Chi Minh City, Vietnam. [Postal Address: 3 Quarter, Linh Xuan Ward, Thu Duc District, Ho Chi Minh City, Vietnam] E-mail: tinhdpt@uel.edu.vn and dpttinh@gmail.com

a favorable environment in order to attract investment capital for production development. If this goal is guaranteed, it will resolve many other problems and objectives in the development process.

With geographical features as well as support for special policies to attract investment, foreign direct investment into Vietnamese economic zones is growing in recent period. This showed the determination of the government to create favorable conditions for enterprises to invest in production. However, in practice, there are still many limitations in the process of attracting investment capital for production development. This paper is based on the survey of enterprises' assessment about factors affecting investments in economic zones conducted in 2016. From the findings of the survey, a number of proposals and recommendations are included in this paper to promote the role of attracting foreign direct investment capital into the economic zone in Vietnam. In addition to the introduction and conclusion, the structure of this paper also includes the following: (1) the theoretical basis; (2) assessment of the attraction of foreign direct investment capital in industrial parks and economic zones in Vietnam; and (3) propose a number of solutions to improve the model of economic zone in Vietnam.

2. Theoretical Basis

2.1. Economic Zone

The free zone (FZ), free economic zone (FEZ) and special economic zones (SEZ) are the product of increased international and regional economic relations. Economic zones are usually established in a certain political and geographical territory in countries or in cross-border areas between nations. It is because the inner contents are externally manifested in various forms. As such, there is no uniformity for the concept of economic zone. But the one thing in common is that the concept of economic zone refers to a specific economic space that has a more open business environment with general rules that applied at the national economy level.

The core concept of FEZ is based on the basic principles and standards for the site which was specified by the World Customs Organization (WCO) through the Specific Annex D, Chapter 2 of the International Convention on the Harmonization and Simplification of Customs (1973) which has specifically issued guidelines, standards and recommendations for the handling of imports and exports goods from FEZs that include geographical restrictions. Accordingly, activities conducted in the free zone are not subjected to customs regulations on import and export taxes.

Thus, the category of free economic zone consists of geographical features (areas with specific territories). The procedures are simplified and reduced but based on the laws of that State, which includes import tax preferences, intermediate goods, materials and even in many cases include both equipment and capital. According to this understanding, the International Convention on the Harmonization and Simplification of Customs (1973) refers to economic zone as part of the territory of a contracting party where any good introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory... and not subject to the usual Customs control.

In addition to this concept, different scholars and researchers have also given many definitions based on different approaches. Grubel (1984) introduced the FEZ concept approaching from a basic rent where free economic zone is a *defined geographic area where economic activities do not have to apply regulatory rules and government taxes as applied to the entire national economy*. The Foreign Investment Advisory Service (FIAS) (2008, p.2) gave a definition based on geo-economic perspective and the facilities that it provides whereby SEZs are generally defined as geographically delimited areas and is managed by a single agency, provides incentives for businesses having facilities in the area. Through many different stages, the concept of economic zone has changed a lot, but basically the economic zone still has four basic features (FIAS, 2008) as follows:

- Individual geographic location, secured separately from other areas through special fences or boundaries;
- Centralized and single management (implemented by the management board);
- Ensure benefits based on basic characteristics in the economic zone; and
- There is a separate customs area, tax exemption (or tax reduction) and quick procedures compared to outside areas

Thus, the concept of economic zones has been approached in many different directions, based on the objectives that the government determines when establishing these economic zones. Accordingly, the authors have synthesized this point of views and give a general concept about the model of economic zones as follows:

“Economic zone is a concept that refers to an area with appropriate geographic location, is established under the government's objectives (sometimes due to the geographical advantages, not from subjective

intentions) to create an area with more favorable conditions than the general conditions and promote economic development.”

2.2. The Role of Attracting Investment Capital in the Economic Zone

EZ can be considered as a trend for the development of nation, especially for developing countries because of its superiority and great role in the development of nations. FIAS (2008) has divided these benefits into two categories.

Firstly, the static benefits include: (1) job creation and income generation; (2) export growth and diversification of exports; (3) earning foreign exchange; (4) attracting foreign direct investment; and (5) create revenue for the government.

Secondly, dynamic benefits are difficult to measure, including: (1) indirect jobs creation; (2) improving the quality of labor; (3) solving the problem of female labor; (4) technology transfer; (5) creating an environment for testing the institutions of modern governance; and (6) role of regional economic development.

In addition, the scientists studying about economic sector also pointed out the roles of the economic zone in different approaches. Based on the theory of open economic zone, Vo (2010) pointed out seven major roles of the economic zone as follows: (1) create a national competitive advantage; (2) create new growth pole; (3) economic zones help to position the national economy in the global value chain, expressed in the contents where economic zones help attract foreign direct investment to position nation on the global economy; (4) economic zones are the gateway to absorb, create enterprise, global knowledge and technology; (5) economic zones serve as a tool for institutional innovation and create breakthrough development which includes the role of cities in the relationship between urbanization and economic growth; (6) the model of the economic zone is a test environment for modern state governance; and (7) the development of economic zone is the formation of a modern economic development within the national economy.

Meanwhile, according to Farole and Akinci (2011), economic zones are usually established to achieve the following four main goals: (1) to attract foreign investment; (2) to address large-scale unemployment; (3) to support a wider economic reform strategy; and (4) are used as a laboratory model to apply new approaches and policies.

In summary, the economic zone with policy incentives, natural location, etc. could achieve the main economic objectives of attracting investment capital, promoting resources to serve the local economy, create diffusion and

promote regional or national economy development. In addition, the economic zone is also used for political purposes as a place to test modern institutions, as well as a pilot test before issuing broader policy.

2.3. Factors Affecting Local Investment Attraction

Foreign direct investment (FDI) is the form of investment that the owners of capital brings their resources to another country for investment, in which capital owners are directly involved in the investment process and are responsible for investment efficiency (Tu & Pham, 2013). Capital is increasingly important for recipient countries, especially in developing countries. It solves the problem of low capital accumulation and contribute to improve the level of technology through the transfer activities from developed countries. In addition, foreign direct investment will develop domestic investment activities, enhancing the dynamism and competitiveness of domestic production and exploit the potential of the country thereby making a strong impact on economic restructuring involving sector structure, technological structure, products and labor. The territorial structure will be better suited to the needs of economic and social development of the country, and consistent with the trend of times. Besides such positive things, foreign direct investment also has many limitations such as, (1) the countries receiving investment are limited in management experiences, leading to foreign companies taking advantage of these restrictions to conduct fraudulent activities that negatively affect the environment, evade taxes etc. in order to increase profits for their companies; (2) the technology transfer process for the recipient countries is limited whereby the transferring of old, obsolete or outdated technologies might bring negative impact to the environment; and (3) taking advantage of investment to achieve political objectives of the investment-receiving countries such as disturbance of order, security and society.

However, it can be said that for today's investment capital, the process of integration into the economy has become an indispensable objective whereby no country is excluded from this activity (to invest or receive investment). In order to receive this investment, the receiving countries must meet the requirements as well as create favorable conditions for businesses and large corporations. According to Tu and Pham (2013), factors influencing international investment from the recipient countries include, (1) the political situation; (2) the legal environment; (3) the geographical location and natural conditions; (4) level of economic development; and (5) cultural and social development characteristics.

As mentioned above, the economic zone is a region with incentives from policies and institutions to create a favorable environment to attract investment, especially foreign direct investment that aims to create motivation and contributes to promoting the local and regional economic development. Therefore, it can be said that this is the main gateway to attract foreign direct investment capital into developing countries. However, in order to attract capital, the economic zones must meet the needs of enterprises. It means creating a favorable investment environment for investors to ensure the production process. According to the approach from the local marketing theory, the investment environment is a collection of local characteristics that are shaping the opportunities and motivating enterprises to invest effectively, creating jobs and expanding production. The combination of these particular elements consist of two main components which is local policy (soft infrastructure and other factors related to market size) and geographic advantages (hard infrastructure) (Nguyen, 2007).

Some empirical studies also showed that factors influencing foreign direct activity include, (1) market size; (2) the quality of human resources; (3) cost advantage; (4) infrastructure; (5) the formation of industry clusters; (6) the management of local government; (7) investment incentive policy; (8) geographic location and resources; and (9) investor satisfaction¹.

3. Evaluation of Foreign Direct Investment Capital Attraction in Vietnam

3.1. Overview of Industrial Parks and Economic Zones in Vietnam

In Vietnam, the establishment of economic zones are associated with the process of innovation and opening up of the economy. On May 28, 1979, the government reviewed the report on the establishment of the first special economic zone in Vung Tau - Con Dao. The report mentioned that the main task of Vung Tau - Con Dao Special Zone is to serve the search, exploration and exploitation of oil and gas on the southern continental shelf of Vietnam, which is

simultaneously combined with the task of ensuring security, defense, developing the fishing industry, tourism and other socio-economic requirements in the special zone². Then, on May 30, 1979, Congress issued its own resolution on the establishment of Vung Tau - Con Dao special economic zone under the central government. According to this resolution, the special zone of Vung Tau - Con Dao includes Vung Tau town, Long Son Commune of Chau Thanh District, Dong Nai province and Con Dao district of Hau Giang province³. Through two stages of adjusting the form of administrative organization, on August 12, 1991, 9th Session VIII National Assembly issued a resolution on the adjustment of administrative boundaries of provinces and cities across the country. Since then, the government decided to establish Ba Ria - Vung Tau province from Vung Tau - Con Dao and three other districts which are Long Dat, Chau Thanh and Xuyen Moc in Dong Nai province. Thus, after 12 years of operation, the first special economic zone of Vietnam was dissolved. Although no clear reasons were given, everyone understood that this particular model has not produced the desired effects. The oil and gas industry in this period has developed largely due to natural advantages and international supports rather than the "special zone" model.

After this period, the model of economic zone in Vietnam was adjusted and developed in the other direction, starting with export processing zone model. Subsequently, the industrial park model was mentioned in Decree 192 / CP of December 28, 1994 on the promulgation of the Industrial Park regulation. The formation and development of industrial parks have brought new winds, created great motivation for local economic growth based on cheap human resources. Then, a series of industrial zones were formed in the localities throughout the country but concentrated mostly in key economic areas. However, this massive development has caused many unfortunate consequences, environmental issues and quality growth.

By 1999, to concretize the policy of utilizing its geographical strength and develop the marine economy, the government issued Decision No. 204/1999 / QĐ-TTg on October 18, 1999 on the establishment of the Steering Committee for the construction of Chu Lai open economic zone. Then, in 2003, Chu Lai Open Economic Zone was officially put into operation. Currently, Vietnam has 16

1 Synthetic from some research:

1. Le, T. L., & Nguyen T. T. (2013). Factors affecting the satisfaction of foreign direct investment enterprises: Case study in Da Nang. *Journal of Development and Integration*, 11(21), 73-78.
2. Nguyen D. T., & Nguyen T. M. T. (2009). Local attributes and business satisfaction. *Scientific research in business administration*, 75-145

2 Source: <http://vneconomy.vn/thoi-su/dac-khu-kinh-te-hanh-trinh-dang-viet-do-20120824014356769.htm> ngày truy cập 3/10/2016

3 Source: https://vi.wikipedia.org/wiki/V%C5%A9ng_T%C3%A0u_-_C%C3%B4ng_Đạo_Chu_Lai ngày truy cập 4/10/2016

coastal economic zones and 316 industrial parks with a total area of 904.6 thousand hectares (land and water surface) ¹.

3.2. Evaluating the Situation of Attracting Investment into Industrial Parks and Economic Zones in Vietnam

Investment attraction of economic zones (generally including industrial parks and coastal economic zones) in Vietnam is becoming increasingly important as it is represented by the number of investment projects as well as the share of foreign investment in the whole economy. In 2010, the total investment in new economic zones was 260 with a total capital of US\$7,277 million, accounting for 37% of the total investment capital of the whole economy. By 2013, the role of attracting investment of economic zones is clearly expressed through direct foreign direct investment (FDI) amounting to US\$19,942 million, which accounts for up to 90% of the total FDI capital of the economy. In 2013, this proportion had decrease. However, it remains relatively high at 70% by 2015 (see Table 1).

Table 1: Number of investment projects and total foreign direct investment in Vietnam's economic zones in 2010-2015

Year	Total investment capital (million USD)	The number of new investment projects	Share of total domestic FDI (%)
2010	7277	260	37
2011	7220	325	46
2012	7780	381	60
2013	19942	409	90
2014	13700	752	72
2015	13.180	563	70

Source: Ministry of Planning and Investment, Report on the construction and development of industrial parks and economic zones in 2010-2015.

According to the report of the Ministry of Planning and Investment, accumulated until 7/2016, Vietnam's economic zones have attracted 7,649 foreign investment projects with a total registered capital of US\$145.1 billion. The capital has been made up to US\$84.7 billion (accounting for 58% of total registered capital) ². It can be said that this is one of the

many successes in the development of economic zones in Vietnam, contributing significantly to the objectives of solving employment issues and increasing production value for the economy. Achieving such impressive figure comes from the great effort of the government. The government has tried to create a favorable investment environment to attract foreign direct investment into Vietnam.

To better understand the assessment of FDI attraction in economic zones, the authors have directly investigated the enterprises that are investing in economic zones in Vietnam according to the criteria such as infrastructure, quality of public services, preferential policies, quality of labor, market and quality of social services. These criteria were assessed on a likert scale with five levels from 1- absolutely not good to 5 - very good. The survey was conducted from May 2016 to August 2016 with the surveyed subjects consisting of enterprises investing in coastal economic zones in Central Vietnam (including 3 economic zones: Nhon Hoi, Dung Quat, Chu Lai) and Phu Quoc economic zone. The authors have directly surveyed 100 enterprises with remarkable results as shown in the following (see Table 2).

Through the system of indicators in the survey results, we find that most enterprises have a difference between the assessment and the level of meeting the actual needs. Regarding infrastructure, the survey results show that although economic zones have made great efforts to improve quality, there are still some indicators that need to be taken into account, especially in the waterway system. With these criteria, the variance of assessment with the level of response is more than 1. This also comes from one of the necessary conditions for the development of the economic zone whereby it is necessary to build wharf, warehouses, wharves and waterway systems because these are coastal economic zones which take advantage of deep water ports to transport goods which reduce costs.

About policies and public services, through surveys and direct interviews with businesses, the authors found that the economic zones have made great efforts to reduce the administrative costs and created the best conditions for investment enterprises. All businesses interviewed had good comments on the services provided by the economic zone management board. However, the motto of "one-door, one stamp" is still unfulfilled due to the overlap in the implementation of the ministries and management sector as well as the many shortcomings in the assignment of rights to the economic zone management board. A remarkable point concerning fire prevention is the difference between the opinions and the level of response is quite high. This shows that the factors of production and labor safety should be improved by the economic zone management board.

¹ Source: Ministry of Planning and Investment. (2016). Report on the establishment and development of the IZ, EZ on 7 months of year 2016. Retrieved 3 October, 2016, from Ministry of Planning and Investment Website: <http://www.mpi.gov.vn/Pages/tinbai.aspx?idTin=33908&idcm=207>

² Source: Ministry of Planning and Investment. (2016). Report on the establishment and development of the IZ, EZ on 7 months of year 2016. Retrieved 3 October 2016, from Ministry of Planning and Investment Website: <http://www.mpi.gov.vn/Pages/tinbai.aspx?idTin=33908&idcm=207>

Table 2: Investor's assessment of business environment in economic zones.

No.	Evaluation Criteria	Evaluate	Level of responsiveness	Difference
1	Infrastructure			
1.1.	Road traffic system	3,92	3,77	0,15
1.2	Waterway transport system	4,30	3,14	1,15
1.3	Warehouse, port, and yard service system	4,41	3,13	1,27
1.4	Land and business premises	4,02	3,85	0,17
1.5	Electric supplying system	3,75	3,76	-0,01
1.6	Drainage system	3,55	3,48	0,07
1.7	Waste treatment system	3,70	3,60	0,09
1.8	Communication system	3,63	3,62	0,01
2	Public service			
2.1	Tax administration	3,63	3,63	0,00
2.2	Legal, administrative procedures	3,57	3,54	0,03
2.3	Consulting, solve problems	3,78	3,40	0,38
2.4	Ensuring security, social order and safety	4,02	3,75	0,27
2.5	Fire prevention	4,40	3,61	0,79
3	Preferential policies			
3.1	Corporate income tax incentives	4,29	3,82	0,47
3.2	Personal income tax incentives	4,38	3,80	0,59
3.3	Value added tax Incentives	3,92	3,44	0,48
3.4	Incentives on import and export taxes	4,00	3,64	0,36
3.5	Land incentives	3,75	3,67	0,08
3.6	Capital incentives, financial support	3,49	3,16	0,34
3.7	Support for clearance and complete the infrastructure	3,76	3,70	0,06
4	Labor			
4.1	Education system, training	3,56	3,52	0,04
4.2	Available labor	3,99	3,60	0,39
4.3	The level of labor meets the job requirements	3,89	3,46	0,43
4.4	Work experiences related work requirements	3,80	3,38	0,42
4.5	Responsibility and cooperative attitude	3,59	3,59	0,00
4.6	Observance of labor discipline	3,61	3,61	0,00
5	Market			
5.1	Market size of domestic market	3,03	3,34	-0,31
5.2	Access to domestic market	3,44	3,33	0,12
5.3	Market size of product consumption abroad	3,73	3,15	0,58
5.4	Access to foreign markets	3,63	3,16	0,47
5.5	Scale of available local materials market	3,67	3,23	0,44
5.6	Access to local materials markets	3,73	3,28	0,46
5.7	Market size of raw materials imported from other provinces	3,30	3,24	0,06
5.8	Access to raw materials market from provinces	3,35	3,30	0,05
6	Social services			
6.1	Business support services (market information, consultancy)	3,21	3,20	0,01
6.2	Education system	3,50	3,49	0,01
6.3	Health system, health care	3,54	3,54	0,00
6.4	Residence system for employees	3,13	3,11	0,02
6.5	Hotel system	3,47	3,43	0,04
6.6	Entertainment system	3,20	3,16	0,04

Source: Compiled from the survey results of the research group

Regarding preferential policies, there are two indicators that economic zones have done quite well, that is the preferential policy on land and support of ground clearance. This is due to the fact that the government has used the advantages available to attract investment which are land with favorable policies for businesses and cheap land rents along with long usage time for investors that were assured of production. The remaining elements of personal income tax incentives and corporate tax incentives also have differences. However, according to the authors, this is acceptable because it is one of the main sources of revenue contributing to local budgets. In addition, compared with businesses outside the economic zone, the level of incentives was appropriate.

On the labor force, it can be said that the current economic zones mainly use labor-intensive factors, with the advantage of cheap labor costs. Through surveys of enterprises, this is again demonstrated quite clearly by the difference in available labor force indicators with qualified and experienced employees. Those enterprises that require high quality workers face many difficulties due to limited labor supplies from the economic zones. Most of these workers must also be retrained. The good news is that Vietnamese labor satisfied the criteria of discipline and sense of labor that were expressed by the difference between the level of evaluation and response which were almost nonexistent.

About the market, it can be said that the output of the domestic market is very well appreciated, even exceed the expectations of businesses. However, the problem of access to foreign markets reflected in the criteria of scale and consumption in foreign markets still has a considerable gap between the assessment and the level of response. In addition, the issue of auxiliary materials for the industries is also quite clear in terms of scale and access to local materials. Meanwhile, in the whole country, businesses do not have difficulty accessing the materials market. This raises issues related to the development of supporting industries which serve the production of the business. Many lessons learned from economic zones in the world have shown that the development of enterprises in the same system, forming a chain from input to output, will create a superior system, resulting in strong local economic development.

About the social services associated with the economic zone, workers who are involved in the production process also have the need for fun, entertainment and social services. These are essential needs of the people. Domestically, these problems are solved quite simply when workers are not required to stay in dormitories but in their own homes located in surrounding areas which have a lot of supporting social services. With economic zones located as

inland as Phu Quoc, this is a problem that is very difficult to solve. The problem of attracting labor is not a simple matter as there are many different factors at play. However, one of the main reasons for the social services of the economic zones has not been finalized. The system of services to improve the quality of life for workers is very limited. As such, they do not feel attached to the working environment in economic zones. After a time they quit their jobs. Layoffs are also quite frequent, leading to businesses facing difficulties in recruiting and training new workers.

4. Conclusions and Recommendations

As a country that is in the process of development, mobilization of investment capital for economic development is a very urgent problem for Vietnam. In terms of limited national resources, the mobilization of investment capital from abroad especially the direct investment capital plays a very important role because this capital contributes to the attraction of advanced technology transfer from abroad to Vietnam, thus creating spillovers that help regional and local economic development. Therefore, the introduction of the model of economic zones are expected to solve the problem of attracting investment which will contribute to creating a diffusion of local, regional and territorial economies. However, in order to attract investment, it is important to create a favorable institution that ensures that investors develop production. The results of the survey conducted by the research team from the perspective of the investors have pointed out the limitations in terms of policy as well as the actual implementation. Based on these results, in order to do a good job of attracting foreign direct investment, we should focus on the following topics:

Firstly, implementing the "one-stop-shop" policy to avoid unnecessary procedures affecting the satisfaction of investors. The assignment of responsibilities of ministries and branches in the investment licensing are necessary to avoid errors and serious consequences, but the coordination between these units in fact has many inadequacies. Therefore, it is recommended that these procedures should be focused on Economic Zone Management Board to create favorable conditions for investors. However, it is not possible to loosen the operation of the management board which requires close supervision and inspection between agencies to ensure that the operation of the economic zone management board is within the permitted scope and not exceeding the provisions of law. Therefore, the main issue now is the need to develop the law and regulations on economic zone which includes provisions on the decentralization and supervision of the operation of the economic zone management board.

