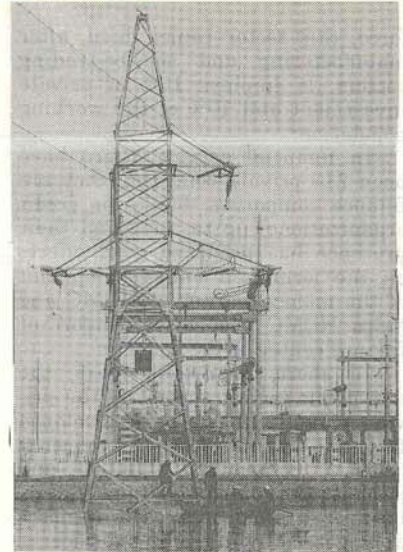


# SOME OPINIONS ABOUT FORMATION OF SPECIAL ECONOMIC ZONES IN VIETNAM

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In recent years, some free trading centers have been formed in certain border towns such as Móng Cái, Lạng Sơn and Lào Bảo. In Vietnam, five and six centuries earlier, there were free trading centers in Hội An, Đà Nẵng open to foreign traders although in fact, they were only small-scale marketplaces for regional trading, but they were characterized by open encouragement to foreign traders. That is why Hội An and Đà Nẵng prospered and many local residents became wealthy at that time.

At present, in the trend of economic integration, the Government and the VCP have opened Vietnamese market to foreign influences, therefore the formation of special economic zones (SEZs) needed for attracting foreign investment and technologies is inevitable for Vietnam to integrate into the world and regional markets.

The formation of SEZs in Vietnam in the coming years implies in itself not only a class struggle, but also an effort to accept the existence and development of the free market system in which competition is fierce and profit is the ultimate goal. Therefore we must make preparations, and first of all, adopt new viewpoints and ways of thinking, and then, make open and straightforward policies which are appropriate to Vietnam's economic conditions in each period.

The formation of SEZs in Vietnam will be an inevitable requirement posed by the economic reform in an effort to help Vietnam integrate into the world economy. The formation of SEZs in Vietnam is determined by a system of macroeconomic strategies and policies

which are supported by all VCP members and governmental bodies. The SEZ is completely new to Vietnam and we have too little knowledge and information about it, therefore, there will be different, and even contrary, opinions, viewpoints, and estimates of it. And these differences, once they come into being, can lead to internal divisions causing bad effects on existing solidarity. However, this situation is the inevitable. The best way to deal with it is to work out appropriate solutions, instead of avoiding these conflicts or saying no to the formation of the SEZ. This is no easy problem to cope with because opinions will never be the same although all of them are based on the class platform (or the extent of knowledge of it). In addition, the good and the bad of this model will keep on making their appearance after its formation and during its development. All of this has happened in China since last decades.

The SEZ is an area where investors, or capitalists, enjoy freedom to hire and fire employees, establish the employer-employee relation, fix wage rates, do their business according to the market mechanism and make as much profit as possible. In other words, they enjoy the capitalist economy inside a socialist country. Naturally, their operation will be regulated by laws of the host country, but the SEZ enjoys more freedom than other provinces of the country do. That is why it is called the Special Economic Zone.

Chinese experience in the last decades verifies this remark. Many people say that Chinese SEZs are "red spots on green surface" that bring a lot of benefits and manage-

rial skills to China. On the other hand, quite a few of people consider the SEZ as a deformed part of a body. Some other say that, besides the Chinese flag, there is nothing socialist in the Shenyuan SEZ in spite of a call made by Deng Xiao Ping himself for formation of more SEZs.

This example shows that the task of creating a consensus on this problem among governmental bodies and VCP members is a matter of great importance, because this task will affect not only the formation, but also the development of SEZs in Vietnam.

Another difficult problem is the need for a system of laws for the SEZ and the core of this system which determines success of the SEZ is the regulation on preferential treatment given to foreign investors doing business in the SEZ when we have no knowledge and experience of this model.

The formation of the SEZ originates from our determination but it has a lot of things to do with those we want to attract. This requires us to consider our comparative advantages and weigh our preferential treatment against what offered by neighboring governments.

There are controversial opinions about location for SEZs. Some experts advise forming pilot SEZs with an area of some 10,000 hectares each in coastal provinces in the Central Vietnam where the infrastructure is rather good and the labor force is abundant. Some others think that we had better build SEZs offshore islands with a view to separating them from the poorly-developed local economy.

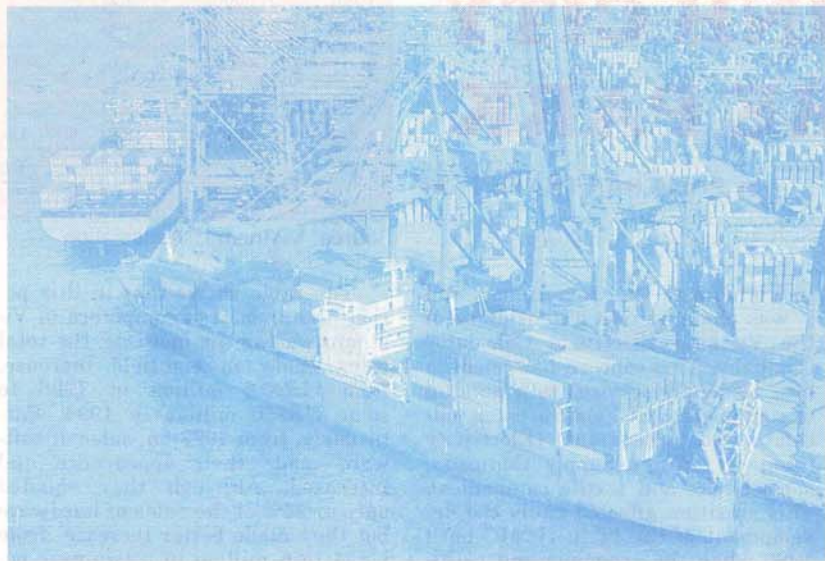
At present, techno-scientific ad-



vances can make remote control easier and less complicated, but the management and control of a SEZ will affect not only the development of this SEZ, but also the existing socio-political system, and more importantly, businesspersons doing business in the SEZ. Information of success and failure of a SEZ will be known by central governmental bodies and the world as well. We can draw a lot of lessons from Chinese experience but Vietnam can't stand comparison with Chinese vast area and big population. Therefore, the size of each SEZ must be proportional to Vietnam's area, that is, we can't build as large SEZs as what China did. Vast SEZs will narrow our territory when we have only a little experience of controlling and managing free market economic zones.

Locations suitable for SEZs must be convenient for international trading, so SEZs in Vietnam in the coming years can be situated in coastal areas where ports and airports of international standard could be built, road and railway networks could be developed, and more importantly, the land isn't appropriate to agricultural production, or else they can be built in suitable offshore islands or border towns. To meet these requirements, we can build future SEZs in the following locations:

-Hải Phòng and Móng Cái in the North:



In Hải Phòng, there is a seaport, an international airport and a highway connecting to Hà Nội. Móng Cái is situated near the Vietnamese-Chinese border and can serve as a gate open to China, a great poten-



tial market in the next century.

-Dung Quất, Chân Mây and Cảnh Phong in the Central Vietnam:

The 14,000-hectare Dung Quất Industrial Park includes two ports (Kỳ Hà and Dung Quất), some smaller industrial estates and residential areas, and the Chu Lai Airport. In the near future, the Vietnam's biggest oil refinery will be built here beside the Trans-Asian Highway.

The Chân Mây Port (Thừa Thiên-Huế) along with Lăng Cô-Bạch Mã tourist center and Đà

The Đầm Môn port in the Cảnh Phong Bay near Đại Lãnh tourist center has conditions favorable for developing industrial production, trading, service and tourism. Therefore it can also be developed into a SEZ.

-Phú Quốc (Kiên Giang) and Phú Quý (Bình Thuận) islands in the South:

These islands are convenient for international trading and it's easy to control flows of materials, labor or goods from and to them.

The building of SEZs in these locations can take two stages:

+ Stage 1: Building three pilot SEZs: in Dung Quất (a coastal province), in Móng Cái (a border town) and in Phú Quốc (an island).

+ Stage 2: After gathering enough knowledge, know-how and experience from success and failure of those pilot SEZs, we can build other SEZs in the above-mentioned locations.

The size of the SEZ can be small or medium. If their size is too large, those SEZs could cause serious imbalance between regions, and even spread negative effects of the capitalism.

The SEZ can produce intended results when interests of both investors and the host country are ensured. Investors only come to a SEZ, or to Vietnam in general when they feel sure of profitability of their investments. If we fail to solve this problem by adopting new and appropriate policies, and especially a clear and reasonable law system, the SEZ model will never produce good results. ■

Năng city constitute the most developed industrial, trading, tourist and service center of the Central Vietnam. If its infrastructure is upgraded, it will become an important SEZ in the future.