

DEVELOPMENTAL ORIENTATION OF HCMC MANUFACTURING INDUSTRY

by MA. VŨ ANH TUẤN



Before the Industrial Revolution, agriculture always played a leading role everywhere, especially in countries rich in natural resources. Human knowledge of the material world has increased over time, causing productive forces to develop and reducing the importance of natural resources along with the agriculture. However, the agriculture was still considered as a basic sector that provided preconditions for the development of other sectors. After the Industrial Revolution, role and position of the manufacturing industry became more and more important, especially in the last three decades when it was given top priority and developed strongly in most countries. Statistics show that in most countries, the proportion of industrial output to the GDP has increased year after year.

Vietnam, including HCMC, has just developed lately. Its starting point is far behind and infrastructure is poor. To develop the HCMC economy fast and steadily, it's necessary to make the best use of existing potentials that are more favorable than other provinces, such as potentials for development of industries, handicrafts, trading and services. Particularly, potentials for the development of manufacturing industry in HCMC are great due to its abundant labor force, big army of technicians and diverse raw materials from surrounding provinces (the Mekong Delta and the Eastern South). To enhance socio-economic efficiency, the development process in HCMC must be aimed at the manufacturing industry with the following main objectives:

Firstly, from now until 2010, we must ensure that all manufactured goods from HCMC can enter the ASEAN and the world markets and export earnings will be:

-US\$500 million for the years 1996-2000

-US\$800 million for the years 2001-2005

-US\$1.3 billion for the years 2006-2010 (*)

Secondly, production lines and technologies employed by the HCMC industrial sector must be modernized in order to increase the labor efficiency and make the best use of available resources for economic development and social progress.

Planned Growth Rates of the HCMC Industrial Output in the Coming Years

	1996-2000	2001-2005	2006-2010
Industrial Sector	17-18%	14-14.5%	13%
Manufacturing Industry	17.01%	14.27%	13.14%

Thirdly, the HCMC industrial sector must be used for speeding up the industrialization and modernization process in southern provinces, especially provinces in the Mekong Delta.

Fourthly, the development of the HCMC manufacturing industry must aim at enhancing its economic strength and helping to change local structure of industry. The proportion of industrial output to the gross product in the coming years is as follows:

-41-43% for the years 1996-2000

-44-45% for the years 2001-2010

To achieve these industrial development targets, every sector must be developed in the period from now until 2010 to obtain the following goals:

+ The publicly-run industrial sector in HCMC in-

creases by 9.03% a year and represents 30% of the local industrial output.

+ The privately-run industrial sector increases by 15.43% and contributes 42% of the industrial output.

+ The foreign-invested industrial sector increases by 18.47% and contributes 28%.

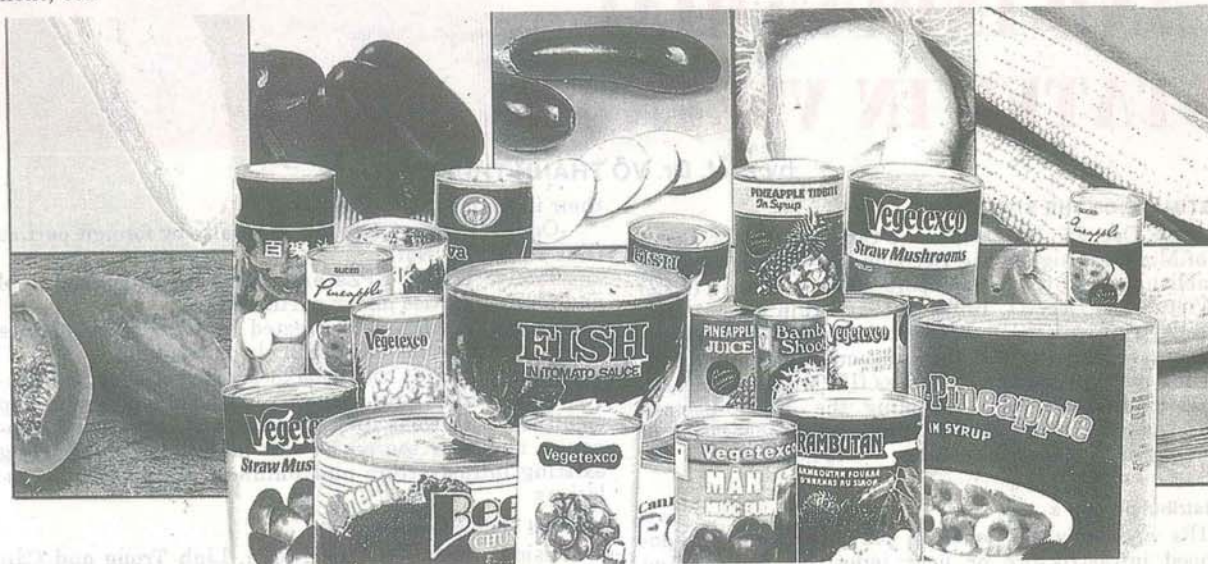
In this plan, the manufacturing industry must be oriented towards the following targets:

(1) *Developing certain key manufacturing industries:* They are industries whose development will help to develop many others. Of the key industries, the electronics and information industries must increase by 20-25% a year and represent 7-10% of the HCMC industrial output by 2010. Products from those two industries include color TV, telephone, PC, photocopier, electronic equipment, etc.

manufacturing industry will lead to good effect on the development of other industries and sectors, and on the social progress as well, if the following measures are taken:

-Paying more attention to general and vocational education: This is the decisive factor in the formation of a well-trained labor force. All guidelines and policies adopted by the Government and the National Assembly on expenditure on education and scientific research must be carried out properly.

-Ensuring equal opportunity for all sectors: The market economy in Vietnam must be based on the equality in doing business. Different sectors, or companies of all kinds, should be allowed to enjoy the same treatment from the Government, and be protected from all discriminatory practices.



The engineering industry has an important role in the economy although it requires big investments and takes a long time to produce profit. It supplies the economy with necessary machines used as capital goods and their spare parts. This industry must increase by 17-20% a year and represent 5-7% of the HCMC industrial output.

(2) *Developing certain important industries:* This group includes industries that supplied consumer goods for domestic market and export, such as food processing and beverage industries that represent some 25% of the HCMC annual industrial output with a wide range familiar products (cooking oil, canned food, seafood, milk, beer, wine, garments, cigarette, etc.)

(3) *Developing industrial parks:* Foreign experience shows that investment in industrial parks and export processing zones produced satisfactory effects on the economy because these parks help to concentrate productive forces, create new jobs and promote export. Moreover, the concentration of factories in well-planned areas can facilitate the pollution control. At present, there are two export processing zones (Tân Thuận and Linh Trung) and many industrial parks (Hiệp Phước, Cát Lái, Tân Tạo, Tân Quy, Lê Minh Xuân, etc.) in HCMC, but only some of them started operation.

To achieve these targets, besides well-prepared development plans, help from the central government is very necessary for the HCMC industrial sector to develop and make the best use of its potentials.

The above-mentioned directions for the HCMC

-Accelerating the administrative reform: Many procedures and many parts of the administrative machinery have become obstacles to production and exportation and caused companies to miss opportunities to enter foreign markets.

-Beefing up government control and inspection: The Government must promote the auditing business and financial inspection, struggle against commercial fraud and production of false products, allow state companies more autonomy and protect local producers.

Other measures include: mobilizing all sources of capital, encouraging technical innovation and replacement of technologies, developing relations and cooperation between industries, accelerating the equitization program and rearrangement of state companies.

Making the best use of all potentials in HCMC will create a new dynamic needed for the development of surrounding provinces, especially in the period from now to 2010 when Vietnam will be speeding up the industrialization and modernization. In such a period, the industrial sector, and the manufacturing industry to be precise, will play a particularly important role. The above-mentioned directions can help not only maintain the industrial growth rate, but also make the best use of existing potentials in HCMC for the development of all industries.

(*) according to the Plan for HCMC Industrial Development 1996-2010 prepared by the HCMC Service of Industry in 1995.