

CHANGING ZONAL ECONOMIC STRUCTURE

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1. Change and alteration

Changing the national (or zonal) economic structure is known as the change made in the relative importance of each industry (or sector) in GDP in a given period. Other structures are also reflected in the GDP or zonal gross product.

Changing the economic structure is a process taking many years to transform from a backward structure of industry to a more advanced one, from an agricultural nation to a newly industrialized nation.

The bigger the nation's area, population and GDP, the more difficult and the longer the process of changing economic structure, because this process can't take place overnight. So we must not mistake changing the economic structure for the alteration of the structure of plant grown and animal kept, or the structure of product made by a company, although this alteration is somehow related to the process of changing the economic structure.

The 8th VCP National Congress affirmed that "From now until 2020, all efforts should be made to change our nation into an industrial one". This is the process of changing the economic structure of an agricultural country with low per capita income into that of an industrial nation with medium per capita income. It's estimated that this process will take some 25 years, equivalent to the time it took NICs to change their economic structures last decades (1960-1985).

2. Departure point and destination

The starting point of the process of changing the economic structure of Vietnam is at a very low level. With the per capita income of US\$200 in 1990, Vietnam was in the same starting point as South Korea in the 1960s. According to estimation, Vietnam's per capita income will be doubled by 2000, at that time, Vietnam is still in the group of low income nations (under US\$600 per capita, according to standards set forth by the WB). The estimation also predicted that by 2020, Vietnam's per capita income would make a tenfold increase at most and reach US\$2,000, equivalent to that of NICs in the middle of the 1980s. Thus, Vietnam will be in the group of medium-income nations, although that per capita income is still lower than the world average. Up to

that time, Vietnam will have the structure of industry of an industrial nation.

The structure of industry in Vietnam at present and by 2000

Industry	1995	2000
Primary	27.2%	19-20%
Manufacturing and construction	30.3%	34-35%
Service	42.5%	45-46%

This structure is similar to that of nations with low income.

The structure of industry of the world and different groups of nation in the 1990s

Group	Primary industry	Manufacturing and construction industry	Service industry
The World	5%	32%	63%
High-income nations	3%	31%	66%
Medium-income nations	12%	37%	51%
Low-income nations	31%	33%	36%

When Vietnam is basically an industrial nation (2020) it will have the same structure of industry of medium-income nations in the above table. It is the aim of the process of changing the economic structure of Vietnam in the next development stage: 1996-2000.

3. Common and particular features

In the next development stage, the stage of industrialization and modernization, the GDP structure of the nation as a whole will change with the aim of increasing the importance of industrial and service sectors, and decreasing the importance of the primary industry. This process will take place in all zones of the nation. However, the economic structures of individual zones will be different from each other and not be the same as the economic structure of the nation.

The process of changing the economic structure in different zones will take place at different speeds, and different features originated from size and characteristics of the zones will make their appearance, so we can't force all zones to build the same economic structure. Large zones such as the Eastern South vital economic

zone (including HCMC, Đồng Nai and Bà Rịa-Vũng Tàu) has presently had the same economic structure as medium-income nations: the primary industry accounted for 12.5% of GDP, manufacturing and construction 39.5% and service industry 48%. Especially, in HCMC, there was the economic structure similar to those of high-income nations: the primary industry 3%, the manufacturing and construction 42%, the service industry 55%.

Thus, changing the economic structure of these zones in next decades will not necessarily aim at changing the relative importance of each industry in the zonal gross product, but output of each industry will make great increase, that is, changing the economic structure of each zone or city or province doesn't aim at making the relative importance of industries of the zone identical to the structure of industry planned for the

nation as a whole, therefore we should find ways to increase output of zonal industries based on characteristics and comparative advantages of each zone in order to increase per capita income of the zone.

To industrialize and modernize the economy with the aim of "developing vital economic zones in parallel with other zones, helping all zones develop based on their comparative advantages, and reducing as much as possible difference in growth rate between zones" as pointed out by Vietnam's strategy for economic development, in our opinion, doesn't mean that the zonal economic structure must be identical to the national economic structure.

The economic structure that reflects the relative importance of each industry in gross product of a nation (or a zone) isn't the basic standard used for evaluating the development level or economic strength of that nation (or zone). Therefore the problem of changing the economic structure of the nation, or of each zone, must be examined from every aspect in order to solve what affect directly the growth rate and the increase in GDP or gross product of the zone. They are structure of ownership, the structure of businesses, the source of investment, the market, labor and technology, the foreign trade, the budgetary control, etc. and the many-sided effect of the change in the economic structure.