

ROLE OF PRIVATE SECTOR IN BÌNH DƯƠNG'S ECONOMIC DEVELOPMENT

To implement the Party and the Government's policy on multisectoral economic development, Bình Dương's Party Leadership and People's Committee have boosted administrative reform, especially "one-door" procedures to create favorable business climate for private investment. As a result, private businesses have experienced a boom in the province over the past years.

According to the survey of the Vietnam Chamber of Commerce and Industry, based on data from 16,200 enterprises in 42 cities and provinces across the coun-

Before 2000, the whole province had only 810 enterprises with total registered capital of VND 1,706.6 billion; 13,000 sole proprietorships with total capital of VND 187 billion (not mentioning businesses owned by the government and political organizations). From the promulgation of the Companies Law to August 31, 2003, as many as 1,447 enterprises had been established with total capital of VND 5,802.8 billion, increasing by 1.8 times in volume and 3.4 times in investment capital as compared to the 1991-1999 period, in addition 22,000

September 30, 2005 there were 3,310 businesses and 837 branches with total registered capital of VND 12,906 billion and more than 35,000 sole proprietorships with total capital of VND 2,000 billion.

The expansion of its private sector has made significant contributions to the province's economic restructuring towards increased ratios of industry and service. The farming sector's ratio dropped steadily due to rapid growth of the industry. According to the province's Statistic Bureau, this move is obviously seen over

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the provincial industrial production value (see Table 2)

Therefore, the private sector represented 34.5% (2000); 30.27% (2002); and 25.8% (2004) and increased 61% in 2002 over 2000, and 46.4% in 2004 over 2002.

In agriculture, private businesses have helped restructure the local animal husbandry and plant cultivation, give technical assistance in varieties and enhance production value. Based on actual price, the private sector generated the provincial farming value as follows: 59.03% (in 2000); 56.71% (in

Table 1: GDP shares of Bình Dương's economic sectors (%)

Year	Industry	Service	Agriculture
1996	45.5%	28.3%	26.2%
2000	58.1%	25.2%	16.7%
2002	60.5%	26%	13.5%
2004	63.3%	26.7%	10.0%

Table 2: Bình Dương's industrial production value over years (VND mil.)

Year	2000	2002	2004
The whole province	14,557,378	31,122,142	61,200,667
The private sector	5,023,721	9,421,794	15,657,077

Table 3: The private sector's contribution to the province's farming value (VND mil.)

Year	2000	2002	2004
The whole province	1,588,538	1,854,931	2,240,349
The private sector	937,730	1,052,046	1,081,041

Table 4: The private sector's production value (VND mil.)

	2000	2002	2004
The whole province	754,651	1,603,789	3,211,764
The private sector	522,935	726,825	1,615,634

Table 5: The working population in the private sector's manufacturing businesses (person)

	2000	2002	2004
The whole province	126,682	203,741	314,732
The private sector	22,675	30,559	34,289

try, Bình Dương has scored 76.82/90 and been assessed as the leading province in business climate, high growth rate and investment attraction.

sole proprietorships entered the market with thousands of billion đồng. There were also 456 branches, representative offices and 1,802 farms covering 18,000 ha. Until

years and periods, as indicated in the following table:

In the industry, the private sector has recorded high growth rate and accounted for large share of

2002); 48.25% (in 2004). As compared to 2000, it rose 12.19% in 2002; and up 2.75% in 2004 over 2002.

In service and trading, the private sector has seen

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a boom, its production for export increased over time and its products and markets was expanded. The sector's production value accounted for a large ratio of the province's production value: 69.29% (in 2000); 45.31% (in 2002); 50.30% (in 2004). The growth rate is 38.98% in 2002 over 2000; 122.2% in 2004 over 2002.

The sector's export value reached US\$590.394 million in 2004, accounting for 29.2% of the province's total earnings.

The expansion of the private sector has promoted the number of production and business establishments, attracted more investment for production and created a lot of job opportunities and thus improved the people's income and living standard. The sector offers some 25,000 jobs to workers per annum.

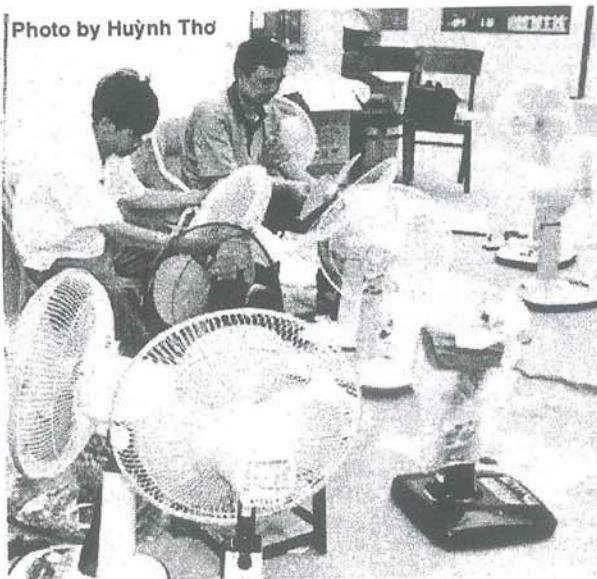
In the industry alone, the number of workers increased over years:

As such, industrial workers accounted for 17.9% in 2000; 15% in 2002; and 11% in 2004.

Technological innovation has been regularly implemented in large scale by private businesses. The survey of more than 150 private enterprises showed each of them invested an annual fund of VND10-50 billion in technological innovation. So their products gained stronger competitiveness in local and foreign markets.

Binh Duong province's private sector has made successful leaps and spread over most of the province's industries and traditional handicraft including porcelain, lacquer, woodwork, tile ... It has helped other industries develop fast and created revenues to the state budget. Moreover, it allure local and foreign investors to Binh Duong Province, especially from HCMC with new industries such as: clothing,

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footwear, food processing, medicine, cosmetics... This has made important contributions to meeting the local consumption and needs for export expansion.

Nevertheless, as compared to the province's potentials and integration in the regional and international economies, the private sector still faces specific limitations: its scale of investment capital, especially for equipment innovations, remains modest, and far behind foreign partners, so its competitive capability is still low.

Furthermore, poor management in some businesses has led to bad competition, trade fraud and counterfeit goods, low quality production, etc.

Although the provincial working population is large but its quality is still low. They find it hard to absorb new technologies because they have not been trained or retrained. The province's industry encounters a serious shortage of skilled labor while the vocational training has not yet met the requirements for industrial development.

Therefore, although the number of new businesses increases very fast but local workers are unemployed, most of these businesses use workers from neighboring provinces. The coordination between government agencies in business management is still poor, and has not yet created favorable conditions for fast development.

Just because of these shortcomings, the provincial government is required to pay more attention to technological innovation, improve the business climate, secure leveling ground for all economic sectors and give incentives to the private sector. Moreover, vocational schools should be strengthened to train an army of skilled workers, and especially open refresher courses for government officials and private business owners. They should be also provided with new information about technological advances to enhance their competitiveness.

In short, Binh Duong Province should fully utilize its private sector's potentials for its economic development and restructuring towards international integration. ■

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