



month to change cheap raw materials into very expensive exports. The economic efficiency of these factories is very high. From one dollar spent on raw materials they could produce ten dollars worth of consumer or export goods. It's this strategy that helped Japan become an economic power shortly after the World War II.

Looking over Vietnam, we find no industrial estate with the same capacity and efficiency as Japanese counterparts. In Vietnam, French rulers built two main ports: Saigon and Hải Phòng. Both of them are river ports and could only admit small ships. The Saigon Port is better than the Hải Phòng Port because it can admit 20,000-ton liners and the Saigon River doesn't leave many alluvial deposits. However, such liners seldom enter the Saigon Port because the time it takes to go to and come back from the Saigon Port is

A PATTERN OF INDUSTRIALIZATION AND MODERNIZATION OF NATIONAL ECONOMIC ZONES

by LÊ TIẾN HÙNG

Before 1945, many authors compared Vietnam with a pole carrying two baskets of rice, the Mekong and Hồng Deltas. In that period, the French colonial government changed Indochina into a supplier of cheap raw materials and a buyer of French manufactured goods. From 1939 on, Indochina, including Vietnam, was specialized in production and export of agricultural products and minerals and had no chance to develop for itself.

1. A lesson from Japanese experience

Transport cost and time play an important role in the economic development. Ships with big carrying capacity become a means of transporting goods in large quantities at low cost. That is why in developed countries industrial estates were built near seaports. Japan has had great success in realizing this pattern. Ja-

pan has no important natural resources and has to import all farm products and minerals it needs. Japan has dealt with this disadvantage by buying raw materials from countries that could offer best prices and product quality, and carrying them home with big ships. Some Japanese oil-tankers are so big that they couldn't pass through the Singapore Strait and had to go round to take oil to Japanese ports. These big ships helped transport raw materials at low cost to Japanese factories by the sea while many other developed countries had to make big investment in exploitation of local mines and sometimes they couldn't get as high-quality ores as Japan could. In industrial estates, factories performing different processes in the production of same articles were built, and from which, a lot of high-quality goods were made and exported. It took these factories no more than a

longer than the time needed for going from Singapore to Vũng Tàu.

In addition, HCMC has been developed along an axis. Under the Nguyễn dynasty, two towns, Gia Định and Chợ Lớn, were established and they were developed, merged into one and called Saigon under the French colonial rule. In the 1960s, Saigon was connected with Biên Hòa and a new industrial estate there. After 1975, Saigon extended towards Vũng Tàu. The road running across Saigon is also part of the National Route from the Mekong Delta to Central Vietnam. The Saigon-Vũng Tàu highway is an artery of the city and other industrial estates along the highway. That is why the more the city and South Vietnam develop, the more traffic congestion they face.

In short, in HCMC, a city that is situated far from the coast and developed along an artery, the transport cost is very high. As the city ex-

pands, this shortcoming seems more serious. The HCMC government has spent a lot of money in dealing with traffic congestion and improving the road network but we think that in the long run, the city can't compete against cities and industrial estates near seaports.

2. Industrialization and the building of industrial estates by the sea

Vietnam has many convenient sites to build ports. After 1975, the State has carried out researches and built many ports:

- **Cần Thơ Port:** This port can admit 26,000-ton liners although it is a river port, because the shipping channel is deep enough. The cost for exporting rice from this port, in comparison with expense when exporting through the Saigon Port, fell by US\$10 a tonne.

- **Ports along the Lòng Tàu River**

Ranh, Dung Quất and Chân Mây enjoy better conditions in comparison with Singapore because of availability of local raw materials, cheap labor and fuel from the East Vietnam Sea. In the future, these ports could develop into big industrial estates and cities.

3. Top priority to development of ports

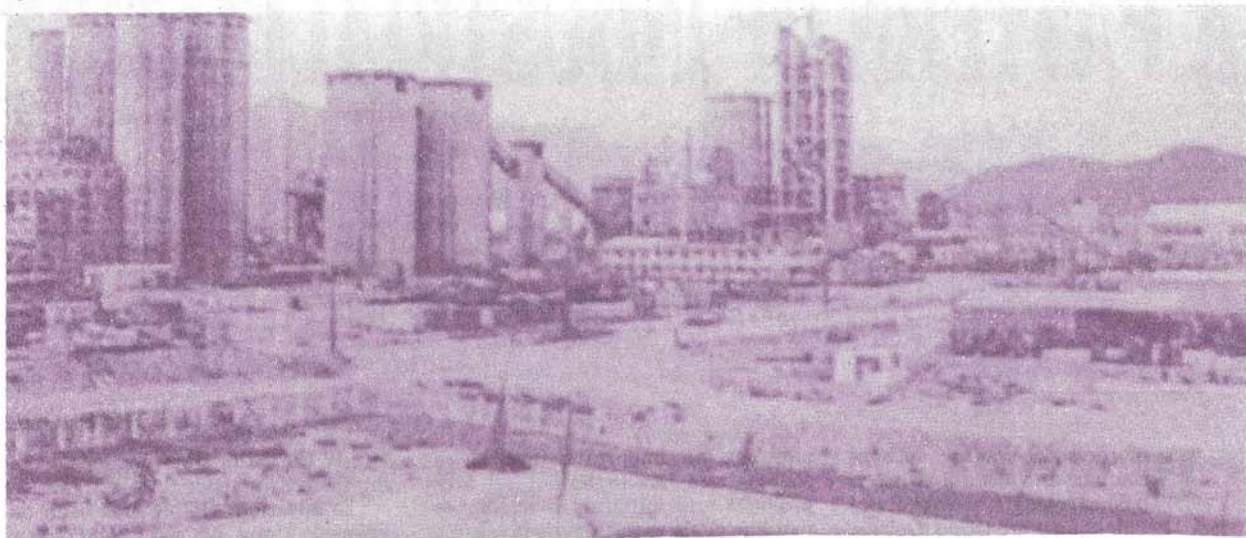
The Government has also paid attention to this problem and big outlays on these ports have been spent. One of reasons why an oil refinery is built in Dung Quất, instead of in South Vietnam, is the plan to develop an important industrial estate there.

Of these potential ports, Vũng Tàu, Dung Quất and Chân Mây are mentioned most by the press, and no papers refer to the Cam Ranh Port where some facilities were built before 1975 and has good road commu-

oil. To avoid missing this opportunity, the State had better build two more oil refineries in Vũng Tàu and Cam Ranh, and the Dung Quất refinery will supply fuel to North Vietnam.

In addition, the State had better give top priority to a well-selected port instead of distributing the public investment among many ports and economic zones. At present, the public investment is scattered over numerous projects from North to South Vietnam, from mountainous provinces to the two deltas. We can develop the economy quicker if we give top priority to a limited number of projects. We think that, in the plan to develop seaports, top priority should be given to Vũng Tàu and Cam Ranh. Dung Quất and Chân Mây can wait.

Building a port requires an investment of at least US\$1 billion, but



(HCMC) accessible to 40,000-ton liners have come into operation.

- **Vũng Tàu Port:** This is a deep water port that is accessible to 250,000-ton liners.

Along the coast of Central Vietnam, there are many sites for future ports, such as Cam Ranh, Dung Quất, Chân Mây, Hà Tĩnh and Cái Lân.

One of favorable conditions of these sites is the fact that they are situated near the international shipping lane connecting East Asia to South and West Asia, and to Europe as well. Singaporean fast development is partly due to its convenient position by this lane but at present, it can't enjoy this advantage any more because of the lack of area and heavy industry. Vũng Tàu, Cam

nications with HCMC, because after 1975, it was changed into a military port. In our opinion, Vietnam is enjoying peace and wants to develop trading relations with all countries. If a war broke, all ports, not only Cam Ranh, would be used for military purposes. Therefore, the use of Cam Ranh Port for industrialization purposes becomes necessary and the State had better take measures to develop this port as soon as possible.

A 6-million-ton oil refinery can't meet the domestic demand (which is estimated at 12 million tonnes by 2010). Particularly, foreign liners, when visiting Vũng Tàu or Cam Ranh Ports, usually need supply of oil. This is a chance for Vietnam to export fuel directly instead of crude

developing a port into an industrial estate that produces and exports high-quality goods needs US\$4 or 5 billion. This estimate means that Vietnam can't develop many ports at the same time. The State should cut outlays in some projects and put them in one port or two. When these ports come into operation, their profit will be used to invest in other ports.

The strategy to give top priority to one project and within several years turn it into a driving force for the whole country or an industry seems to us more feasible and promising than the strategy to divide the public investment among too many projects. ■