

GIA LAI PROVINCE'S ECONOMY IN 2003

SOLUTIONS IN THE PROCESS OF INTERNATIONAL INTEGRATION

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Gia Lai, one of provinces in the Central Highlands, recorded positive achievements in 2002; it reached 9/12 planned targets and GDP growth of 9%; the agricultural contribution to the economy was reduced gradually and the people's living standard improved.

In 2003, to spur the local economic development, the Province Party Unit has pointed out that the Province should make great efforts to change basically and comprehensively its policies and management from the provincial government to grassroots with the aim to restructure the economy, sharpen local businesses' competitive edges and speed up economic growth in a sustainable manner. In this view, there shall be breakthroughs in decision, policy and implementation for not only fulfilling the tasks in 2003 but also building a roadmap of international economic integration with the following objectives:

1. To assure security in politics, defense, economy, and social order, and to positively prevent negative effects from the international economic integration:

The government agencies shall understand and carry out their specific plans and tasks, especially

for the services of Police, Justice, Military, Inspectorate, Finance, Market Supervision and relevant agencies. In the near future, the above agencies have to map out plans, programs on studying factors causing volatility and breaking socio-political-economic security in each industry and business and propose appropriate hedging measures. In addition, legal loopholes should be examined and overcome to fight against crimes emerging from the international economic integration including speculation, trade fraud, political chaos...Local government is required to strengthen its control and struggle against negative acts in trade and business.

Other important tasks are to boost training and employing high-qualified workers for external economic relations; to make regular change in staffing to concentrate and take the advantage of good officers to meet the provincial requirements in international economic integration, and to consolidate and reform activities of the provincial Fatherland Front, socio-political organizations, career associations in the orientation of increasing democratization and global integration.

This aims at creating wide consensus in terms of

concept and psychology for the provincial socio-economic development. In the other words, the central government should have special policies for the Gia Lai Province and pay full attention to the province's characteristics, for example, land and forest allocation based on securing interests of the recipients, especially for ethnic minorities who are lacking land for production.

2. To improve strongly the local business climate for international economic integration: First, efforts must be concentrated on the solution of three problems: (1) rectifying and perfecting the legal system, strengthening administrative reform, and promoting efficiency and capacity of state management; (2) developing technical infrastructures and business assistance services in accordance with international standards and common practices; and (3) observing the Government's commitments in the framework of AFTA, Vietnam-American Trade Pact and the Framework Agreement signed by Vietnam and European Union.

As a result, local agencies are required to take the initiative in setting up plans, contents, and detailed roadmap to settle problems related to their functions. In respect of

policies, the provincial government should perfect its policies on encouraging investment projects in Gia Lai, including special incentives given to specific industries and sectors. Relevant authorities should therefore draw up the lists of major exports and export incentives, plan to expand of foreign markets; attract investment projects from other cities and provinces across the country; and finally promote economic relations with foreign partners. At the same time, the administrative reform should be accelerated, especially in state agencies directly related to external economic activities and investment management including the Tax Bureau, Services of Planning and Investment, of Finance, of Industry, of Housing and Land Registration, Industrial Park Authority...

3. To improve the competitiveness of the economy and enterprises is the most important and long-term task in the whole roadmap of international integration. The competitiveness of the economy is determined by the capacity of each enterprise. However, the success of each business depends not only on its own great efforts, but also on economic and administrative institutions. Three years of implementing the Companies Law has brought a lot of motivation and impetus to the local business environment. Nevertheless, its execution is encountering obstacles. That is many policies, especially on land, banking...have not yet been renovated synchronously. This causes a lack of consistency between decisions and policies as well as difficulties to businesses.

Regarding businesses, in addition to enterprises knowing their rights and obligations, and abiding by law; some enterprises still respect no certain regulations including those bene-

ficial to them. According to the provincial Service of Planning and Investment, as many as 90% of total enterprises did not submit financial statements to the business registration agency as ruled by law while this figure is 80% over the whole country. Therefore, relevant agencies must remove obstacles on time and strengthen the post-registration inspection to restrict violations.

The authorities should urgently conduct a general survey to classify and evaluate competitiveness and business efficiency of enterprises and the province's major products with a view to mapping out development requirements and support methods in accordance with the specific roadmap of each group of enterprises and products.

We have also to overcome the slowdown in the process of equitizing state-owned enterprises and confirm clearly and definitely the decision on restructuring the public economic sector; and give direct assistance in development of selected special enterprises which are great in size and strong in financial potentiality and technology.

These companies will be organized into parent companies and subsidiaries and joint stock companies. They attract leading businesses (state-owned or private) to produce and trade in local key products which are competitive in domestic and foreign markets.

Gia Lai government has to keep under strict discipline directors of SOEs who hesitate to implement the government decisions on equitization; grant no working capital to SOEs which do not have feasible plans and projects; implement open solutions to make businesses' financial situation healthy and create favorable conditions for payment, lending and

guaranteeing in transactions between banks and enterprises; and promote the quality of the human resource for businesses in appropriate training programs of the province Service of Planning and Investment and professional associations...

In 2003, Vietnam continues to undertake its commitments to AFTA, the competition will thus strongly pressurize local businesses. Therefore, the SOE equitization must be speeded up in 2003.

Furthermore, it's necessary to use state budget for diffusing knowledge about international integration on the local mass media, to give instructions to the universalization of international standards on quality and safety management (ISO 9000, ISO 1400, SA 8000...) for most of major enterprises and public administration services in the province, and plan providing local large companies with funds and technical facilities to establish their own websites. First, authorities must build and soon introduce the province's website, especially to attach importance to transparent economic information in macro and micro management. In addition, external economic activities should be combined with local development projects in harmony. This year, we have to perfect the province's master plan for external economic relations and build detailed projects for each field and international integration, send provincial delegations abroad to tie relations with foreign partners and seek new export and investment opportunities, to enhance cooperation between enterprises in trade promotion, organize focal programs of trade promotion and encourage businesses to buy up farmer's products according to contracts signed with them, and pro-

mote horizontal connection via product associations and programs of tradename development.

4. In respect of economic restructuring: the province's agricultural production grows rather fast but not firmly. Nevertheless, the cultivation of many kinds of plants has broken the planning and balances between consumption, processing and supply. Farm produce has been exported in raw forms, thus ineffectively. The land for residence and farming has not yet met requirements of a particular cohort. The economic structure shows irrationality, and the percentage of agro-forestry-fishery sector remains large in GDP. Factories process agro-forestry products with obsolete equipment, machinery and technology. So their products are not competitive in domestic and foreign markets. As a result, efforts must be concentrated on economic restructuring with the planned targets: industry growth rate of 20% and service 15-20% per year.

To attain these targets, the industry sector must pay attention to potential areas: hydropower, agro-forestry product processing. These sectors lacking competitiveness have to change into new business orientations. In the process of international integration, to restructure production and business is a must, but businesses must study effects of the demand and supply law to avoid losses.

Efforts must be made to continue to take advantages of the farm economy with appropriate scales and give loans for creating new plant and animal varieties to boost alteration of agricultural structure and promote cultivation of industrial trees for employment and increasing export earnings.

On the other hand, in farm restructuring, it's necessary to change low-

productive land into growing trees of cotton, tobacco, fruit and so on, give preference to the construction of irrigation projects for production and alteration of plant structure, and enhance the technological transfer to the province by orders with scientists and research institutions... while in the process of economic restructuring, attract the people's contributions, not only in small and medium-sized projects with small investment capital and less complicated technology, but also in large ones with huge capital and advanced technology, reduce waste and loss in infrastructure projects using state budget and concentrate the budget on key projects, and attract private investments in business projects.

In the process, priority must be given to development investments with specific policies to focal economic regions (including the development triangle: Pleiku-An Khê-AyunPa), and projects with high return of capital. This will cause a gap in development between localities. However, the fast growing region will become a locomotive to push other regions. This is not only suitable to the rule in economic development, but also an objective requirement of the economy.

In short, the Gia Lai Province's roadmap of international integration should be open, supplemented with new contents and tasks and detailed in programs, projects and plans of the provincial government agencies and enterprises. It is appropriate to a poor province like Gia Lai and the country's common roadmap. It targets at attracting investment capital, technologies, and managerial experience, and expands markets with a view to promoting socio-economic development of the Gia Lai Province. ■