

Đồng Nai is in the Eastern South as part, along with HCMC, Bình Dương, Bình Phước, and Bà Rịa- Vũng Tàu, of the Southern Vital Economic Zone. In recent years, it has gained high growth rate (12.7% in the years 2001-05; and 14.3% in 2006). The per capita gross output at current price is VND15.5 million, or US\$982.

There are 3,149 small and medium enterprises (SMEs) representing 97% of the number of companies in Đồng Nai. They could adjust to changeable condition of the economy, satisfy part of the market demand, and create many new jobs every year. In their operation, however, they meet with many difficulties:

- Shortage of capital: Because of their small size, most SMEs face the shortage of capital. They can't borrow much from bank because of their small assets used as mortgage. The only solution for them is to borrow from friends and relatives.

- Shortage of area: Although the provincial government has required them to move to industrial estates or parks in order to ensure the town planning and protect the environment, they are reluctant to do so because of high land rental and cost of infrastructure.

- Shortage of modern technology: Most SMEs employ obsolete technologies because of the lack of capital for replacement. Many of them have to go out of business after a short time of operation. Only SMEs that do subcontract jobs for foreign-invested companies can survive these difficulties.

- Lack of managerial skills: When registering as companies, many owners have no managerial skills or formal education. And as a

Measures to Develop Small and Medium Enterprises in Đồng Nai

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result, they can't run their businesses effectively and don't know how to deal with difficulties and improve their possibility of surviving.

According to the development plan of the province for the years 2006-2010, the number of SMEs is expected to rise to 6,330 by 2010, with a total legal capital of VND10,200 billion, accounting for 96.8% of the number of economic concerns and 62% of the legal capital. To ensure firm development for these SMEs and the private sector as a whole, the provincial government should pay attention to the following problems:

- + Enhancing awareness of the

importance of SMEs: Civil servants should be educated in the role of the private sector, and SMEs in particular, as the main dynamic of the industrialization and modernization, thereby getting ready to support their development.

- + Providing areas for traditional and handicraft guilds: These concerns help preserve local traditions and culture and constitute a strong point for the province when integrating into the regional economy. That is why local authorities should create favorable conditions for their development. To ensure sustainable development, authorities should encourage SMEs to supply services to traditional and handicraft guilds, make the

best use of local raw materials and help them get access to business information.

+ Developing human resource for SMEs: In most SMEs, laborers lack formal training and education and to deal with this problem requires large investments and a lot of time. Local authorities, therefore, had better take measures to support private vocational training and technical schools, and encourage big companies to cooperate with SMEs in training their laborers. At present, besides existing public technical schools and colleges, the provincial government built the Sonadezi Technical Collages under the Biên Hòa Industrial Park Development Company in 2004 with a view to training an army of skilled managers and introducing technical advances to local companies.

+ Accelerating the administrative reform: Procedures should be simplified and regulations transparent. Duties and rights of both authorities and businesspersons must be made clear with a view to preventing malpractices. One-stop service must be applied to business registration. Companies Law 2005 and Investment Law should be enforced as soon as possible.

+ Enhancing the role of trade associations: They could act as middle person between authorities and the business circles in a concerted effort to remove obstacles to companies thereby facilitating the economic development.

+ Post-registration control: This task aims at helping managers run their businesses effectively and profitably in preparation for foreign competition ■

Direction of Cần Thơ Industrial Development up to 2020

by MEcon. TRẦN THANH MÃN

Cần Thơ is at the center of the Mekong Delta, covers a length of 55km on the western bank of the Hậu River and an area of 1,389.6 square kilometers equaling 3.49% of the area of the Delta.

Cần Thơ is a hub for various roads and waterways to HCMC and Eastern South, Cambodia, and the East Sea. So it enjoys favorable conditions for becoming an industrial, trading, educational and research, and cultural center of the whole Delta. And it is what the Cần Thơ Government is aiming at. In this plan, the industrial production plays an important role in providing a technical basis for the industrialization and modernization of local economy.

1. Objectives for the industrial sector up to 2020

Resolution 31/2005/NQ-HĐND on the socio-economic development approved by the Cần Thơ People's Committee on July 14, 2005 sets the following targets for the industrial sector:

- Value of industrial output (1994 price) is VND18,300 billion by 2010; 45,000 billion by 2015 and 99,000 billion by 2020.

- Industrial growth rate is 20.5% in 2006-2010; 20.6% in 2011-2015 and 19.3% in 2016-2020.

- Share of the industrial sector to the provincial GDP is 45.13% by

2010; 51.35% by 2015 and 53.79% by 2020.

- Growth rate of earnings from export of manufacture goods is 20.22% in 2006-2010; 21.8% in 2011-2015; and 21.3% in 2016-2020.

By 2020, Cần Thơ will be an industrialized city and an industrial center of the Mekong Delta.

There are two scenarios of the Cần Thơ industrial development:

(1) Scenario 1: Fast development based capital, technological and labor resources.

In this scenario, the value of industrial output (1994 price) will rise from VND7,536 billion in 2005 to 17,288 billion by 2010 gaining an annual growth rate of 18.3%. In this sector, engineering accounts for 25.9%; chemicals 19%; food processing 11.9%; plastics 7.4%; and electric and electronic industries 6.5%. The added value will increase from VND2,544 billion in 2005 to 5,857 billion by 2010 (rising by 18.1% a year) and 13,463 billion by 2015 (rising by 18.9% a year). Total area of industrial parks and estates by 2020 will be 2,052 hectares housing 12,845 concerns and a labor force of 107,733 workers. Total investment in this sector in 2006-2020 will amount to VND32,375 billion.

(2) Scenario 2: Accelerated development partly based on investment from the central government and foreign