

INITIAL EVALUATION OF CHALLENGES TO POLICY ON SUSTAINABLE DEVELOPMENT OF THE SOUTHERN KEY ECONOMIC ZONE

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In the modern economic structure, key economic zones (KEZ) with characteristics close to local advantages can increase investment and economic growth when socioeconomic development policies are carried out. Southern Key Economic Zone (SKEZ) comprising eight provinces and cities is the Vietnam's biggest dynamic economic region. Its sustainable development requires policies and mechanisms to deal with common problems such as environment, water resources, transportation infrastructure, urbanization, and foreign direct investment, etc. Realities in recent years show that, in spite of mechanisms and policies for KEZs in general and for SKEZ in particular, the development is spontaneous rather than cooperative. The objective of this paper is to assess initially challenges affecting the sustainable development of SKEZ, with reasons explored from aspects of limitations of coordinating mechanisms and policies.

Keywords: Sustainable development, Southern key Economic Zone (SKEZ), coordination, coordinating mechanism and policy

1. The current challenges affecting the sustainable development of SKEZ

Firstly, serious environmental pollution is affecting the sustainable development of the whole SKEZ, typically in Đồng Nai and Saigon Basins.

Environmental pollution, especially water sources polluted by industrial and household wastes, is on the increase while pollution in some rivers such as Đồng Nai and Saigon has reached an alarming level. Treatment of solid and hazardous wastes is still an insuperable problem that requires a concerted and specific effort from provincial governments in the zone.

Water resources from Đồng Nai Basin play a crucial role in socioeconomic development of 12 provinces and cities in the basin and of SKEZ as well.

The above-mentioned water pollution is mainly

caused by untreated or poorly-treated effluent dumped directly into the basin by factories, mines, handicraft villages, households, hospitals, and peasants, etc. and the best part of it is industrial and household effluent, with huge loads of pollutants from industrial parks, factories and service concerns in the basin.

Secondly, supply of energy needed for socioeconomic development for the whole SKEZ has been inadequate.

Energy for SKEZ is an insurmountable problem, including supply of electricity, fuel and gas. This zone is one of the Vietnam's biggest industrial, trading and service centers, and therefore its current and future need for energy is very high. In addition, use of clean and safe energy is not just a future story but it is now urgent in the sustainable development.

Thirdly, pan-zonal infrastructure is poor.

Recently, investment from various sources in transportation infrastructure in the zone has increased, and many important works are operational and meet development needs. However, the infrastructure is still in poor condition and hinders economic development. Urban traffic in HCMC suffers regular congestion and traffic safety has not been ensured. Continuing to promote investment in infrastructure for transportation is still an urgent task. Communication links between provinces, especially between HCM inner city and other provinces, are poor. There is no detailed plan to develop highways and coastal roads at present and their building is very slow.

Fourthly, strikes and the agricultural security of SKEZ are real problems.

(i) Nearly 80% of strikes in Vietnam took place in three provinces in SKEZ (HCMC, Đồng Nai and Bình Dương). From late 2005 until now, successive strikes have broken out in export processing zones (EPZ) and industrial parks (IP). According to a survey of 500 samples in those three provinces, 85.51% of workers in EPZs and IPs: Linh Trung 1, Linh Trung 2, and Tân Thuận (HCMC); Sóng Thần (Bình Dương); and Biên Hòa (Đồng Nai), have participated in the strikes; and only 14.49% answered that they have not joined strikes [4]. Thus, strikes are widespread in EPZs and IPs in SKEZ.

Most strikes occurred in foreign and private companies. The main reason is wage and social benefits for employees.

(ii) In provinces and cities where EPZs, IPs, new towns and golf courses are developed quickly, area of farming land contracted producing bad effects on food security and sources of livelihood of peasants.

In SKEZ, all provinces are small but they all want air ports, sea ports (the coastal provinces), industrial parks, new towns, big trading and service centers, especially big golf courses. Currently, most EPZs and IPs in the zone had had only about 65% of their area leased, but the government has approved additional 9,811 hectares for the EPZs and IPs up to 2015 [5]. This means that an equivalent area of agricultural land will vanish. It is

worth noting that the area zoned for EPZs and IPs up to 2015 is mostly in provinces with comparative advantages for rice and agricultural production, such as Long An, Tiền Giang, Bình Phước, and Tây Ninh.

Fifthly, human resource and training issues in SKEZ require more investments.

The network of vocational training centers has been adjusted and developed but they are not evenly distributed: Most large and well-equipped schools are in HCMC and Đồng Nai while such networks in other provinces such as Tây Ninh, Bình Phước, Long An, and Tiền Giang are poor.

The vocational training courses do not match the market demand. These centers fail to pay attention to labor development strategies for the whole zone, and give courses in skills needed for local development, such as steelmaking, processing, and trading, etc.

2. Shortcomings in implementation of mechanisms and policies on SKEZ development

There are many reasons for the challenges to sustainable development for SKEZ but in this article, the authors just highlight the shortcomings in the implementation of mechanisms and policies on development of SKEZ.

- Mechanism for coordinating and managing development policies:

In recent years, the SKEZ Steering Committee has not played well its role as a bridge between the central authorities and provincial governments in the zone. This has led to a lack of a well-organized implementation of programs of economic cooperation between the provinces and cities in the zone. Also, management of mechanism for developing the SKEZ has not been well conducted. The Steering Committee can only give guidance, orientation and direction of implementation but not directly govern the implementation of mechanisms and policies. This is a critical issue to the management of the SKEZ. Management of the implementation of mechanism for eight provinces in the SKEZ is a daily work in many fields requiring an apparatus that is large, strong and professional enough to adjust the overall planning for a large area. Therefore, the current man-

agement model that comprises only a Steering Committee for coordination is not enough and can hardly produce intended results.

Coordination of industrial and commercial activities in provinces and cities in the SKEZ, especially HCMC, has helped companies expand their trading operations, contributing to the economic growth; changes in structure of industry; control over market prices; and certain success in the struggle against smuggling, counterfeiting and trade fraud. However, the results of the coordination are not deep and not commensurate with potentials. The coordination is limited to researches, information exchange, and support for companies, and fails to generate close links between industrial and commercial enterprises such as establishing joint ventures for trading and manufacturing businesses.

Also, in recent years provinces in the zone have failed to coordinate their efforts to produce a master plan for development of IPs, transport system, water supply and drainage, and treatment of pollutants. They have not signed agreements on regulations about encouragement to foreign investment with the result that foreign investors tended to move away from provinces where environmental requirements are strict and provincial governments engaged in unnecessary competition for foreign investment.

- Implementation of pan-zonal transport infrastructure:

Although the Ministry of Transportation has implemented several projects in recent years in various fields: roads, ring roads, waterways, railways and airlines, some projects, to a certain extent, still lack cooperation among provinces and are affected by sectionalism.

Metro system that mainly aims at addressing the demand in HCMC inner city did not have a connection to the other provinces. For example, Metro route from Bến Thành to Suối Tiên is worked out without cooperation with other provinces to connect it with routes to Biên Hòa (Đồng Nai), and then Vũng Tàu. In some 20 or 30 years, developments of provinces and cities will certainly make Metro system an inevitable de-

mand. Therefore, the plan is limited and not intensive enough.

As for the road system, each province and city has its own plan. For example, traffic is good in Bình Dương province, but in districts adjacent to HCMC narrow roads cause traffic jam during rush hours. A similar situation is found in border between Đồng Nai and HCMC or HCMC and Tiền Giang. Regarding air transport, there are two airports, Tân Sơn Nhất (HCMC) and Long Thành (Đồng Nai), in this zone. They are international airports used for national development rather than for the zone only, and all neighboring provinces may enjoy benefits from these airports.

Regarding waterways, Ministry of Transportation does not have any major project related to the SKEZ development although this zone has a lot of rivers and canals. The Đồng Nai and Saigon Rivers provide favorable conditions for transport by boats while plans on seaports development are ready for HCMC, Đồng Nai, and Bà Rịa - Vũng Tàu. It is worth noting that seaports can hardly work at full capacity without links with inland waterways and the SKEZ is crisscrossed with freshwater rivers and canals.

As for development of railroads, there are only some pre-feasibility studies and no specific project. To reduce pressure on the existing road system, the indispensable role of railroads should be taken into account. Moreover, railroads are very important to transport of cargo, which can help facilitate flows of goods in the SKEZ.

In short, infrastructure projects in the SKEZ are not well devised and only projects to build ring roads and seaports are appropriate to local characteristics while other projects on railways, air transport and waterways are not serious enough. The Metro is limited to HCMC inner city only.

- Water supply and drainage, and solid waste treatment:

Regarding the water supply and drainage, construction of water pipes and sewers in the SKEZ, especially in cities and IPs is very urgent. Demand for water for daily and industrial use is on the increase but there has been so far no specific plan. Most provinces only carry out their own plans

based on local demand. HCMC itself has suffered poor drainage for years and failed to work out overall solutions. When the plan is not perfect, its implementation will be time-consuming and cause difficulties in coordinating the plans for different provinces, not to mention prices for environmental pollution, widespread diseases, and decreases in investment before such plans come into operation. That is to say, the planning work is very slower in comparison with the decision to establish this zone in 2004.

As for waste treatment there are only two solid waste treatment works for the whole SKEZ:

- + Tân Thành Solid Waste Treatment Plant in Tân Thành Commune (Thủ Thừa District, Long An Province) with an area of 1,760 hectares to handle household and industrial waste from Long An and HCMC.

- + The 820-hectare Củ Chi Treatment Plant (Củ Chi District, HCMC) to deal with hazardous waste from HCMC, Bình Dương, and Tây Ninh.

Thus, there is no waste treatment works in Đồng Nai, Bà Rịa - Vũng Tàu, and Tiền Giang. Another worry is the fact that these treatment plants are not well situated because Thủ Thừa and Củ Chi are located near the sources of the Vàm Cỏ Đông River that is connected to the Saigon and Đồng Nai Rivers while those two rivers are increasingly polluted.

- Confusion between implementation of plans and strategic vision for the whole SKEZ:

In most reports on planning and infrastructure development in the SKEZ, the point of time set for the planning is usually 2010 or 2015 with a vision for 2020. Up to 2010, many plans to develop communications, water supply and drainage or pollutant treatment have never been carried out. If they have been launched, their completion is certainly after 2015 or 2020 because all of them are major plans and require long periods of time. Thus, setting forth a vision for 2020 from now cannot be considered as a long view. If the planning should be adjusted after 2020, it will be a great waste and the whole zonal and town planning will be destroyed. At present in most countries, the zonal planning is usually set for a period of 50

years, or even 100 years, with several scenarios.

According to new views on division of short-term and long-term policies, modern researchers do not think of time (five or 10 or 20 years) when talking about long-term policies but they always consider existence of problems the policy deals with. In the SKEZ for example, environmental pollution, communication, energy, or labor are always long-term issues, because they cannot be separated from existence of the SKEZ. Thus, policy makers should avoid confusion about the time for implementation of plans and strategic vision.

3. Measures to carry out policies and mechanism for sustainable development of the SKEZ

a. Requirements for policies on SKEZ development:

- With shortcomings in the implementation of development policies, from inadequate planning to poor communication infrastructure and challenges in terms of environment, energy and labor issues, it is difficult for the SKEZ to achieve a sustainable development while other economic zones are enjoying intensive investment from the central government and experience from the SKEZ. Development in town planning and infrastructure building in Đà Nẵng, spectacular achievements of tourism business in Nha Trang, and growth of Central Vietnam Key Economic Zone, for example, represent challenges to the leading role of the SKEZ. Is it possible to figure out a map of sustainable development in Vietnam without the SKEZ in 10 to 20 years to come?

- The question arises as to what model of coordinating mechanism to follow. The first thing to do is to work out policies on coordination of programs in the SKEZ, and then, to organize a coordinating machinery. The latter is no easy task because it is linked up with power in implementation. Is it good to establish a zonal government? What are effects of such a government on local and central governments?

- At present, some 80% of labor force of the SKEZ is from the outside of this zone. In Central Vietnam today, however, local potentials have been tapped and more public investments are put in agriculture and rural areas. This means that

more job opportunities are offered, flows of laborers to the SKEZ will reduce, and this zone will face shortage of labor.

Recent strikes have become a challenge to local governments and companies requiring them to change wage scales and policies on social benefits. Demand for skilled and well-trained labor is great. In the SKEZ, however, there is no specific plan to build vocational centers with a view to dealing with such possible shortage of labor in future.

b. Measures related to mechanisms and policies for SKEZ sustainable development:

- Building and modernizing waste treatment works: Fast growth and strong development will be meaningless when the environment is threatened. Honest investors and laborers will move away from polluted areas. The SKEZ environment has been polluted and the situation will go from bad to worse if provincial governments fail to reach agreements about some consistent and aggressive solutions. This issue should be taken into account, or considered as a priority, when evaluating investment projects and granting licenses.

- Establishing a coordinating mechanism and machinery: This task must be carried out as soon as possible to control and monitor the implementation of policies and mechanisms. The coordinating mechanism should include regulations about administrative machinery of zonal and provincial levels. Rights and duties of each level (leadership, their counterparts in central and local governments, experts and managers, their salary scale, etc.) must be clarified. Coordinating machinery of various levels and its high performance can only be ensured when the coordinating mechanism is in place.

- Perfecting the master plan for socioeconomic development and structure of industry in the SKEZ: The master plan will serve as a basis for similar plans of provincial or municipal level and help provincial government avoid more unruly and overlapping developments. For the time being, MPI should perfect its report on "Adjustments to the master plan for SKEZ socioeconomic development up to 2020 and a vision for 2050," submit it to the PM for approval and start implementing it

before 2012.

- Building transport infrastructure and drainage system for the whole SKEZ up to 2020 and a vision for 2050: Full attention must be paid to roads connecting HCMC to its satellite towns, international airports and seaports to improve communication between provinces and multimodal transport, thereby reducing transport cost and enhancing the competitiveness.

Improvement in the drainage system of the whole SKEZ will help deal with environmental pollution, ensure a sustainable agriculture, and enhance the quality of life.

- Development of a high-quality human resource: To achieve objectives of the socioeconomic development plan, more public investments should be put in vocational training centers with a view to giving high-quality training courses and refresher courses. This effort must be considered as a precondition for successful development of the SKEZ■

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