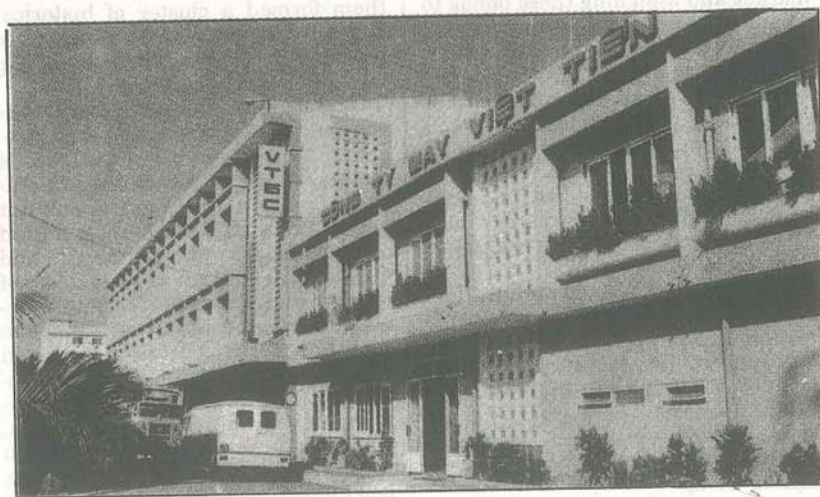


In 1980's the world saw Singapore, Hong Kong, Taiwan and South Korea vigorously raise production and exportation of textile-garment products to developed countries. Today they account for one fourth of the textile sales and one third of the garment ones on the world market. The textile exports of these four areas reached US\$16.93 billion in 1980, US\$33.79 billion in 1987 and nearly US\$40 billion at present, an increase of three times within ten years. The world's analysts and forecasters said NICs' textile-garment industry began

INVESTMENT CAPITAL FOR DEVELOPING TEXTILE-GARMENT INDUSTRY

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to move to the countries having low salary rate. They are important investors in the Asia-Pacific region and Vietnam as well. Many foreign experts warned with a high population, abundant labor sources VN should take this opportunity if it wanted to prevent the danger of backwardness in economy.

In history, VN's textile-garment industry developed long ago, but so far it is still small, backward and depends on the foreign factors. However, the textile-garment industry has attracted a great workforce, nearly 500,000 workers, representing 22.7% of the industrial labor force in the whole country. In 1992, although VN had crude oil but the textile-garment industry accounted for 10% value of the total industry output, paid above VND400 billion to the national budget. In the recent years, the total

export turnover of the textile-garment industry reached US\$300-400 million, accounting for above 10% of the country's export turnover.

But because the investment capital is too low, taking only about 10-15% in comparison with the demand, and the reform of mechanism is still slow, so the growth rate of the textile-garment industry is slow, the quality of products is poor and do not integrate into the world market yet. Therefore it's pressing to find out a strategy for strong development of VN's textile-garment industry.

According to a plan of VN's Textimex, as for garments, the country is expected to produce 60 million units for export in 1995 with a turnover of US\$300 million and 110 million units for domestic use. In 2000 VN will strive for 200 million garments for export, with a turnover of US\$1.2

billion and 162 million units for domestic use, and by the year 2005 the respective targets are 300 million units, US\$1.5 billion and 175 million units. The biggest markets to import VN's garment products will be the US, Northern America, Japan and the EC. Followers are CIS (former Soviet Union) and other countries.

As for textile products, by the year 2005 the country is estimated to produce 1.8 billion metres of various cloth, 15,000 tonnes of towel, 30,000 tonnes of knitted product, 7,000 tonnes of mosquito net and curtain, 20 million units of stockings and socks with a great effort to reach an export turnover of US\$ 1 billion.

With Textimex's calculation, VN's textile-garment industry will provide a range of products worth US\$1,335 million in 2000 and US\$2,427 million in 2005 for the world market. These figures will considerably change VN's trade balance, create jobs for millions of laborers, especially young people, increase payment to the State budget to VND3,000 billion, a ten-fold increase over the present amount.

In order to seize the world trend and realize the above targets, VN's textile-garment industry should uniformly solve the problems of organizational structure, investment capital, raw materials, technology, etc. But the main problem is still investment capital.

In accordance with the Ministry of Light Industry's estimation, US\$1,695 million is needed to bring VN's textile-garment industry into the XXIth century with planned targets (by the year 2005). This amount will be used for innovation of technology and equipment, training staff in the textile field alone. As for garment field, this figure will be US\$367 million; the funds of which needed for installment of equipment and capital construction are VND3,945 billion. In short, the total capital needed for investment in the textile-garment by the year 2005 is US\$2,514 million. Where is such a great capital drawn from?

Textimex has planned the orientation of creating capital, including: expanding joint-ventures with foreign partners (possibly attaining 40% of the demand), strongly mobilizing dead money from the people and overseas Vietnamese (10%), getting loans from domestic banks (20%), from foreign countries (20%). The rest is provided by the textile-garment enterprises.

Measures of investment will be taken as follows: dividing large-scale enterprises; equitizing competent

concerns; changing the orientation of production or disbanding enterprises which have obsolescent machinery and technology, bad business performance; carrying out joint-venture and cooperation in each area with a view to investing properly.

But these plans and measures cannot be easily performed. After six years' implementation of Law on Foreign Investment, so far we attract only 30 projects in the textile-garment field with a registered capital of US\$449 million; only above US\$100 million of which has been realized. Borrowing capital from banks is not smooth because some textile-garment enterprises recently used capital ineffectively, for example, Nam Định Textile Factory is owing an overdue debt of VND500 billion to 4 commercial banks. As a result, banks feel more cautious about investment in this field. If an enterprise wants to get loans from foreign countries, its debts must be guaranteed by a domestic bank. But due to above-mentioned situation, a bank surely makes so bold as to guarantee debts. Can an enterprise issue debenture bonds to attract the people's money? Hoàng Thạch Cement Company recently had to make great efforts to attain VND46 billion through its bonds. Consequently, the textile-garment industry can hardly rely on this way if it has no other solution.

To date making capital for the development of VN's textile-garment industry is still a hard problem. In our opinion, the State should have resolute and thorough measures such as disbanding loss-making State enterprises without hesitation; quickly equitizing effective ones; encouraging foreign companies to invest in VN's textile-garment industry; levelling the interest rate of debenture bonds to that of credit organizations on the market and assigning these bonds to commercial banks as issuing agents; reducing tax; priorly assigning land-use right...as well as stimulating establishment of private enterprises in the textile-garment industry. The important way is to change form of ownership from State enterprises to joint-stock companies whose share holders are almost workers. Naturally, the State should give priority to workers in share prices.

Then the State should hire foreign experts to improve management, technique and operation of equitized enterprises. The reality showed the form of private ownership in the textile-garment field brought in good results, for example, HCMC-based Minh Phụng Company and Huy Hoàng Company ■

Tourism, the smokeless industry, brings about big profits and assumes an important role in the national economy, and in Thừa Thiên-Huế to be precise, especially at present time when our economy is open to the world.

Thừa Thiên-Huế is one of the three tourismagnetic areas of the country and Thừa Thiên-Huế authorities have decided that the tourism industry is one of the four key industries of the province which need to be invested and developed properly. Tourism industry hold an important part in the provincial economy. It has great effects on changing the provincial economic structure, supplying new jobs and improving the people's living standard.

Being in the middle of the Central Vietnam, Thừa Thiên-Huế has many natural and socio-historical features. In its small area, there are many mounts, hills, forests, plains, ponds, lagoons and beaches. Thừa Thiên-Huế is a province well-known for its natural beauty (Hương river, Ngự Mount, Lăng Cô, Bạch Mã, Cảnh Dương, Thuận An, etc). Tourists are attracted to Huế not only by its scenic spots but also by its monumental buildings made by the people from all over the country.

In the past, Huế has been the capital of *Đàng Trong* state of Lord Nguyễn (Vietnam, in the XVII and XVIII centuries, was divided into two states, *Đàng Ngoài* and *Đàng Trong*), and the national capital under Nguyễn Dynasty (XIX century). Many of its monuments were kept intact such as mausoleums of Nguyễn kings (Gia Long, Minh Mạng, Thiệu Trị, Tự Đức, Khải Định...), inner citadel, royal palace, and a lot of pagodas and temples (Thiên Mụ, Từ Đàm, Từ Hiếu, Bảo Quốc, Hòn Chén...). All of them formed a cluster of historical and cultural monuments which were recorded in the UNESCO list of the world's cultural heritages.

In Huế, the nature, history, society and people have really mixed together to form a poetic and attractive picture. We can say that Thừa Thiên-Huế is an ideal spot for tourism. But before 1990, Thừa Thiên-Huế hosted annually 20,000 foreign tourists and 40,000 local visitors at most. Most of foreign tourists came from the former-USSR and Eastern European countries. This tourist flow decreased remarkably because of political unrest in these tourist-generating countries in 1990 and 1991. From 1990 on, when Vietnam expanded its foreign relations, the Thừa Thiên-Huế tourism industry was developed consider-