lastic products today serve not only family use, but also other industries. Plastics of new generation can substitute for steel, iron, non-ferrous metals, wood, cement... because of its strong points (light, durable, beautiful, cheap, etc.). Experience of developed countries showed that when the growth rate of the economy was 1 per cent, the growth rate of plastic industry would be between 2 and 3 per cent. In 1994, according to report of the Vietnam Plastic Association, the output of the plastic industry was approximately 200,000 tonnes, or 2.8 kg per capita. This was a great step forward. In 1993 when per capita output of this industry was 1.8 kg, many experts foretold that the per capita output would be 2.0kg by 1995. But the plastic industry topped this output in 1994. However, our per capita output can't bear comparison with surrounding countries: in 1993, plastic output per one person in Thailand was 16 kg, Malaysia: 29 kg, Taiwan: 70 kg, Japan: 80 kg.

At present, center of Vietnam plastic industry is in HCMC where 70 per cent of national plastic output was produced. But HCMC plastic industry develops disproportionately. Pham Gia Duoc, Director General of Vietnam Plastic Corporation said that: "The state-owned enterprises produced only 30 per cent of total output, other sectors made the rest. Most plastic factories are of small or medium size. There is only a handful of large factories, so capability to invest in producing high-tech products is

very limited".

Statistics showed that 65 per cent of total ouput was household goods. Products used in other industries were of small percentage. The most remarkable products are plastic bags of various kinds (represented 20 per cent of total output), building materials (8 per cent), products used in electric and electronic industries, and other manufacturing industry in general are rare, almost none of them

was produced.

The greatest difficulty for Vietnam plastic industry is that it has to depend totally on foreign countries for raw materials. In addition, mould making is also a problem. Electric fan is a product that can go like hot cake in such a tropical country as Vietnam, but none of the local factories can produce mould for electric fan's blades which reach standard required. As a result of this, we have to import these moulds from Taiwan. Thus, the plastic industry can only develop basing on a modern mechanical engineering industry.

It's estimated that the plastic

NEW CHALLENGES TO VIETNAM'S PLASTIC INDUSTRY

by MINH TÂM

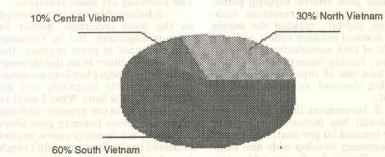
industry would set the pace among home industries. At the beginning of the 1990s, the plastic industry had a growth rate of 27 per cent a year. The target set up by the Ministry of Light Industry is that the plastic output per one person by 2000 will be 10kg, that is, the plastic output should increase by 800 per cent in the next six years. According to planners, from 1991 to 2000, net investment would be US\$18 billion. This amount represents only 73 per cent of needed capital for Vietnam. Of this amount, 50 per cent would come from foreign sources and 50 per cent from domestic ones. In building infrastructure, there would be a great demand for building materials, including plastic products used in construction. For instance, by the year 2005, Vietnam cement output would reach 20 million tonnes a year and the cement industry would need 300 million plastic bags for the output. This will be a big order given to the plastic industry.

"To improve product quality with a view to meeting domestic market demand, increasing both output and types of product for export, and finding source of foreign exchange for investment are new challenges to Vietnam's plastic industry

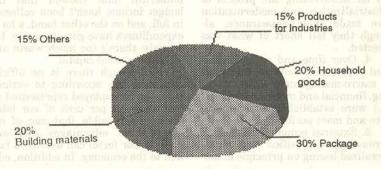
TARGETS OF THE PLASTIC INDUSTRY FOR THE YEAR 2005

- Total output: from 1.2 to 1.3 million tonnes a year
- Output per one person: 15 kg - Export turnover: US\$ 120 mil-

lion



Domestic market for the plastic industry



Structure of product

18 EDR