

In the session at the end of 1994, the Government approved the plan to allocate capital investments and budgets of 1995 to industries and localities, reviewed the Government's activities in 1994 and planned the work program of the Government in 1995.

The Report on the Government's activities have been carefully discussed. Both achievements and failures of the Government in 1994 have been fully mentioned. The ministers will present these matters to you in this conference.

Routinely, this conference is held in order to enable the Government to seek opinions from provincial and municipal leadership about these plans so we can carry out successfully our tasks in 1995.

1. Situation in 1994

The achievements in 1994 have helped our country to consolidate after several years of development, have ensured the political-social-economic stability and created good preconditions for putting through this five-year plan (1991-1995) and the next one as well.

Attempts of the Government, ministries, industries and localities have produced new achievements in many fields in 1994, especially in the economic development and changing the structure of industry. These achievements have been mentioned in the report of the Government presented to the National Assembly in its sixth session.

Reviewing the situation in 1994, however, we saw that there are many weaknesses which should be overcome as soon as possible:

- Our economic development is fast but not stable; its efficiency is low; many resources and potentials haven't been fully tapped.

- The administrative machinery from central to local levels is cumbersome and ineffective; the law isn't executed and respected properly; localism is common among several industries and localities; the people still suffer from too much officialdom and corruption; the civil servants can't cope with new requirements of fast-developed economy.

- The foreign trade has developed but our products were less competitive and suffered from contraband goods; export and import businesses produced only little effects on the home industries; we have made many mistakes over co-operation with foreign partners; procedures for foreign investment were complicated and made foreign investors disenchanted with Vietnam so we have missed a lot of

TRY OUR BEST TO FIGHT AGAINST BACKWARDNESS AND INDUSTRIALIZE OUR COUNTRY

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opportunities.

What we must do to take advantage of the new situation created by our renovation policy, to overcome weaknesses, to accelerate our development and compete successfully in regional and international markets is a matter of great urgency to Vietnam. Without determination to suffer great hardship, without right decision, our newly gained achievements could be pushed back.

2. Some opinions about activities of provincial authorities

Generally, in 1994, local authorities tried their best to carry out the work program of the Government, enforced the law in their provinces, solved many socio-cultural problems, maintained socio-political stability, helped with realizing socio-economic targets stated in decisions of the VCP Central Committee and the National Assembly. Most of provinces, including those were damaged by natural disasters, have completed perfectly their assigned tasks.

However, provincial and municipal People's Committees must try harder to develop the socio-economic life in their localities and perform their role as executive power better. Realities in many provinces showed that various potentials have been left untapped, some important socio-economic problems have been left unsolved; many local authorities haven't controlled perfectly the socio-economic activities and law and order in their localities.

Some local authorities haven't understood the law, so they didn't observe or force subordinate bodies and other organizations located in their localities to obey the law. Order and discipline in various levels of administrative machinery, in relation be-

tween central and local authorities, ect. haven't been well maintained.

The struggle against waste, corruption and smuggling produced only little result. Many serious cases of corruption and smuggling were discovered only by the central authorities, the press and the people. The local authorities couldn't find them out on time. The social evils and crime haven't been reduced as expected.

What should be stressed on is that the local authorities should enhance the self-reliant spirit, use all their potentials for solving their problems and improving the socio-economic life in their localities. Dependent spirit should be defeated, good examples should be followed and multiplied.

What was mentioned above is only an overview, all of us can discuss it in this conference. I want to stress the point that we have got many achievements in 1994. That enabled us to overcome many serious natural disasters last year and to develop more stably and strongly in future.

3. On work program in 1995

There are many problems that are worth discussing, but I want to put stress on two ideas:

Firstly, the year 1995 will be a landmark which decides whether we put through this five-year plan and create good preconditions for realizing the next five-year plan or not. Only success in realizing these plans could maintain the present growth rate and speed it up. If we fail, our socio-economic development could be kept back.

And as we know, we will confront a lot of difficulties in 1995, because the targets become higher and higher whereas our potentials are limited, especially our capital, infrastructure, technology and markets, not to men-

ion many problems left unsolved last year. Therefore, our people should have great determination to achieve the socio-economic targets of 1995.

Secondly, on the way to development many problems have made their appearance. Moreover, our management in new mechanism has revealed many weaknesses which could become obstacles to the development if we aren't able to solve them. We can't exploit all of our resources and potentials if we keep on doing business ineffectively, social evils will be widespread, our partners and supporters will become disenchanted with our present red tape and complicated procedures.

Therefore, we must reform the administrative machinery in order to make it healthier and stronger. Only by doing this, we could make the best use of our advantages and resources. The governmental and party leadership has invested a lot of time and energy in this task in last year's end. In 1995, we should try harder in this task because this is the best way to overcome weaknesses in our administrative machinery.

In short, there are numerous opportunities, but difficulties are also large in the coming years.

We must do everything to increase the speed and the quality of our development. The most urgent works are to accelerate the alteration of the structure of industry, to control inflation rate, to reform the administrative machinery and to solve radically problems generated in the process of development.

Particularly, by studying the realities of the situation, we should improve our present strategy for development and take new policies and measures to correct defects in our management. Above all, we should renovate the Party's methods of directing and improve ability of the administrative machinery.

These factors have direct effects on realization of our tasks in 1995 which is a turning point when we should prepare everything for the Party's Eighth Congress.

Let's do everything to stimulate the patriotism and the self-reliant spirit of our people. Let everything be aimed at curbing the state of falling behind, creating conditions favorable for bridging the gap between Vietnam and surrounding countries from 2000 on and making good progress on the path to industrialization and modernization ♣

Speech given by the Prime Minister at National Conference of Provincial Leaders held in HCMC from Jan 5 to Jan 7, 1995.
The title is Editorial Board's)

THE GATT/URUGUAY ROUND TRADE AGREEMENT AN ADVISORY

With the Senate's overwhelming approval on December 1, 1994 the US Congress completed action on the legislation to implement the GATT/Uruguay Round Trade Agreement (the "GATT") and sent the measure to the President to be signed into law. The 2,000 page bill is so lengthy and complicated that few congressmen, much less businessmen, have more than a sketchy understanding of what changes it will make. In a nutshell, the GATT/Uruguay Round Agreement:

- establishes a World Trade Organization empowered to assess trade penalties against member nations in violation of the GATT;

- reduces customs duties among the 124 signatory nations by approximately one-third;

- prohibits quotas, although quotas may be replaced with tariffs, which in turn must be gradually reduced;

- requires all signatory countries to protect patents, copyrights, trade secrets, and trademarks;

- bans high local content requirements in products like cars.

U.S. companies engaged in trading activities will see a reduction of import duties. These tariff reductions will enable importers and industrial and commercial purchasers of imported products to reduce their costs, while at the same time making U.S. exports more competitive in markets that were previously protected by high tariff rates.

U.S. companies which compete with imports will see that foreign products are, in some cases, more competitive, because of their reduction in U.S. tariff levels. At the same time, the GATT legislative provision relating to import relief, such as those authorizing antidumping and countervailing duties, may make relief more difficult to obtain in some instances and less difficult, in other instances.

Numerous other of the new trade law changes will also directly affect the operations of companies, which are either involved in international trade and investment or in competition with imports. Knowing the new rules of the game becomes essential for competing effectively under the new world trading order created by the legislation, which is expected to become effective January 1, 1995.

For example, U.S. companies should immediately determine the short- and long-term impact of GATT on the marketplace for their products. As a result of the Uruguay Round Agreement, tariffs have been reduced by as much as ten to fifteen percent on their foreign competitors' products. These reductions will produce dramatic effects on competition and force companies to adopt new strategies, or drastically alter existing ones, to continue to sell their products.

Sorting out to what magnitude GATT will effect a company's operations, will require a complex analysis of its multilateral interactions. The companies who act now will have a clear strategic advantage over those who don't completely understand the profound effect that GATT can have on their businesses.

To help companies accomplish this detailed analysis, the international trade practice group has, in cooperation with Nathan Associates, developed a trade simulation model called "TradeSim". The TradeSim model uses import, export, domestic production, and price data to calculate the price, volume, and market share effects of any quantifiable change in tariffs. The model is a very effective, long-range planning tool and can be applied to any industry or sector.

For additional information on the GATT/Uruguay Round Trade Agreement and the implementing legislation, contact Bill Leonard or Jim Taylor in the Washington office of Stroock & Stroock & Lavan.

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