

There is no doubt that the Vietnam economy passed the crisis by the end of 1995, the 9th Conference of the VCP Central Committee in November 1995 affirmed it.

In the spring of 1996, The Vietnam economy will move towards the runway and make preparation to take off. The forces needed for its taking off have been formed some years before, especially in the past five years:

- The annual growth rate in the past five years was 8.2% and no less than 9% in 1995, equivalent to those of strong Southeast Asian countries (Singapore: 9.0%; Thailand: 8.5%; Malaysia: 9.3%) and higher than the world average (1).

- The Vietnamese đồng has become stable; the inflation rate was kept under 14% per year; the CPI hasn't changed much and come to 15.6% in 1995 (1).

- More jobs were supplied to laborers; the living standard was improved and the people felt sure about the renovation process.

- Vietnam's diplomatic relations were expanded and perfected, especially in 1995 after the US embargo was lifted and Vietnam joined ASEAN. Foreign investment, up to the end of 1995, has doubled in comparison with the period between 1988 and 1994, and caused total foreign investment in Vietnam to rise to over US\$18 billion (licenced projects only). Foreign investors come from 54 different countries, the ranks of Japan and the US were improved.

- The economic structure has begun to go in the direction of industrialization: the importance of manufacturing and service industries become greater while the percentage of agricultural production in GDP decreased from 39.5% in 1991 to 28.7% in 1994. The manufacturing industry represented 29.7% of GDP and the service industry 41.6% (2).

- The food output fluctuated slightly between 25 and 27 million tonnes in the past five years, that is over 350 kg for a person a year. Some 2 million tonnes of rice are exported annually.

- The total value of visible exports over the past five years has doubled and the structure of exports has changed positively also: manufactured goods increased from 5% (1990) to over 20% (at present). Besides staple exports such as oil, rice, frozen shrimp, there are clothing and coffee now.

- The public investment has increased by five times over the past five years while the private investment doubled. Many projects of over

US\$200 million invested has been estimated or realized in various cities and provinces (upgrading the national route No 1, bridges over Tiên and Hậu rivers, many export processing zones and industrial estates, South HCMC highway, Hà Nội-Hà Tây highway, etc).

These above-mentioned facts show that Vietnam has the ability to integrate into the world and regional economies, that Vietnam has come to the runway for taking off. Vietnam leadership and experts believed that within 20 or 25 years, around 2020, Vietnam would become a NIC.

However, as we know, in order to be considered as a NIC, a nation must obtain certain basic indicators such as: per capita GNP equivalent to the world average, attraction for investment of multinationals, large quantities of manufactured exports, high growth rate (from 8 to 10% annually), high ratio of townpeople to population (over 50%), etc. (3)

It's not easy to obtain these indicators especially for nations of large territory and population such as Vietnam, Indonesia, the Philippines. For a nation with the population of five to seven million, the process of taking off will be easier and faster with the foreign investment of US\$10 to 15 billion.

Up to 2000, with a population of some 80 million, Vietnam wouldn't take off easily and fast. It has to attract some US\$50 billion from foreign investment and the same amount from domestic investment from now until 2000. It's a difficult task. Many people have referred to a danger of falling behind other Asian countries coming from many unsolved problems: source of capital, human resources, intellectual standard of the people, corruption and bribery, waste and vanity, the gap between the rich and the poor, social evils, etc.

In spite of these problems, the socio-economic situation of our country in the past five years shows that the spring of 1996 could be considered as the starting point of a new stage of development: the taking off stage.

Reference materials

- (1) *Asiaweek*, Dec.8, 1995.
- (2) *Niên giám thống kê 1994* (1994 Statistics Yearbook), Thống kê publisher, Hà Nội, 1995.
- (3) Ball, Donald A., *International Business*, BPI/IRWIN, USA, 1989.

VIETNAM ECONOMY ON THE RUNWAY

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