

Structure of Industries in HCMC in 2006-2010

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1. Targets for the industrial sector up to 2010

To meet these targets by 2010, the follow-

ing tasks must be carried out:

- Reducing labor-intensive industries based on natural resources from neighboring prov-

inces and simple technology and developing basic industries based on hi-technology; giving top priority to electronics, informatics, telecommunication and mechanical engineering and preparing the human resource for international integration.

- Applying new technologies and improving business performance; building brand names and product quality; promoting trade and market expansion to increase exports; keeping on reforming the public sector; and increasing investment in key industries.

- Cooperating with neighboring provinces in major projects in order to avoid overlapping development, unfair and unnecessary competition, and damage to internal strength of the Southern Vital Economic Zone.

- Stopping developing general industrial parks in 2007-2010; re-planning existing IPs in order to making the best use of their areas and prevent pollution; developing IPs specializing in certain industries (such as mechanical engineering, chemical, and hi-tech ones, etc.); moving polluting and labor-intensive factories; and sparing 300 hectares for the mechanical engineering

and metalwork industries.

- Developing the software industry and making HCMC a software center of the country and the region.

- Developing key industries at high speed in 2011-2020 by applying high technologies to serve the Southern Vital Economic Zone and export business.

- Making qualitative changes in all industries and building various brand names in regional and international markets, turning HCMC into an industrial city by 2015-17.

- Zoning 14,800 hectares for industrial development up to 2020: including 7,000 hectares for IPs and EPZs; 1,900 hectares for small industries; 4,000 hectares for warehouses and 2,000 hectares for works of water and power supply.

2. Key industries to develop up to 2020

a. Farm product processing: More investment must be made in order to improve the product quality, reduce pollution, move polluting factories to suburbs and develop such businesses with full potentials as dairy, vegetable oil, aquatic products, canned meat, and alcoholic beverage.

- Clothing and footwear: A center for im-

Table 1: Structure of industrial output in HCMC up to 2010

Industry	As % of the whole sector	
	2005	2010
1. Mining	0.06	0.04
2. Manufacturing	97.09	97.68
a. Basic industries	47.25	62.10
- Mechanical engineering	18.97	29.58
- Metallurgy	1.86	1.17
- Electronics – informatics	6.86	10.69
- Chemical	19.56	20.66
b. Farm product processing	25.73	18.70
c. Clothing – footwear	18.35	12.70
d. Building materials	3.29	2.39
e. Others	2.47	1.80
3. Water and power supply	2.85	2.28

Table 2: Shares of HCMC industries in the national industrial output up to 2010

Industry	As % of national industrial output	
	2005	2010
HCMC industrial sector	30-31	29 – 30
1. Mining	0.15	0.12
2. Manufacturing	35-37	31-32
a. Basic industries	40-43	41-42
- Mechanical engineering	40-41	41-42
- Metallurgy	21-22	9-10
- Electronics – informatics	31-32	36-37
- Chemical	58-59	53-54
b. Farm product processing	32-33	24-25
c. Clothing – footwear	42-43	24-25
d. Building materials	11-12	9-10
e. Others	78-79	60-61
3. Water and power supply	2.47	1.80

porting raw materials and exporting finished goods is much needed in the South. The industry must produce goods of high quality and high added value by improving new designs and models and building brand names. Many factories have to be moved to suburbs in order to deal with labor and ecological problems.

- Building materials: The industry must make plan to produce new and eco-friendly materials of high added value.

Priority will be given to the following industries in the period from now to 2010:

+ Mechanical engineering: The industry

The demand for fund for the above-mentioned plan is as follows:

- Public investment in the coming years must be put in major projects that affect changes in the structure of industries.

- New policies must be adopted to encourage development of key industries.

- Land rental rate must be based on market rates and companies must be allowed more rights in land use.

- From 3% to 5% of the public investment from the HCMC government must be put in R&D activities.

- Auditing and inspection must be beefed

up and revised regularly in order to adjust financial policies to AFTA and international rules.

- The stock exchange must be beefed up and developed with a view to ensuring source of finance for industrial development.

- A mechanism for securing loans from foreign banking institutions must be built in order to increase the source of finance.

4. Market control policies

- The HCMC government must adopt strict sanctions against unfair competition, commercial frauds, production of goods of poor quality,

violations of intellectual property and rights of consumers.

- More public expenditures must be spent on trade and export promotion and the highest bonuses must be given to high-quality products with famous brand names.

5. Policies on R&D activities

- Tax incentives could be given to R&D activities. The technological and scientific authorities must spend more public expenditures on encouragement to these activities.

- The HCMC government has to build a Center of Quality and Price Control.

- Top priority must be given to FDI projects that help transfer high technologies. Legal and procedural obstacles to technological transfer must be removed totally. ■

Table 3: Fund for industries

Indicator	Unit	Period		
		2001-05	2006-2010	2011 - 2020
Gross investment	US\$ billion	14.5 - 15.0	26.0 - 28.0	40.5 - 43.0
Investment in industries	US\$ billion	6.5 - 7.0	9.2 - 11.8	15.7 - 18.8
As % of the gross industry	%	45 - 47	35 - 42	39 - 44

must try to increase the local content of the automobile assembly, ship building, farm machines, robots, etc.

+ Electronics and informatics: The industry must produce spare parts for telecommunications and computers; develop the human resource; and write software programs for export.

+ Chemical: Full attention must be paid to production of medicines, including ones from herbs, and chemicals used for plastic and rubber industries.

3. Financial policy

