

In 1997, Vietnamese economy still maintained development with the GDP growth rate estimated at 9% and food output of 30.6 million tonnes. Trade deficit reduced, markets and prices were kept stable. The value of agro-forestry-fishery products up by 4.8%, export could rise by 23-24% from 1996.

Inflation was low, only 4-5% for the whole year.

However, our economy still faced many challenges: low investment efficiency, obsolete technology, poor product quality, low competitiveness, great budget deficit, slow pace of industry, commerce, service, export and purchasing power, downturn in foreign investment, most devastating natural calamity and effects of region financial and currency crisis.

At the year-end, the Economic Development Review would like to brief topten economic events in 1997.

# 10

## SIGNIFICANT EVENTS IN 1997

by ANH TRUNG

### NEW LEADERSHIP WITH STRONGER REFORMS

450 out of 664 candidates were elected to the National Assembly (NA), term 10 in the general election held on July 20. The first sitting of the NA, 10 th term, elect its chairman, the President, the Prime Minister, and other key figures of the State apparatus. Both newly-elected President Trần Đức Lương and PM Phan Văn Khải along with re-elected NA chairman Nông Đức Mạnh vowed to continue stronger reforms and bring VN closer to global economic integration.

This year, the NA adopted many significant laws such as Commercial Law, Law on Value Added Tax, Law on Corporate Income Tax, Law on

the State Bank of Vietnam, Law on Credit Organizations, etc.

### POSITIVE MOVE TO VN-US ECONOMIC NORMALIZATION

The VN-US economic relations have made progress this year. The two countries exchanged their first ambassadors since 1975 in May 1997. Vietnam and the U.S. have signed a debt repayment treaty and a copyright agreement. The draft agreement on the operation of OPIC in Vietnam, signed in Washington in November will be an important step to economic normalization between the two countries. The official signing of the OPIC agreement will be made after the U.S. President waives the Jackson-Vanik Amendment on VN (likely in early 1998).

By December, the U.S. had 72 FDI projects in VN with a total capital of US\$1.29 billion, ranking 7th among 56 foreign investors in VN.

### SSC BEGINS OPERATION

The State Securities Commission (SSC) officially began operation in Hà Nội in August 1997. The 14-member commission was set up to accelerate preparations for the formation of the stock market in Vietnam. It will be an important channel to mobilize long-term capital for national industrialization and modernization.

According to a decision issued by the Ministry of Finance, joint stock companies can sell shares. Stock certificates of joint stock company include the following kinds 1, 2, 5, 10, 20, 50, 200, 500 and 1,000 shares. The value of share is VNĐ100,000.

### FIRST INTERNATIONAL SUMMIT HOSTED BY VN

The 7th Francophone Summit, held in Hà Nội from November 14-16, is the first and biggest international event which Vietnam has ever hosted. The event, which has attracted the participation of government and State leaders of 49 French speaking countries, representatives of many international organizations and a large army of journalists, held great significance for Vietnam as it was evidence of the success of the policy to expand and diversify foreign relations for the sake of peace and cooperation. It was also a good occasion for the country to enhance its prestige and position itself in the international arena, as well as to gain practical experience to help prepare for other significant international events such as ASEAN summit in 1998.

### MOST DEVASTATING STORM IN CENTURY

The storm No.5, intentionally known as Linda, the most severe storm in the region for almost a century hit Vietnam's southern coast on Oct 1 & 2. Linda swept through 12 coastal provinces from Ninh Thuận to Cà Mau, leaving around 480 dead, 3,000 missing, 3,300 ships sunk, 77,000 houses destroyed and 360,000 ha of paddy area damaged. Total loss amounted to 6,900 billion đồng (US\$500 million).

### VN JOINED THE INFO SUPER- HIGHWAY



Vietnam officially hooked to the Internet on Nov 19. On the same day, the Directorate General of Post and Telecommunications has appointed Vietnam Data Communication Company (VDC) to operate as Internet access provider (IAP) and four companies (Vietnam Post and Telecommunications Corp., Corporation for Financing and Promoting Technology, Saigon Postel and Information Technology Institute) to operate as Internet service providers (ISPs). Registration for Internet connection will begin as of Dec 1, 1997.

VDC currently controls two gateways linking with the Internet based in Hà Nội and HCMC with four international channels, two channels linking HCMC with the U.S. with capacity of 64 kb/s via the satellite and and 2 Mb/s via the submarine cable, a 256 kb/s channel linking Hà Nội with Australia via the satellite and a 2 Mb/s channel linking with Hong Kong to be opened soon, as well as the Hà Nội-HCMC channel with a capacity of 2 Mb/s operational in the cable line.

#### **MỸ THUẬN BRIDGE STARTED CONSTRUCTION**

The construction of Mỹ Thuận Bridge crossing Tiền River in the Mekong Delta began in early July 1997 and will be completed in June 2000. Total required capital for the construction will be A\$ 95.6 million (some US\$70 million), of which A\$ 60 million will be contributed by the Australian Government under the form of non-refundable aid. Mỹ Thuận Bridge is of cable stayed design. It will have a total length of 1,355 meters of which the length and width of the main span will be 660 meters and 23.66 meters respectively. The Mỹ Thuận Bridge is expected to play a crucial role in transportation between HCMC and the Mekong Delta.

#### **WAR AGAINST SMUGGLING**

The Government has instructed authorities at all levels to take urgent measures to crack down on rampant smuggling activities, which are seen as a serious threat to the healthy development of the national economy. Imported goods on sales without legal invoices and documents will be seized and handled in accordance with law. The Ministry of Finance has decided to stick stamps on commodities which have been illegally imported in large quantity, including liquor, bicycles and electric fans.

After the undertaking is experimented successfully, the Ministry will continue plans to stick stamps on other imported commodities in a move to fight tax loss and protect domestic production. According to the Ministry, each year, the State suffers VND3,000-3,200 billion in tax loss due to illegal imports.

The crackdown on smuggling revitalized hopes for local production.

#### **MORE LIBERAL POLICY FOR FOREIGN INVESTMENT**

In a move to streamline investment procedures and create more favorable conditions for foreign investors, the Central Government has authorized eight local governments to grant licenses to foreign-invested projects in their localities as of July 1, 1997.

The provinces and cities entitled to license FDI projects include Hà Nội, HCMC, Hải Phòng, Đà Nẵng, Bà Rịa-Vũng Tàu, Đồng Nai, Bình Dương and Quảng Ninh. The People's Committees of Hà Nội and HCMC have the right to license projects worth up to US\$10 million while the remaining six are allowed to license those capitalized at US\$5 million and below.

#### **NA APPROVED THREE MAMMOTH PROJECTS**

The National Assembly (NA) approved the implementation of three important investment projects in December. They are the integrated power-urea project in Bà Rịa-Vũng Tàu Province; the Oil Refinery 1 project in Dung Quất, Quảng Ngãi Province, and the project to reforest five million hectares countrywide.

The integrated power-urea pro-

ject with an investment capital of some US\$6 billion will build gas compressor systems, a gas pipeline, gas distribution stations and warehouses, four gas-run power plants, a nitrogenous fertilizer plant, amethanol production plant and a direct reduced iron plant. The oil refinery 1 will be financed by Vietnam with a total capacity of 6.5 million tonnes of crude oil/year. The total cost for the project is estimated to reach US\$1.5 billion. The project for reforesting 5 million ha in 54 provinces nationwide will be carried out in 1998-2010 with an investment capital of US\$2.5 billion. Upon completion, the project will raise the forest coverage proportion from 28% currently to over 40% and able to supply raw materials for producing 1.2 million tonnes of paper/year. ■

