

**Key Economic Development Policies Southeast in Vietnam from 2000 to 2020**

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**Abstract.** Our country currently has four key economic regions, including the Northern key economic region, the Central key economic region, the Southern key economic region and the Mekong Delta key economic region with a total of 24 provinces, central cities. It is necessary to closely link the key economic regions in the leading role of socio-economic development. The Government sets out the task of studying appropriate zoning, improving the quality of planning in the direction of integration and multi-sector, as well as better exploiting and bringing into play the potentials and advantages of each region in terms of infrastructure, natural conditions, geo-political-economic position, and human resources. The article focuses on clarifying the development policies of the Southern key economic region and drawing some experiences to contribute to the improvement of development policies.

**Keywords:** development policy, key economic regions, planning, economy

**Introduction**

The development of key economic zones for many countries and territories in the world so far as mentioned above is no longer a new issue, but in fact has become an objective normative trend in the development process, the process of accelerating economic restructuring towards industrialization and modernization (industrialization and modernization). This is especially necessary for countries and territories that still have an undeveloped economy or even a developing economy, but the value of agricultural products still accounts for a relatively high proportion (over 20% of the total value of agricultural products) in total GDP like Vietnam today. The structure of the economy is often considered in terms of: industry structure, regional structure (territorial structure), labor structure and compositional structure. According to the direction of the Resolution of the X Congress (April 2006) of the Party, the economic structure of our country will continue to be transformed in the direction of industrialization and modernization, and integration into the global economy. That is, the first requirement is on the structure of the industry, it is necessary and necessary to strive to further increase the relative and absolute percentage in GDP of the value of products of industries and services. Meanwhile, the percentage of agricultural product value over GDP is decreasing gradually to a reasonable level, while the absolute increase is maintained to ensure food security and export agricultural products. At the same time, on that basis, the types of regional structure, labor structure and compositional structure also changed accordingly according to the process of restructuring the economic sector in the direction of industrialization, modernization and integration. deeper and broader into the world economy, especially the East Asian economy, which has many similarities and closeness to our country's market for many years (Electronic Newspaper, Communist Party of Vietnam, March 22, 2010).

In the modern economic structure, the division into key economic regions has advantages close to the advantages of each locality, thereby increasing the efficiency of growth and investment when implementing economic development policies. - society. The Southern Key Economic Zone includes 8 provinces and cities, which is the most dynamic economic region in the country. Due to the requirements of sustainable development, it is necessary to have mechanisms and policies to coordinate actions to solve common problems such as environment, water resources, transport infrastructure, urban areas, and attract foreign investors. The reality of the past years shows that, although there have been mechanisms and

policies for the key economic region in general and the southern key economic region in particular, the development is still more spontaneous than coordinated (Nguyen Tien Dung, Nguyen, and Nguyen Xuan Phuc), Tan Phat, 2011, p. 8). The article aims to analyze the development policies of the Southern key economic region in the period from 2000 to 2020.

## Research Content and Results

### Some Concepts

Previously, the concept of economic zone or basic economic zone was used a lot by Vietnam and the Soviet Union. Many other countries use the concept of socio-economic zones. Its content is associated with specific geographical conditions, with compatible socio-economic activities in certain technical and technological conditions. Many countries around the world divide their national territory into socio-economic zones to plan strategies, develop development plans, and build a system of macro-mechanisms and policies to manage the region in order to achieve the goals of the world common development goals of the country.

In Vietnam today (1998), the country's territory is divided into 8 regions to conduct the construction of socio-economic development planning projects up to 2010. In the Document of the Ninth National Congress of Deputies of the Party (April 2001) specified development orientations for 6 regions. These are: the northern mountainous and midland region; the Red River Delta and the Northern key economic region; the Central Coast region and the Central Key Economic Zone; Highland; the Southeast region and the Southern key economic region; Mekong Delta region.

Region: is considered an indispensable tool in planning the development of the national economy. The objectivity of the region is perceived and used by people in the process of economic development and improvement. Regions are the basis for planning strategies, territorial development plans and for managing socio-economic development processes in each region. Any subjectively imposed constraints on regional division can lead to overloading and disordered relationships, disrupting the region's sustainable and balanced development. The regions are very closely linked with each other (mainly through economic - technical - cultural exchanges and natural relationships regulated by rivers, seas, and traffic routes running through many territories. earth... ).

Key economic zone: an area with "hard" and "soft" boundaries. The "hard" boundary includes a number of provincial administrative units and the "soft" boundary includes the municipality and its sphere of influence. A region cannot be economically developed equally at all points of its territory at the same time. Usually it tends to be the most developed in one or more spots, while in others it is slow to grow or stagnate. Of course, these fast-growing spots are hubs, which have advantages over the whole region. From the awareness of the importance combined with understanding the successful and unsuccessful experiences of key industrial development of some countries and territories, since the 90s of the twentieth century, Vietnam researched and built key economic zones. The issue of developing three key economic regions of the country is confirmed in documents of the Party and State (Vietnam Open Library of Education (VOER)).

The Ho Chi Minh City area is one of two urban areas of Vietnam, included in the planning submitted by the Ministry of Construction of Vietnam to the Prime Minister on April 23, 2008 with the planning target to 2030 and a vision to 2030. 2045. Ho Chi Minh City region includes all 8 provinces and cities of the southern key economic region: Binh Duong, Binh Phuoc, Tay Ninh, Long An, Dong Nai, Ba Ria Vung Tau, Tien Giang and Thanh Ho Chi Minh City is the nucleus, with a total area of 30,404 km<sup>2</sup>, radius of influence from 150–200 km. By 2020, the population of this urban area is expected to be from 20-22 million people, the urban population is about 16-17 million people, the urbanization rate is about 77-

80%. With a vision to 2050, this urban area will have 28-30 million people, of which the urban population is about 25-27 million people, with an urbanization rate of about 90%. Estimated construction land in 2020 is about 1800 km<sup>2</sup> - 2100 km<sup>2</sup>.

Thus, the purpose of dividing the national territory into regions is to create a basis for the formulation of territorial socio-economic development strategies, master plans and plans and to serve the development of mechanisms, policies to ensure sustainable and highly effective development across all regions of the country. The main basis for zoning is the homogeneity of natural, population and social factors; almost share the same infrastructure framework, from which localities in the same region have relatively similar economic tasks for the country's economy both in the present and in the future development.

### **The Process of Forming Economic Zones**

More than 10 years after the renovation of the country (from the 6th Congress in 1986) in order to promote the overall development of the country more than half faster, as well as create linkages for socio-economic development between regions. Economically, the Government has selected a number of provinces and cities to form the national key economic region. One of the key factors to strengthen the country's industrialization and modernization is to have harmonious and reasonable policies aimed at accelerating the transformation of economic organization structure, including organizational structure sectors, organizational structure of economic sectors and organizational structure of economic regions. The requirement to change the economic organizational structure of the country is an urgent objective necessity in the process of industrialization, modernization and international economic integration. In order to promote the common growth of the whole country as well as create linkages and coordination in socio-economic growth among economic regions, the formation of key economic zones is for the purpose of linking and supporting mutual assistance between localities in order to create a sustainable development chain for the whole country.

In order to create a driving force to promote the common development of the whole country as well as create linkages and coordination in socio-economic development between different regions of our country, since the end of 1997 and the beginning of the year. 1998, the Prime Minister respectively approved Decision No. 747/1997/QD-TTg, 1018/1997/QD-TTg and Decision No. 44/1998/QD-TTg on the Master Plan for Economic Development - society in three national key economic regions by 2010, including three key economic regions in the North, the Central and the South. In these three key economic regions, 13 provinces and cities are classified in the master plan and comprehensive socio-economic growth of key economic regions.

The Southern Key Economic Zone was established under Decision No. 44/1998/QD-TTg with 4 localities including: Ho Chi Minh City, Binh Duong, Dong Nai, Ba Ria Vung Tau. In July 2003, the Prime Minister added three more provinces: Tay Ninh, Binh Phuoc and Long An to the Southern Key Economic Zone according to notice No. 99/2003/TB-VPCP dated July 2, 2003 of the Office Government. Until September 2005, the Prime Minister continued to add Tien Giang province to the Southern Key Economic Zone in Official Letter No. 4973/2005/CV-VPCP of the Government Office (Decision 44/1998/QD-TTg of the Government).

Due to practical requirements as well as understanding, increasing awareness of the position, role and importance of key economic regions in the process of socio-economic development of the country; To ensure the effective operation of economic development of each region as well as between regions, on February 18, 2004, the Prime Minister issued Decision No. 20/2004/QD-TTg on the establishment of a Coordination Organization for the Development of Key Economic Zones at the central level. The organizational structure of the

organization coordinating the development of key economic regions includes: the Steering Committee for the development of key economic regions (referred to as the Steering Committee) and the coordination groups of the ministries, branches and localities in the region economic.

Then, on August 13, 2004, the Prime Minister issued Decisions 145, 146, 148/2004/QĐ-TTg on the main directions of socio-economic development of the key economic region until 2010 and vision 2020. In these decisions, the scale of key economic regions has been expanded to 7 more provinces including Ha Tay, Vinh Phuc, Bac Ninh (Northern region); Binh Dinh (Central Region) and Tay Ninh, Binh Phuoc, Long An (Southern Region). At the same time, these decisions also replace Decisions No. 747/1997/QĐ-TTg, 1018/1997/QĐ-TTg and Decision No. 44/1998/QĐ-TTg issued in 1997 and 1998 ( Electronic Newspaper, Communist Party of Vietnam, March 22, 2010).

Thus, at present, the Southern Key Economic Zone includes 8 provinces and cities: Ho Chi Minh City, Binh Duong, Dong Nai, Ba Ria Vung Tau, Tay Ninh, Binh Phuoc, Long An, Tien Giang. The Southern Key Economic Zone has a particularly important position and role in socio-economic development. This is the earliest region to meet the conditions and advantages to develop industry and services, leading in the cause of industrialization and modernization of the country. For many years, the region has been considered as a dynamic and sustainable development with the highest growth rate in the country, always showing its role as a driving economic region of the country (Hoang Ngoc Phong, 2010, p. 50).

### **Development Policy of the Southern Key Economic Region**

World economic context before 2000: with a growth rate of 4.9%, the world economy is in the most favorable context in 16 years. US GDP surpassed the 5% mark for the first time, making a significant contribution to the commonwealth. This level is also much higher than that of Japan and the EU. However, during the year-end period, the US market had quite a lot of fluctuations, signaling a potential decline. The US Federal Reserve (FED) after 3 times of raising interest rates in the year, may have to reverse adjustment in the upcoming meeting at the end of January 2001. Despite a slight increase in recent times due to the decline of the US economy, the Euro still depreciated by 30% against the USD within two years from January 1, 1999. The strengthening of the dollar also made the US current account deficit higher, in the third quarter of 2000 it reached a record negative level of 4.5% (Thanh Xuan - according to the Economist, December 25, 2000).

Our country's economy before 2000: The 7th Party Congress held at the end of June 1991 assessed the doable and unsatisfactory aspects of the 1986-1990 5-year plan and approved the Strategy for Stability and Development. Socio-economic development to the year 2000 with the general goal of: Out of crisis, stabilizing the socio-economic situation. Striving to overcome the situation of poor and underdeveloped countries, improve people's living standards, strengthen national defense and security, create a premise for the country to develop faster at the beginning of the 21st century. The year 2000 was twice as much as that of 1990. The congress also set out the general direction and tasks for the 1991-1995 5-year plan: Overcoming difficulties and challenges, stabilizing and developing socio-economic, increasing strengthening political stability, repelling negativity and social injustice, bringing the country basically out of the economic crisis. Stepping into the implementation of the above directions, tasks and goals, our country's economy faces some great difficulties as, while not yet coming out of the crisis and inflation, the US and hostile forces continue to embargo and economic blockade, the Soviet Union disintegrated, the socialist countries in Eastern Europe collapsed. International aid as well as export and import markets have shrunk considerably. Total foreign trade circulation of our country with the ruble area decreased

markedly, in 1991 only reached 366.4 million rubles, equaling 15.1% in 1990, of which export 77.3 million rubles, equaling 7.3%; imported 289.1 million rubles, equal to 21.0%.

From 1991 to 2000 gross domestic product increased continuously over the years with an average annual growth rate of 7.56%. As a result, by the year 2000, the gross domestic product would have been 2.07 times higher than in 1990, not only achieving and exceeding the overall target set out for the 1991-2000 Strategy for Socio-Economic Stability and Development as the gross domestic product. 2 times more than domestic products, but also ranks among the economies in the region with high growth rates of the 1990s. In the 10 years of 1991-2000, the Korean economy was 2.66 times larger than the average growth rate army per year 10.28%; Singapore's two corresponding targets are 2.05 times and 7.43% per year; Malaysia 1.87 times and 6.50%/year; Thailand 1.60% times and 4.80%/year; Indonesia 1.48 times and 4.0%/year; Philippines 1.31 times and 2.80% per year. China's economy in the five years of 1996-2000 also grew only 48% with an average annual growth rate of 8.16%. It is noteworthy that in both five-year plans of this period, economic sectors and key economic sectors, first of all agriculture and industry, achieved high growth rates (General Statistics Office of Vietnam).

From such international and domestic realities, the Government has set out the task of studying appropriate zoning, improving the quality of planning in the direction of integration and multi-sectoral; better exploit and bring into play the potentials and advantages of each region in terms of infrastructure, natural conditions, geo-political-economic position, and human resources. At the same time, regions should strongly promote the development of regional and inter-regional linkages; coordination institutions and policies to promote the role of growth engines of key economic regions, soon create new driving force zones, new growth poles, and promote intra- and inter-regional linkages. At the same time, create favorable conditions for disadvantaged areas to develop faster to narrow the development gap, especially in terms of infrastructure.

In particular, it is necessary to strongly promote the driving role of key economic regions, the regional growth poles in Hanoi and Ho Chi Minh City. In the socio-economic development of the whole country, the two key economic regions of the North and the South continue to play the leading role in the country in economic development, trade, culture, and training of high-quality human resources, health care, scientific research, science and technology transfer and application center. The Southeast region effectively develops large urban areas and the Ho Chi Minh City region; research and establish a specific mechanism to promote Ho Chi Minh City into an international financial center. Develop science, technology and innovation ecosystem, take the lead in building digital economy, digital society and advanced manufacturing and service industries.

Ho Chi Minh City is a special urban area; major center of economy, culture, education - training, science - technology; focal point for international exchange and integration; locomotive, driving force, great attraction and pervasive power of the region. The city occupies only 0.6% of the country's area, has a population of 9.2 million, but has the largest contribution to the overall economic development of the country. The city's economy has grown quite and stably over the years, the GRDP has increased by an average of 8.3% per year, the city's GRDP scale in 2020 is estimated to account for 22.8% of the country's GDP and about 48.4% of the GRDP of the area. GRDP per capita by 2020 is estimated at 6,799 USD (the whole country is estimated at over 3,000 USD/person). The economic structure always maintains a reasonable proportion, the service sector regularly holds the largest proportion in the GRDP, estimated at 62.13% in 2020, exceeding the set target of 56% - 58%, the public sector industry - construction is estimated at 24.61%. The growth rate of state budget revenue from the economic sector in the 2016-2020 period is 12.17%, higher than the growth rate of GRDP. It is estimated that the total state budget revenue in the area in the

2016-2020 period is VND 1,857,204 billion, of which the estimated budget revenue in 2020 is VND 405,828 billion, accounting for the largest proportion in the country (about 27%). (Phung Ngoc Bao, 2020, p. 46).

Not only focusing on economic development, the city also develops evenly in other areas of social life. For example, science - technology and innovation activities are gradually becoming the main driving force for socio-economic development, associated with the development of the knowledge economy through focusing on research and development. key industries, contributing to the process of industrialization and modernization; interested in supporting enterprises in researching and improving technology, modernizing production equipment, providing training support, consulting to improve productivity, quality and management, creating conditions for enterprises to affirm their brand value. ... Therefore, the number of enterprises with innovative activities reached the rate of 36.4%. The city has also issued many policies to gradually form and develop the startup and innovation ecosystem and is becoming a bright spot of the startup business community across the country. By 2020, the total number of start-up groups and businesses operating in the area is estimated at 2,200 enterprises, accounting for 55% of the country's total.

### **Some Lessons Learned**

In the process of economic development in the Southern key economic region, besides opportunities, there are also many challenges, so in order to achieve the set goals, it is necessary to focus on the following experiences:

First, to really attach importance to regional linkages in the production and consumption of goods. The fact shows that if localities only focus on increasing output and labor productivity, it is not enough to create a driving force for the development of the Southern key economic region, but also requires localities to boost more than half of the production and consumption to ensure output for products, avoiding dependence on a few domestic and foreign markets.

Second, it is necessary to pay attention to how production is organized and policies to attract foreign investors in the process of economic development linkage in the Southern key economic region. Localities need to share experiences in the production process such as policies: land lease, tax, and reduce unnecessary administrative procedures to attract more than half of foreign investors in the Southern key economic region.

Third, strengthen exchanges, cooperation and division of labor among localities in the Southern key economic region. This helps localities speed up the process of completing policies and legal procedures, taking advantage of their local advantages to better promote half of the regional linkages, thereby reducing costs for agencies businesses when they come to invest in the Southern key economic region.

Fourth, promote its role as a driving economic region of the country. With the leading role, Ho Chi Minh City and the provinces in the key economic region promote regional linkage activities. An important highlight in the period of 2016 - 2021, Ho Chi Minh City and other provinces in the region have implemented linkages in goods supply and demand, traffic development, tourism, environmental protection, implementation of security policies, etc. social security to ensure people's lives, control epidemics, train human resources to serve the region's socio-economic development.

### **Conclusion**

It can be seen that the economic growth of the Southern Key Economic Zone is not sustainable, although many economic development policies have been issued. In the coming time, in the economic growth strategy, it is required that provinces and cities in the southern key economic region pay attention to sustainability in economic development planning on the

following aspects: economic growth must be based on growth, economic growth in depth, limiting economic growth in breadth, strengthening the development of the knowledge economy, economic growth must be associated with improving and enhancing people's living standards, ensuring the ecological environment (Nguyen Van Trinh, 2008, p. 28). To do so, the provinces and cities in the southern key economic region need to link more closely to realize the set goals and become the economic locomotive of the whole country.

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