Foreword

Vietnam is one of the most dynamic developing countries in the world. While many low-income countries continue to be trapped in political instability, violence and terrorism, ethnic conflict, stagnant income and the risk of deindustrialization, Vietnam has few such worries. The issues that Vietnam faces today are not for mere survival but for self-achievement through rapid socio-economic transformation. Social fluidity, income gaps, urbanization, greed and corruption and environmental concern are all growing pains of a country aspiring to join the rank of developed countries in the future.

Among these issues, the ability to design and execute an industrial strategy that meets the challenges and opportunities of the market-oriented economy under global competition is of paramount importance. The quality of such an industrial strategy will determine whether Vietnam can sustain self-driven growth in the long run, which is the prerequisite for all other changes. We believe that this can and should be done, but success is far from assured. At present, Vietnam’s industrial policy formulation is encumbered by inconsistency, the legacy of planning and the lack of vision and concreteness.

Since the mid 1990s, a large number of studies have been conducted on industrial and trade issues. Many studies were carried out by the government, often under international cooperation, producing a multitude of reports and recommendations. The National Economics University has been a major provider of academic inputs to this effort and Japan has been a donor most seriously concerned with the industrial strength of Vietnam.

In February 2004, the National Economics University (NEU) in Hanoi and the National Graduate Institute for Policy Studies (GRIPS) in Tokyo launched a new academic program to step up policy research to an even higher level. We aim at research innovation for policy relevance, the mobilization of Vietnam’s young talents and active human and digital networking. Its head office, Vietnam Development Forum (VDF), is located in Hanoi with a branch office in Tokyo. Our services, including research grants, workshops and logistic support, are open to any officials and researchers deeply involved in Vietnam’s development. Our bilateral cooperation is part of the 21st Century Center of Excellence (COE) Program, “Japan’s Experience in Development in Asia and its Applicability to Other Areas,” funded by Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT).

By February 2005, VDF has hosted 46 formal workshops, a number of confidential policy dialogues, and nearly one hundred research meetings in Hanoi and Tokyo. Our researchers also presented their results at various symposiums organized by the Ministry of Industry, the Embassy of Japan and the Ministry of Planning and Investment, the Asian Development Bank, the Institute of Social Sciences in Ho Chi Minh City, the Hanoi University of Technology, the Vietnam Youth and Students Association in Japan and Osaka University, and the Asian Development Youth Forum.

While VDF covers a wide range of topics from exchange rate management to street children and environmental accounting, industrial strategy formulation has always been
the top priority in our first year. Our goal is to go beyond general remarks to produce clear and concrete prescriptions suitable for the reality of Vietnam. For this, we have worked intensively with relevant officials, businesses and experts in Vietnam and Japan. In this volume, we are extremely delighted to bring several selected fruits of our industrial research to a larger audience. At the same time, we are deeply indebted to the people and organizations who kindly worked with us. Without their information and analysis, the publication of this book would hardly been possible.

Each of the papers contained in this volume was presented at one of the workshops or symposiums mentioned above. They were drafted by either VDF researchers or invited guests. While their styles vary from academic to policy suggestion, all are addressed to those directly responsible for industrial policy formulation in Vietnam. We hope that this book will help the readers to sharpen their understanding on the issue. If VDF can accelerate the day when Vietnam becomes an industrial economy by even one day, we will be more than happy.

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