

# Strategy for Socio-Economic Development 2001-2010

*(Presented by the Central Committee, Eighth Tenure,  
to the Ninth National Congress)*

The Seventh Party Congress endorsed the 1991-2000 Strategy for Socio-Economic Stabilisation and Development. The Ninth Congress is to evaluate the implementation of that Strategy and decide upon the Strategy for Socio-Economic Development during the first decade of the 21st century - Strategy for accelerated industrialisation and modernisation along the socialist line, laying the foundations for ours to become by 2020 basically an industrialised country.

## **I. SITUATION OF THE COUNTRY AND INTERNATIONAL CONTEXT**

### ***1. Evaluation of the implementation of the 1991-2000 Socio-Economic Strategy***

The implementation of the ten-year 1991-2000 Strategy started at a time when the economy was undergoing certain positive changes, but the country had not come out of the socio-economic crisis; the socialist regime in the Soviet Union and Eastern Europe had broken down; the US continued its blockade and embargo against our country; hostile forces were trying acts of sabotage against us in many fields; and during the last years of the 1990s, our country was adversely affected by the regional financial-economic crisis and heavily damaged by consecutive natural calamities in many areas.

Despite numerous difficulties and acute challenges, the implementation of the 1991-2000 Strategy has in general recorded great and very important achievements:

(1)- After the initial years' implementation of the Strategy, the country has come out of the socio-economic crisis. After 10 years, Gross Domestic Product (GDP) has more than doubled (2.07 times). Domestic savings, once negligible, have by 2000 accounted for 27% of GDP. Once beset with a serious scarcity of goods, we can now produce enough to satisfy the essential needs of the population and the economy, increase exports, and have some reserves. The social and economic infrastructures have developed rapidly. The economic structure has made a positive shift. In GDP, the share of agriculture has dropped from 38.7% to 24.3%, that of industry has risen from 22.7% to 36.6%, and that of services, from 38.6% to 39.1%.

(2)- The production relations have experienced a change, better corresponding to the development level of the productive forces and promoting the formation of a socialist-oriented market economy. The State economic sector has played a leading role in the economy; State enterprises have been partially restructured, gradually adapted to the new mechanism, with major corporations set up in many key fields. The collective economic sector has undergone changes and developed diversely in new modes. The household economies have exerted a very important effect in agriculture; the individual, private and foreign-invested economic sectors have developed quickly. The management and distribution mechanisms have seen many innovations, meeting the socio-economic development needs.

(3)- Once suffering from blockade and embargo, our country has developed economic relations with almost all countries, joined and played an increasingly active role in many international and regional economic organisations, and embarked on proactive, gradual and efficient integration into the world economy. The export value's growth rate has nearly tripled that of GDP. A fairly large amount of external capital has been attracted, plus many advanced technologies and managerial experiences.

(4)- The material and spiritual life of the population has been markedly improved. The people's educational level, the quality of human resources, and the social dynamism have been raised considerably. The targets related to nationwide illiteracy eradication and primary education universalisation have been fulfilled; junior secondary education universalisation has started in a number of cities and lowland provinces. The university and college enrolments have increased six-fold. Vocational training has been expanded. The scientific research capacities have been enhanced, and many advanced technologies applied. The cultural and information activities have developed extensively and improved qualitatively.

Annually, 1.2 - 1.3 million new job opportunities have been created. The proportion of poor households (by Vietnamese standards) has dropped from over 30% to 11%. Attention and care have been given to persons with meritorious services to the country. The yearly natural population growth rate has decreased from 2.3% to 1.4%. The average life expectancy has increased from 65 to 68 years. Much progress has been registered in child protection and care, community health care, and epidemics control. The physical training movement has developed; and the records in sports contests at home and abroad have been improved.

Given the many difficulties facing the economy, the achievements and progress in the cultural and social fields represent a tremendous endeavor of our entire Party and people.

(5)- Together with the great efforts of the people's armed forces in national construction and defense, the achievements in socio-economic development have engendered conditions for enhancing potentials, consolidating the all-people defense and people's security, firmly maintaining national independence, sovereignty, unity and territorial integrity, and ensuring political stability and social order and safety.

In general, most of the main targets set by the 1991-2000 Socio-Economic Strategy have been fulfilled. The economy has made a new step forward in terms of productive forces, production relations and international economic integration; the people's material and spiritual life has been markedly improved, constant progress has been registered in the cultural and social fields; the country's vantage position and strength are definitely better now than they were 10 years ago, its capacities for independence and autonomy have been enhanced, and more conditions have been created for accelerated industrialisation and modernisation.

Those achievements originate from the far-sighted renovation policy of the Party and the efforts and progress in State management that, together, have brought into play the decisive factor which is the steadfastness, dynamism, creativeness and endeavors of our people.

However, the recorded achievements and progress are not enough for us to rise above the status of a poor and underdeveloped country, and are yet to match the country's potentials. Our economic development level still falls far below the average world standards, and

below many neighboring countries'. There remain in the socio-economic realities weaknesses and inadequacies, mainly the following:

(1)- The economy's efficiency is inadequate, its competitiveness meagre. Domestic savings and domestic purchasing power are low. The economic restructuring geared at industrialisation, modernisation and production-market linkage has been slow; there remain many irrationalities in the investment structure. State subsidy and protection are still heavy. Foreign direct investments have dropped drastically. The economic growth rate has declined over recent years only to see a rise in 2000 but still below the mid-1990s level.

(2)- The production relations are inappropriate in certain respects, restraining the release and development of productive forces. Notable changes are still lacking in the renovation and development of State enterprises. The collective economic sector has been slow to develop; the restructuring of co-operatives under the related Law has been but superficial in many places, and its efficiency low. The other economic sectors have not fully deployed their capacities, not enjoyed genuine equality, and not felt assured while making business investments. The management mechanisms and distribution policies in many aspects have still contained irrationalities, failing to motivate the practice of thrift, productivity increase and development investment; the rich-poor gap has widened rapidly.

(3)- There remain elements of uncertainty in the macro-economy. The financial, banking and planning systems have been slow to change, their operations limited qualitatively; the investment and business environment is still laden with obstacles, failing to enable and help the various economic sectors to develop production and business.

(4)- The quality of education and training is still poor, the training structure inappropriate; and the teaching, learning and examination processes are fraught with negative practices, etc. Science and technology are yet to become an actual generator of socio-economic development. Serious insufficiencies still beset the material bases of the health, education, scientific, cultural, information and sports sectors. The renovation of the management mechanisms and the popularisation of operations in these fields have been slow.

(5)- The life of a segment of the population is faced with many difficulties, especially in mountain, hinterland, and natural calamity-prone areas. Unemployment and underemployment rates remain high. Many social vices are yet to be checked; drug abuse, prostitution and HIV/AIDS infection tend to expand. Traffic accidents are on the rise. The living environment is increasingly polluted.

The aforesaid weaknesses and inadequacies result partly from objective conditions, but mainly from shortcomings in leadership, guidance and regulation, notably the following:

The organisation for implementation of Party resolutions and State laws and policies has lacked rigor, effectiveness and efficiency. Leadership, guidance and regulation, somewhat lacking responsiveness, have failed to take advantage of opportunities. The Party's leadership role and the State's managerial and regulatory functions at different levels have not been distinctly delineated and fully promoted. The principle of democratic centralism has not been properly executed, collective responsibility not clearly defined, the role of the in-charge individuals not upheld; and discipline not strict.

A number of viewpoint issues, such as those related to ownership and economic sectors, the role of the State and the market, the building of an independent and autonomous economy, international economic integration, etc. have not been clarified, thus failing to

ensure uniform perception and thorough execution, leading to hesitation, inconsistency and delay in the design of decisions, policies and institutions, and impairing the renovation process and the organisation for implementation.

Administrative reforms have been slow and irresolute in elaborating and improving institutions, enhancing apparatuses, raising the capacity of public officials and employees, as well as making their contingent wholesome.

There are many weaknesses and inadequacies in the ideological, theoretical, organisational and personnel work. Practical reviews and theoretical studies have failed to keep abreast of requirements. The organisational apparatuses are cumbersome, overlapping and short of effectiveness and efficiency. Not a small segment of public officials and employees has been degenerate and incapable. Undemocratic practices, bureaucracy, authoritarianism, corruption, harassment at the expense of the people, and waste, are still grave, obstructing development and causing resentment among the population.

## ***2. International context***

The international context in the coming time will feature major opportunities intertwined with major challenges. The possibility of maintaining peace and stability in the world and the region allows us to focus efforts on the central task of economic development; while requiring us to heighten vigilance and proactively cope with uncertain and complex eventualities. Directly affecting our country's socio-economic development in the 10 years to come are the following trends:

Science and technology, especially information and biological technologies, will continue their development leaps, increasingly becoming direct productive forces, driving the development of the knowledge-based economy, accelerating economic restructuring, and causing profound changes in the various fields of social life. Knowledge and intellectual property ownership will play an ever more important role. Mastery of information and knowledge is decisive to development. Ever shorter cycles of capital flow and of technology and product innovation, and ever changing business conditions in the world market require of nations and enterprises a high degree of sensitivity and adaptability. Developing countries, ours included, have opportunities to narrow down the gap with developed countries and raise their status; at the same time, they are faced with the danger of falling further behind unless they can seize opportunities, surmount weaknesses and surge ahead.

Economic globalisation is an objective trend, involving different countries and almost all fields, promoting co-operation while increasing competition pressure and interdependence among various economies. Bilateral and multilateral relations among nations become increasingly intensive and extensive in economy, culture, environmental protection, and control of crimes, natural disasters and epidemics alike. Transnational corporations continue their restructuring, establishing giant groups dominating many economic domains. The rich-poor gap separating nations is widening.

Economic globalisation and international economic integration constitute a process of co-operation for development on the one hand, and complicated struggle on the other, especially the struggle of developing countries in defense of their interests, for an equitable international economic order, against unreasonable impositions by economic powers and transnational corporations. For our country, the process of international economic

integration in the coming period is to make a new step forward associated with the discharge of our international commitments, requiring of us efforts to raise our economy's efficiency, competitiveness and capacity for independence and autonomy, and participate effectively in the international division of labor.

The Asia-Pacific region remains one of dynamic development, where China plays a growing role. After the financial-economic crisis, many ASEAN and East Asian countries are regaining their development momentum with new competitive capacities. This creates for us enabling conditions in economic development co-operation, while increasing competition pressure in and outside the region alike.

## **II. STRATEGIC GOALS AND DEVELOPMENT APPROACHES**

The country's situation and the international context require that our entire Party and people bring into full play the revolutionary offensive spirit, continue accelerating the renovation process, promote the aggregate strength of the entire nation, and advance the country rapidly and firmly along the socialist line. Otherwise, we would fall further behind neighboring countries in economic development level, thus directly affecting the people's trust, socio-political stability and national security.

### ***1. Strategic goals***

The overall goals of the 2001-2010 ten-year Strategy are:

To bring our country out of underdevelopment; improve noticeably the people's material, cultural and spiritual life; and lay the foundations for making ours basically a modern-oriented industrialised country by 2020. To ensure that the human resources, scientific and technological capacities, infrastructures, and economic, defense and security potentials be enhanced; the institutions of a socialist-oriented market economy be basically established; and the status of our country on the international arena be heightened.

The specific goals of the Strategy are:

- To ensure that by 2010, GDP will have at least doubled the 2000 level. To increase visibly the efficiency and competitiveness of products, enterprises and the economy; to better meet essential consumption demands, and a considerable part of production and export demands. To ensure macro-economic stability; a sound international payment balance and growing foreign exchange reserves; to keep budget deficits, inflation and foreign debts within safe limits to effect positively economic growth. Domestic savings are to amount to over 30% of GDP. Exports are to increase at a rate more than double that of GDP growth. Agriculture is to account for 16-17% of GDP, industry 40-41%, and services 42-43%. Agricultural labor is to drop to around 50% of the workforce.

- To raise substantially our country's Human Development Index (HDI). The population growth rate is to have dropped to 1.1 - 1.2% by 2010. To eliminate the category of hungry households, and reduce quickly the number of poor households. To solve the employment issue in both urban and rural areas (to reduce urban unemployment rate to below five percent; and increase utilised work-time in rural areas to about 80-85%); to raise the trained labor ratio to around 40%. To ensure schooling to all school-age children; to accomplish junior secondary education universalisation nationwide. To provide medical treatment to

patients; to reduce (under-five) child malnutrition to around 20%; to increase the average life expectancy to 71 years. To raise noticeably the quality of life, in material, cultural and spiritual terms alike, in a safe and healthy social environment; to protect and enrich the natural environment.

- The endogenous scientific and technological capacities are to ensure applicability of modern technologies, approach to world standards, and develop on our own in a number of fields, particularly information, biological, new materials and automation technologies.

- The infrastructures are to meet demands of socio-economic development as well as of national defense and security, and to make a step in advance. The communications system is to be smooth and safe all the year round, and partially modernised. The rural communications network is to be expanded and upgraded. The crucial dyke systems are to be fortified; the water conservancy systems developed and most of them solidified. Electricity, telephone, other basic postal and telecommunication services, dispensaries, solidly built schools, cultural and sports facilities are to be available to most communes. To ensure basically the physical conditions for primary and secondary schoolchildren to learn all-day at school. To provide enough hospital beds to patients.

- The leading role of the State economic sector is to be enhanced, governing key domains of the economy; State enterprises are to be renewed and developed, ensuring production and business efficiency. The collective economic sector, the individual and small-owner economic sector, the private capitalist economic sector, the State capitalist economic sector, and the foreign invested economic sector are all to develop vigorously and durably. The institutions of a socialist-oriented market economy are to be basically established and to operate smoothly and efficiently.

## ***2. Development approaches***

- To ensure rapid, efficient and sustainable development, economic growth is to go along with social progress and equity, and environmental protection.

To promote all resources for the rapid and efficient development of industries and fields where our country possesses advantages, to meet domestic and export demands, to constantly raise competitiveness in domestic and foreign markets. To quickly increase social labor productivity and improve growth quality. To rigorously practice thrift, combat waste, and raise savings for development investment.

The focal economic zones are to ensure higher than average growth rates, make major contributions to the growth of the entire country, and motivate and help other regions, especially those laden with difficulties, for common development.

To increase rapidly endogenous capacities in science and technology, to improve the quality and efficiency of education and training to meet the requirements of industrialisation and modernisation. To promote the efficient application of imported technologies. To embark promptly on modern technologies in key industries and fields to engender technological and economic leaps, and outstanding growth rates in main products and services. Industrialisation is to be linked with modernisation right from the beginning of the development process and in all its stages. To augment the knowledge content in socio-economic development factors, gradually develop a knowledge-based economy in our country.

To enhance the capacity of all individuals and enable them to deploy all their abilities, participate in the development process and enjoy development achievements, while upholding everyone's responsibility to help materialise the slogan a prosperous people, a powerful country, and an equitable, democratic and civilised society, preserving and developing national culture, and checking social vices. To improve the quality of the people's life in terms of food, clothing, housing, travel, disease prevention and treatment, education, employment, information access, and cultural enjoyment. To encourage the lawful collection of wealth while striving to eradicate hunger and alleviate poverty, create conditions in infrastructures and production capacities for the various regions and communities to develop on their own and eventually narrow down the gap in economic, cultural and social development levels. To take practical care of gender equality and women's advancement; and particular care of child development and advancement.

Socio-economic development is to be closely associated with environmental protection and improvement, to ensure harmony between man-made and natural environment, to conserve biodiversity. To proactively prevent and mitigate the negative impact of natural calamities and adverse climatic changes, and continue solving the remaining war consequences to the environment. Environmental protection and transformation is the responsibility of the society as a whole; enhancement of State management is to go along with raising of all citizens' sense of responsibility. To proactively incorporate environment improvement into every socio-economic development scheme, plan, program and project, regarding environment-related requirements as a major criterion for evaluating development solutions.

- To consider economic development the central task, and the synchronised laying of foundations for an industrialised country an urgent requirement.

By mobilising the country's aggregate strength and combining internal with external resources, to focus on economic development to lay harmoniously foundations for a modern-oriented industrialised country in the following main lines:

To build the economic potentials and material-technical bases responsive to the industrialisation and modernisation requirements, namely: socio-economic infrastructures; industries, including major production means industries, hi-tech industries, defense industries; a large-scale cash agriculture; basic services; scientific and technological potentials. On the basis of combined socio-economic efficiency, for the immediate as well as long-term future, to implement essential infrastructure projects and build selectively a number of important and urgent heavy industrial establishments, eligible in terms of capital, technology and market, and likely to rapidly bear effect, meeting the requirements of economic development, defense and security.

To develop vigorously the Vietnamese human resources with increasing requirements.

To shape basically and operate smoothly and effectively the institutions of a socialist-oriented market economy with the State economic sector playing the leading role.

- To step up the renovation process, generate a driving force for releasing and promoting all resources.

To continue intensively, extensively and harmoniously with the socio-economic and State apparatus renovation, geared towards the establishment and improvement of the institutions of a socialist-oriented market economy, in order to release and forcefully develop

productive forces, promote the material, intellectual and spiritual strength of the entire nation, and generate a driving force and resources for a rapid and sustainable development.

Industrialisation and modernisation represent an undertaking of the entire people, of all economic sectors among which the State economic sector plays the leading role. To focus efforts on lifting barriers and dismantling bottlenecks in order to tap the considerable resources among the population, stimulate entrepreneurs and all citizens to generate wealth for themselves and for the country. To continue improving the investment environment to better attract and efficiently utilise external resources. Internal resources are decisive, external resources are important, to be combined with each other into an aggregate synergy for national development.

- To closely link building of an independent and autonomous economy with proactive international economic integration.

Economic independence and autonomy provide the basis for efficient international economic integration. Efficient international economic integration creates the necessary conditions for building an independent and autonomous economy.

To build an independent and autonomous economy, meaning primarily independence and autonomy in the socialist-oriented development policy; step up industrialisation and modernisation, create sufficiently strong economic, scientific and technological potentials, and material-technical bases; ensure a rational, efficient and competitive economic structure; establish the institutions of a socialist-oriented market economy; maintain macro-economic stability; and ensure that the economy could stand firm on our own and cope with complicated eventualities, facilitating the effective execution of international integration commitments.

To proactively integrate into the international economy, to seize all opportunities for development on the principles of firmly preserving independence, autonomy and the socialist orientation, national sovereignty and the national cultural identity; equality and mutual benefit, co-operation in parallel with struggle; multi-lateralisation and diversification of foreign economic relations; high vigilance at all maneuvers of sabotage of hostile forces.

In the process of proactive international economic integration, to pay attention to promoting advantages, improving quality and efficiency, constantly raising competitive capacities and lowering protective barriers. To increase the efficiency of external co-operation; to enhance the role and influence of our country in the regional and international economies.

- To closely combine socio-economic development with defense and security.

To closely combine socio-economic development with building the potentials and disposition of all-people defense and the people's security, to be reflected in socio-economic development strategies, schemes and plans of the whole country, the different sectors and localities, and major investment projects. The building of material-technical bases is to be rationally apportioned in different regions of the country, promoting their socio-economic efficiency while serving national defense and security when necessary. To invest in socio-economic development and population settlement in crucial regions, frontier areas, border gates and islands in conformity with national defense and national security strategies. To complete the national defense and security strategies to suit the new situation,

and to benefit socio-economic development and foreign economic relations expansion. To develop the defense industry and utilise its capacity for participation in socio-economic development. To attach importance to producing a number of goods for both economic and defense and security purposes.

### **III. SECTORAL AND REGIONAL ECONOMIC DEVELOPMENT ORIENTATIONS**

#### ***A. Sectoral development orientations***

##### **1. Agriculture, forestry, fishery and rural economy**

(1)- To speed up agricultural and rural industrialisation and modernisation geared toward forming a large-scale commodity agriculture relevant to market demands and ecological conditions of individual regions; to transform the occupational and labor structures, and generate labor-intensive employment in the countryside. To rapidly apply scientific and technological advances to agricultural production, to attain advanced regional standards in technology and income per acreage unit; to raise labor productivity, product quality and competitiveness. To expand outlets for agro-products at home and abroad, increase considerably the world market shares of our main agro-products.

To attach importance to electrification and mechanisation in rural areas. To vigorously develop processing industries linked to raw materials supply zones, agriculture-support mechanical engineering industries, subcontract and services industries; to integrate agriculture, industry and services in each locality and nationwide.

To invest more in rural socio-economic infrastructures development. To effect rational planning and raise the efficiency of land, water and forest resources utilisation in combination with environmental protection. To conduct planning of populated areas, and develop district towns, townships and commune cultural centers; improve the material, cultural and intellectual living standards, and shape a democratic, equitable and civilised life in the countryside.

(2)- To design a rational agricultural production structure.

To readjust food production planning to conform to demands and outlet possibilities, raise productivity coupled with upgrading quality. To ensure food security in all eventualities. To form specialised cash rice-paddy production zones; to make full use of suitable conditions in other localities for efficient food production. To enact policies assuring the interests of food producers.

To ensure planned development, with attention paid to intensive-farming investment in areas under industrial crops, such as coffee, rubber, tea, cashew nut, pepper, coconuts, mulberries, cotton, sugarcane, peanuts, tobacco, etc, to set up areas specialised in high-value vegetables, flowers and fruits production, associated with developing storage and processing facilities.

To develop and improve the quality and efficiency of cattle and poultry raising; to expand industrial breeding technologies in combination with product processing; to increase the share of animal husbandry in agriculture.

To promote the advantages in aquaculture, making it an economic thrust rising to a leading position in the region. To vigorously develop cultivation of freshwater, brackish water and marine products, shrimps in particular, with intensive, efficient and sustainable methods. To raise the capacity and efficiency of offshore fishing; transform occupational structures and stabilise coastal fishing; to increase product storing and processing capacities to meet international and domestic market demands. To expand and improve fishery infrastructures and services. To preserve the sea, river and water environments, ensuring the reproductive capacity and development of aquatic resources.

To protect and develop forest resources, to increase the forest coverage ratio to 43%. To complete the stable and long-term assignment of forest and land geared toward social mobilisation for forestry development and adoption of policies ensuring the forest-based livelihood of forest workers. To combine forestry with agriculture and enact policies benefiting sedentary cultivation and settlement to help stabilise and improve the life of mountain inhabitants. To prevent forest burning and destruction. To speed up commercial reforestation, to provide pit-props for mines, and raw materials for the pulp and wood processing industries and for export art articles production; to augment forest product value.

(3)- To enhance the scientific and technological potentials in agriculture, particularly biotechnology combined with information technology. To pay attention to creating and cultivating vegetal and animal strains with high yield, quality and value. To rapidly apply new technologies to the production, harvesting, storage, processing, transportation and marketing of agro-products. To apply clean technologies to the cultivation and processing of vegetables, fruits and foodstuffs. To limit the use of hazardous chemicals in agriculture. To establish a number of high-tech agricultural zones. To reinforce the contingent of agricultural, forestry and fishery extension workers, raise their capacity, and promote their role.

(4)- To continue developing and basically complete the water conservancy system for protection from salinisation, fresh water conservation and flood control, ensuring safe and proactive irrigation and drainage for agricultural production (including industrial crops and aquaculture) and the livelihood of farmers. As for areas often struck by storms and floods, together with natural disaster damage mitigation measures, the production and population apportionment is to be restructured to adapt to natural conditions. To raise the capacity for weather forecasting and proactive control of natural disasters to limit damage.

(5)- To vigorously develop industry and services in the countryside. To set up industrial clusters and spots in rural areas, and craft villages linked to domestic and export markets. To shift to rural areas part of the city-based subcontracting (garment, leatherwear, footwear, etc.) and agro-product processing enterprises. To enact preferential policies to channel investments from all economic sectors into the development of industries and services in the countryside.

On the basis of shifting a part of agricultural labor to other industries and trades, to gradually augment the arable land area per capita for the agricultural workforce, and increase job opportunities and income for the rural population.

To ensure an average annual growth rate of 4.0-4.5% for agricultural output (including aquaculture and forestry). In 2010, the total food grains output is to reach about 40 million tonnes. The share of agriculture in GDP is to amount to around 16-17%; and that of

livestock breeding in the total agricultural output approximately 25%. Aquatic production is to reach 3.0-3.5 million tonnes (about one third of which comes from cultivated sources). Ten million hectares of natural forest are to be placed under protection, and a five million-hectare reforestation program is to be accomplished. The export turnover of agricultural, forest and aquatic products is to attain US \$9-10 billion, with aquatic products worth US \$3.5 billion.

## ***2. Industry and construction***

### **2.1- Industrial development**

To rapidly develop industries capable of promoting their competitive advantages, taking hold of domestic markets and pushing ahead exports, such as agricultural, forest and aquatic product processing, garment, leather wear and footwear, electronics and informatics, certain mechanical products and consumer goods, etc.

To selectively build a number of heavy industry establishments: petroleum, metallurgy, mechanical engineering, basic chemicals, fertilisers, and building materials, etc. in rational sequences conformable with the capital, technology and market conditions, and capable of promoting efficiency.

To vigorously develop hi-tech industries, especially information, telecommunication, electronic and automation technologies. To give priority to turning the informatics software industry into an economic sector with an outstanding growth rate.

To develop necessary defense industry units, combining defense with civil industries.

To plan for a rational industrial apportionment nationwide. To efficiently develop industrial parks and export processing zones, set up a number of hi-tech zones, and form major industrial clusters and open economic zones.

To extensively develop small and medium-sized industrial establishments with diverse trades and crafts. To renovate and upgrade the technology in existing establishments with a view to improving productivity, quality and efficiency. To appropriately apply potentially labor-intensive technologies. To develop various forms of integration among small, medium and large enterprises, among raw materials production and product processing and marketing on the basis of ensuring harmony of interests. To increase the local contents in subcontracting and assembling industries. To enhance operations for product quality control, industrial property ownership protection, and environmental protection.

2.2. To develop construction to regional advanced standards, to meet domestic construction demands and be able to join overseas construction projects bidding. To apply modern technologies, raise planning quality and effectiveness, designing and building capacity and architectural aesthetics. To develop consulting activities and construction enterprises, with attention given to strong enterprises in respective fields, such as hydroelectricity, water conservancy, ports, roads, bridges, etc.. To enhance the State administration over planning, architecture and construction.

The average growth rate of value-added industry (including construction) for the upcoming 10 years is to reach 10-15% per year. In 2010, industry and construction are to account for 40-41% of GDP and employ 23-24% of the labor force. Industrial exports are to amount to 70-75% of the total export value. To ensure sufficient and safe supply of energy (electricity, oil and gas, coal); to meet adequately the demands in construction steel and

phosphate, and partly demands in urea; mechanical engineering is to satisfy 40% of the domestic needs, with local content accounting for 60-70% of the motor vehicle, machinery and equipment production; electronic and informatics industries are to become cutting-edge sectors; most of export agro-products are to have been processed; and consumer goods industries are to satisfy demands at home and rapidly increase exports.

### ***3- Infrastructure***

The energy sector is to be developed one step ahead to meet the requirements of socio-economic development, and ensure national energy security. To make proper use of water sources (in combination with water conservancy), gas and coal for a balanced development of electricity sources. To build up gas-electricity-urea clusters in Phu My and the south-west. To accelerate the study and construction of the Son La hydropower plant. To study the option of atomic power utilisation. To synchronise and modernise the national electric transmission grid. To diversify the electricity investing and trading modes; enact appropriate policies on power utilisation in rural and mountain areas. To raise the competitiveness of electricity tariffs in the region.

To develop a modern communication network and boost the application of information technology in different fields of social life, particularly in the leadership and management systems and financial, commercial, educational, health care and consultancy services, etc. To expand the telecommunications roaming capacities with internationally competitive costs; furnish radio and television coverage to communes and villages throughout the country, and expand coverage to numerous places in the world with ever increasing quality.

As for roads, to complete the upgrading of National Highway No 1 and building of the Ho Chi Minh Highway. To upgrade and build other national highways, with attention given to border roads, beltways and roads connecting various regions with major development centers, major river bridges, and roads connecting with countries of the Greater Sub-Mekong Region. To develop and upgrade the transport system in individual regions, including rural transport, with smooth traffic ensured all the year round. To upgrade the existing railway network, open new railways leading to economic centers. To complete the national seaport system and the local port network as planned. To develop river transport and increase the maritime transportation capacities linked with ship building and repair industries. To modernise international airports and upgrade domestic ones.

To provide sufficient clean water to urban areas, industrial parks and more than 90% of the rural inhabitants. To basically solve the problems of sewage and waste treatment in urban areas.

### ***4- Services***

To vigorously develop commerce, raise the capacity and quality of its performance with a view to domestic market expansion and efficient international integration. To shape major trade centers, rural marketplaces, particularly in mountain areas, thus ensuring supplies of certain essential products to hinterland and remote areas and islands; and enabling the marketing of agro-products. To develop e-commerce. The State, associations and enterprises are to coordinate in searching and expanding outlets for Vietnamese products.

To develop and raise the quality of cargo and passenger transportation services, making them increasingly modern, safe, competitive, and swiftly reaching out to regional and international markets. To reserve a large market share for domestic enterprises in the

transportation of Vietnamese goods by international sea and air ways. To forcefully develop the public passenger transport in big cities.

To continue developing rapidly and modernising the postal and telecommunications services; popularise the use of the Internet. To readjust tariffs to encourage extensive utilisation. By 2010, to have reached the regional average in numbers of telephone lines and Internet users per 100 inhabitants.

To develop tourism into an actual cutting-edge economic sector; improve its operational quality and efficiency by taking advantage of natural and ecological conditions, cultural and historical traditions, to meet domestic tourist demands and speedily develop international tourism, and achieve soon the regional level of tourism development. To build and upgrade material facilities, form key tourist sites, and boost co-operation and integration with other countries.

To expand financial-monetary services such as credit, insurance, auditing, securities, etc., move directly to modern technology and apply international norms. To progressively establish a major regional financial service centre.

To vigorously develop technical, consultancy, and other life-targeted services, to meet diverse needs in production, business and social life.

All the service activities on the value-added basis are to register an average growth rate of 7-8% per year, and account for 42-43% of GDP and 26-27% of the total labor force in 2010.

### ***B. Regional development orientations***

All regions and zones are to promote their respective advantages for development, creating their own strengths along with the open economic structure and linked with domestic and external market demands. The State is to continue urging key economic zones to bring into play their engine role for a rapid growth, while enabling and investing more adequately in difficulty-laden regions. To effectuate uniform development planning nationwide, among regions, provinces and cities, forging direct integration in production, commerce, investment, technical assistance and human resources. To raise the population's educational standards and train human resources to meet the socio-economic development needs of the different regions and zones. To closely combine socio-economic development with environmental protection and improvement as well as defense and security.

**Urban regions:** To promote the role of administrative, economic and cultural centers in each region and locality, move rapidly in the industrialisation and modernisation process, strongly develop industry and services, and pioneering in developing a knowledge-based economy. To establish modern agro-belts surrounding big cities.

To plan the urban network with a few large cities, many medium cities and a system of small towns reasonably apportioned in various regions; pay attention to urban development in mountain areas. To build and upgrade synchronous infrastructures as planned. To make urban planning and management a routinised practice, and urban centers increasingly green, clean and civilised. To complete the long-term and rational planning of transportation in all urban centers; overcome traffic congestion in big cities. To ensure sufficient clean water supply, sewage and waste treatment; eliminate makeshift shelters. To push back social vices, and cultivate a healthy cultural and spiritual life.

**Lowland rural regions:** To develop diverse ecological agriculture on the basis of rice-paddy, vegetables, fruits, animal husbandry, and extensive application of scientific and technological advances in the making, processing, storage and marketing of products. To complete electrification and effect mechanisation in necessary links. To rapidly raise income per agricultural acreage unit. To shift large numbers of workhands to the industrial and service sectors. To vigorously develop small industries, handicrafts, craft villages, and networks of agricultural, forest and aquatic product processing industries and services.

**Midland and mountain rural regions:** To energetically develop long-term crops, cattle husbandry and processing industries. To preserve and develop forest resources. To accomplish and stabilise assuredly sedentary cultivation and settlement. To relocate the population and labor force according to plans, coupled with building socio-economic infrastructures, with a view to efficient exploitation of resources. To develop farm economy. To narrow down the development gap with lowland rural areas. To enact preferential policies for the socio-economic development in hinterland and remote areas, borderlands and border gates.

**Offshore and island regions:** To formulate a sea and island economic development strategy, promoting the particular strengths of the more than one million square kilometres of continental shelf. To intensify basic surveys as a foundation for schemes and plans on marine economic development. To boost the cultivation, exploitation and processing of marine products; conduct oil and gas exploration, extraction and processing; develop shipbuilding and maritime transportation; expand tourism; protect the environment; move actively toward the sea and control the territorial seas. To develop comprehensively marine and coastal economies, take full advantage of estuaries and seaports to generate highly developed areas, thus motivating other regions. To build logistic bases in a number of islands for forward movement onto open seas. To closely combine economic development with maritime security protection.

In the next 10 years, to develop major regions focusing on the following important orientations:

### ***1- The Red River delta and northern key economic region***

To transform energetically the economic and labor structures, to move large numbers of agricultural workhands to industries, services, and resettlements elsewhere.

To develop a diverse cash crop agriculture. Together with staple food, to make the Winter crop an advantage, forming areas specialised in vegetables, fruit trees, meat, flowers; to expand aquaculture. To develop vigorously processing and agro-mechanical industries, and industrial and service clusters and centers, and craft villages in the countryside.

In the key economic region, to develop industrial parks, hi-tech zones, export-oriented, electronic and information science industries, a number of mechanical establishments for shipbuilding, metallurgy, fertilisers; knowledge-intensive services; and major national and regional training, scientific, technological, commercial, health, cultural and tourist centers.

To complete and upgrade the infrastructures, first of all national highway axes, seaports in the Haiphong and Cai Lan areas, and airports.

### ***2. The southeastern and southern key economic regions***

To establish centers of commerce, exports, telecommunications, tourism, finance, banking, science, technology, culture and training in the south, and promote their role toward this region and the entire country as well. To push ahead industries for oil and gas exploitation; and from this to produce electricity, fertilisers and chemicals. To accomplish and upgrade industrial parks, export processing zones, and hi-tech zones. To develop industries in the provinces, avoiding over-concentration in large cities.

To develop vigorously industrial crops (rubber, coffee, cashew nut, sugar cane, etc.), fruit trees, industrialised animal husbandry, cattle breeding; to form specialised farming areas linked to processing industries, to attract more labor from the Mekong River delta.

To upgrade national highways with regional and international connections; to upgrade and build a number of seaports and airports. To effect urbanisation along development axes attached to industrial parks. To tackle satisfactorily the systems of urban communications, water supply and sewage, and to overcome environmental pollution.

### ***3. The northern central area, central coastal area and central key economic regions***

To promote the advantages in marine economy, efficiently exploit North-South communications axes, crossing and trans-Asian roads, and seaports. To establish coastal industrial zones, integrated industrial-commercial zones and economic development zones at border gates and along traffic corridors. To develop oil refining, petro-chemical, building materials, processing and manufacturing industries, and diverse services. To build a number of deep sea ports as planned, at a reasonable schedule. To accelerate the building of the Dung Quat - Chu Lai economic zone. To promote the advantages in sea and coastal tourism, associated with historical sites and scenic spots in the entire region, particularly along the Hue - Da Nang - Hoi An - Nha Trang line.

To develop agriculture adaptive to the harsh natural conditions, rapidly develop industrial crops, fruit trees and cattle breeding, combined with processing industries, and push ahead reforestation. To take measures to mitigate losses caused by natural calamities, such as heavy floods and droughts, coupled with production and population reapportionment. To associate socio-economic development with environmental protection and improvement along the entire seacoast. To ensure efficient exploitation of the Western lands, paying attention to building water reservoirs against flash floods and for hydropower production.

To gradually create conditions for the northern central region and the central coastal areas to link with the Central Highlands in efficient economic co-operation with Laos and Cambodia, particularly border provinces.

### ***4- Northern midlands and mountain areas (northwest and northeast)***

To vigorously develop industrial crops, fruit trees, medicinal plants, special trees, cattle husbandry in association with processing industry. To create Da (Black) River upstream protective forest areas and forests for industrial raw materials and pit-props.

To speed up the study and construction of the Son La hydro power plant. To develop exploitative and processing industries for minerals, agro- and forest products, with attention given to export-oriented processing. To establish a number of major industrial bases along Highway No18 in linkage with the northern key economic region. To quickly develop different types of services, particularly commerce. To upgrade axes linking Hanoi and border provinces, complete border belt ways and feeder roads. To develop small-scale water conservancy projects in association with small-scale hydropower plants, and realise

the supply of clean water and electricity for the upland population. To develop central metropolises and metropolises connected with industrial parks. To upgrade bordergates and develop the bordergate economy.

To implement properly policies on ethnicity, sustainable sedentary cultivation and life settlement, as well as improvement of living standards for ethnic minority people.

### ***5- Central Highlands***

The Central Highlands represent an important strategic location of the whole country in both socio-economic and defense-security terms, with advantages for developing large-scale agricultural and forest goods production in combination with processing industries, and developing energy industry and mining industry. To elaborate strategies and plans for building the Central Highlands wealthy economically, strong in national defense and security, eventually becoming an engine economic region.

To develop quickly, mainly intensive farming, industrial crops in linkage with export markets (coffee, rubber, tea, cotton, etc.), cattle husbandry, forest planting and protection, medicinal plants, special trees, and agro and forest product processing industries. To develop large and medium-scale hydro power plants as well as reservoirs for water conservancy. To exploit and process bauxite. To develop the paper industry. To upgrade and efficiently operate axes and crossroads linking to coastal areas. To develop economic-commercial-service co-operation with neighboring Laos and Cambodia. To adopt policies to attract investment, apportion the population and labor force in keeping with plans, raise the people's educational and technological levels. To realise properly the ethnicity policy, actually improve the material and cultural living standards of ethnic minority people.

### ***6- Mekong River delta***

To continue promoting its role as the country's largest rice and agro product exporter; to strongly increase the production and raise the quality of cash food, vegetables, fruit, animal husbandry and aquaculture. To develop farm-support processing and engineering industries, small-scale and handicraft industries, as well as services. To build up the southwestern gas-based industrial clusters. To forcefully shift the economic structures, raise the proportions of labor employed in industry and services.

To complete the road network and river transport network. To upgrade and widen National Highway No1A, build a number of new axes so as to develop the transport system in the Southwest. To upgrade national highways reaching provincial towns. To build a bridge across the Hau River and ensure sufficient bridges along this route. To develop inter-district road and rural transport networks, build fortified bridges to replace bamboo 'monkey bridges.' To complete river ports, and upgrade airports. To plan and construct populated areas and infrastructures adaptable to annual flood control and counter-salinisation abilities.

## **IV- SYNCHRONISED FORMATION OF INSTITUTIONS OF THE SOCIALIST-ORIENTED MARKET ECONOMY**

### ***1- Development of a multi-sector economy with many ownership forms***

To renew and complete the legal framework, dismantle all obstacles in terms of mechanism, policy and administrative procedure with a view to maximising all resources,

generating a new impetus for the development of production and business by all economic sectors with different forms of ownership. All enterprises and citizens are entitled to invest in businesses in the forms stipulated by laws and to be protected by the law. All business organisations in different or mixed forms of ownership are encouraged to develop on a long-term basis, co-operate and compete equally, and constitute an important integral part of the socialist-oriented market economy. To develop vigorously small and medium-sized enterprises; step by step set up a number of powerful economic groups.

To continue innovating and developing the State economic sector so as to properly play its leading role in the economy. The State economic sector is an important material force and the instrument for the State's orientation and macro-regulation toward the economy; it is to focus investments on socio-economic infrastructures and a number of important industrial establishments. State enterprises assume key positions in the economy; pioneer in the application of scientific and technological advances; and set examples in productivity, quality and socio-economic efficiency and law compliance.

To develop State enterprises in important fields of production and service; to build State corporations sufficiently strong to operate as the core of major economic groups, competitive in both domestic and international markets, such as in petroleum, electricity, coal, aviation, railways, high-sea transport, telecommunications, mechanical engineering, metallurgy, chemistry, building materials, import-export, banking, insurance, auditing, etc.

To innovate management mechanisms, separating the owner's right from the enterprise's right of business. To transform State-run enterprises into operations in the forms of limited liability or joint stock companies. To ensure full autonomy and accountability of enterprises in production and business, and equal competition before the law; to abolish the State mechanism of subsidising enterprises.

To translate into practice the policy of equitising State enterprises which the State does not need to hold 100% capital in order to raise more funds, generate motivation and a dynamic management mechanism for the enterprises' efficiency. To give priority to workers in purchasing shares, and gradually give access to shares to domestic and foreign investors. To well carry out the transfer, sale, contract and lease of small enterprises which the State does not need to retain. To merge, dissolve and declare bankrupt enterprises which are inefficient or incapable of applying the aforesaid measures.

To strive for the fundamental accomplishment in about five years of State enterprises' restructuring, innovation and performance improvement; to consolidate and partly modernise State corporations.

To develop the collective economic sector in diverse forms of co-operation. To transform old-type co-operatives in line with the Law on Co-operatives with a view to practical efficiency. To develop multidisciplinary or specialised business co-operatives in order to engage in either production or service activities, facilitate their expanded production and business scope corresponding to the process of industrialisation and modernisation. In agriculture, on the basis of promoting households' autonomy, to pay attention to developing the various forms of co-operation and co-operatives supplying services and inputs and marketing outputs for household and farm economies. To widely apply economic forms of mixture, integration and joint venture between co-operatives and enterprises of all economic sectors. The State is to help co-operatives train and retrain

technical and managerial staff, expand markets, apply new technologies, develop their collective capitals, and liquidate outstanding debts of their predecessors.

The individual and small owner economic sector in rural and urban areas are entitled to State facilitation for development.

The private capitalist economic sector is encouraged to develop without limit in terms of scale in sectors, trades, fields and locations unprohibited by laws; encouraged to enter into co-operation and joint venture with each other and with State enterprises, to change into joint stock enterprises and to sell shares to workers.

The State capitalist economic sector in the forms of joint venture and co-operation between the State economic sector and domestic and foreign private economic sectors is to increasingly develop in different forms.

The foreign invested economic sector as a component of the Vietnamese economy is encouraged to develop, directing strongly toward production of and trading in export goods and services, hi-tech goods and services, and infrastructural construction.

## ***2- Synchronised establishment of market factors, renovation and improvement of State administration effectiveness***

To establish in a synchronised manner and continue developing and completing different kinds of market in parallel with the formation of a legal and institutional framework, for the market to operate dynamically, efficiently and orderly in a healthy, open and transparent environment restrictive to and controlling over business monopoly. To adopt effective measures to fight smuggling and trade fraud.

To develop capital and money markets, particularly medium and long-term capital markets. To organise and operate safely and efficiently the stock market and insurance market, step by step expand their operational scale and scope, including the attraction of foreign funds. To set up and develop the real estate market, to cover the land use right as stipulated by the law; gradually extend the real estate market to involve overseas Vietnamese and foreigners' investment. To develop the labor market; workers are entitled to look for and generate employment everywhere in the country; to strongly push ahead labor export with the participation of various economic sectors. To develop different kinds of market for scientific and technological services, intellectual outputs, insurance services, consulting and production-business support services, etc.

The State is to respect the objective principles and operational mechanism of the market, creating conditions to promote its positive aspects while overcoming and restraining its negative effects. The State is to focus on properly executing its functions in making development orientational strategies, schemes and plans, implementing key projects financed by concentrated resources; innovating management institutions, improving the investment and business environment; rationally regulating incomes; elaborating laws and overseeing their observance; radically reducing its direct interference by administrative measures in production and business activities. To simplify administrative procedures; disclose and properly realise the State agencies' responsibility and authority in their relationship with entrepreneurs and the population; resolutely eliminate regulations and procedures heavily characterised by bureaucratic administrative and subsidising system which hinders the development of productive forces, and causes troubles and harassment to entrepreneurs and the population.

### ***3- Renovation of policies and completion of the financial-monetary system***

To actively renew and complete the system of national financial-monetary policies, mobilise rationally and distribute efficiently all resources in order to bring the Socio-Economic Development Strategy to fruition. To apply the principle of equity and efficiency in the policy on distribution and redistribution of incomes in society. To establish a healthy and conducive financial environment so as to release and develop the financial resources and productive potentials available among enterprises and population strata; to nurture and increase sources of revenues for the State budget, attract foreign sources of capital; to diversify instruments and forms of non-bank financial and monetary institutions as well as investment funds with a view to mobilising the various resources for social and economic development. To combine closely planning with economic and financial policies to direct and encourage the population and enterprises in their investment- and business-oriented savings.

To ensure safe and healthy development of the financial-money market in the whole economy.

To continue reforming the tax system to adapt to the country's situation and international commitments. To amend, complete and simplify types of tax, step by step apply a uniform tax system, non-discriminatory of an enterprise's economic sector, be it Vietnamese or foreign invested. To apply a uniform and convenient individual income tax system to all taxable subjects, ensuring social equity and motivation for development. To modernise the State's tax collection and enhance its tax administration.

To continue restructuring the State budget, gradually increase the saving ratio for development investment, clearly differentiate public service delivery activities from those of public administration so as to introduce appropriate financial policies; to conduct salary reform in association with streamlining staff and reforming administrative procedures; to strongly reduce and ultimately abolish expenditures of subsidising nature in the State budget. To be proactive and efficient in using the State budget, enhance control over expenditure, resolutely fight waste and losses. To improve efficiency of State budget-sourced investments starting from policy decision, project design and approval, to project implementation. To ensure finances for the strategy-prioritised tasks. To realise policies encouraging development of key economic areas while reserving more investments for difficulty-stricken areas. To continue innovating policies subsidising for generation employment, restructuring of State enterprises, and helping to develop small and medium-sized enterprises; to press ahead with popularisation of the public service delivery sector, at the same time ensuring for the poor access to basic social benefits.

To renew and complete mechanisms in decentralising State financial and budgetary management, ensuring the uniformity of the national financial system and the leading role of the central government budget; at the same time promote the proactiveness and creativeness of the local government and different branches in the administration of their financial and budget allocations.

To materialise the financial autonomy and accountability of enterprises; separate State finances from corporate finances. To disclose corporate finances and public finances. The State is to supervise and regulate corporate finances through accounting and auditing regimes and tax system, protect lawfully earned incomes, and encourage all population

strata and economic sectors to work industriously and economically to invest in business and become legitimately rich.

To maintain a positive balance of the State budget, gradually increase reserves, keep over-expenditures at a justifiable level, and ensure macroeconomic stability. To tightly control foreign debt borrowing and repayment, maintain national debt level within safe limits; strictly ensure efficiency of borrowed funds utilisation; and clearly define and duly fulfill repayment obligations.

To implement monetary policies ensuring macro-economic stability, controlling inflation, promoting production and consumption, and stimulating development investments. To apply flexibly and effectively such monetary policy instruments as exchange rates, interest rates and open market operations in accordance with market principles. To gradually improve and ultimately realise fully the convertibility of the Vietnamese currency.

To establish a transparent, healthy and equal environment for monetary-banking activities. To apply widely information technology, spread out quickly forms of non-cash payment and payment through banks. To diversify forms of raising and lending funds, providing convenient and easy banking services and utilities to all enterprises and people, meeting timely the need for credit for production, business and livelihood, with special attention given to agriculture and rural areas.

To establish a comprehensive legal framework, apply more adequately international institutions and norms on safety in monetary and banking businesses. To solve the problem of outstanding debts in parallel with enhancing legal, economic and administrative sanctions regarding borrowers' liabilities and protection of creditors' lawful rights to debt recovery. To strengthen internal supervision of credit institutions as well as inspection and oversight of functional agencies in order to avoid credit breakdowns.

To restructure the banking system. To separate the functions of the State Bank from those of State commercial banks, and policy-based lending functions from monetary business functions of commercial banks. To set up a policy bank. To ensure commercial banks' autonomy and accountability in their businesses. To help and press domestic credit institutions to elevate their management capacity and professional level, as well as their competitiveness against foreign bank branches. To ensure the right of business of foreign banks and financial institutions in conformity with our country's international commitments. To link the banking reform with the State enterprise reform. To restructure joint stock banks and apply solutions to weak banks. To direct people's credit funds to right-track and safe operations.

#### ***4- Expansion of foreign economic relations and improvement of their performance***

To continue expanding foreign economic relations along the line of multi-lateralisation and diversification of relations; to proactively engage in international economic integration following a roadmap corresponding to our country's conditions, and ensuring the realisation of bilateral and multilateral commitments, such as AFTA, APEC, Vietnam-US Trade Agreement, eventually admission to WTO, etc.

The State is to adopt policies vigorously encouraging all economic sectors to engage in the production and business of goods and services import and export. To raise competitiveness, strongly develop goods and services competitive in international markets; radically reduce the export of primary and semi-processed goods, rapidly increase the ratio of processed

goods and the local content in products; gradually raise the ratio of products with intellectual content and hi-tech content. To establish export support funds, particularly for farm products. To encourage the use of domestically made equipment and goods. To quickly increase export turnover to ultimately achieve trade balance. To implement selected and time-limited protectionist policies regarding domestically made goods.

To push ahead such foreign exchange earning services as tourism, labor export, transport, post and telecommunications, financial and monetary, technical and consulting services, attraction of foreign exchange from overseas Vietnamese, etc.

To proactively and actively penetrate international markets, particularly markets in world economic centers, maintain and expand shares in familiar markets, and take up all opportunities to enter new markets. To gradually modernise business methodologies responsive to new trends in world commerce. To strongly accelerate activities in marketing, trade promotion and market information by many appropriate means and organisations, including through overseas diplomatic representations. To encourage local and foreign organisations and individuals to participate in brokerage and exploitation of international markets.

To continue improving the investment environment, completing the varied forms of investment, heighten competitiveness in attracting foreign direct investments. To forcefully reduce then phase out the policy and legal differentiation between domestic and foreign investments. To rapidly reform administrative procedures to simplify investment licencing, step by step realise the investment registration mechanism. To pay attention to attracting investments by companies holding source technologies and major shares in the world markets. To enhance post-licencing support and monitoring, facilitate effective implementation of licenced projects. To raise the State administration's effectiveness and efficiency over industrial parks, export processing zones and foreign invested enterprises. To equitise eligible enterprises. To gradually and steadily realise forms of foreign indirect investment in our country.

To encourage overseas Vietnamese to come back to invest in business, and Vietnamese entrepreneurs to invest overseas, and to adopt policies supporting Vietnamese citizens in their overseas lawful businesses.

To continue mobilising financial assistance from other governments, international financial institutions and non-governmental organisations. To speed up the rate of disbursement, improve fund utilisation efficiency, and closely link loan utilisation with repayment responsibility.

## **V- DEVELOPMENT OF EDUCATION & TRAINING AND SCIENCE & TECHNOLOGY**

### ***1- On education and training***

In order to meet the requirements in human beings and human resources which represent the decisive factor for national development in the period of industrialisation and modernisation, it is imperative to create a fundamental and comprehensive change in education and training.

To instill in the younger generation a spirit of love for the country, homeland and family, of national self-respect, socialist ideals, benevolence, a sense of law compliance, eagerness to learn, will-power to achieve self-establishment and freedom from poverty. To train a batch of workers who are possessive of basic knowledge, endowed with professional skills, attentive to practical efficiency, responsive to the new, and conscious of the need to rise up in science and technology. To shape a contingent of skilled workers, specialists, scientists, culturists, entrepreneurs and managers. The policy on labor and talent utilisation is to make full use of all capabilities and promote all potentials of collectives and individuals in service to national construction and defense.

To that end, in the next 10 years, it is necessary to:

Develop pre-school education. To consolidate solidly gains in illiteracy elimination and primary education universalisation, launch junior secondary education universalisation throughout the country; and ensure that the majority of youth and children within schooling age in urban and delta rural areas finish general secondary education, specialised secondary education or vocational training. To create conditions for all people in all age brackets to engage in continuous and lifelong study.

Rationalise schooling hierarchical structures, occupational composition and regional structures in the education and training system in response to learning requirements of the population, socio-economic development needs, and objectives of this Strategy. To pay attention to practical vocational orientation education in general schools. To expand the multi-grade training of workers, technicians and professional staff. To develop and improve the quality of graduate and post-graduate training; focus investments on building up a number of key national universities comparable to the regional standards, and ultimately achieving international standards. To develop continuous education and distance education. The State is to reserve funds to send out excellent people to developed countries for training; encourage and facilitate overseas study and research. To attach importance to training a pool of highly skilled workers, good practical engineers and business people. To give priority to training human resources for the development of agriculture, rural and mountain areas, labor export, and a number of cutting-edge industries. To develop and improve performance of ethnic minority boarding schools; increase training and grooming personnel of ethnic minorities.

Rapidly compile and put into stable use nationwide the set of general education curriculum and textbooks suitable to the new requirements of development. Apart from the official national language, ethnicities with their own scripts are encouraged to learn them. To renew the curricula at universities, specialised secondary and vocational schools along the practical and modernised line. To attach importance to equipping and upgrading students' knowledge in informatics and foreign languages.

Renew teaching and learning methodologies, promote the learner's creative thinking and self-training capacity, attach importance to practice, experimentation, extra-curriculum study, ownership of knowledge rather than stuffing, parrot-like or study without aids. To innovate and scrupulously organise the examination regime. To uphold the autonomy of universities.

Develop the teaching staff, emphasise their qualifications and pedagogic ethics, improve the remuneration system. To ensure that teachers in the main meet the national standards

and the teacher to student ratios as required at different schooling levels. To effectuate mechanisms and policies allocating sufficient teachers to mountain and island areas.

Intensify the material conditions and step by step modernise schools (classrooms, playgrounds, physical training fields, labs, Internet-connected computers, modern teaching and learning aids, libraries, dormitories, etc.). To strive so that by 2010 the majority of general education schools will be able to accommodate students' whole-day study and activity at school.

Increase State budget allocations for education and strongly accelerate popularisation of education and training. To vigorously encourage investments by all economic sectors in developing education at all schooling levels to meet the diverse needs of the public. To concentrate more State funds on universalised education levels, on rural and mountain areas, on high-level training, and on disciplines which are difficult to raise funds from non-State sources; to ensure learning conditions for children of persons with meritorious services and poor families. To enhance the State administration, particularly the education inspection system, establish law and order, push back negative practices. To intensify management over and assistance to people going abroad for study and research.

## ***2- On science and technology***

To strengthen the potentials and renew the management mechanisms so that science and technology can really become a driving force for national development.

Social sciences and the humanities are to focus their research on review of realities, in-depth study of major issues of the country, region and globe, solutions to theoretical and practical issues related to building socialism and safeguarding the Homeland, provision of grounds for the formulation of socio-economic development guidelines, strategies and policies, and promotion of the Vietnamese human and cultural factors. Natural sciences are to attempt to researching scientific grounds for developing key technological fields and exploiting natural resources, protecting the environment, forecasting natural disasters, and preventing and mitigating their consequences. Technological sciences are to concentrate on responding to the demands of raising productivity and quality of product, business competitiveness and efficiency, environmental protection, and ensuring national defense and security; to attach importance to the development and application of information technology, biotechnology, new materials technology, and automation technology.

To forcefully renovate technologies in production, business and other fields, narrow down the technological gap with advanced countries in the region. To apply straightly modern technologies in cutting-edge industries, at the same time select technologies which are appropriate, non-polluting and exploitative of our advantage in labor. To pay attention to importing new and modern technologies, adapt imported technologies, partially improve and ultimately create specifically Vietnamese technologies. To modernise managerial technologies. To accomplish the construction of two hi-tech centers in the neighborhood of Hanoi and Ho Chi Minh City, and set up a number of key laboratories of the region's advanced standard.

To put into effect a mechanism of organic combination between social and humanity sciences on the one hand and natural sciences, technological sciences on the other, between scientific research on the one hand and training, production and business on the other; to rapidly apply research results. To urgently innovate organisationally and restructure

rational research institutes, centers and units throughout the country. To elevate the performance of national research institutes, associations and unions of scientific and technical associations.

To push forward the popularisation and diversification of the various sources of investment for scientific and technological development. To reserve adequate investments for basic research in different sciences. To create an enabling environment for scientific institutions, enterprises and individuals to conduct scientific activities as stipulated by laws. To develop a science and technology market, create a competitive environment, protect intellectual property ownership and copyrights. To adopt mechanisms stimulating enterprises to increase investments in scientific and technological development, promote innovations, improve techniques, rationalise production, and place orders with research institutions.

To promote creativity and democracy in scientific and technological activities. To renew policies on training, using and remunerating intellectuals, properly using and honoring talents, including overseas Vietnamese. To encourage and facilitate the expansion of international scientific and technological exchange and co-operation, involve the world's qualified experts in contributing to our country's development in appropriate forms.

## **V- CULTURAL AND SOCIAL DEVELOPMENT**

### ***1- Development of culture, arts, information, sports and physical training***

To spread out and upgrade the efficiency of the campaigns on "The entire people unite to build a cultural life", "Realisation of a civilised lifestyle and well-cultured families", and "Good people and good deeds", to help culture infuse deeply into each and every community, family and individual, further complete the new set of values of the Vietnamese man, inherit the nation's traditional cultural values while acquiring the humankind's cultural quintessence, increase resistance against pornographic and noxious cultures. To heighten cultural values in all economic, political, social and day-to-day life of the people.

To pay attention to preserving and developing intangible cultural heritage, renovate and properly administer tangible cultural heritage and historical relics; and upgrade museums. To develop the network of libraries, modernise the library and archival work. To construct public cultural and recreation facilities.

To encourage the creation of valuable literary and art works under major themes such as wars and revolutions, process of renovation, national industrialisation and modernisation, and on the Vietnamese society and people. To heighten the quality of the Vietnamese cinematography, striving to make many interesting and good movies. To attach importance to depicting the Vietnamese cultural identity in newly constructed buildings and architectural works.

To develop and modernise the mass media network, and improve the quality of radio, television, press and publishing products and services. To strive for the basic popularisation of radio and television receivers to all families by 2010. To develop cultural centers along with the postal service system to all communes throughout the country. To use the spoken languages and scripts of ethnic minorities, if available, in the mass media in their respective localities.

To enact and implement policies demonstrating clearly the attention and care reserved for writers, artists and activists in different fields of the arts, particularly traditional arts.

To strongly increase sports and physical training activities targeted at improving the Vietnamese people's physical status and stature. To develop a popular sports and physical training movement through a widespread network. To train and foster a pool of high-record athletes, elevate the Vietnamese sports to the common level of Southeast Asia and to high positions in many sports.

To accelerate popularisation and encourage the population and organisations to participate practically and efficiently in cultural and sports activities. To encourage enterprises to invest in and sponsor cultural and sports activities. To develop diverse and healthy markets for cultural and sports products and services.

To increase State budget allocations for culture in keeping with economic growth, concentrating on building certain major centers integrating culture, sports and tourism such as the Vietnam Village of Ethnicities' Cultures, National Sports Center, and cultural and sports training centers of regional standards.

To expand international cultural and sports exchanges. To make adequate investments in disseminating the humankind's cultural values in the country and introduce the Vietnamese land, culture and people to the world.

## ***2- Population and employment***

To further reduce the population growth rate, soon stabilise the population at a reasonable size (some 88 - 89 million in 2010); to apply concerted, gradual and focal solutions to improving the quality, composition and apportionment of the population.

Employment generation represents a decisive factor for human factor promotion, economic stabilisation and development, achievement of a healthy society, and response to the public's legitimate aspirations and urgent demands. It is estimated that by 2010 our country will have 56.8 million people of working age, nearly 11 million up from 2000. To solve the employment problem for the working people, it is imperative to create a favorable environment and conditions for all economic sectors to invest in developing, far and wide, production and business units, generating job opportunities and developing labor markets. To push forward the transformation of our labor structures to correspond to economic structures. To pay attention to ensuring labor safety.

To vigorously increase labor export. To design and implement synchronously and strictly mechanisms and policies on training workers, sending workers overseas, protecting the interests and raising the creditability of Vietnamese guest workers overseas.

## ***3- Hunger eradication and poverty alleviation***

By mobilising resources from the State and the whole society, to increase investments in building infrastructures, providing loans, financing vocational training, supplying information, transferring technology and helping marketing products, etc. for poor areas, communes and population groups. To take proactive measures to reallocate a segment of population without arable land and productive conditions to resettle in potential areas. The State is to create an enabling environment for all people to strive for legitimate wealth and help the poor. To provide social benefits to people under special circumstances, unable to work by themselves and without any support.

To strive so that by 2010 there will fundamentally be no longer poor households. To constantly consolidate the gains in hunger eradication and poverty alleviation.

#### ***4- Salary and income***

All enterprises, including State ones, are entitled to autonomy in paying the salary, wage and bonus on the basis of their performance and individual workers' productivity. The State and society are to respect lawful income of business people. To determine reasonably the personal income tax.

To radically reform the salary system for public officials and employees. To fully monetarise the salary, readjusting a life-ensuring salary in correspondence with the pace of income rise in the society. The system of salary scales and hierarchies should be rationally proportionate, constituting incentives for talented and highly productive people. To change the financial mechanisms applicable to the public service delivery sector, helping reform the salary regime in this sector. To undertake the salary reform as a means to accelerate the streamlining of the public authority staff.

To gradually and steadfastly expand the system of social insurance and safety net. To move toward application of the insurance system for all workers and population strata. To combine State assistance with the development of humanitarian funds, social funds and funds to help "pay debts of gratitude" so as to effectively assist social policy beneficiaries, war and natural calamity victims, children with special difficulties, the disabled, and the supportless elderly. To make sure that people with meritorious services to the country can enjoy a living standard which is equal to or higher than the average of the population in their rural communes or urban wards.

#### ***5- Development of health care and protection for the people***

To upgrade equity and efficiency in access to and use of health care and protection services for the people.

To continue implementing national health target programs. To improve healthcare service quality at all levels. To pay special attention to enhancing healthcare services for children, war-affected people, poor people, ethnic minority groups, former revolutionary bases, and remote and hinterlands areas. To bring down the rates of child malnutrition, under-five mortality, and pregnancy-related maternal mortality. To reduce the morbidity and mortality rates due to contagious diseases, and prevent major epidemics. To actively control non-infectious diseases, overcome accident consequences and injuries. To ensure food hygiene and safety and blood transfusion safety.

To complete the planning, consolidation and upgrading of the grassroots healthcare network, post medical doctors to dispensaries of all lowland and midland communes and most mountain communes. To upgrade district and provincial hospitals; develop regional (inter-district) polyclinics in areas far from provincial centers. To complete the two highly specialised medical centers in Hanoi and Ho Chi Minh City, build a highly specialised medical center in the central part while developing regional medical centers. To step by step modernize medical equipment, apply advanced scientific and technological achievements. To combine modern medicine with traditional national medicine, and military medicine with civil medicine; to strive to turn certain cutting-edge medical and pharmaceutical fields into Southeast Asian centers. To standardize and increase the training of medical staff, with attention given to ethnic minority personnel; to allocate medical

personnel to different regions in line with requirements. To encourage all economic sectors to participate in developing health check, treatment and care facilities in response to the diverse demands of the society. To uphold medical ethics in association with design and execution of medical practice regulations to abolish negative phenomena.

To implement a national policy on medicament, intensify the medicine manufacturing and supplying capacity to meet domestic and export demands.

To renew mechanisms and policies on hospital fees; expand voluntary health insurance, and ultimately achieve all-people health insurance. To adopt policies to help the poor with health checks and treatment.

### ***6- Fight against social vices and AIDS***

To control and roll back social vices, particularly drug abuse. To realise synchronised mechanisms and measures in information dissemination, education, medical treatment, job training, and employment generation. To scrupulously punish according to the law the acts causing social vices.

To cultivate a healthy way of life in the whole society, and prevent HIV-AIDS infection. To organise the treatment for AIDS victims and drug addicts, helping them lead a meaningful life and work in their communities.

To effectuate concerted measures to curb traffic accidents.

To hold high the accountability of Party committees, administrations, Fatherland Front, and mass organisations in regard to social vices in locations of their jurisdictions. To promote the role of individuals and communities in fighting, preventing and rolling back these vices.

## **VII- ACCELERATION OF ADMINISTRATIVE REFORM AND BUILDING OF A CLEAN AND STRONG STATE APPARATUS**

### ***1- Institutional renovation***

To fundamentally establish and smoothly and effectively operate a socialist-oriented market economic institution. To reform administrative institutions and procedures, focusing first of all on abolishing administrative regulations which are heavily bureaucratic, subsidised, troublesome and harassing to enterprises and people, suppressing productive forces' development. To design and implement annual institutional renovation programs. To ensure sound, consistent and feasible content for normative documents. To provide a close guidance over the whole process, from drafting, approval to promulgation, execution and review.

To renew the institutional formulation modes and processes, improve the coordination among related sectors and levels, treasure the use of cross-sectoral specialists and reserve a very important role for the voice of the people and enterprises. To specially intensify the direction, monitoring, and enhancement of discipline and law enforcement in the State apparatus and in the society as a whole.

### ***2- Rational completion of the State apparatus organisation***

On the basis of separation between the State administration function and the business operation, to reform the State agencies' machinery organisations, operational mechanisms

and work regulations. To strongly decentralise powers within the administrative system coupled with raising the centrality and uniformity in promulgating institutions. To clearly define responsibilities and powers of each level, organisation and individual. To hold high personal accountability and strictly apply rewards and discipline. To overcome responsibility duplication and evasion, causing difficulty and delay in work performance and settlement of public complaints. To uplift the role of administrative courts in tackling administrative litigation

To separate public authority administrative agencies from public service delivery organisations. To encourage and support organisations which are non-profit and working for the people's needs and benefits; facilitate organisations carrying out a number of public services under communities' oversight such as environmental sanitation, maintenance of local order and security, etc.

To rapidly and efficiently modernise administrative work, especially in the application of information technology. To radically streamline the machinery and revamp the staff. To design policies to treating adequately the redundant employees.

### ***3- Improvement of public officials' and employees' moral and professional qualifications***

To strongly push ahead the training and grooming of public officials and employees with relevant syllabuses and content; attention paid to those in rural communes and urban wards. To renew and routinise the implementation of regulations on recruitment, promotion, reward, discipline and retirement. To effectuate the principle that the officer-in-charge is authorised and responsible for his/her subordinates' recruitment and use. To purify the corrupted and the irresponsible; and transfer the unqualified.

To properly implement regulations on democracy, expand direct democracy at the grassroots, ensure for the population an easy access to public authority agencies and conditions to monitor public officials and employees, especially those in their direct contact.

### ***4- Prevention and repulse of corruption and bureaucracy***

To scrupulously punish corrupted and irresponsible elements causing serious effects; chiefs of agencies with corruption must also be dealt with for related responsibility. To protect those resolutely fighting corruption; commend and reward accurate detectors of corruption cases. To apply the following measures for the prevention of corruption and bureaucracy:

- Reform and completion of administrative institutions and procedures, resolute opposition to such behavior as authoritarianism, harassment, "beg and grant", perfunctory attitude and indiscipline at work. Strict compliance with the prohibitions for public officials and employees as stipulated by laws.
- Enhanced administration, control and prevention of wastefulness, embezzlement of public money and assets, particularly in the State enterprise sector.
- Implementation of regulations on democracy and financial disclosure at the grassroots and at all levels of administration; application of asset declaration to leaders at all levels and in all sectors.
- Reform of the salary system in parallel with enhanced education and examination of public officials and employees in their execution of public service tasks.

## **VIII- ORGANISATION OF THE STRATEGY IMPLEMENTATION**

### ***1- Breakthroughs in key fields***

To concentrate on introducing breakthroughs in key fields in order to bring about an overall change in the socio-economic situation:

- To establish in a concerted manner the socialist-oriented market economic mechanism whose focus is to renew mechanisms and policies so as to release radically productive forces, expand domestic and foreign markets.
- To create a vigorous change in the development of the human resources whose focus lies in education and training, and science and technology.
- To renew the political system's apparatus organisation and operational modes whose focus includes administrative reforms, and formation of a clean and strong State machinery.

### ***2- Reform of executive measures***

To renew basically the planning along the line of forecast enhancement, improvement of indicative planning quality, maintenance of macro balances, in close combination with the use of economic and legal policy instruments, facilitating the market to operate efficiently with a view to fulfillment of the Strategy's objectives.

To improve quality of plans. To design five-year plans into the main planning tool, adjusted and amended annually in keeping with plan execution progress and new situations both at home and abroad. The ideas and contents of the Strategy are to permeate the designing and execution of schemes and plans.

To increase monitoring and examination of the Strategy's implementation by Party committees and State agencies at all levels. At the same time, to promote the role of the people's oversight and comments, involving the population's wisdom in the implementation of the Strategy.

### ***3- Enhancement of the Party's leadership***

The implementation of this Socio-Economic Development Strategy is the central task of the entire Party, people, sectors and mass organisations, from the centre to the grassroots. Party committees at all levels must instill profoundly the Strategy content throughout the Party and people, achieve unanimity of will and action, concretise and organise its effective implementation in all fields of work at all levels, linking closely with Party building and rectification. This is an issue of decisive significance for the success of the Strategy's implementation.

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