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Research Article

ACHIEVEMENTS AND CHALLENGES IN ECONOMIC RESTRUCTURING IN THE SOUTHERN KEY ECONOMIC REGION OF VIETNAM IN THE PERIOD 2010-2020

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ABSTRACT

Over the past 20 years, since the Government signed a decision approving the socio-economic development master plan of key economic regions, along with the implementation of comprehensive economic reform policies, The southern key economic region has made a remarkable development in economic growth rate. The Southern key economic region has shown its important role as the driving force, the locomotive and the economic center of the country. In the period 2010-2020, the process of restructuring economic sectors has seen many positive changes, but there are still many challenges that need to be analyzed and evaluated.

Keywords: The southern key economic region, economic structure, achievement, challenge.

INTRODUCTION

The southern key economic region has a natural area of about 30,585.8 km2, accounting for 9.23% of the natural area of Vietnam. The southern key economic region is where many exciting economic activities occur, which has been a strong attraction for domestic and foreign investors. This region's infrastructure system is complete, such as the road, rail, sea, and air transport axes connecting regions throughout the country with Southeast Asia and other countries. In the process of formation and development, the Southern Key Economic Zone has shown an important role as a dynamic economic region. The Southern Key Economic Zone is considered the locomotive and center of economy, commerce, culture, training, healthcare, and high-quality scientific research of the whole country and is the leading region in the cause of national industrialization and modernization. Through more than 20 years of master planning for socio-economic development, the southern key economic region has achieved significant achievements in socio-economic development. The evidence is that the region's economic growth is fast and stable, the economic structure has shifted in a positive direction, and people's living standards have been improved. And the quality of health care and education has improved and improved; poverty reduction achieved good results, etc. However, the region's development and economic restructuring still face many challenges. Therefore, this paper focuses on evaluating the achievements that the Southern key economic region has achieved in the process of economic restructuring in the period 2010-2020 and analyzing the challenges that the region has to face economic restructuring in the coming period.

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ACHIEVEMENTS IN THE PROCESS OF ECONOMIC RESTRUCTURING IN THE PERIOD 2010-2020

The process of economic restructuring in the Southern key economic region in the 2010-2020 period has achieved a number of important results such as a positive shift in the structure of production value in economic sectors, economic structure, laborers are working in the economy and export structure.

Firstly, the structure of GRDP by economic sectors has changed positively

In the period 2010 - 2020, the GRDP structure of the region has shifted towards increasing the proportion of the service sector, reducing the proportion of the agricultural - forestry - fishery sector. The share of industry increased in the period 2010 - 2014 and then decreased in the period 2015 - 2020.In which, the proportion of the service industry increases from 33.11% in 2010 to 41.89% in 2020.The proportion of the agriculture - forestry - fishery sector decreased from 7.06% in 2010 to 6.30% in 2020 but the role of this industry is still focused. The share of industry - construction increased from 44.78% in 2010 to 46.88% in 2014 then decreased to 41.93% in 2020. Thus, the structure of the economic sector in the direction of service - industry - agriculture has clearly formed in the southern key economic region and is consistent with the general development law.

Table 1: Structure of GRDP by industry and by locality of the Southern key economic region

Unit: %

Province	2010	2015	2016	2017	2018	2019	2020
Ho Chi Minh city	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	0,67	0,73	0,72	0,66	0,66	0,67	0,74
- Industry - Construction	27,52	25,00	24,88	24,75	24,72	24,17	24,08
- Service	57,67	61,66	61,34	61,50	61,71	62,18	62,48
- Product tax minus product subsidies	14,14	12,61	13,17	13,09	12,90	12,98	12,71
Dong Nai	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	14,23	11,88	11,76	10,18	9,55	9,20	10,58
- Industry - Construction	53,50	58,19	58,33	58,68	59,58	60,84	59,97
- Service	23,62	21,78	22,24	22,89	22,65	22,18	21,83
- Product tax minus product subsidies	8,66	8,15	7,67	8,25	8,22	7,78	7,62
BaRia - Vung Tau	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	3,26	5,05	5,72	5,42	5,32	5,55	6,82
- Industry - Construction	83,13	77,85	74,97	75,16	75,53	74,91	69,30
- Service	9,65	12,69	14,28	14,34	13,81	13,93	15,90
- Product tax minus product subsidies	3,96	4,41	5,04	5,08	5,34	5,61	7,98
Binh Duong	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**99,98**
- Agriculture - forestry - fishery	5,26	3,26	3,01	3,05	2,77	2,62	3,15
- Industry - Construction	63,94	66,65	66,86	66,40	66,55	66,77	66,94
- Service	19,64	21,54	21,76	22,17	22,33	22,38	21,98
- Product tax minus product subsidies	11,15	8,55	8,37	8,38	8,35	8,23	7,90
Tay Ninh	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	38,52	27,80	27,80	25,56	22,84	21,13	21,65
- Industry - Construction	26,16	34,71	34,71	36,77	39,61	42,29	43,24
- Service	35,16	33,14	33,14	32,76	32,58	31,54	30,17
- Product tax minus product subsidies	0,15	4,36	4,36	4,91	4,97	5,03	4,95
Binh Phuoc	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	34,74	34,94	28,03	26,48	22,60	21,00	23,73
- Industry - Construction	20,34	23,60	27,55	30,85	34,87	37,74	38,48
- Service	40,01	36,61	40,22	38,37	38,06	36,89	33,52
- Product tax minus product subsidies	4,92	4,85	4,19	4,30	4,48	4,37	4,27
Long An	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	29,48	22,20	20,66	18,35	17,21	15,86	15,93
- Industry - Construction	31,34	39,30	41,70	44,89	47,71	50,00	50,33
- Service	35,08	31,93	30,95	29,95	28,39	27,59	27,22
- Product tax minus product subsidies	4,09	6,58	6,69	6,80	6,69	6,54	6,52
Tien Giang	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
- Agriculture - forestry - fishery	48,89	43,16	44,27	41,20	39,40	39,00	38,90
- Industry - Construction	18,20	24,10	21,54	24,40	26,16	26,78	26,19
- Service	29,59	29,26	29,18	29,04	28,86	28,48	28,88
- Product tax minus product subsidies	3,33	3,48	5,01	5,37	5,58	5,74	6,03

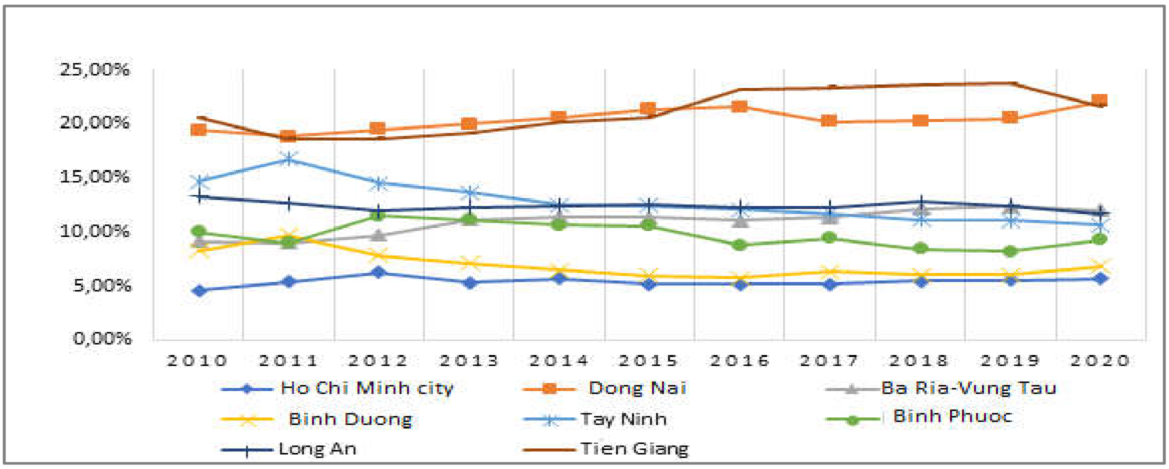
Source: Synthesize and calculate from the statistical yearbooks of 8 provinces and cities in the key economic region

Second, the internal structure of each economic sector has also had a positive shift towards industrialization and modernization

In the agriculture - forestry - fishery sector, although agriculture still plays a role in ensuring food security for the whole region, there has been a shift in the direction of reducing the proportion of the cropping industry, increasing the proportion of the livestock industry. This is reflected in the decreasing rice area and number of farming farms and increasing number of livestock farms over the years.

In the forestry sector, the shift fluctuates in the direction of increasing forest area (especially planted forest area) and increasing annual production of timber and forest products. In the fisheries sector, there is a shift in the reduction of aquaculture area and an increase in fish production including both capture and aquaculture production. The region has focused on aquaculture with high economic value. The application of clean technology and high technology to the agriculture - forestry - fishery industry has also been promoted. In particular, the focus on cultivation and aquaculture has contributed to accelerating the transformation within the agriculture - forestry - fishery industry.

Figure 1: The structure of production value of the agriculture - forestry - fishery sector by locality in the southern key economic region in the period 2010 - 2020



Synthesized and calculated from the Statistical Yearbook of 8 provinces and cities in the key economic region

In the industry - construction, the proportion of the processing and manufacturing industry is the largest and tends to increase, on the contrary, the proportion of the mining industry tends to decrease. This is a positive trend in industrial restructuring of the region, reducing dependence on natural resources. Industrial transformation and development has been based on exploiting the region's comparative advantages such as manufacturing electronics and components, machinery and equipment, footwear, textiles, wood products, textile fibers, etc. Over the past time, localities in the region have had many solutions to remove difficulties, create favorable conditions for enterprises to conduct production and business activities, promote trade promotion and attract investment. As a result, businesses always actively approach advanced technology, grasp the development trend of the fourth industrial revolution. The industrial production index of all localities in the region increased thanks to the positive growth of the processing and manufacturing industry and the stable development of the electricity production and distribution industry.

Table 2: Size and proportion of GRDP of industry - construction by economic sectors in the Southern key economic region for the period 2010 - 2020

Year	2010	2015	2016	2017	2018	2019	2020
GRDP scale of the whole region (Thousand billion dong)	**1.056,56**	**1.918,47**	**2.056,07**	**2.277,68**	**2.529,54**	**2.776,19**	**2.837,57**
Industry – construction sector	**473,11**	**826,58**	**862,32**	**960,67**	**1.085,50**	**1.178,69**	**1.189,83**
+ Mining	129,23	175,24	145,18	152,76	173,45	164,69	129,72
+ Processing and manufacturing industry	267,18	529,83	587,02	663,39	751,62	839,88	882,46
+ Production and distribution of electricity, gas, water and air-conditioning	27,22	44,59	42,99	45,05	47,30	53,34	51,77
+ Water supply; waste anagement and treatment activities	5,93	10,77	12,42	13,39	15,37	16,69	18,32
+ Construction	43,54	66,14	74,71	86,08	97,76	104,10	107,55
GRDP structure of the whole region (%)	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Industry – construction sector	**44,78**	**43,09**	**41,94**	**42,18**	**42,91**	**42,46**	**41,93**
+ Mining	12,23	9,13	7,06	6,71	6,86	5,93	4,57
+ Processing and manufacturing industry	25,29	27,62	28,55	29,13	29,71	30,25	31,10
+ Production and distribution of electricity, gas, water and air-conditioning	2,58	2,32	2,09	1,98	1,87	1,92	1,82
+ Water supply; waste anagement and treatment activities	0,56	0,56	0,60	0,59	0,61	0,60	0,65
+ Construction	4,12	3,45	3,63	3,78	3,86	3,75	3,79

Source: *Synthesized and calculated from the Statistical Yearbook of 8 provinces and cities in the key economic region*

The service industry also has a positive change. The share of most service sector in GRDP tends to increase in the period 2010 - 2020. During this period, the trade and repair of automobiles, motorcycles, motorbikes and other motor vehicles increased from 8.48% to 10.74%, the transportation and warehousing industry increased from 5% to 5.86 %, information and communication industry increased from 1.85% to 2.85%, education and training increased from 1.6% to 2.61%.Many areas of the service industry have applied modern science and technology to provide quality services to meet the socio-economic development of the whole region.

Table 3: The proportion of GRDP of the service sector by economic sectors in the Southern key economic region for the period 2010 – 2020

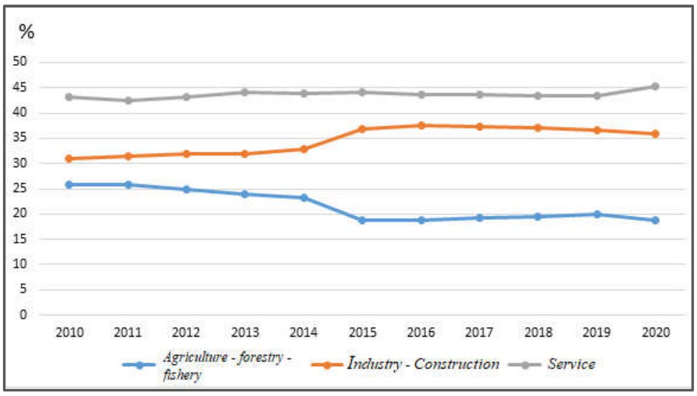
Unit: %

Year	2010	2015	2016	2017	2018	2019	2020
The whole region	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**	**100,00**
Service industry	**38,11**	**40,80**	**41,55**	**41,72**	**41,44**	**41,60**	**41,89**
+ Trade and repair motor vehicles	8,48	10,18	10,14	10,06	9,97	10,13	10,74
+ Warehousing transportation	5,00	5,81	5,86	5,89	5,99	6,00	5,86
+ Hotels and restaurants	2,61	2,48	2,52	2,57	2,56	2,57	1,93
+ Information and communication	1,85	2,72	2,94	2,87	2,82	2,79	2,85
+ Finance, banking and insurance	6,98	4,76	4,81	4,85	4,78	4,85	5,05
+ Real estate business	3,36	3,76	3,87	3,77	3,53	3,43	3,41
+ Professional activities, science and technology	2,62	2,91	2,92	2,85	2,77	2,75	2,94
+ Administration and support services	1,29	2,05	2,07	2,08	2,08	2,11	1,69
+ State management, national security	1,13	1,12	1,13	1,13	1,14	1,11	1,18
+ Education and training	1,60	2,14	2,28	2,37	2,40	2,42	2,61
+ Health and social relief activities	1,71	1,35	1,52	1,81	1,88	1,89	2,10
+ Culture, sports and entertainment	0,69	0,70	0,70	0,74	0,73	0,74	0,74
+ Other service activities	0,48	0,64	0,65	0,65	0,64	0,63	0,61
+ Employment activities in households	0,15	0,15	0,14	0,16	0,16	0,17	0,18

Third, the structure of labor by industry has shifted in line with the restructuring of economic sectors.

The structure of the labor force working in the economy of the southern key economic region has changed in accordance with the restructuring of the economic sector and in line with the process of industrialization and modernization. The proportion of workers aged 15 and over in the agriculture - forestry - fishery sector in 2010 compared to 2020 decreased by 7.16 percentage points, while the proportion of workers in the industry - construction and service sector increased. 4.96 and 2.2 percentage points respectively during this period. The number of new jobs created is increasing, mainly in the industry - construction and services, creating conditions for workers to have jobs and gradually improve their incomes and stabilize their lives. A positive point in labor restructuring is that the industry and service sectors often require higher quality of labor resources as well as know how to apply modern science and technology than the agricultural industry. Thus, this is considered a positive trend in the allocation of social labor resources and the right trajectory of economic restructuring.

Figure 2: The structure of laborers aged 15 and over working in the Southern key economic region by economic sectors in the period 2010 - 2020

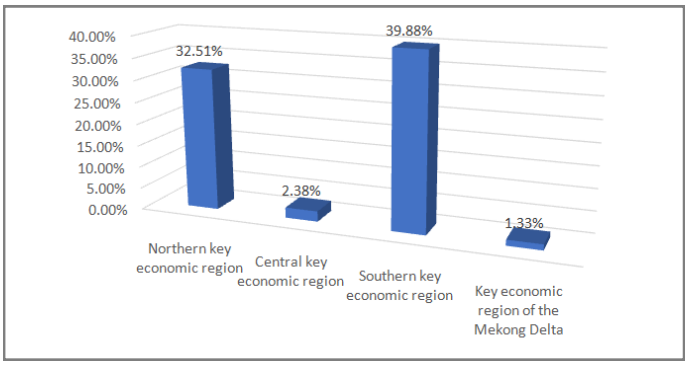


Fourth, the process of economic industrialization has promoted the restructuring of exports in the direction of industrialization and modernization

In the period 2010 - 2020, export activities of the Southern Key Economic Zone have increased rapidly, export turnover has increased by 8.45%/year on average. The southern key economic region has become the key economic region with the largest export value of goods in Vietnam. The structure of the region's exports has shifted towards reducing raw export content and increasing exports of processed and manufactured goods.

In the total export turnover of the whole country, the export turnover of the Southern key economic region always accounts for the highest proportion compared to the remaining key economic regions. In 2020, the export turnover of the southern key economic region reached 112,706.3 million USD, accounting for 39.88% of the total export turnover of the country. The structure of export goods continued to improve in the direction of reducing raw export content, increasing exports of processed and manufactured products.

Figure 3: Export share of key economic regions of Vietnam in 2020



Source: Summary and calculation from the report of the General Department of Customs

Limitations in economic restructuring of the southern key economic region. In addition to the achieved results, the process of economic restructuring in the Southern key economic region revealed the following limitations:

The structure of the shifting economic sector is not really balanced

The rate of restructuring of the agriculture - forestry - fishery sector is still slow, although the proportion of the production value of this industry tends to decrease, it still accounts for a high proportion in the economic structure. The proportion of the value of livestock and fishery is still low. The fishery industry is also facing the risk that the proportion will decrease in the near future due to competition, threats of unusual natural disasters, difficulties in limiting production capacity and farming area for the industry. Although the industry accounts for a large proportion of the GRDP of the whole region, the quality of the transformation is still limited. The industry sector has not improved the efficiency of industrial production organization, has not had a good coordination in the production process of products to improve economic efficiency. The phenomenon of lack of a number of supporting industries is still common, and the distribution of production clusters and production lines is still unreasonable. The process of innovation and application of new scientific and technological achievements to production in some localities in the region is still limited. In the structure of industrial products in some provinces in the region, the proportion of industrial products with high added value is still low, mainly focusing on production activities in the final stage, bringing about low added value. The service industry has not yet developed commensurate with the potential of the region. The proportion of service value in the economic structure of the Southern key economic region increased at a slow rate. The limitation of the service sector in the Southern key economic region is that the structure of the service industry and the proportion of sub-sectors still has a large difference. The basic service industries (hotel, restaurant, transportation, warehousing, communications) that promote the development of other industries have almost no growth.

The export structure of localities in the Southern key economic region is quite different

Although the growth rate of exports is still high and increasing, the difference in export value of provinces and cities in the region is too large, limiting the ability of exports to contribute to economic structure of the southern key economic region. For example, the export value of Ho Chi Minh City in 2011 was 28,181.4 million USD and that of Binh Phuoc province was only 717.8 million USD or Tien Giang province was only 1,758 million USD. Similarly, in 2020, the export value of Ho Chi Minh City is 44,350.9 million USD, Binh Phuoc province is 3,068.2 million USD or Tien Giang province is 3,171.1 million USD. The export structure of localities has hardly changed, only focusing on exporting unprocessed agricultural products such as rice, rice, coffee, seafood and minerals. Products with high-quality technology content are not exported, and the proportion of high-tech goods exported to the total value of processing exports of the region is still low. In addition, the network of supporting industries that directly serve the region's export-oriented production activities is undeveloped. In contrast, the export manufacturing industry mainly imports raw materials for processing such as footwear, leather and garment industries.

The restructuring of the economic sector has not brought into full play the potential and comparative advantages of the region, not commensurate with the economic potential.

The speed of economic restructuring is still slow. With the structure of the agriculture - forestry - fishery sector reaching 6.3%, the industry - construction sector 41.93% and the service sector 41.89% in 2020, the economic structure of the region has not yet reached the level of a region with a developed economy. The region is only gradually approaching the basic economic sector structure targets to be achieved by a developed economy. In fact, in some localities in the region such as Tay Ninh, Binh Phuoc, and Tien Giang, it shows that the industry - construction accounts for a small proportion, the high-tech and mechanical industries develop slowly. the rate of post-processing industry is still low. The local industry is still small in terms of scale, the level of technology is not modern, making products of low quality, production costs and high prices, thus reducing the competitiveness of goods in the market. Important service industries that meet the requirements of production and modern life such as finance, banking, science and technology, telecommunications, and consulting are still underdeveloped. Therefore, the labor force structure of these localities is still not reasonable, especially the labor force in the service sector has not increased much with low productivity. The region's labor force is mainly unskilled labor, so there are not many opportunities to self-implement the transformation of industrial and technical industries flexibly.

The process of economic restructuring still faces some limitations in mobilizing input resources.

In order to change the structure of the economic sector to meet the requirements of industrialization and modernization, localities in the region have focused on developing the industrial sector and the service sector in a modern direction. However, the economic situation in recent years has faced many difficulties, so the accumulation and mobilization of capital for investment is still limited. In addition, the provinces and cities in the southern economic region are focusing on infrastructure development, so the total investment capital for industrial and service development has not yet met the requirements of modern production.

CONCLUSION

In the period 2010-2020, the restructuring of economic sectors of the Southern key economic region has achieved many positive results, helping the region increasingly hold an important driving position in the Vietnamese economy. However, the process of restructuring the region is still facing many difficulties and challenges such as the economic restructuring structure is not really suitable, the export structure of localities in the region is still different, etc. These limitations come from reasons such as the lack of appropriate mechanisms and policies for the economic transformation of the region in the past time; capital sources and capital use efficiency are still low, Human resources are still limited; The level of science and technology and technical equipment is not high; Difficulties in goods consumption and market development, etc.

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