

REGIONAL ECONOMIC POLICY DEVELOPMENT: AN ANALYSIS OF VIETNAM'S MEGACITY - HO CHI MINH CITY

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TÓM TẮT

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Keywords: Ho Chi Minh city, Đổi mới 1986, Five-year plan, Regional economic development policy, Development strategies

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Bài nghiên cứu này phân tích kế hoạch và quá trình phát triển kinh tế của Thành phố Hồ Chí Minh từ năm 2011 đến năm 2020. Mục tiêu trọng tâm là đánh giá các chiến lược đột phá đã mở đường cho thành phố này đạt được những thay đổi và phát triển ấn tượng, trở thành trung tâm phát triển kinh tế xã hội lớn nhất của Việt Nam. Những thay đổi đáng kể trong tư duy, định hướng và tầm nhìn của các nhà hoạch định chính sách và chính phủ trong giai đoạn 2011-2020 được phân tích và so sánh theo kế hoạch phát triển năm năm. Sự khéo léo và bản lĩnh trong việc thực hiện các chiến lược phát triển kinh tế đã giúp thành phố này chuyển mình thuận lợi và góp phần đưa Việt Nam trở thành thành viên các nền kinh tế phát triển nhanh trong năm 2019. Trên cơ sở phân tích những đổi mới trong chiến lược phát triển kinh tế, vai trò quan trọng của trung tâm kinh tế lớn nhất này trong việc thúc đẩy kinh tế sự phát triển ở khu vực phía Nam của Việt Nam đã được minh chứng rõ ràng. Nhiều khuyến nghị về sự phát triển và ảnh hưởng lan tỏa của thành phố Hồ Chí Minh cho các khu vực lân cận được coi là những đóng góp quan trọng cho nghiên cứu này.

ABSTRACT

The purpose of this paper is to examine Ho Chi Minh city's economic development process and plan from 2011 to 2020. The main focus is to evaluate the breakthrough strategy that has allowed this city to achieve impressive economic changes and development and become Vietnam's largest economic development center. Significant changes in policymakers' and the government's thinking, direction, and vision during the period 2011-2020 were analyzed and compared according to the five-year development plan. Ingenuity and bravery in performing the economic development strategy have aided this megacity in favorably transforming and have brought Vietnam into the council of fast-rising economies in 2019. Based on analyzing the innovations in the economic development strategy, the vital role of this biggest economic center in promoting economic development in the southern region of Vietnam is obviously demonstrated. Numerous recommendations about the development and the pervasive influence of Ho Chi Minh city on nearby areas are considered as crucial contributions of this study.

I. Introduction

Ho Chi Minh City (HCMC), formerly known as Saigon, once “The Pearl of the far east” is the second-largest city in Vietnam (the largest being Hanoi) (Nguyen *et al.*,

2016). It is the most crowded city in the country with an official population of over 8 million people on a total area of over 2,095 km². The city now comprises 19 districts and 5 suburban districts. District 1, along

the Saigon River, where downtown Saigon is located, is the commercial center and contains most of the city's monuments and landmarks. With favorable weather the whole year round and the convenient access from other countries by air, by road, and by sea, HCMC is a busy and dynamic metropolitan (Kontgis *et al.*, 2014).

First established in 1698 and considered as an administrative unit under the Nguyen Dynasty, Saigon Gia Dinh attracted people from all over the country coming here to reclaim the land and settle. Later during the mid and late 19th century, it became the principal city of Cochinchina under French rule. Then Saigon served as the capital city of South Vietnam from 1956 to 1975 till the unification of the country. HCMC retains the faded look of a European city, its many Western-style buildings dating from the period of French colonial rule. Today, the city has emerged as the center of commerce, economy, education, science and technology, health care, and tourism of Vietnam.

The economy of HCMC now contributes to one-third of the country's GDP. The city is fast in industrialization (Yamada and Yamada, 2021). The main light industries here include textiles and garments, footwear, plastics, food processing, electricity, automobiles, electronics, computers, rubber tires, and mechanical products; handicrafts such as embroideries, bamboo, and rattan wares, lacquer wares. Tourism also plays a very important role in the city economy. In 2019, Viet Nam received more than 20 million foreign tourists and more than half of that came to HCMC.

HCMC is one of the first to complete this compulsory education among the children. Besides, many international schools provide more opportunities for students to join either

locally or abroad. As for the medical care system, Vietnam has a nationwide network of health care from the central and provincial to commune levels. Medical insurance is compulsory for all those who work for organizations and enterprises which can cover partly or all the hospitalizing costs. The self-employed pay for voluntary medical insurance to get the same benefits or go to private hospitals or clinics. Furthermore, migration is an important component of the city's population, influenced by rapid economic growth, with an influx of foreigners and expatriates moving to the city during the past years. It can be affirmed that HCMC is not only an economic center but also a cultural center with diverse colors of the world converging to serve the development of education and economy (Kontgis *et al.*, 2014; Duan *et al.*, 2020). When it comes to entering Vietnam, multinational and technology businesses frequently choose HCMC. The city is home to the country's leading institutions, research institutes, and the country's major international airport. HCMC, as the country's most developed city, has long served as the country's economic hub.

The purpose of this essay is to examine HCMC's economic development process and plan from 2011 to 2020. The focus is on the main strategy that has allowed HCMC to achieve economic development breakthroughs and become Vietnam's largest economic development center. It is possible to detect significant changes in policymakers' and the government's thinking, direction, and vision during the period 2011-2020. Ingenuity in economic development strategy has aided HCMC in favorably transforming and bringing Vietnam into the council of fast-rising economies in 2019 (Pham and Tram, 2021).

The main outcomes of this research are presented in the following parts. The

introduce the stages of development and economic achievements of HCMC will be in section 2. In section 3, the author focuses on analyzing the values of the Doi Moi 1986 policy, clarifying how leaders were flexible, innovative, and took advantage of resources and advantages to help HCMC develop strongly as it is today. Lastly, some personal comments and suggestions are posed for future development.

II. Long-run development of Ho Chi Minh city

HCMC's economy has always maintained a high growth rate for many consecutive years (Kontgis *et al.*, 2014; Nguyen *et al.*, 2016; Yamada and Yamada, 2021). Before implementing the doi moi policy, in 10 years (1976 - 1985), the city's gross domestic product (GDP) only increased by an average of 2.7% per year. In the 1991-2010 interval, HCMC was one of the very few localities with an averaged double-digit economic growth for 20 years. From 2011, the city has also achieved an economic growth rate of approximately 10% per year, 1.6 times higher than the national average. GDP per capita has continuously increased rapidly, from about 700 USD in the period 1995-1996, to 6,862 USD in 2019. Some important information is presented in Table 1:

Table 1. Viet Nam and Ho Chi Minh city fast facts

Country/ city	The Socialist Republic of Viet Nam	Ho Chi Minh city
Surface area	329,241 km ²	2061 km ²
Population	98.564.407 (2021 – United Nation)	8.800.000
Population density	317/km ²	4269/km ²

Percentage of urban population	37.34% (2021)	100%
GDP	USD 271.2 million (2020)	USD million (2020)
GDP per capita	USD 2.800 (2020)	USD 6.862 (2019)
Percentage of employment by industry	Agriculture: 48% Industry: 21% Services: 31% (2020)	Agriculture: 1% Industry: 39.6% Services: 59.4% (2020)
Economic growth rate	1.29% (2020), 6.21% (2021)	1.39% (2020), 6.65% (2021)
(Source: Author, 2021)		

The economic scale, the potential of HCMC, and its contribution to the whole country are increasing. Up to now, the city has contributed about 1/3 of industrial production value, 1/5 of export turnover, 1/5 of the economic scale of the country; contributing 30% of the total national budget revenue. The economic structure is actively shifting towards industrialization and modernization. By 2020, the proportion of services will account for 59.6% of GDP, industry, and construction will account for about 39.4%, the agricultural sector will only be 1% and is developing towards forming urban agriculture. ecological market. By the end of 2020, the number of the poor was only about 3%.

During the 30 years of implementing the Đổi Mới policy (Renovation policy), HCMC has made an important and active contribution to the process of researching, planning, and developing innovative ways of growth model and economic restructuring. The policies focus on: (1) accelerating industrialization and modernization of the country; (2) perfecting institutions, developing a socialist-oriented market economy. From

the pilot implementation of many breakthrough policies of the city for an open economy, the models of the market economy, the diversification of many economic sectors have created favorable conditions for businesses in the market economy to bring into play its capacity and advantages. This is also one of the convincing practical bases for the Government to develop guidelines and institutionalize them into important legal frameworks such as the Law on Enterprises and the Law on Investment, which is generally applicable to all economic sectors in Vietnam.

The vivid reality of HCMC over the past 40 years also shows that: (1) To stabilize the macro-economy, it is not necessary to have many state-owned enterprises. It is important that SOEs operate effectively and that the State uses many tools at the same time to regulate the market. In addition, the diversification of ownership and the exercise of citizens' freedom to do business are the driving forces for socio-economic development, industrialization, and modernization. (2) To develop a socialist-oriented market economy, it is necessary to attach great importance to perfecting economic institutions to develop synchronously market factors and types of markets. Moreover, promoting creativity in order to maximize the role of the State in limiting the negative impact of market defects. (3) The Party's role in sticking to reality, prioritizing creativity, enhancing solidarity, giving full play to the people's mastery role, and strongly attracting resources for economic development sustainability and quality of human life.

The two components of the centrally-planned Viet Nam Socio-economic Development Plan are the 10-year "Socio-economic Development Strategy" and the

corresponding consecutive two "Five-year Socio-economic Development Plans". The stated objective of the current 10-year strategy is "to accelerate national industrialization and modernization along the socialist line and to build the foundation for the country to become an industrialized nation by 2020."

The 10-year strategy program was initiated after the *Đổi Mới* policy 1986 were introduced. The 10-year strategy (2011-2020) in Viet Nam is the third of its kind. The five-year plans, on the other hand, well predate the *Đổi Mới* reforms. The 2011-2015 five-year plan is Viet Nam's ninth.

Both the 10-year strategies and five-year plans fall under the jurisdiction of the Ministry of Planning and Investment (MPI). The MPI is the primary government organ delegated with the responsibility of coordinating with the relevant agencies involved in the drafting of the plans and with producing the final documents. The proposal developed by the MPI is finalized after official deliberations by the government and the Communist Party.

2.1 Five-year planning: 2011-2015

Historical features: The influence of the financial crisis and the global economic recession 2009.

Targets: Economic restructuring, The knowledge-based economy, Modern economic structure towards service-industry

In HCMC's Socio-Economic Development Plan for the five years 2011-2015, it is clearly stated that the average annual growth rate of gross domestic product (GDP) is set at 12% and 1.5 times higher than the average growth rate of the whole country. The city also determined that economic growth must be associated with social justice in every step of development, with environmental

protection, towards sustainable development and the development of a knowledge-based economy, improving material and the spirit of the resident, strive for the gross domestic product (GDP) per capita by 2015 to reach about \$4,800.

The city's economic development perspective is to shift the economic structure in the direction of promoting the growth of the service sector higher than the speed of the industry - the construction sector, promoting the development of quality service industries and high added value. Striving to achieve an average annual growth rate of 13% of added value in the service industry. In which, focus on developing 9 major service industries with potentials and strengths of the city: finance, banking, insurance, commerce, tourism, transportation, port and warehousing services, postal, telecommunications, information, and communication, property business, real estate; consulting services, science, and technology, health and education.

Action program:

- Changing the economic composition, increasing the participation of the private sector, reducing the leading role of the state
- Restructuring resources: giving priority to where capital is better used
- Encourage the development of economic sectors by establishing mechanisms and a fair competitive environment
- Improve the efficiency and management role of the state,
- Increasing investment in the education system,
- Improving residents' quality of life: Sustainable environmental policy.

Outstanding achievements

- Gross domestic product (GDP) increased quite high, an average of

9.6%/year, 1.66 times higher than the average growth rate of the whole country.

- The contribution of the city's budget revenue to the national budget next year is higher than that of the previous year, accounting for 27.7% in 2011 and 30% in 2015, increasing twice as much in the 2006-2010 period.

- The role and position of the city in the economy for the whole country is increasingly confirmed, the proportion of the city's economy in the national economy is increasing, from 18.3% in 2011 to 23.5% in 2015.

- The average annual growth rate of industry value added is 11%. Four key industries with strong transformation are mechanics, electronics-information technology, chemicals, and food-food processing. The average growth rate of agricultural value is 5%. Agriculture develops in the direction of modern urban agriculture, combined with new rural construction. By 2015 economic structure (% of GDP): service 57%, industry 42%, and agriculture 1%.

- HCMC also enhances the improvement of the investment and business environment, as well as implements many policies to attract investment from all economic sectors.

- HCMC has completed the construction of high-tech parks, software parks, hi-tech agriculture zones, medical zones, high-tech mechanical zones, etc., supporting economic development and improving human quality of life.

2.2 Five-year planning: 2016-2020

Target: a highly centralized command economy to a mixed economy, the central hub, into an economic engine for Southern Key Economic Region and then the whole country

Action program:

- Focusing on innovation, research, and the application of advanced technologies.

- Listing of key industrial sectors and formulated policies to encourage their development: a network of supportive enterprises

- Reforming the business environment

- Achieving a balance in the triangle of sustainable growth: economy - environment - human welfare

- Reforming the business environment, which has significantly improved its competitiveness

Outstanding achievements

During the 2016-2019 period, Ho Chi Minh City's economy grew by an annual average of 7.22%, accounted for 22.2% of Vietnam's economic output, and contributed 27% to total government income, according to a draft political report of the municipal Party committee. The income per capita in 2019 reached an estimated US\$6,400, more than twice the national average.

The city also saw strong growth in other areas. During the 2016-2019 period, tourism grew by more than 17% per year and the city welcomed nearly 33 million foreign arrivals, with the figure for 2019 alone at 8.6 million, making up nearly half of the total foreign tourists to Vietnam. The Index of Industrial Production (IIP) grew by an annual average of 7.7%, with four major industries expanding by 9% per year.

The municipal economy's quality of growth and competitiveness has been enhanced thanks to a focus on innovation, research, and the application of advanced technologies. According to the Ho Chi Minh City government, the ratio of domestic

content in four major industrial sectors and two traditional industries has been increasing over the years and is estimated to reach 66% in 2020.

The city has made a list of key industrial sectors and formulated policies to encourage their development. The initial result has been the formation of a network of supportive enterprises taking part more and more in global supply chains.

Labour productivity has also grown steadily over the years and is the highest in Vietnam. Productivity in 2020 is estimated at US\$14,300, 2.7 times higher than the national average. Average productivity growth during the 2016-2020 period was 5.17%, compared with 4.42% during the 2011-2015 period, with productivity in the services sector growing by 5.8% annually.

One of the important measures actively taken by the city government is reforming the business environment, which has significantly improved its competitiveness. The duration for investment registration procedures, for example, has been cut to ten days from 15 days in 2016. The duration for handling enterprise establishment procedures has also dropped from nine to three days. The proportion of business registrations made through the internet is estimated at 70%.

Thanks to such reforms, the total number of new businesses during 2016-2020 is estimated at 209,100 with total registered capital of US\$120.6 billion, up 58% in number and 236% in capital compared with the 2011-2015 period. It is expected that the city will have 449,350 registered enterprises by the end of 2020. Notably, new businesses in four key industrial sectors increased by 17.3% annually while new businesses in garment and footwear grew by 15.2% per year.

The city has also focused on developing the Saigon Hi-tech Park (SHTP), whose contribution has been growing increasingly great. During the 2016-2020 period, its exports were estimated at US\$63.5 billion, nearly five times larger than the 2011-2015 period. The SHTP is the core driving creativity and development in the city’s eastern part, the place that provides and nurtures scientific and technological ideas, attracts high-tech capital and workforce from at home and abroad.

The position of Vietnamese universities has been raised in Asia and world rankings. Vietnam ranked 68/196 countries in the world in 2019. For the first time, there are 4 higher education institutions in the top 1,000 best universities in the world. Vietnam is a destination of choice for many international students in recent years.

With digitalization and the application of smart solutions, the city will achieve higher productivity and economic growth. As a result, the city will be more competitive, its enterprises better facilitated, its people happier and the government can function more effectively.

The data in Table 2 show the outstanding achievements in the socio-economic development of HCMC based on appropriate economic development strategies at each stage.

Table 2. Main achievements for 2011-2015 and 2016-2020 period

	2011-2015	2016-2020
Key strategies	<ul style="list-style-type: none"> • The knowledge-based economy, 	<ul style="list-style-type: none"> • Regional innovation systems, • Ecosystem,

	<ul style="list-style-type: none"> • Modern economic structure towards service-industry, • Encouraging private sector increase 	<ul style="list-style-type: none"> • Reforming the business environment, • Attracting foreign investment • A highly centralized command economy to a mixed economy, the central hub, into an economic engine for Southern Key Economic Region and then the whole country
Average growth rate	10.5%	7.22%
The income per capita	4500 US	6000 US
Tourism growth	8%	17%
The contribution of TFP	30%	40%
Attracted FDI	11%	20%
<i>(Source: Author, 2021)</i>		

Figure 1 shows the quality of life in HCMC, through the rankings, it can be seen that this city has a good ranking in housing, cost of living, safety, and start-up. The number of start-up projects in HCMC has increased rapidly in the last 3 years. The feasibility and sustainable development of startup projects are highly appreciated.



Figure 1. Quality of life in HCMC

Source: Ho Chi Minh city-data - 2021

III. Looking back at regional development policy for 2011-2020 interval

3.1 Doi Moi policy: Characteristics and values

"Doi Moi policy - Renovation policy" is a comprehensive reform program covering the economy and many other aspects of social life initiated and officially implemented by the Communist Party of Vietnam in 1986. Economic innovation is carried out in parallel with innovation in other aspects such as administration, politics, culture, and education. However, Vietnam's politics has only changed very small and not fast compared to the economy because it still retains the same model of socialism and communism according to Marxism-Leninism. "Doi Moi" policy in Vietnam is similar to the new economic policy of the Soviet Union under the leadership of Lenin (1921-1924), Reform and Liberation in China, and Renovation in Laos. "Doi Moi" in Vietnam after 1986 is seen as a re-applying of Lenin's NEP model. The views on Economic innovation of Vietnam and China are based

mainly on the reform experiences of Eastern European countries, but in Vietnam and China, renovation comes from the economic field, not accompanied by great political, ideological, and social changes (Freeman, 1996; Beresford, 2008; Kien and Heo, 2008).

Implementing the Doi moi policy, with the general economic model of building a socialist-oriented market economy, Vietnam has escaped the socio-economic crisis, creating the necessary preconditions for transformation into a new development period - the period of accelerating industrialization and modernization. The specific content of the Doi Moi policy includes the following main points:

(1) Renovate theoretical thinking on socialism, in order to make cadres and people properly aware of socialism, recognize the causes of backwardness, stagnation, and errors in theory and practice in the field of socialism. the construction of socialism. Renovation of thinking is a comprehensive innovation of awareness, first of all, about economics; consider economic innovation as the focus, consider giving the right solutions to economic development as the most important.

(2) In terms of the economy, the policy of consistent implementation of the policy of a commodity economy with many components including the state economy, collectives, individual smallholders, private capital, the state capital, and capital-invested economy foreign investment, in which the state economy plays a leading role. Eliminate the centralized bureaucratic subsidy mechanism, switch to a market mechanism under the management of the State in the direction of socialism. The

economy moves from being closed, closed, to open, and integrated with the world.

(3) In terms of society, promote the human factor, ensure to continuously improve the material and spiritual life of all members of society, and implement social justice. The State creates conditions for everyone to work, eat, stay, travel, study, rest, treat illness, and improve their physical condition. Develop public welfare careers.

(4) In terms of culture, building an advanced culture imbued with national identity, inheriting and promoting traditional culture, absorbing the cultural quintessence of mankind.

(5) In terms of politics, first of all, the Party must improve its leadership capacity and combat strength by renovating the organization and renewing the contingent of cadres; innovation in leadership and working methods.

(6) In terms of foreign affairs, consistently implement the foreign policy of independence, self-reliance, openness, and diversification of international relations. "Vietnam wants to be a friend and reliable partner of countries in the international community, striving for peace, independence, and development."

(7) In terms of national defense and security, It is essential to put the country's security in the context of the general security of the region and the world. The task is to raise the defense power of the country, protect independence, unify the sovereignty and territorial integrity, and create a peaceful environment for workers to build the country.

Based on historical values, appropriate government policies, and leadership

capacity, HCMC fully converges with favorable conditions of Doi Moi policy including Regional leader's mindset, Favorable regional policies, Identifying the key resources, Mix of companies, Venture capitalist and Start-up, Strong associations, Great universities. Based on the strengths and benefits from the advantages, HCMC's economic development plan every 5 years has been successfully implemented and brought about many outstanding results. The economic development can be said to be stable (see Figure 2). The unemployment rate has fallen sharply over the years, but due to the covid-19 pandemic, there has been a lot of volatility in the labor market in 2020 (see Figure 3). Policymakers critically summarize, analyze and evaluate the results of the previous period and thereby develop a more appropriate plan for the new period. The successes of the Doi Moi policy have helped HCMC become an attractive destination for foreign investment, an attractive economic development center, a land for start-ups (see Table 3), and a source of energy to spread to surrounding areas.

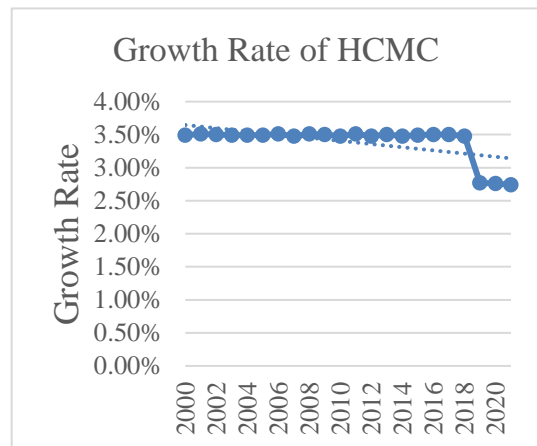


Figure 2. Growth rate of HCMC from 2000-2021. Source: Vietnamese

statistical office. (Source: Vietnamese statistical office)

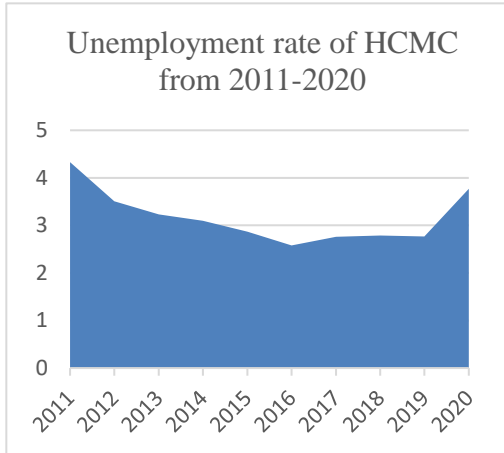


Figure 3. An unemployment rate of HCMC from 2011-2020. Source: Hochiminh statistical office - 2021

Table 3. Start-up enterprise of Vietnam and HCMC

	2012	2015	2017	2019
Number of new establishments enterprises of Vietnam	69800	94700	127000	138100
Number of new establishments enterprises of HCMC	23500	31800	49700	44000
Number of Start-up enterprise of Vietnam	400	1800	3000	3800
Number of Start-up enterprise of HCMC	150	1020	1900	2800
Venture capital for HCMC	280 million USD	400 million USD	750 million USD	900 million USD

Source: Author, Hochiminh data 2021

3.2 Constraints that need to be researched and dealt with

Notwithstanding, besides the achievements, in the process of implementing economic activities in the

period 2011-2020, there are still many difficulties due to limitations and shortcomings. Specifically: (1) The summary of actual data is not timely, leading to a lack of data for evaluation and forecasting. The economy has a fast but unsustainable level of development, not commensurate with its potential, and resources have been mobilized. (2) Macroeconomy is not very stable, heavily influenced by China and European countries. The quality, efficiency, social labor productivity, and competitiveness of the economy are still low. Development is still unsustainable in terms of culture, society, and the environment. Due to the policy of loose environment for foreign investors, it leads to the degradation of the environment, causing pollution, floods, and public health. Rapid integration leads to the loss of indigenous cultural elements, the specificity of traditions being overlooked.

State influence and control remain high, leading to limited private sector participation. In addition, the characteristics of the state economy are also reflected in the difficulty of accepting innovation and the complexity of administrative procedures. Many outdated production lines are still maintained, leading to low production efficiency, not meeting the right resources. Socialist ideology has lost many opportunities to expand trade with European countries.

HCMC has become an attractive destination for immigrants from many other regions, workers to find jobs and expand business activities, experts to study and research, entrepreneurs to develop markets. This leads to a number of challenges in terms of population pressure (see Figure 4), social impacts such as social evils, and especially the rapid spread of diseases such as the Covid-19 pandemic.

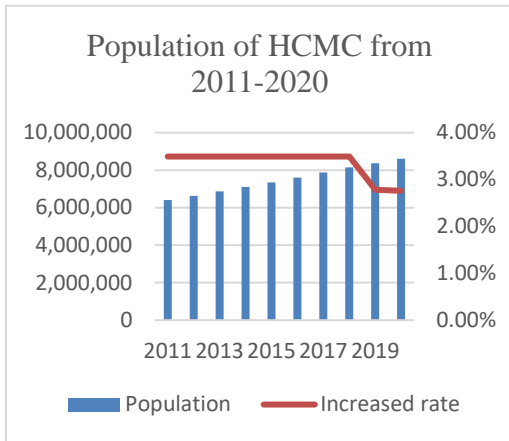


Figure 4. Population of HCMC from 2011-2020 *Source: Hochiminh statistical office - 2021*

Due to the attractiveness of a smart and modern city, students or laborers do not want to return to their hometown, leading to many regions experiencing a lack of labor force, lack of opportunities for investment and infrastructure development. This is the main reason for the disparity in development between provinces and regions. The gap between rich and poor also comes from this reason. Many provinces or regions are lag behind, unable to meet the resources and conditions for cooperation.

The huge gap between HCMC and surrounding areas is one of the challenges facing the policy-maker. It is necessary to distribute investment opportunities to other provinces and regions, to build them into economic centers like HCMC, that is the way to make full use of the untapped resources in Vietnam, also the solution for sustainable development based on fair distribution and giving resources time to recover.

From those achievements, limitations, and shortcomings, some lessons can be drawn:

(1) The renovation process must be proactive and constantly creative based on respecting national independence and socialism, inheriting and promoting national traditions, absorbing the cultural

quintessence of mankind, and applying international experiences to suit Vietnam.

(2) Doi Moi process must always adhere to the concept of "resident is the roots", for the sake of the resident; promoting the role of mastery, sense of responsibility, creativity, and all resources of the resident, and promoting the strength of national unity. Ensuring the highest interests of the nation - nation; actively integrate into the world on the basis of equality and mutual benefit. Always consider the national interest - the nation is paramount.

(3) Innovation must be comprehensive, synchronous, and have an appropriate process. That process must respect the objective law; start and stick to reality; theoretical research, focusing on timely and effective solutions to practical problems. It is necessary to comprehensively and synchronously innovate in all areas of life, from awareness, ideology to practical activities; from the leadership of the Party and the management of the State to activities in each part of the political system; from activities at the central level to activities at local and grassroots levels.

IV. Conclusion

HCMC, also known as Saigon, is Vietnam's economic and financial center. Accounting for one-third of Vietnam's GDP, this dynamic city of over 10 million inhabitants is widely seen as one of the fastest-growing markets for technology and manufacturing in the region and the top emerging property market in Asia-Pacific (Fan *et al.*, 2019).

The city's business scene is very dynamic and fascinating with a young workforce with a median age of 30.1 years. Over a million young people are coming into the labor market every year. This education-oriented and energy generation is an important factor contributing to unique start-up culture and a solid entrepreneur community. It is the combination of cultural vibe, flourishing start-

up environment, and the concentration of cutting-edge firms and technology that draw talented people to HCMC.

Despite the significant impacts of the coronavirus pandemic, HCMC has sustained stable growth, meriting the role of Vietnam's leading economic engine (Duan *et al.*, 2020). In order to maintain such a position, the city's government and people have been working hard with various measures to make the city grow faster and more sustainably.

In the 2011-2020 interval, HCMC strives to maintain its role as Vietnam's economic engine by (1) Abolishing the subsidy mechanism and forming the thinking of planned distribution of development resources, (2) Ensuring equal competition conditions, liberalizing economic activities and prices, (3) Changing the thinking of investment and development in horizontal lines to properly focus on creating economic locomotives capable of bringing Vietnam to effective and sustainable development, (4) Focusing on knowledge-based on economic, increase entrepreneurship, and diffusion-oriented innovation support policies.

HCMC identifies 3 main goals for the 2020-2025 term, with a vision to 2045:

- By 2025, the city will become a smart city, service, and industrial city in the direction of modernity. Maintaining its role as the economic locomotive and driving force for the economic development of the southern key region and the whole country. Taking the lead in innovation, having a good quality of life, civilization, and modernity. GRDP per capita is about 8,500 USD.

- By 2030, to be a modern industrial and service city, a cultural city, a leader in the digital economy and digital society. GRDP per capita is about 13,000 USD. HCMC belongs to the group of 2 leading localities in digital government, the digital economy accounts for 40% of GRDP, annual labor productivity increases by at least 9%. As the

economic, financial, commercial, scientific-technological, and cultural center of Southeast Asia.

- Vision to 2045, becoming the economic and financial center of Asia. Sustainable development, high quality of life, GRDP per capita about 37,000 USD, is an attractive global destination.

In the coming period, to accomplish the above development goals, there are main problems for HCMC in formulating economic development policies as follows:

(1) In the economic field, it is necessary to expand the ability to attract more investment and competition in administrative matters, environmental policy, and corporate law;

(2) In the field of urban management, the biggest challenge is the inadequacy between the level of socio-economic infrastructure development with the economic growth rate and the requirement to improve people's living standards. The important issue is not only improving the quality of infrastructure in HCMC but also in the surrounding areas to spread investment and cooperation opportunities. This reduces population pressure, reduces environmental pollution. It is the sharing of development opportunities for other localities, creating links in the regional development chain.

(3) In terms of the growth model, HCMC needs to move towards a growth model based on improving labor productivity, quality, and competitiveness. The growth strategy needs to continue to shift growth from being primarily export- and investment-based to developing concurrent investment, export, and domestic consumption. Growth drivers must be based on labor productivity, science-technology, and innovation. Promote research and development (R&D) to improve quality and efficiency, enhance added value, rapidly increase domestic value, and participate effectively in global

value chains. Growth resources are based on the exploitation and promotion of internal resources while attracting and effectively using external resources. And the growth goals need to aim at long-term goals, sustainable growth, efficiency, and for people.

(4) With the leading role, HCMC needs to actively research and propose appropriate mechanisms and policies to increase its autonomy in attracting investment capital from abroad; proactively coordinate with localities to research and propose institutions to strengthen regional economic development and regional linkage; focus on developing city traffic and infrastructure under the "open city"

perspective, linking provinces in the southern key economic region, supporting synchronous development.

(5) In addition, it is necessary to strengthen the application of international standards in public administration, public services, and corporate governance; training and developing high-quality human resources, fully meeting the requirements of international integration. Continue to pay attention and have effective solutions to support private enterprises, small and medium enterprises to start their businesses in the area, considering this as an important dynamic and creative driving force for business development and socio-economic of this city.

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