

VGP - Prime Minister Nguyen Tan Dung on June 9, 2014 signed Decision No. 879/QD-TTg to approve the Industrial Development Strategy through 2025, vision toward 2035.

The following is the translation of the strategy

1. Viewpoints

- a) To develop the industrial sector on the basis of effective mobilization of resources from all economic sectors; to encourage the development of the private sector and foreign invested sector.
- b) To develop priority industries and industrial fields, primarily focusing on agricultural and rural industrialization and modernization, on the basis of high-quality human resources and advanced technologies, regarding competition as a driving force for development.
- c) To utilize existing advantages and international opportunities; to associate production with services and trade, and to actively participate deeply into the world industrial production value chain.
- d) To focus on developing a number of dual-purpose industries to serve national defense and security.
- dd) To develop the industrial sector on the basis of green growth, sustainable development and environmental protection.

2. Industrial Development Strategy

To effectively mobilize all resources from domestic economic sectors and external resources to develop and restructure the industrial sector towards modernity; to focus on training skilled, disciplined and innovative workforce for the industrial sector; to prioritize the development and transfer of technologies in the industrial sub-sectors and fields with competitive advantages and modern and advanced technologies such as agricultural, forestry and fishery product processing, electronics, telecommunications, new and renewable energy, mechanical engineering, and pharmaceutical chemistry; to rearrange the allocation of industrial space in order to promote the combined strength of sub-sectors, regions and localities for deep participation into the global value chain.

Groups of industries selected as development priority are as follows:

a) Processing and manufacturing industries

- Mechanical engineering and metallurgy

From now through 2025, to prioritize the following groups of industries and products: machinery and equipment serving agriculture, automobiles and mechanical spare parts, and steel for production. After 2025, to prioritize the following groups of industries and products: shipbuilding, nonferrous metals and new materials.

- Chemicals

From now through 2025, to prioritize base chemicals, petro-chemistry and manufacture of technical plastics and rubber; after 2025, to prioritize the development of pharmaceutical chemistry industries.

- Agricultural, forestry and fishery product processing

From now through 2025, to prioritize to increase the processing ratio of key agricultural, fishery, aquatic and timber products in line with the restructuring process of the agricultural sector. To apply international standards to the production and processing of agricultural products, to build the trademarks and raise competitiveness of Vietnamese agricultural products.

- Garments, textile, leather and footwear

From now through 2025, to prioritize the production of raw and auxiliary materials serving production for domestic market and export; after 2025, to prioritize the production of fashion clothing and luxury shoes.

b) Electronics and telecommunications industries

From now through 2025, to prioritize the development of computer equipment products, telephones and components. After 2025, to prioritize the development of software, digital content, information technology services and medical electronics.

c) New energy and renewable energy industries

From now through 2025, to promote the development of new energy and renewable energy of different forms such as wind energy, solar energy and biomass energy. After 2025, to develop atomic energy for peaceful purposes, and to prioritize the development of renewable energy of such forms as geothermal energy, ocean wave energy, etc.

3. Objectives

a) Overall objectives

- By 2025, Viet Nam's industrial sector will develop with a sound structure in terms of industry and region. The industrial sector will be competitive to develop during integration, have modern technologies, and participate in the global value chain in a number of specialized sub-sectors and fields, and can fundamentally meet the requirements of the economy and export; its workforce will be qualified to meet the needs of a modern production system.

- By 2035, Viet Nam's industrial sector will develop with a majority specialized industries having advanced technologies and product quality up to international standards, deeply participating in the global value chain, using energy thriftily and efficiently, and competing fairly in international integration; its workforce will be professional, disciplined, highly productive, and proactive in the stages of research, design and manufacturing.

b) Specific objectives

- The annual growth rate of industrial added value will reach 6.5-7.0% by 2020, 7.0-7.5% during 2021 - 2025, and 7.5-8.0% during 2026 - 2035.

- The annual growth rate of industrial production value will reach 12.5-13.0% by 2020, 11.0-12.5% during 2021 - 2025, and 10.5-11.0% during 2026 - 2035.

- To strive that industry and construction by 2020, 2025 and 2035 will account for 42-43%, 43-44%, and 40-41% of the national economy, respectively.

- The rate of industrial exports to the total exports will reach 85-88% by 2025, and over 90% after 2025.

- The value of hi-tech industrial products and hi-tech application products by 2025 and after 2025 will account for approximately 45% and over 50% of the GDP, respectively.

- The industrial sector's ICOR will be 3.5-4.0% during 2011 - 2025; and 3.0-3.5% during 2026 - 2035.

- The energy-GDP elasticity coefficient will reach 1.5 by 2015, 1.0 by 2020, and maintain at 0.6-0.8 by 2035, in proximity to other countries in the region.

- The annual greenhouse gas emissions will increase at the rate of 4-4.5%.

4. Orientations

a) By 2025

- To gradually adjust the industrial growth model from primarily focusing on quantity to focusing on productivity, quality and efficiency; to promote the development of industries and products with high added value and export value; to link manufacturing with the development of industrial services.
- To focus on the development of auxiliary industries, especially mechanical, chemical, and telecommunications products in service of industrial manufacturing; and concurrently joining the global production network.
- To enhance the development of industries to serve agriculture and rural areas, and energy-efficient industries; to focus on the development of industries serving national security and defense. To gradually develop new material industries and environmental industries.
- To enhance the development of the industrial sector in the direction of combining horizontal and vertical links.
- To rearrange the allocation of industrial space, ensuring compatibility among national regions, and address the problem of high industrial density in some areas, ensuring balance and harmony among regions and localities.
- To develop priority industries in core industrial areas formed in key economic regions and coastal economic zones; to relocate labor-intensive industries, preliminary processing industries, and auxiliary industries from core industrial areas to buffer industrial areas.

b) By 2035

Viet Nam's industrial sector will develop to be environmentally friendly and green, focusing on the industrial production fields with advanced technologies, industrial products with prestigious brand reputation, high regional and international quality and value, and high competitiveness to meet standards of developed countries and participate deeply in the global value chain.

5. Implementation solutions

a) Group of breakthrough solutions

- Institutional renewal for industrial development
- + To improve state management mechanisms to rectify, limit duplication, and ensure stability of policies, consistency and simplicity of administrative procedures to encourage the development of production.
- + To enhance the coordination of development by sector, region and territory, improve the efficiency of the direction and administration to effectively link between localities in industrial development.
- + To reasonably decentralize to improve the efficiency of state management of the industrial development process.
- + To create equality between economic sectors, particularly focusing on enhancing the role of the private sector through effectively protecting ownership rights and ensuring equality in access to resources.

- + To review, adjust and supplement technical regulations and norms in consistent with international standards.

- Renovation and improvement on the operation efficiency of enterprises

- + To restructure the industrial sector as well as state enterprises, economic groups, and corporations under the approved scheme.

- + To timely adjust the operational scope of state enterprises to suit the specific conditions; to complete and issue criteria for classification of state enterprises by industries and fields.

- + To develop mechanisms and roadmaps for increasing the number of industrial manufacturing enterprises; to pay special attention to increasing the proportion of large and medium-sized enterprises in the structure of enterprises nationwide.

- Development of the human resources

- + To devise plans on human resources development for priority industries in each phase.

- + To develop and issue systems of quality standards of training at all levels, firstly focusing on occupational skill standards up to international standards.

- + To renovate training programs, especially vocational training; to promote cooperation between vocational training institutions and enterprises through collaborative training programs, consultations on contents of training programs, and increase in practice time.

- + To improve the labor market and job placement services.

- Technological solutions

- + To accelerate the application of new and modern technologies to create breakthroughs in production technologies for key, spearhead and priority industries.

- + To concentrate investment on building a number of scientific and technological research institutes capable of acquiring and mastering new technologies and creating technologies serving the development of priority industrial sectors and fields.

- + To promote the development of the science and technology market.

- + To increase investment, promote research and development (R&D) activities to serve the research, design, and manufacture of hi-tech products, and expand national scientific and technological cooperation with strategic partners.

b) Group of long-term solutions

- Investment attraction mechanisms

- + To develop systems of preferential and open policies, together with implementing the information dissemination and promotion activities in order to attract investment from social sources and foreign investors in the development of industries.

- + To encourage enterprises to expand the scale of investment in terms of both funding amount and scope.

- + To encourage large multinational corporations to invest in important projects on the list of national key projects calling for FDI.

- + To consolidate and strengthen the role of business associations, governmental and non-governmental organizations; to enhance the linkages between domestic enterprises with foreign enterprises to cooperate on joint participation in the global production value chain.

- Market development

For output markets: in addition to the traditional markets such as China and other East Asian and ASEAN countries, the US and the EU, to promote the exploitation of large potential developing markets such as the BRIC group (including Brazil, Russia, and India).

For input markets: regarding capital sources, to continue to effectively exploit investment from East Asian countries, the US, and ASEAN countries; regarding technology, to focus on attracting hi-tech projects and technologies from the US, Japan and the EU.

- Adjustment of the industrial growth quality

- + To synchronously implement investment attraction, fiscal and monetary, labor and wages policies to enhance the quality of industrial growth through the issuance and publication of the lists of industries eligible for investment promotion, industries subject to investment control and restriction, and the lists of products and components eligible for financial support. At the same time, to strictly control the import of technologies through regulations on conditions, criteria and categories of technologies permitted for import.

- + To include the value-added (VA) indicators in the system of indicators for annual reporting and assessment of enterprises and industries, and create industry average indicators as a basis for enterprises to compare, analyze and accomplish.

- Development of auxiliary industries

- + To select groups of auxiliary industries to be prioritized for development in consistent with the specific conditions of each period.

- + To develop specific preferential mechanisms and policies for specialized industrial parks and clusters as well as auxiliary industrial parks and clusters. At each specific point of time, to have specific mechanisms and policies suitable to the development of the sector.

- Adjustment of industrial structure by territories

- + To strengthen linkage among localities in economic regions and build up infrastructure for the development of industries.

- + To promulgate policies to encourage the formation of clusters of advantageous industries, particularly in core industrial areas and buffer industrial areas.

- + To develop and implement regional-scale industrial development projects, prioritize industrial development projects of high scientific and technological contents (including mechanical engineering, computer science, electronics, information and communication, etc.).

- Development of industrial service system

- + To improve infrastructure for industrial development in synchrony with the development of infrastructure of the whole country, particularly focusing on the development of logistics system.

- + To vigorously develop industrial investment consultancy services; to build a database of Viet Nam's industrial system (including a database of auxiliary industries) serving the planning and adjustment of policies and providing information for domestic and foreign economic organizations and investors.

- + To continue the reform of customs procedures to create favorable conditions and reduce costs for enterprises in import and export activities.

- Environmental solutions

- + To strictly implement regulations on environmental protection; to regard pollution precaution and prevention as the key principle in combination with the implementation of pollution remedies, environmental improvement and nature conservation.

- + To develop and issue environmental technical standards to ensure sustainable development and environmental protection; to promptly detect and strictly tackle violations of the law on environmental protection.

- + To conduct information dissemination and education to raise awareness on environmental protection in combination with the socialization of environmental protection in order to encourage the involvement of the people in environmental management, protection of natural resources and exploitation and sustainable use of waste treatment infrastructure facilities.

- c) Solutions for development of priority industries

- Processing and manufacturing industries

- + Mechanics and metallurgy

- . To select and concentrate investment on a number of research units in order to improve their design capabilities to meet the requirements of development.

- . To invest in the development of steel manufacturing for mechanical engineering such as steel sheets, shaped steel, and alloy steel.

- + Chemicals

- . To concentrate investment on key projects, and prioritize petrochemical products.

- . Regarding pharmaceutical chemicals, to focus on researching pharmaceutical drugs from natural materials for the production of adjuvants and vitamins serving domestic medical treatment demand and for export in the subsequent period.

- + Agricultural, forestry and fishery product processing

- . To encourage investment in developing large-scale material areas to ensure qualified input materials for the processing industry.

- . To prioritize competitive processing products for export in combination with building and developing specific trademarks for Vietnamese agricultural, forestry and fishery products.

- + Garments, textile, leather and footwear

- . To diversify products and actively develop sources of raw and auxiliary materials.

- . To boost the exploitation of traditional export markets; to take full advantages of Viet Nam upon joining bilateral and multilateral trade agreements; to further exploit potential markets such as Russia, Middle East, Eastern Europe and Africa; to construct retail distribution systems bearing Vietnamese trademarks.

- Electronics and telecommunications

- + To encourage the development of software, especially embedded software in hardware, electronics, and telecommunications devices to meet the domestic demand.
- + To develop dual-purpose fields serving national defense such as cruise missile electronic control, reconnaissance and search electronics and telecommunications and unmanned aerial vehicle electronics, etc.
- New energy and renewable energy
- + To strengthen coordination with other countries and international organizations for peaceful development and utilization of atomic energy, and gradually mastering the technologies.
- + To focus on hi-tech applications on power generation sources of solar, wind, biogas, biomass, and geothermal energies, etc.; for energy for peaceful purposes, continue research on atomic safety and current popular nuclear power technologies.

6. Organization of implementation

a) The Ministry of Industry and Trade shall:

- Take prime responsibility and coordinate with other ministries, sectors and provincial-level People's Committees and related agencies to organize the implementation of this Strategy; inspect and evaluate the implementation of this Strategy, and periodically report to the Prime Minister.
- Take prime responsibility and coordinate with the Ministry of Planning and Investment and related provinces to identify core industrial areas and buffer industrial areas and report to the Prime Minister for approval.
- Take prime responsibility and coordinate with other related ministries and sectors to review, supplement, build, and promulgate or submit to competent authorities for promulgation of appropriate industrial development promotion policies.

b) Related ministries and sectors

- The Ministry of Planning and Investment shall take prime responsibility and coordinate with the Ministry of Industry and Trade, the Ministry of Finance to develop policies to attract investment in industrial development; balance short-term and long-term investment capital for industrial development.
- The Ministry of Finance shall take prime responsibility and coordinate with other related ministries and sectors to research, propose, amend and supplement financial policies to promote the development of priority industries in line with the process of international economic integration.
- The Ministry of Education and Training and the Ministry of Labor-Invalids and Social Affairs shall, based on their assigned functions, duties and management scope, preside over the plans on human resources training for industrial production in each period; guide, examine and inspect the implementation of labor regulations at enterprises in industrial parks; coordinate with management boards of industrial parks to effectively implement the state management of labor in industrial parks.
- The Ministry of Agriculture and Rural Development shall take prime responsibility and coordinate with the Ministry of Industry and Trade and localities to formulate development programs and policies to ensure stable and sufficient supply of quality input materials for the processing industry.
- The Ministry of Information and Communications shall take prime responsibility and coordinate with the Ministry of Industry and Trade and localities to implement information and communications

technology development solutions serving domestic industrial production and participate in regional and global supply chain.

- The Ministry of Construction and the Ministry of Natural Resources and Environment shall, based on their assigned functions, duties and management scope, take prime responsibility and coordinate with the Ministry of Planning and Investment, the Ministry of Industry and Trade and localities to research and develop master plans on establishment of economic zones in conformity with resources, potential and orientations of industrial development; and coordinate with the Ministry of Trade and Industry to inspect and guide enterprises to comply with the State's regulations on industrial environmental protection.

- The Ministry of Science and Technology shall take prime responsibility and coordinate with the Ministry of Planning and Investment and the Ministry of Trade and Industry to implement scientific and technological solutions to increase hi-tech contents in Vietnamese industrial products; formulate policies on technological innovations and applications; and assess technological level.

- The State Bank of Vietnam shall flexibly administer monetary policies aimed at inflation control and macroeconomic stabilization to create favorable conditions for the export of industrial products, contributing to gradual reduction of trade deficit.

- Other ministries and sectors shall, based on their assigned functions, duties and management scope, be responsible for coordinating with the Ministry of Industry and Trade to effectively organize the implementation of relevant contents of this strategy.

c) Provincial-level People's Committees

- Provincial-level People's Committees shall be responsible for organizing the implementation of this Strategy, and coordinate with related ministries and sectors to build and adjust the local industrial development master plans in line with this Strategy.

- Localities in the core areas (4 key economic regions and 5 coastal economic zones prioritized for development) shall review the local and regional industrial structure, study and consider development opportunities of priority industries and form industrial clusters in the area.

- Other localities in buffer areas shall prepare necessary resources (human resources, land areas, etc.) for the relocation of industries of localities in the core areas.

APPENDIX

PRIORITY INDUSTRIES AND INDUSTRIAL FIELDS THROUGH 2025, WITH A VISION TO 2035

(Attached to Decision No. 879/QĐ-TTg dated June 9th, 2014 by the Prime Minister)

No	Priority industrial sectors	(Forecast) The proportion of production value in the total industrial sector				Priority industrial fields through 2025 (12)	Priority orientations through 2035 (5)
		2010	2015	2025	2035		
1	Processing and manufacturing	55.84	61.79	72.74	74.61	(1) Machinery and equipment serving agriculture, (2) Shipbuilding, (3) Automobiles and mechanical spare parts, (4) Steel for manufacturing, (5) Petro-chemistry, (6) Technical plastics - rubber, (7)	(1) Non-ferrous metals and new materials, (2) Pharmaceutical Chemistry (vaccines), (3) Fashion clothing and luxury shoes.

						Pharmaceutical Chemistry (antibiotics, adjuvants and vitamins), (8) Agricultural, forestry and fishery product processing, (9) Raw and auxiliary materials for the garments, textile, leather and footwear products for export.	
2	Electronics and telecommunications	3.54	6.80	7.54	10.75	(10) Communication and telecommunications equipment (11) Electronic components (12) Industrial software.	(4) Medical electronics
3	New energy and renewable energy	4.22	5.85	6.90	8.64	(13) Atomic energy for peaceful purposes.	(5) Renewable energy (wind energy, solar energy, geothermal energy and ocean wave energy)