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## Some Solutions for Vietnam's Sustainable Economic Development

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### **Abstract:**

*Sustainable economic development is the goal towards many countries, including Vietnam. Over the past years, Vietnam's economy has continuously developed and achieved many remarkable achievements in many fields. GDP has continuously increased over the years and has achieved impressive numbers. However, facing the difficulties of epidemics, natural disasters and the impacts of the industrial revolution 4.0, the Vietnamese economy has faced many challenges. In order to promote economic development in a sustainable way, a number of solutions need to be implemented synchronously in the coming time.*

**Keywords:** Development, economy, Vietnam, sustainability

### **1. Achievements in Economic Development**

In recent years, the Vietnamese economy has developed in a positive direction, achieving many remarkable achievements. GDP continued to increase over the years. In the 2 consecutive years of 2018 and 2019, GDP both reached over 7%. Especially in 2019, our country's import-export turnover exceeded 500 billion USD for the first time. By 2020, the whole world will have to experience the serious difficulties of the Covid-19 pandemic. Despite the global economic recession and major crisis, the Vietnamese economy still achieved impressive results.

Regarding the quality of economic growth, in 2019 the contribution of total factor productivity (TFP) to GDP growth reached 46.11%, the average in the 2016-2019 period reached 44.46%, much higher than with an average level of 33.58% in the period 2011-2015. Labor productivity of the whole economy at current prices in 2019 reached 110.4 million VND / employee (equivalent to 4,791 USD / employee, an increase of 272 USD compared to 2018); at constant prices, labor productivity increased by 6.2% due to the labor force being added and the number of employed workers in 2019 increased. Investment efficiency improves with new production capacities complementing the economy. The total import and export turnover of goods in 2019 exceeded 500 billion USD, which recorded the strong development of the domestic economic sector in the export sector with the growth rate much higher than the growth rate of foreign invested sector. The balance of trade in goods in 2019 was estimated to have an export surplus of 9.9 billion USD, the highest level in 4 consecutive years of trade surplus.

In 2019, Vietnam's import and export set a "new record" with a turnover of \$ 516.96 billion, an increase of 7.6% compared to 2018. In which, exports reached \$ 263.45 billion, up 8, 1% and imports reached 253.5 billion USD, an increase of 7% compared to 2018. Thus, for the fourth consecutive year, Vietnam continued to have a trade surplus with 9.94 billion USD, far exceeding the record figure of 7.2 billion USD set in 2018. This is an important achievement of Vietnamese economy. Notably, the figure of 516.96 billion USD in import-export turnover has helped Vietnam to be in the top 30 countries with good import-export growth in the world. In terms of exports alone, Vietnam has become the 22nd largest export economy in the world. This result becomes even more meaningful in the context of a slow growth in the world economy in 2019 with increasing risk factors and challenges. Global trade also slowed down, exports of countries in the region and the world both decreased compared to the same period in 2018.

In 2019, the inflow of foreign investment into Vietnam has a number of new shifting trends. Notably, the merger and acquisition (M&A) form of investment is increasingly taking up a large proportion and rapidly increasing. The Foreign Investment Department (Ministry of Planning and Investment) said that as of December 20, 2019, the total newly registered capital, adjusted and contributed capital to buy shares of foreign investors reached 38.02 USD billion, up 7.2% over the same period in 2018. In 2019, foreign direct investment projects are estimated to disburse 20.38 billion USD, up 6.7% over the same period in 2018. According to the report, as of December 20, there were 9,842 times of capital contribution and share purchase by foreign investors, with a total value of the capital contribution of 15.47 billion USD, up 56.4% as compared to the same period in 2018. and accounting for 40.7% of total registered capital.

Notably, investment in the form of capital contribution and share purchase has tended to increase sharply in recent years and account for an increasingly large proportion of the total foreign investment capital, specifically: 2017 investment in the form of contribution, capital and share purchases accounted for 17.02% of the total registered capital, in 2018 accounted for 27.78%, as of December 20, 2019 accounted for 40.7% of the total registered capital.

The labor and employment situation of the whole country has had positive changes, the unemployment rate and underemployment have decreased, income of wage workers tends to increase. Residential life is increasingly improved. The program of building a new countryside in recent years has had a positive impact, contributing to improving the lives of people in rural areas, promoting the development of socio-economic infrastructure systems in rural areas. By the end of 2019, the whole country had 4,806 communes (reaching 53.92%) and 111 districts were recognized as meeting the new rural standards, exceeding 3.92% from the target for the 2010-2020 period. This is the result of the positive direction and administration of the Party and the State and efforts of the people in production such as restructuring plants and animals; expanding and building new industrial zones, factories, works, and developing craft villages to create more jobs ...

Vietnam's vocational education in recent years has seen positive changes, the quality of human resources has continued to improve; closely linking training with the needs of the labor market, meeting the requirements of socio-economic development in the context of the industrial revolution 4.0. Currently, the country has 1,913 vocational education institutions, including 402 colleges; 472 intermediate schools and 1,039 continuing education centers. Vocational training in 2019 has recruited 2,338 new people, of which enrollment is 568 thousand people at college and intermediate level; Primary level and other vocational training programs enrolls 1,770,000 people, of which vocational training is supported for 800,000 rural workers. In 2019, the number of graduates of vocational training classes was 2,195 thousand people, of which 495 thousand people at college and intermediate level, elementary level and other training programs was 1,700 thousand people.

Along with that, Vietnam has formed key economic regions, developing economic zones and industrial parks, in addition to forming specialized areas for plants and animals associated with the processing industry.

In particular, Vietnam has also achieved very important achievements in terms of institutional perfection, affirming the principle that the economy has a regime of multi-ownership, multi-component, many forms of distribution. All branches and fields of the economy are developing. Industry and construction have maintained a fairly constant growth rate. The agricultural sector develops quite stably, while the industrialization and modernization of agriculture and rural areas contribute positively to economic growth and ensure national food security. The development of service industries is more diverse.

In addition, the application of science and technology has created a premise for the initial transition to building a knowledge economy. Economic actors play an active role in the national economy, free business and competition in accordance with the law.

## **2. Some Limitations and Shortcomings in Economic Development**

Vietnam's economic development in recent years has achieved many remarkable achievements, however, besides that, there are still shortcomings and limitations as follows:

Firstly, developing the science and technology market is still difficult, the application of science and technology in many professions is still limited. At the Conference on deploying the work of science and technology in 2019 of the Ministry of Science and Technology, Deputy Prime Minister Vu Duc Dam said that many policies in general do not really consider science and technology to be a national policy, driving force, and the most important key for Vietnam to be able to escape the middle-income trap, develop quickly and sustainably. In addition, we have many programs for national product development, technological innovation, but basically there is no policy to encourage and support Vietnamese enterprises' products with scientific content, technology to access domestic and international markets.

In addition, the application of science and technology in some professions is limited. For example, in the agricultural sector, according to Deputy Minister of Agriculture and Rural Development Le Quoc Doanh, Vietnam's agriculture has an outstanding advantage over other industries and always has a trade surplus. However, the country currently has 5 hi-tech agricultural zones in Hau Giang, Phu Yen and Ho Chi Minh City. Ho Chi Minh City, Lam Dong and Bac Lieu. In addition to the big names Vinamilk or TH True Milk, the number of smart farming businesses in Vietnam is still limited.

Second, although the business environment has been improved, there are still certain barriers, causing difficulties for the development of businesses. Reform of regulations on business conditions to promote competition and encourage business development has been a focus of the Government in recent years. This reform content is stated in many documents by the Government, such as: Resolution No. 19 / NQ-CP (2016-2018 years); Resolution No. 83 / NQ-CP, dated 31/08/2017; Resolution No. 98 / NQ-CP, dated October 3, 2017; Resolution No. 01 / NQ-CP, dated 01/01/2018; Directive No. 20 / CT-TTg, dated July 13, 2018 and many other guiding documents. Accordingly, the Prime Minister has assigned ministries to cut 50% of business conditions and 50% of the list of specialized inspection goods under the management responsibility of ministries and branches.

However, up to now, the quality to cut business conditions has not actually met the requirements, it must be cut by 50%. Some business conditions reduced, modified, but did not really facilitate the business, for example: Business conditions cut, but integrated into technical regulations; Modifying business conditions for the purpose of avoiding attention, but the nature has not changed; Some revised business conditions make it even more difficult for businesses; There are still many unclear, unpredictable and potentially risky regulations for businesses; Practicing certificates are only re-issued by state management agencies in most fields (especially in the construction field). With the quality limitations,

cutting business conditions, it is necessary to continue to review and reassess to continue to have a more substantial reduction plan.

Third, Vietnam's competitiveness remains low. In particular, infrastructure is one of the weakest points in Vietnam's competitiveness indicators, especially the quality of roads, seaports, airports and electricity supply. Infrastructure and utility services have not kept pace with growth and urbanization. The reason is that productivity is the core of competitiveness, but Vietnam's competitiveness is still largely based on existing, non-renewable, and undeveloped elements. The labor market, labor productivity is still low, there exist shortcomings, supply-demand disproportionate between industries; Lack of human resources with knowledge, skills, and working attitudes. The labor market information system is restricted and divided between regions...

Fourth, investment efficiency is not really high. The State is still slow to reform policies related to attracting foreign investment. Although the attraction of foreign investment projects has increased in number, the quality is not guaranteed, the technology is not good, especially the technology in the fields of Vietnam needs to renew the growth model. There are still investment projects with negative implications for the environment, ecology ... which greatly affect the long-term development of the country. In some cases, FDI attraction has not fully and comprehensively calculated factors related to national defense and security. In particular, there is a phenomenon of FDI enterprises applying price transfer tricks, tax evasion and trade fraud.

### 3. Some Solutions to Promote Sustainable Economic Development in Vietnam

In order to develop Vietnam's economy in a sustainable direction, in the coming time, it is necessary to pay attention to implementing the following solutions:

Firstly, issuing and implementing breakthrough solutions, creating pressure for economic organizations to access and apply technology, step by step improve their capacity to innovate and create in production activities. business. Focusing on improving labor productivity and competitiveness of the economy. Vietnamese businesses need to properly realize and implement the motto "Vietnamese goods conquer Vietnamese people". Focusing on developing the domestic market, actively connecting and developing distribution channels for Vietnamese products and goods.

Secondly, be proactive and flexible in operating monetary policy, interest rates and exchange rates in line with domestic and international market developments to support production and business and economic growth. Improve credit quality, focus on priority areas such as agriculture, rural, supporting industries, export, high-tech enterprises, small and medium-sized enterprises, start-up support; credit control in a number of sectors and fields with potential risks.

Thirdly, the Government needs to reform training methods and programs, combining theory and practice, with a focus on training a team of good practitioners to meet labor demand in the operating trend of the Way. Industry 4.0. Because the economy stands firm, successful development in the trend of the Industrial Revolution 4.0 depends on the quality of human resources and a team of qualified, innovative, innovative and creative ideas. This is also a mission to implement three key stages of the economy: institutional reform; building infrastructure and human resources.

Fourthly, the Government and localities in the country need to focus on reviewing, supplementing and completing institutions, substantially reducing business conditions that are barriers to the operation of enterprises and business establishments. individuals, promoting administrative reform, effectively implementing one-stop-shop procedures to create a favorable business environment for businesses to establish and develop. At the same time, reviewing procedures related to corporate dissolution and bankruptcy ensures quick and effective. The Government should have appropriate policies and solutions to encourage individual businesses to transform into enterprises, creating favorable business conditions for individual establishments to operate stably, long-term and comply with legal compliance.

Fifthly, Vietnam needs to create a solid legal framework for financial institutions, publicity and transparency of information, and promote linkages between public and private economic zones, towards building an environment. transparent and healthy business. Along with that, there should be better policies for small and medium enterprises and start-ups, helping them to better utilize opportunities and overcome challenges and obstacles from international integration and in the context of Industrial Revolution 4.0.

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