

The Establishment and Operation Process of Bien Hoa Industrial Zone in South Vietnam (1955 - 1975)



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ABSTRACT: The industrial zone's contribution to the country's socio-economic development is very important, contributing to reducing the unemployment rate, creating more jobs for the active population; promote business environment, improve competitiveness; creating favorable conditions for localities to promote their specific strengths, and at the same time acting as a bridge for development between urban and rural areas... Realizing that, the Republic of Vietnam government (1955-1975) interested very much in the policy of developing industrial zones. Since 1960, the Republic of Vietnam government has made specific plans and established many industrial zones to serve the goal of industrialization economy.

Among the industrial zones established under the direction and management of the National Industrial zone Expansion Company (establishment December 26, 1963, abbreviated SONADEZI), Bien Hoa Industrial Zone is considered as the most popular industrial zone in the world typical industrial production organization, actively contributing to the transformation of the industrial economy in the South Vietnam in the 1955-1975 period.

KEYWORDS: Bien Hoa, Dong Nai, Industrial zone, Republic of Vietnam, South Vietnam.

1. INTRODUCTION

During the period 1955 to 1975, South Vietnam was always in a state of political and military instability, especially from 1968 onwards, armed war spread to cities throughout the South. In that situation, the Republic of Vietnam government received military and economic aid from the US, the economy of South Vietnam was heavily dependent on imports, the industrial development process faced many difficulties due to war, technology level, capital and even competition by imported goods from the US and capitalist countries. In the context of the war, dependent on aid and imported goods from the US, the economic development, especially in the industrial sector in South Vietnam, suffered many negative impacts. However, the Republic of Vietnam government still has many policies on investment and development in the industrial sector, especially the formation of a system of concentrated industrial zones.

This article will explore the industrial development policy of the Republic of Vietnam government in the South of Vietnam in the period 1955-1975 and focus on the process of establishment and operation of a specific industrial zone - Bien Hoa Industrial Zone to see the reality of industrial development in South Vietnam before 1975.

2. THEORETICAL BASIS AND RESEARCH METHODS

The article is researched based on the viewpoint of current Vietnamese history. In the process of approaching the research problem, the authors focus on using a comprehensive, contextual approach - a systematic approach according to dialectical materialism and historical materialism.

The article uses a synthesis of research methods suitable to the research content, mainly using the method of historical criticism to assess the reliability of relevant historical sources. Regarding the research content, based on historical sources, the research team applies historical - logical, analytical - synthesis methods to analyze and prove scientific arguments related to the research problem.

3. RESULTS AND DISCUSSION

3.1. Industrial development policy of the Republic of Vietnam government in the period 1955-1975

Before 1954, industrial production activities in the South in particular and Vietnam in general were still underdeveloped and unevenly distributed in terms of economic development space. Industrial production activities were dependent on the French economy due to the policy of importing goods promoted by France, both to serve the war needs and to consume goods produced from France, especially during the crisis world economic crisis in the period 1929-1933.

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During this time, the French colonialists mainly invested in developing the mining industry in the North - a region with many mineral resources and favorable raw materials for production plants. In the South Vietnam, industrial production is concentrated in big cities and mainly industries in the field of consumer goods production, processing and processing.

After the French withdrew from Vietnam, transferring management rights from the south of the 17th parallel back to the Saigon government, the economic activities of South Vietnam were taken over and developed in the direction associated with the model economy of the United States and capitalist countries. Recognizing the importance of industry for economic development, right after 1955, with the support of the US, the government of the Republic of Vietnam began to pay attention to the construction of industrial zones with the specific purposes are as follows:

First of all, in the South of Vietnam, industrial establishments are mostly concentrated in big cities, Saigon is the industrial center of the whole South. Therefore, the establishment of industrial zones aims to contribute to regional and local economic development, promoting investment activities for industry to take place more strongly.

Second, the formation of industrial zones makes the management and control activities by the Republic of Vietnam government over industrial production convenient and easy; issues of security and order, technical support, capital, infrastructure construction, budget collection and payment from businesses will take place in a centralized and convenient manner.

Third, the advent of industrial zones has concentrated factories into a large production chain. This has a positive effect in attracting other industries to develop together.

Fourth, after 1954, unemployment was a big problem of the Republic of Vietnam. Therefore, the establishment of industrial zones has actively contributed to job creation, and at the same time the development of industrial zones forces workers in the South to find ways to improve their skills and qualifications expertise level.

Fifth, before industrial zones were established, industrial production activities in the South Vietnam were mainly scattered in small enterprises, causing many difficulties for investment, especially capital and technology. The establishment of industrial zones has facilitated the exchange and support of production experience, technology and capital between enterprises in the same industrial zone.

Sixth, the establishment and development of industrial zones will contribute to reducing the production pressure of Saigon city, creating many favorable conditions to develop regional's economic.

To realize the goals and strategies of industrial development in the South of Vietnam, on December 26, 1963, the Republic of Vietnam government established the National Company to Expand Industrial Zones (Société nationale pour le développement des zones industrielles – abbreviated as SONADEZI) according to Decree No. 41-SL/KT of December 26, 1963 (under the Provisional Government headed by Nguyen Ngoc Tho), the head office is located in Saigon city. Purpose of establishing SONADEZI:

- Promote industrial investment by building the necessary land fund to create industrial zones, creating conditions for enterprises to rent land or rent pre-built factories.
- Help enterprises save initial costs by building pre-built factories for enterprises to rent or buy in installments. Establish the necessary infrastructure to serve production and worker's life.
- Create more jobs, improve living standards for workers through housing services, provide amenities such as hospitals, schools, public services...
- Increase production to meet domestic demand and export orientation. Effectively use national resources and bring into play the strengths of localities.

Regarding investment capital, SONADEZI is a self-financed agency, using capital contributed from Saigon Trade and Industry Development Center. In addition, the company's capital is also called for more from domestic and foreign investment sources with the approval of the Government. Sonadezi's initial capital is 40 million VND (contributed by Saigon Trade and Industry Development Center). After that, every year Sonadezi is funded by the national budget to develop technical infrastructure. As of April 30, 1975, the total amount invested in Sonadezi from the state budget was VND 500 million [Sonadezi Corporation. 2020].

In terms of organization, SONADEZI is managed by a Board of directors, which is composed of the chairman and members appointed by the Prime Minister's decree according to the recommendations of the Technology Development Center (then changed to the Technology Development Bank) and the Saigon Trade Port. The term of office of the Chairman and his members is two years and can be renewed. The Board of directors shall meet at least once a month under the call of the Chairman. The decisions of the Board of directors shall be voted by a majority. With the same number of votes, the chairman's vote is decisive. The term of operation of the company is 99 years, and the dissolution of the company is decided by the Premier through a decree based on the recommendation of the Board of directors. The decree will stipulate the way of dissolution and the payment of power and remuneration to employees after dissolution [Trang Ngoc Diep. 1971].

During the 12 years of its existence (1963-1975), SONADEZI established Bien Hoa Industrial Zone (March 25, 1963), Tay Do Industrial Zone (January 6, 1968), Danang Industrial Zone (November 3, 1971), Tan Mai Industrial Zone (April 15, 1974), Long Binh Industrial Zone (May 21, 1974), and Cam Ranh Industrial Zone (May 21, 1974). It made great contributions to the economic and social development of the South before 1975.

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3.2. The establishment and production organization of Bien Hoa Industrial Zone

On May 21, 1963, according to Decree No.49/KT Bien Hoa Industrial zone was officially established with an area of 376/520 hecta in Tam Hiep, Long Binh of Bien Hoa. This is the first concentrated industrial zone of South Vietnam. The construction of Bien Hoa industrial zone aims to: develop domestic industrial activities; implement the policy of industry calling for industry; solving unemployment problems; facilitate exchange, technical support and capital between enterprises; rationally develop local strengths [Nguyen Huy. 1972].

Regarding infrastructure, as of 1972, Bien Hoa Industrial Zone has been invested with an infrastructure system including: 15km long asphalt road system; medium voltage power system; 12 km long power transmission system; a substation of 20,000 kw, 05 generators of 10,000 kw; 8 km long public lighting system; the system of water conduction and distribution into the industrial zone; 01 dormitory with more than 100 houses for workers working here. In addition, the industrial zone also has a system of other works such as hospitals, schools and plans to build more facilities such as post offices, banks, markets and river ports [Nguyen Van Sau. 1972].

Bien Hoa is located under the power transmission line of Da Nhim hydropower plant, after being put into operation Da Nhim hydroelectricity will provide electricity for Bien Hoa industrial zone. In the event that Da Nhim hydroelectricity stalls due to war, the Thu Duc thermal power plant near Bien Hoa will help smooth production in the industrial zone. Regarding labor, Bien Hoa is located near a large consumer and labor market, Saigon - Gia Dinh, with a large population. This is an area with a high standard of living, so consumption is very strong. In addition, the population in Bien Hoa - Saigon at that time was quite large, in which there were many migrant workers from the North who were necessary human resources for the industrial zone.

Regarding factories, to have factories in the industrial zone, business owners can build their own on the allocated land or buy ready-built factories by SONADEZI. The land lease in Bien Hoa industrial zone has a very long term (over 90 years), the smallest factory size in Bien Hoa is 1,000 m². Ready-built factories are usually designed in three types: Type A with an area of 3,750 m²; type B with an area of 3,150 m²; Type C with an area of 1,910 m² [Trang Ngoc Diep. 1971].

By the end of 1967, Bien Hoa had 107 enterprises joined, the allocated land area was 176 ha divided among 90 enterprises. Status of the industrial zone as of September 23, 1969: 24 enterprises are operating; 13 factories have finished building their factories but have not yet operated; 13 factories are building factories; 7 factories are about to be built; 19 enterprises had their land recovered; 8 newly licensed enterprises [Nguyen Huy. 1972]. By 1971, the number of enterprises in Bien Hoa industrial zone was 28 already in operation; 8 factories have been built; 17 factories are under construction and 7 establishments are about to be built; 9 new enterprises have completed the joining procedures and are waiting for land grant. By 1972, Bien Hoa Industrial Zone had promoted the establishment of over 100 enterprises, of which 17 were already in operation, including factories producing paper, sugar, wine, bicycle intestines, bricks, silk, etc. car battery; 21 enterprises are under construction, including factories producing oil paint, agricultural machinery, electrical appliances, animal feed, corrugated iron, zinc, machine assembly; 12 enterprises have not been granted land for construction; 51 factories are waiting to be built, including projects for assembling machines, glass...; 5 enterprises have their investment capital withdrawn or withdrawn [Nguyen Huy. 1972]. In 1975, Bien Hoa industrial zone had 94 factories and enterprises put into operation. With a large production scale, plus modern invested machinery and equipment imported from Japan, Germany, and Taiwan... Bien Hoa Industrial Zone became a major industrial center of the South at that time.

Regarding the accession procedures, to join the Bien Hoa industrial zone, the enterprise owners must meet the following conditions: first of all, there must be a project approved by the Ministry of Economy; SONADEZI then instructs how to apply for membership. Once they have met the required qualifications, the application must then be forwarded to the Investment Committee for consideration of architectural, sanitary and public security issues. In general, the procedure to join Bien Hoa Industrial Zone is not too complicated, mainly for the purpose of encouraging investors to participate in Bien Hoa Industrial Zone [Trang Ngoc Diep. 1971].

In 1975, during the first period of national liberation, Bien Hoa Industrial Zone had only 38/94 factories and enterprises in operation. It was renamed Bien Hoa 1 Industrial Zone. During the renovation period, Industrial zone was renamed Bien Hoa 1 Industrial zone. This industry is constantly expanding and developing strongly of Dong Nai province.

3.3. Comment for the position and role of Bien Hoa Industrial Zone

Based on the encouraging policies of the Republic of Vietnam government and the specific planning of the company, in 12 years of existence (from 1963-1975), SONADEZI has established many industrial zones in the South, contributing to creating a new face in the economy of the Republic of Vietnam.

The development of Bien Hoa industrial zone in the South Vietnam before 1975 led to a significant change in the infrastructure system. The establishment of an industrial zone positively affects the diversified development of industrial structure in Bien Hoa. At the same time, changing the face of infrastructure in Bien Hoa with the development of transportation and electrification systems. Industrial production of Bien Hoa industrial zone has accelerated the process of urbanization, especially Saigon - Cho Lon.

The establishment and development of Bien Hoa Industrial Zone has made an important contribution to solving employment problems for people in Saigon and surrounding areas, and at the same time creating conditions for the development of quality human resources on qualifications and skills.

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Along with the appearance of many new industries for export in the industrial zone, thousands of people in Saigon, Bien Hoa and Binh Duong have had jobs, improved their lives, and increased their incomes. In the condition that machinery and equipment in the industrial zone are more and more modern imported from capitalist countries, the workforce of the Republic of Vietnam is increasingly qualified and has to go through a difficult period. vocational training, the period of technical training is especially in large enterprises in the industrial zone [Kieu Le Cong Son. 2018].

The establishment and development of Bien Hoa Industrial Zone has positively influenced the use of capital and encouraged domestic and foreign investment. If in the past, the investment in industrial development was concentrated mainly in Saigon, but with the development policy of the industrial zone since the 1960s, it has enhanced the regional economic strength, effectively using the human resources and raw materials in Bien Hoa province.

The operation of Bien Hoa Industrial Zone has greatly contributed to the advancement of science and technology through the application of machinery to production lines, fundamentally changing policies on welfare, requires extensive socio-economic reforms. The development of Bien Hoa Industrial Zone has created a large amount of social products, meeting domestic consumption needs and starting to be exported. Help the state save foreign currency in importing goods, limit dependence on the external market, reduce the risk of inflation in some periods. According to the assessment of Kim Youngmin (2007), "the South Vietnam industry enjoyed a great growth in quantity" [Kim, Youngmin. 2007].

4. CONCLUSION

The changes of industry in the South before 1975 were marked by the establishment of industrial zones; the change in the structure of industries; advances in technology as well as human resources. The establishment of the SONADEZI has had practical significance in expanding the industrial scale in the South. Among the industrial zones established in the South before 1975, the Bien Hoa Industrial Zone is large in scale, serving as the center of the South Vietnam.

From 1963-1975, as a important industrial center of Bien Hoa and the South Vietnam, Bien Hoa Industrial Zone made many contributions in terms of: job creation, technical development, quality of human resources, attract investment, domestic and foreign trade growth, infrastructure development, increasing urbanization...

The establishment and development of Bien Hoa Industrial Zone made many contributions to development of the economy in general and industry in particular in the South Vietnam in the period 1963-1975. The establishment of industrial zones is always accompanied by the establishment of a system of trading ports (including seaports and river ports), through which domestic and international trade activities are developed. For Bien Hoa Industrial Zone, a location with a convenient location in terms of traffic including the national highway system, the river system passing through, and located near the Saigon commercial port... has helped Bien Hoa become a the key industrial center of South Vietnam before 1975 and the basis for the industrial takeover and development of Dong Nai province after 1975.

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