

Reorganization of State-owned Enterprises in Vietnam in the Period of 2011 - 2015

Ngo Van Vu *

Abstract: Reorganizing State-owned enterprises (SOEs) with focus on state economic groups and state corporations is one of three important tasks to be fulfilled for economic restructuring, growth model transformation and macro-economic stabilization in Vietnam. The author of the paper presents the viewpoint, the objectives of SOE reorganization in the years of 2011-2015; analyzes and evaluates the results of SOE reorganization, and proposes some solutions for achieving the objectives of SOE reorganization by the end of 2015, following the Plan approved by the Prime Minister of Vietnam.

Key words: Economic restructuring; economic group; state corporations; SOE equitization.

1. The vision and objectives of SOE reorganization

1.1. Vision

The reorganization of SOEs, with focus on state economic groups and state corporations in the period of 2011-2015, has been strongly affirmed in the Resolutions of the Party and Conclusions of the Political Bureau, and has been fully grasped and implemented by the Ministries, lines and provinces in the recent years. The vision of SOE reorganizations is as follows:

First, SOE reorganization is aimed at not reducing the role but making SOEs become stronger and a core component of the State economy, which is supportive to State economy to play the leading role in the market economy with socialist orientations. SOEs, in essence, are to be equitized for increasing capital and innovating their management and operation toward more openness and transparency.

Second, SOE reorganization has been implemented in both macro level (policy adjustments, legal foundation creation, redistribution of sources, restructuring of ownership and management of the SOE sector) and micro level (changes in ownership, model, operating mechanism, governance, redistribution of sources in every individual state economic group and state corporation), in connection with the restructuring of economy, transformation of growth model and stabilization of macro economy, in accordance with the 2011-2020 socio-economic development strategy.

Third, SOE reorganization is implemented by sectors, industries and business areas with no discriminations in management levels in the direction of reducing the number and increasing the quality and efficiency of SOE performance.

(*) Ph.D., Vietnam Social Sciences Review, Vietnam Academy of Social Sciences.

Fourth is to thoroughly reform the system of state-run agricultural and forest enterprises and, at the same time, to solve the problems of agriculture, farmers and rural areas, land use and forests management and utilization.

1.2. Objectives

Based on the overall objectives of the 2011-2020 socio-economic development strategy and the 2011-2015 5-year socio-economic development plan, the reorganization of SOEs is aimed to achieving the following objectives:

The first is to enhance the capacity of SOE operation, business efficiency, competitiveness of the SOE sector and every individual SOE in compatible with their potentialities and resources allocated.

The second is to healthify and strengthen SOE financial capacity to ensure a reasonable financial structure for healthy and sustainable development of the SOE sector, especially the State economic groups and corporations.

The third is to put SOEs, especially state economic groups and state corporations, into a fair competitive environment with other enterprises; to apply consistently and persistently market principles in SOE performance.

The fourth is to speed up and strengthen the process of SOE equitization, especially the equitization of SOEs where the State does not necessarily need to hold 100% of their charter capital; to gradually develop a system of SOEs as joint-stock companies where the State can still dominate and perform the required tasks.

The fifth is to strictly follow and implement the plans on SOE reorganization which were approved by the Prime Minister. For 2 years of 2014 and 2015, 479 SOEs must be

reorganized, 432 enterprises out of which are to be equitized; 22 enterprises are to be sold, transferred, dissolved or go bankruptcy; and 25 enterprises are to be merged [8, p.13]. At the central level, it is necessary to equitize the big economic Groups and Corporations in order to create breakthroughs and spillover effects of SOE reorganization (for example, Petro Vietnam, Bao Viet Corporation, the Post and Telecommunication Corporation, and some commercial banks, etc.). Also, the process of SOE equitization needs to be further promoted, yet effective and sustainable; the work of assets evaluation must be open and transparent in the stock exchange market to prevent corruption and loss of state capital and assets.

It is necessary to develop the SOEs of large size with multi-ownerships. By the year 2020, there should have some state economic groups as big as those in the region and in the world; and from 10 to 15 economic groups that can play the role as locomotive, leading and driving the economy in the country.

2. The results

2011 was the year Vietnam started its 2011-2015 5-year socio-economic development Plan, following the Resolutions of the 9th National Party Congress on economic restructuring in connection with growth model transformation. The government, Prime Minister demanded the responsible agencies/ organizations to build plans with focus on 3 major pillars: restructuring of State investment, restructuring of credit organizations and reorganization of SOEs (with focus on state economic groups and state corporations).

The reorganization of SOEs has been further strengthened and gained much more

positive results than the years earlier. In July 2012, the Prime Minister of Vietnam approved the Comprehensive Plan of SOE reorganization, the focus of which was reorganization of state economic groups and state corporations in the period of 2011-2015. The implementation of this Plan has been uniform, from improvements in institutional and legal foundations and policy mechanisms to identification of contents for reorganization and equitization of specific SOE and implementation. Till present, many important contents of the Plan have been completed in many sectors and industries from the central to local levels.

2.1. Improvements in policies and mechanism to promote SOE reorganization

The government and ministries have provided relatively uniform policies and mechanisms for reorganization, operation and management of 100% State-owned enterprises. Among them, there are important mechanisms and policies for reorganization, management and supervision of SOEs, such as the Decrees on mechanism of supervision and inspection of SOEs in implementation of the plans, tasks and objectives set by the State; on supervision and inspection of SOEs in compliance with laws and regulations on ownership and the sample Regulations on State-owned one-member limited liability companies. Accordingly, the rights, obligations and responsibilities of the government, Prime Minister, ministries, lines, provinces and boards of members of the state economic groups and state corporations, etc. have been more clearly determined. At the same time, the management ministries were assigned as the authorities to implement the rights, obligations and responsibilities of state ownership rights in SOEs, especially

in the state economic groups and corporations. They are also responsible for organization, operation, supervision and inspection of SOEs' production, business and investment activities for development, utilization and development of State capital, assessment of management and efficiency of SOEs.

For improving the mechanisms and policies on SOE management, reorganization and equitization, the Prime Minister of Vietnam issued several Decrees on strengthening SOE reorganization; overcoming the barriers and solving the difficulties to promote SOE production and business. A number of decisions on capital withdrawal, selling of shares and registration for shares trading and being listed in the stock exchange market... were issued. These were the important legal documents to meet market demands, facilitating state capital withdrawal, equitization, etc., creating favorable conditions and mechanisms for shifting SOEs to be joint-stock companies when conditions for initial public offering (IPO) were not yet available.

In 2014, the government of Vietnam issued 5 more Decrees to approve the Statutes on organization and operation of 2 economic Groups, including the Vietnam General Rubber Group and the Vietnam Military Telecommunications Group (Viettel); and 3 Corporations, including Vietnam Northern Food Corporation (VINAFOOD 1), Vietnam Southern Food Corporation (VINAFOOD 2), and State Capital Investment Corporation (SCIC). Till present, the Ministry of Information and Communications is the only one that has not yet submitted to the Prime Minister of Vietnam for approval of *the statute on the organization and operation of the Vietnam Posts and Telecommunications*

Group (VNPT). Also, the Prime Minister of Vietnam has ratified the Plan on reorganization of the state economic groups and corporations in accordance with his authorization. The ministries, lines and provinces have completed ratifying the Plans on reorganization/restructuring of the State Corporations under their authorization, except for the one from the Ministry of Defense, with 14 Corporations not yet having their reorganization plans [8, p.2].

The Ministry of Finance has issued three circulars to provide the guidelines for treatment of financial issues and determination of enterprise value when shifted from 100% state-owned enterprise to joint-stock company; the Regulations for authorized representative of State capital in company; the transfer of state-owned capital representative right through the State Capital Investment Corporation (SCIC). The Ministry of Home Affairs is going to complete the draft regulations on person holding the position of manager of state capital at 100% state-owned company and over 50% state-owned capital company.

2.2. On reorganization and equitization of SOEs and State capital withdrawal

As the result of SOE reorganization and equitization, the number of SOEs decreased sharply, from 5,655 SOEs in 2001 to over 1,300 SOEs (100% State-owned capital) by the end of 2011 (excluding the number of agri-forest aquatic state enterprises) [1, p.47]. Since 2012, the work of SOE reorganization has strengthened further in accordance with the 2011-2015 SOE restructuring Plan approved by the Prime Minister. According to statistics reported by ministries, lines and provincial people's committees, as of late 2013, there were only 796 companies with

100% State-owned capital. Of these, there were 8 State economic groups; 100 State corporations (not including Vietnam Shipbuilding Industry Corporation); 25 one-member limited liability companies that operate under the parent-son model; 309 one-member limited liability company operating independently in the fields of services, public services; and 543 one-member limited liability companies operating independently in the fields of production and business. [7, p.1]

Based on the overview of 3 years of SOE reorganization in 2011-2013 and the tasks set for 2014-2015, the Prime Minister of Vietnam issued a Decree on strengthening SOE reorganization. According to the approved plans on SOE reorganization, in 2014 and 2015, the objective was to complete reorganization of 479 SOEs (among them: 432 SOEs equitized; 22 SOEs sold, dissolved or bankrupted; and 25 SOEs merged). Of these 432 SOEs to be equitized, there were 390 enterprises that had Steering Committees, 288 enterprises were value determined; 175 enterprises had made decisions on their value and 143 enterprises were equitized. Of the equitized enterprises, there were 1 economic group (Vietnam National Textile and Garment Group [Vinatex]), 16 State Corporations (11 of them belong to the Ministry of Transportation, 2 belong to the Ministry of Industry and Trade, 2 belong to the Ministry of Construction and 1 belong to the Ministry of Agriculture and Rural Development). As of 25 December 2014, there were 167 enterprises in Vietnam reorganized, among them: 143 were equitized, 1 was transferred into a limited liability company, 3 were dissolved, 3 were sold, and 14 were merged. [8, p.3]

In 2014, according to statistics of the State Security Committee, there were 76 enterprises that had their first sale of stock to the public (IPO) at the stock exchange market and at 40/95 securities companies. Among them, 64 enterprises received money from shares selling, 12 enterprises had their IPOs completed. In general, out of 64 enterprises that received money from their IPOs, 49% of their planned shares were sold with total earnings of 5,115 billion VND, i.e., 66% of the planned target were fulfilled (7,740 billion VND). The average successful price at public sale was 13,492 VND/share.

The government of Vietnam also approved 70% of the SOE reorganization plans of the State economic groups and Corporations in accordance with the directions and objectives set (69 out of 109 plans). Of these, the Prime Minister approved 20 (out of 21) plans from the State economic groups and corporation; decided to halt the pilot implementation of economic group model in 2 state economic groups in the construction industry and the Vietnam Shipbuilding Industry Corporation. The ministries approved 39 plans while provincial authorities approved 10 plans of State corporations.

Based on the approved plans on SOE reorganization, the ministries, lines, provinces, the state economic groups and corporations have been implementing their plans, striving to achieve SOE reorganization objectives of reducing the number of SOEs from 1,254 at present to 692 by the end of 2015, heading forward to equitize all the SOEs by the year 2020. In general, there will be only about 200 SOEs operating in the fields of State monopoly, public services or for serving national defense and national security

purposes. At the same time, the SOEs will be structured reasonably and of high competitiveness, focusing on the key industries and lines, providing essential public services and products for the society and for national defense - security purposes, etc., laying as the core component for the State economy to play the leading role, the important resource for the State to orientate and regulate the economy, and for macro-economic stability. [6, p.28]

In context of difficulties and unexpected changes in the world economy in general and Vietnam in particular, especially in the concluding months of 2014 and early 2015 with considerable impacts on the national economy, the above-said results of SOE reorganization were indeed the strong and positive efforts made by the ministries, lines, industries and provinces. Such ministries as the Ministry of Transportation; Ministry of Agriculture and Rural Development; Ministry of Construction; Ministry of Culture, Sports and Tourism; etc.; Hanoi capital, Ho Chi Minh City, Ha Tinh province, Thai Binh province, the Vietnam National Chemical Corporation, The Vietnam National Textile and Garment Group (Vinatex), the Vietnam Airlines Corporation and the Vietnam National Shipping Lines (Vinalines) have given appropriate guidance and taken strong, creative and determined actions in accordance with laws for achieving the set objectives.

On withdrawal of State capital from State economic groups and Corporations, as of 25 December 2014, about 6,076 billion VND (book value) were withdrawn from 233 enterprises, with 8,002 billion VND collected, equal to 1.3 of par value. Of the total withdrawn state capital, 204 billion were from securities; 297 from insurance;

185 billion VND from real estate; 1,489 billion from finance; 1,308 billion from the banking sector; and 4,519 billion VND were collected from the sale of shares at SOE enterprises where the State does not need to hold (accounting for 56% of total state capital withdrawal). [8, p.5] Although the money collected from capital withdrawal was relatively high (which was 3 times higher than 2013), the rate was slow and lower than the expected one. This was partly due to economic difficulties in the country while the stock exchange market was not strongly recovered; and partly due to low turnover from enterprise investments and thus, the difficulties in investment inducement.

The State corporations and economic groups of high State capital withdrawal were, among others, the Vietnam National Coal and Minerals Industries (1,732 billion VND); the Vietnam Post and Telecommunication Group (151 billion VND); Vietnam General Rubber Corporation (523 billion VND). The State Capital and Investment Corporation (SCIC) sold out all State capital at 27 joint stock companies, with 2,017 billion VND collected; the Ministry of Construction withdrew state capital from 37 affiliate companies from 11 corporation (with 1,321 billion VND collected); the Ministry of Transportation withdrew State capital from 52 affiliate companies from 7 corporation (595 billion VND collected); and Hochiminh City collected 318 billion VND State capital from 27 joint stock companies. However, there were still a number of corporations and provinces that had not completed withdrawing State capital from the enterprises and areas where State ownership was not necessary.

2.3. The State economic groups and corporations have been reorganized in accordance with the approved plans

The State economic groups and corporations have re-identified their goals and tasks, and the position of every individual economic group and corporation in the economy. Their business and production fields have been reviewed toward removing the activities that are less and not relevant in order to concentrate on the main ones. Accordingly, the Vietnam National Oil and Gas Group (Petro Vietnam) focuses on 5 areas, with oil and gas search, exploration and exploitation as the main ones. The Vietnam National Coal and Minerals Industries (Vinacomin) focuses on production of coal, minerals, electricity, industrial explosive materials, and mining mechanical engineering. The Vietnam National Coffee Corporation (VINACAFE) focuses on coffee planting, production, processing and business. And the Vietnam National Shipping Lines (VINALINES) focusses on 3 main business fields, including marine transportation, sea-port exploitation and marine services, etc.

Based on the above-said re-identified goals and tasks, the State economic groups and corporations have reorganized their production-business and restructured their member companies in the direction of specialization, division, cooperation, acquisition or merging of member companies of the same fields, avoiding dispersion and internal competition. The Vietnam National Coal and Minerals Industries (Vinacomin) has received 6 affiliate coal production companies and switched them into branches of the Group, and equitized three member companies. The Vietnam Paper Corporation (Vinapaco) has equitized 4 dependent companies, changed its research institute into a science-technology

enterprise, and transferred the College under the Corporation to the Ministry of Trade and Industry. The Vietnam Multimedia Corporation or Vietnam Television Corporation (VTC) has completed merging 3 affiliate companies into the parental Company. And the Vietnam National Tobacco Corporation (Vinataba) has changed one son company into a branch of the Corporation. The State economic groups and corporation have had their financial plans for their production and business operation. They also have built appropriate plans in accordance with their situation in order to solve the remaining financial problems, seeking for appropriate partners for capital withdrawal to meet the enterprises' situation and conditions. As of September 30, 2013, over 4,164 billion VND of State capital were withdrawn from State economic groups and corporations (out of total 21,796.8 billion VND invested in their non-major business fields). The Vietnam National Oil and Gas Group (Petro Vietnam) has reorganized the Vietnam Petro Financial Joint-stock Corporation in the direction of merging it with the West Commercial Joint-stock Bank and is in process of capital withdrawal as scheduled. Some other enterprises, such as the Vietnam Tobacco Corporation, the Vietnam National Vegetable, Fruit and Agricultural Products (Vegetexco Vietnam) have been working with the Debt and Asset Trading Company (DATC) to solve the problems of enterprises' bad debts.

However, in the context that the world economy and Vietnam economy have not had many positive signs of economic recovery, there remain many difficulties in reorganization of enterprises in terms of finance and capital withdrawal. The Vietnam National Coal and Mineral Industries Group

(Vinacomin) has twice organized shares auctions yet failed; the Vietnam National Chemical Group (Vinachem) has not yet been able to withdraw state capital from their non-major business fields due to lower stock price than the approved plan.

With a view to revising, supplementing and improve the system of internal management regulations, the State economic groups and corporations have reconsidered building and implementing the available regulations and rules on supervision, investigation, inspection and evaluation of performance; applying modern personnel administration policies; reorganizing the labour force and solving the problems of redundant labour in process of reorganization.

In line with the process of reorganization of state economic groups and corporations, the government of Vietnam and the Prime Minister of Vietnam have had continuous instructions and guidance for promoting SOE reorganization. "Many enterprises are in process of value determination, building plans for equitization and submit them to authorities for approval, such as the Vietnam National Textile and Garment Group (Vinatex), the Vietnam Airlines Corporation and other corporations under the Ministry of Construction, Ministry of Agriculture and Rural Development, etc. Positive and considerable results from SOE equitization could be seen in, for example, the Ministry of Transportation (25 enterprises), the Lam Dong Provincial People's Committee (3 enterprises), etc." [6, p.29]

2.4. On renewal and reorganization of state-run agri-forest enterprises

Along with SOE restructuring, the reorganization of agri-forest enterprises has been strongly implemented since 2003, in accordance with the Political Bureau's

Resolutions No.28/NQ-TW dated June 16 2003. For realization, the government has issued the Decree No.170/2004/ND-CP dated September 22, 2014 on reorganization, renewal and development of state-run agri-forest enterprises/farms. As a result, the number of agri-forest state enterprises was considerably reduced towards shifting to one member limited liability companies or joint-stock companies. As of June 30, 2013, there were 145 agricultural enterprises in Vietnam, including one member limited liability company and 3 joint-stock companies; 91 state agri-forest enterprises were shifted into forest management units as the enterprises that provide public services or public products; and 14 enterprises were dissolved in process of reorganization.

In 2013, the government organized a review meeting of 10 years' implementation of Resolution 28/NQ-TW on enterprise reorganization and pilot equitization of agri-forest and animal farms in connection with equitization of processing enterprises, reform of enterprise performance after equitization as well as management of land utilization in the enterprises. The Political Bureau agreed with assessments of enterprise equitization and the directions and tasks in the following stage, and agreed to issue another Resolution in replacement of the Resolution No.28/NQ-TW to continue equitization of agri-forest enterprises and on this basis, the government of Vietnam is going to work out more effective plans on reorganization of enterprises in the agri-forest sector.

3. The current challenges

Till present, the policy on SOE reorganization has been expressed in the Party's Resolutions and specified in the government's sub-law documents. There

have not yet had legal documents for SOE acquisition and merge, SOE selling and leasing, etc. For SOE reform, many countries in the world have had their laws on privatization. While in Vietnam, the regulations/ documents on SOE reorganization are still general, with no specific ones on transforming the performance of SOEs to joint-stock companies or other kinds (which are, if any, the sub-law documents of low legality).

On the issue of State investment capital in enterprises, there have not yet had uniform legal documents on the rules, scope and rights to make decision on state capital invested in enterprises towards separating the function of State management with the function of production-business management in enterprises. "The current documents are scattering and impractical in some articles/ provisions of the related laws, decrees and circulars. For example, Clause 1 of Article 68 of the Investment Law says that state investment activities in economic organizations are implemented through SCIC. However in practice, according to distribution of responsibilities by the government, the implementers of the ownership rights to State capital at enterprises are the Prime Minister, Ministries, Provincial People's Committees, member Councils, and company presidents (specified at Decree No.132/2005/ND-CP dated October 20, 2005; Decree No.86/2006/ND-CP dated August 21 2006; Decree No.25/2010/ND-CP dated March 19 2010 and Decree No. 99/2012/ND-CP dated November 15 2012)" [4, p.36]. Thus, it is necessary to legalize the sub-law documents on State capital at enterprises to meet the demands for SOE reorganization. In particular, for integrating into the ASEAN Community and Trans-

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Pacific Partnerships (TPP), Vietnam needs to have a law that enables implementation of commitments, like other countries; SOEs will operate only in certain areas (those with special difficult socio-economic conditions and for national defense and security purposes) and have to be legalized.

The work of SOE equitization in 2 years of 2014 - 2015 has been strongly enhanced with the spirit and determination of the SOE Reorganization Conference held on February 18, 2014: 432 SOEs must be equitized following the approved plans (among them many are medium and large-sized enterprises). In addition, the government of Vietnam requested the ministries, lines, sectors and provinces to review, to double-check and classify the SOEs that do not need to hold State dominant share ratio and put them in the SOE equitization list. According to the reports by the *SOE Reform and Development Steering Committee*, as of late July 2014, there were 76 SOEs reorganized, among them 55 were equitized. So, from now to end of 2015, there must be more than 1 SOE to be equitized per day. This is really a big challenge and there is a concern that with such a long list of SOEs to be equitized, the quality of SOE equitization may not be as good as expected. In the meantime, there remained many defects and difficulties. For example, in some SOEs, especially the monopolist ones, the heads of SOEs (especially those who are reaching the age of retirement) often feel reluctant and try to avoid SOE equitization until they retire, for safety personal reasons. There are some, however, who want SOE equitization at their highest personal (or group) interests for in order to run the enterprises for a long time under the new model. For the part of state budget, the benefits from SOE

equitization are not clear while there remain difficulties and/or confusions between the central and provincial level as the money collected from equitization of SOEs in the locality has to be remitted to the central level, i.e. to SCIC for management; and there are defects in SOE value determination, especially related to land-use rights, location advantages and commercial reputation/trade names, etc.

A strong goal of SOE reorganization by the end of 2015, set by the government of Vietnam, is to withdraw about 40-50% of State capital (out of total 790 billion VND) through SOE equitization; to sell a part, even to sell all, the shares of the State in the sectors/ areas that do not need State domination. This is a way of resource distribution between the State sector and the non-State sector, which in turn will create favorable conditions for Vietnam and foreign investors to get access to and contribute their capital in the SOEs, especially the large-sized production-business enterprises of high profits and large market shares and be able to provide the market with important products and services. However, in context of instabilities in Vietnam's macro-economic environment in general and financial market in particular, the question of how to sell a large part of State shares successfully will be not a small challenge.

4. Solutions for SOE reorganization in the years to come

Results from SOE equitization in the recent years show the great efforts made by all sectors, from the central to local to enterprise levels. However, there are still a lot of things to do for achieving the approved targets of SOE reorganization. In the years to come, it is necessary to focus on the following issues:

The first is on policy and mechanism improvement. Recently, at the 8th Meeting of the National Assembly of Vietnam (13th Session), 3 laws were ratified, including the Enterprise Law (amended), the Law on Management and Utilization of State Capital Invested in the Manufacturing and Business Enterprises and the Investment Law (amended). So, in the 1st quarter of 2015, the responsible ministries need to review all the current legal documents in order to issue the decrees and circulars appropriate to the new laws. In particular, the Ministry of Planning and Investment needs to complete the Decree on the Regulations on Public Governance in the State-owned one-member limited liability companies in the 2nd quarter of 2015; the Regulation on evaluation of implementation of State ownership rights and obligations in enterprises in the 4th quarter of 2015. The Ministry of Finance, in the 1st quarter of 2015 needs to provide necessary guidance for determination of stock values sold to workers and trade unions in the SOEs that were shifted to joint-stock companies with no IPOs yet; guidelines for overcoming the barriers in process of enterprise valuation for equitization, such as the value of long-term investment, value of potentialities, assets depreciation, re-evaluation of financial investments at the time of equitization. The Ministry of Agriculture and Rural Development needs to provide necessary guidance for building a comprehensive plan on reform and reorganization of agri-forest enterprises as a base for implementation.

Any delays in creation of a legal corridor and policies for solving the problems and overcoming the difficulties in process of implementation will restrict to the efforts

for SOE reorganization and State capital withdrawal.

Secondly, based on the approved 2014-2015 SOE reorganization plan, the ministries, lines and provincial people's committees need to enhance to speed of SOE reorganization in accordance with the criteria and classification of SOEs decided by the Prime Minister of Vietnam in the Decision No.37/2014/QĐ-TTg dated June 18, 2014. At the same time, solutions should be worked out to solve the problems and overcome the difficulties arisen in process of implementation. In particular, the heads of ministries, lines, provinces, state economic groups and corporations are fully responsible for implementation of SOE equitization and State capital withdrawal in accordance with the approved plans.

Thirdly, for the part of SOEs, they must to work out and to check, supervise the reduction of production costs and prices for increasing revenues, protecting and developing State capital, and increasing the revenues remitted to State budget. They should regularly work and collaborate with the commercial banks, the Vietnam Asset Management Company (VAMC), the Debt and Asset Trading Company (DATC) for solving the problems of bad debts. There also needs a change in the thinking of banks as the shield and creditor of enterprises (banks are even unable to collect enterprises' debts); banks need to support enterprises and go along with enterprises in process of development.

Fourth, the role of the government as the strategic investor should be further strengthened through SCIC activities. In 2014, the government of Vietnam issued Decree No.57/2014/ND-CP on the Charter of SCIC organization and operation, which took effect since August

6, 2014. Also, SCIC's Charter capital was increased to 50,000 billion VND. As a representative of State capital ownership at SOEs, SCIC needs to make greater and more effective efforts in their management, investment and business of State capital in the SOEs, including the state economic groups and state corporations.

Fifth, it is necessary to enhance the supervisory and inspection activities towards line ministries and provinces in their management and implementation of the tasks, with regular reports to be submitted in order to work out timely solutions for solving the problems and difficulties in process of SOE reorganization.

Conclusion: Vietnam has been making strong efforts to speed up the process of economic restructuring in connection with growth model transformation, looking forward to a market economy with an advanced legal system, ensuring a fair and healthy playing ground for enterprises of all kinds. In addition, Vietnam has been proactive to participate in ASEAN Economic Community and TPP, which is scheduled to realize by the end of 2015. For these reasons, to speed up and to ensure the quality of SOE reorganization, SOE equitization by the end of 2015 are of special important significance at present for Vietnam's closer integration into the regional and global economy.

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