

# REGIONAL ECONOMY AND SOLUTIONS TO REGIONAL ECONOMIC DEVELOPMENT

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**Abstract:** *In order to grow and develop the national economy stably and sustainably, attention needs to be paid to the regional economy, because the regional economy is a part of the national economy; the uniform development according to the strengths of each region will create conditions and foundation for the national economy to develop.*

**Keywords:** *Economic region, regional economy, regional economic development.*

## 1. Economic region

Economic region is defined as division of territory of the country into regions for economic development in the specialized direction suitable to the locations, natural characteristics, natural, economic and social conditions of each region so as to promote the strengths of each region in economic development.

In Vietnam, the state has divided the territory into seven economic regions: 1) Northern midland and mountainous region (NMMR); 2) Red River Delta (RRD); 3) North Central Coast (NCC); 4) Central Coast Region (CCR); 5) Central Highlands; 6) South East; and 7) Mekong River Delta Region (MRDR).

Based on the location, natural characteristics, natural resources, population, population characteristics, etc., each region has their different economic development directions, and specialized directions. It is an objective tendency that needs to be taken into consideration when formulating strategies and national

economic development policies in each period for the whole country as well as for economic regions.

## 2. Regional economy

Regional economy is regarded as a miniature national economy within an economic region suitable with the characteristics, conditions and potentials of each region. The regional economy is in response to the question of what industries/sectors that each region can develop. The regional economy reflects the general development of socio-economic branches in each territory (in the large economic regions, provinces and cities). Branch economy reacts to the question of what to develop (what economic branch?), the question of where to develop? – This means the economic branches develop in different regional territories.

Thus, the regional economy in different regions has a difference in directions, occupation choices - that is, the division of labor force by different branches in each territory suits the geographical location,

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climate, resources (land, water, forests, minerals, etc.), qualifications and labor practices, living standards and customs of the population in each region.

The economy in each region needs to exploit to make utmost advantages of each region, contributing to promoting the efficiency, balance and sustainability of the national economy and overcoming the differences in economic level among regions. Therefore, when building economic development strategies, medium and long-term plans for the economic development, regional economy needs to be considered. In Vietnam, the economic development orientation in the seven regions has points to be noted.

***a) Northern midland and mountainous region (NMMR)***

Located at the highest position in the North of our country, with an area of 98,318 km<sup>2</sup>, accounting for 29.3% of the country's area, NMMR is home of many minerals, such as coal, tin, copper, iron, apatite., etc. The natural distribution of minerals of the region has generated quite concentrated material complexes, which have great economic and technical significance for the development of mining industries, metallurgical industry, non-ferrous metallurgy and consumption industry.

The forest resources of the region are plentiful and diversified, with various kinds of wood, bamboo, neohouzeaua and birds, but they are increasingly severely damaged. The current urgent issue is to restrict the exploitation and afforestation of key and planned forests, preventing soil erosion and landslides are taken into consideration.

Another fairly diverse form of resources is the tourism resources such as Ha Long Bay, cultural and historical relics, caves, etc.

***b) Red River Delta (RRD)***

Exploited earliest in our country, the Red River Delta owns the synchronous transport network, relatively developed waterways, railways and airports, especially in Hanoi, Hai Phong and Nam Dinh.

Notably, the region is rich in land resources. The natural area of the region accounts for only 5.3% of the whole country, but agricultural land makes up 11.7% of the country's agricultural land.

Few types of minerals have large output, mainly in potential form. Currently, quarrying (reserves of 2,000 million tons), clay (reserves of 800 million tons), rare earth element are being exploited. Especially, rare earth element offers large reserve, but it is not exploited and used effectively. Huge oil and gas reserves are forecasted on the continental shelf. In general, the region's resources are limited, mostly in the form of potential, the current conditions of exploration, exploitation and usage are still facing many difficulties, thus the effectiveness of the northern dynamic region is not promoted.

The RRD has a long history of development with many traditional trade villages, abundant labor resources, high educational levels, and links with the Northern midland and mountainous region rich in natural resources. As a result, the Red River Delta has conditions to grow from the rapid development of mechanical engineering, textile, leather, garment, consumer goods, hydroelectricity, construction materials, animal husbandry, fruit tree planting, and food processing, tourism,... creating concentrated foodstuff areas.

***c) North Central Coast (NCC)***

Characteristics of the NCC region (also known as the former Zone 4) are

diverse terrain, including mountains, hills, plains and coastal areas. Although the mineral resources of the region are not large (except for Thach Khe iron mine preparing to be exploited), they are quite plentiful, significantly chromium, tin, lead, marble, antimony, limestone. This resource will open a new development direction for the industry of producing building materials (construction materials), transport engineering, tourism, ...

The region's population and labor force have a good level of culture, science and technology, enabling the region to expand the division of social labor, primarily between agriculture and industry.

However, besides the strengths, the region NCC copes with a number of difficulties and major constraints, such as weather, extreme weather, or natural disasters. The land is plentiful, but the fertility is poor, the natural resources are abundant, but the reserves are limited, insufficient to become major industries or industrial products of the whole country. Also, the regional and inter-regional economic relations are still weak and that is why in the territorial structure of the national economy, the region accounts for only about 10% of GDP.

#### ***d) Central Coast Region (CCR)***

The Central Coastal Region (also known as the South Central Coast) accounts for 13.6% of the natural area and 10.3% of the country's population, and is a region with great economic potential with a 1,200 km long coastline favorable for seaport construction, fishing grounds, fishing, seafood processing and salt production; There are many areas of economic forests and timber reserves (14% of forest areas and 13% of wood reserves of the whole country). The transportation system of the region is relatively complete, which is an

important infrastructure for the region to boost production, expand goods exchange with other regions in the country, directly to the Central Highlands, North Central Coast (NCC) and South East.

However, the region is also frequently threatened by natural disasters, with little potential for mineral production, and the main raw materials imported from other regions. Therefore, the production development, firstly industry, is somewhat limited, but the Central Coastal region is the region with great economic potential, capable of comprehensive development in agriculture, fishery, forestry, mechanical engineering, transportation, food and agricultural product processing, consumer goods production, services and tourism. In fact, the Central Coastal region is a key region in the Central Region.

#### ***e) Central Highlands (CH)***

The Central Highlands is a region with huge economic potential such as fertile land, natural area accounts for 1/6 of the national area, of which land with agricultural capacity is equal to 23% of the country's area. The region also has rich and unique natural resources; Basalt soil accounts for 80% of the region's natural area and 85% of the national basalt soil; The temperate climate is favorable for the development of tropical industrial plants and specialty trees, such as rubber, tea, coffee, etc. The main mineral of the region is bauxite. Forest land, reserves of forest products and products under the canopy are the richest in the country.

The exploitation and processing of bauxite, afforestation, forest industry, forest product processing and industrial plants are a specific direction, generating a good condition for rapid economic development of the Central Highlands.

***f) Southeast region (SE)***

Along with the Red River Delta region, the South East region is a region with an important position and role for the national economy of the country and is a key southern region. The region accounts for 7.1% of the country's area, 10.4% of the country's population.

The outstanding strength of the South East region lies in the quite developed technical infrastructure, concentrated in large industrial centers, such as Ho Chi Minh City, Bien Hoa, Vung Tau, ... The region has a fairly developed transportation system, including river, sea, road, rail and aviation. Linked to the material and technical infrastructure is a system of universities, colleges, institutes and scientific research centers with abundant workforce, especially professional workers with high skills.

The region's prominent mineral is oil and gas. In addition, a number of other minerals, such as bauxite, limestone, clay, ... are being continued exploring to build large-scale and significant industrial constructions of the whole country.

The South East region, the core of which is Ho Chi Minh City, holds a very crucial position in creating the overall economic structure of the country, with a multidisciplinary industry with high development speed and highly-skilled workforce, associated with the convenient transportation system with fairly developed infrastructure. This is a key industrial region of the country, focusing on many important manufacturing industries with relatively modern equipment, producing a wide range of products, from mechanical engineering, electricity, electronics to consumer goods industry, food industry, precision industry with high intellectual capacity.

***g) Mekong River Delta (MRD)***

The Mekong River Delta (also called the Southwest region) has fertile soil and suitable climate for plants and animals. This is the region with the largest agricultural land area in the country, approximately the agricultural land area of the North. Particularly, rice cultivation land accounts for nearly half of the country. Moreover, aquatic resources of the region are plentiful. The region also makes many other agricultural products, such as coconuts, soybeans, especially vegetables, which have great potential to meet regional consumption needs, and supply to other regions and export.

The salient feature of the Mekong Delta is the production of food and foodstuffs, which has the most agricultural commodities in the country. On the basis of comprehensive agricultural, forestry and fishery production, it will create conditions for strong development of food processing and consumption industries.

**3. Solutions to regional economic development**

To develop regional economy, the following measures should be implemented:

***a) Determining the position of each region for the whole country***

It is necessary to study the mutual relationship and economic impacts between the whole country and different regions. As a result, the functions and tasks of each region in the overall strategy are clarified and key industries, major products and key objectives of the whole country are planned as well.

***b) Investing and entirely assessing all resources***

Land, water, mineral forests as well as current situation (location, reserves, quality, allocation), and the ability to

exploit them need to be investigated and assessed in order to propose directions for the development of agriculture, forestry and mineral exploration industry and use natural resources economically and appropriately.

***c) Doing survey, calculating and balancing the population structure***

A census (including: population and population structure, working age population) need to be conducted to develop a human resource plan for economic sectors and social development in the economic region. Consequently, a plan for training human resources for the region can be proposed in order to meet the requirements of regional development plans appropriately and proportionally for each 5-year plan period

***d) Researching and developing a master plan for the regional economic development***

Industries, agriculture, forestry, fisheries and other economic, cultural and social sectors in the region need to be planned. In the planning options, it is necessary to clarify general goals, detailed objectives, steps for each 5-year plan period, forecast of investment capital demand, and

proposal to capital structure to be mobilized for the regional development.

***e) Developing policies to mobilize investment capital for regional development***

On the basis of the regional development planning projects, it is necessary to list the investment projects for development of socio-economic branches in the region for each 5-year planning period; to clarify investment projects managed by central branches and vertical investments in provinces of economic regions as well as the locally managed projects (province managed and invested) in the region.

Based on the list of classified investment projects and investment phasing for each 5-year period, it is essential to select the investment projects which are planned to be allocated according to state budget and credit sources, state investment (with preferential loans of the State), bank credit capital, etc; to make a list of expected investment projects to call for investment from other domestic and foreign capital sources under preferential mechanisms to attract investment through tax policies, credit policies, price policies of land rent, etc./.

## KINH TẾ VÙNG VÀ GIẢI PHÁP PHÁT TRIỂN KINH TẾ VÙNG

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**Tóm tắt:** Đề nền kinh tế quốc dân tăng trưởng, phát triển ổn định, bền vững, cần quan tâm đến kinh tế vùng, vì kinh tế vùng là một bộ phận của nền kinh tế quốc dân; sự phát triển đồng đều theo thể mạnh của từng vùng tạo điều kiện, là cơ sở cho nền kinh tế quốc dân phát triển.

**Từ khóa:** Vùng kinh tế, kinh tế vùng, phát triển kinh tế vùng.

**Ngày nhận bài:** 03/01/2019

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