

Iron and Steel Industry of Developing Countries in the Era of Globalization -The Case of Vietnam-

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Abstract

Iron and steel industry of Vietnam is a case of industry promotion under globalization and transition to market economy. From the experiences of advanced ASEAN countries, capacity for policy change is important. Under the trend of globalization, developing countries should accelerate the industrialization process. And accelerated development necessitates the speedy change from one policy to another.

On the initial stage of the Vietnamese steel industry, market underdevelopment was observed. Moreover, there were no modern players. Therefore governmental plan and investment by SOEs played an important role. Construction of model factories as bases for development was a critical job. This stage began with the drafting of master plan by state owned VSC (Vietnam Steel Corporation) and ended with start-up of its two new factories (Phu My Steelworks and Phu My Flat Steel). On the next stage, effective market competition and global pressure to liberalization will be observed. Vietnamese government should adapt the industry promotion policy to this situation. On this stage, private sector and FDI sector will play more important role. Role of government should change. Privileges of SOEs should be abolished. And new style policy should include amendment of market failure at some points, commitment to FDI attraction, and provision of infrastructure.

References

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