

CHAPTER IV

CONCLUSION

Vietnam is a communist country in which the government plays a lot of role in the private sector, but after Vietnam merged the country between North Vietnam and South Vietnam into one country in 1975. Both of Vietnam's economic systems operated in the same direction and more stable in politics. Even during that time, people's livelihoods were not very good because of the lack of domestic produce. Until 1986, Vietnam reformed the economic policy called Doi Moi, this policy is important in economic development and found that Vietnam succeeded after 20 years using the Doi Moi policy because Vietnam is a country rich in resources such as forests, sea and oil.

Before North Vietnam and South Vietnam merged into one country, both countries had different economic systems, North Vietnam uses a socialist system and South Vietnam uses capitalism. Even during that time, both countries have the same economic problems and still need foreign aid. However, North and South Vietnam succeeded in unifying the country on 30 April 1975, and officially named as Socialist Republic of Vietnam. There is only one party named the Communist Party and uses a socialist regime by focusing on the development of domestic production, technology and various ideologies in the same direction. In addition, the government combined the provinces of both North and South Vietnam together in the same country including restored land to the state and the transfer of private capitalist enterprises to the state. The development of the state economy by establishing agricultural cooperatives and self-employed as well as adjusting the direction of private enterprises to mixed or state enterprises, at that time, the private sector was not very active.

After consolidating the country for 4 years, the Vietnamese economy has not developed at all, making the government necessary to find new ways to develop. Which the

Vietnamese leaders eventually adopted since late 1979, the ways are to reduce state interventions on small businesses, family economic activities, improve trade direction and price liberalization. From the above ways, it caused a slight economic recovery and only a short period because the government is not serious about solving problems and still intervening in the economy, the problems are still increasing, such as Economic growth rates are very low, Lack of balance between income and expenses, The ability to produce and invest in a very low, Severe inflation, The distribution of the produce is orderly.

As a result, the government urged to solve the problem by having a National Assembly of the 6th party, in this meeting has brought about national reform to consider in seriously and finally, the government approved a national reform plan called the Doi Moi Policy, that was formally implemented in December 1986, with the Doi Moi policy having the following key points: 1) the distribution of 2) Free market economy 3) Exchange rate and interest rate are based on the market mechanism. 4) For Agricultural Policy Long-term land ownership and free trade of agricultural products. 5) Increased role private sector 6) Liberalization of investment.

Since then, Vietnam has become interested of investors and tourists from domestic and foreigners, due to the entrance of investors and tourists partly as a result of the success of economic reforms that transformed Vietnam's economy from a centralized economy to a more market-oriented economy. in other words, the government has been reduced to a role while the private sector has an increasing role.

After the government adopted the Doi Moi policy, Vietnam succeeded in attracting foreign direct investment. The government has revised trade and investment regulations in accordance with international standards and promote investment with various privileges. Along with Vietnam has the most political stability and abundant natural resources, all of these factors make Vietnam the target of most foreign investors in the region. In addition, the current government has a policy

to stimulate economic growth to a high level together with structural economic reforms by focusing on the national development plan along with institutional development, infrastructure development, human resource development, proportionality and the role of private sector in state enterprises including integration with the economy to enter the global economy.

Furthermore, the Doi Moi policy has increased the role of private sector and liberal investment, resulting in domestic tourism development. Although the initial policy implementation has not been successful, but after 10 years found that the number of tourists has increased since 2001 with the number of tourists coming to Vietnam about 2,330,800 and in 2018 there were 15,497,791 people.

The Doi Moi policy make the government of Vietnam increases the role of private sector, more tourists have come to do business in Vietnam or open a company in Vietnam, according to the registration statistics for opening private companies in 1999 there are only 14,500 registered companies. But in 2000 the Enterprise Law adopted triggered rapid growth in the number and size of private enterprises. The Enterprise Law can make it eased restrictions and conditions in market entry. Since then, the number of enterprises has increased at an amazing rate in 2016, almost 110,000 private enterprises were registered, and this figure increased to 126,800 in 2017.

To facilitate investors, the Vietnamese government has provided special privileges such as Foreign investors can invest 100%, possess land and profits can be returned to their home countries. For those traveling to invest or do business in Vietnam, they will invest in many areas such as (agricultural, forestry, fishery), Service (professional, tourism, hospitality), and (industry, manufacturing & construction). In 2016, the GDP were at 17%, 44% and 39% respectively. As the tourism business in Vietnam grew steadily as well. In most cases, businesses or investments in tourism will have investments in accommodation, transportation, and tour businesses. In

addition, the Vietnamese government has joined the world-class trade such as WTO, ASEAN, CTPP etc. In order to raise the international level of the country, joining the world stage has enabled Vietnam to open trade with foreign countries as well.