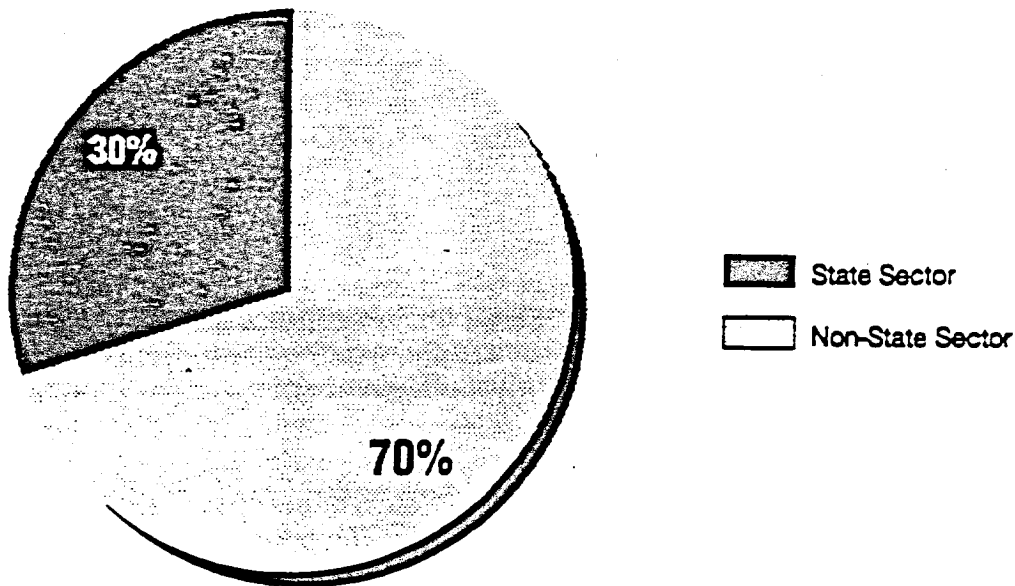

Contribution of National Income in Vietnam

State vs. Non-State



Source: *Economy of Vietnam: Reviews and Statistics*, Statistical Publishing House, Hanoi, 1992

Private companies have generally been small, family-run operations and have had poor access to investment funds and working capital so their development has been restricted. Until the establishment of the Law on Private Enterprises, private companies also lacked the legal framework to operate in Vietnam.

Cooperatives

Cooperatives have traditionally been a part of Vietnamese society, primarily in wet rice agriculture. The system incorporates collective rice transplanting and harvesting methods and the public use of tools and draft animals.

The majority of collectives in Vietnam have developed in the agriculture sector where enterprises have been arranged to gain a shared economic benefit. The land and means of production are provided to the households by the cooperatives in exchange for labour. In some areas surrounding substantial markets (Hanoi, Ho Chi Minh, etc) farmers prefer to purchase their own seed and fertilizer and sell the non-quota portion of their crops for a premium in these markets. The income is then distributed to workers after state payments in the form of taxes and delivery of quotas. Cooperatives contribute approximately 25 percent of production output.

GOVERNMENT POLICY

Government policies are directed toward attracting foreign investment, with a view to further developing the light industrial base of the country. Vietnam's mix of light industry includes: textiles, garments, footwear, plastic processing, bicycles, light engineering goods, electrical items, diesel motors, agricultural implements, bicycle tires/tubes and light chemicals.