

INTRODUCTION

Methodology and content

As the process of market orientation and international integration deepens in Vietnam, industrial strategy formulation must adapt to the changes which are brought about by this process. Market forces and global competition increasingly determine the performance of each industry as well as the winners and losers among enterprises. In many industries, private enterprises, including foreign private enterprises, are becoming major players instead of state-owned enterprises. Multinational corporations decide products, output, production sites, procurement, investment, export and import as integral parts of their global business strategies. This means that a large portion of industrial activity in Vietnam is now taking place outside the direct control of the government. These trends are also visible in the motorcycle industry. This master plan tries to respond to these changes by adopting a new drafting methodology and a new content structure.

With respect to drafting methodology, *stakeholder involvement and inter-ministerial coordination* have been strengthened. For any industrial master plan, the most important stakeholders are business enterprises that must carry out the plan. In the second quarter of 2006, the Joint Working Group (JWG) was formed to draft the motorcycle master plan under the official recognition of and in close cooperation with the Ministry of Industry. Its members included policy makers, businesses and experts. The Vietnam Development Forum, a joint research project between the National Economics University in Hanoi and the National Graduate Institute for Policy Studies in Tokyo, acted as a coordinator. JWG conducted a large number of internal discussions, and received information and views from motorcycle-related enterprises and researchers as broadly as possible. In preparing each chapter and determining policy measures, consultations with related ministries and agencies were held. These methodological innovations were pursued within a relatively tight schedule under which JWG worked. Except for a few confidential cases, key

documents and meeting minutes of JWG were uploaded in a website for openness and transparency.

With respect to content structure, demand-side issues are given approximately the same weight as supply-side issues. User concerns such as traffic safety, congestion and air pollution are analyzed fully in separate chapters, in addition to more standard chapters dealing with production, demand forecasts and industrial capability. The future of motorcycles is considered to be not only an industrial issue but also a social issue. This is necessitated by the fact that motorcycles take up a very unique position in the Vietnamese society, whose popularity and density in use, especially in urban areas, have an enormous bearing on the quality of life of all people, including motorcycle riders and non-riders. For this reason, the present master plan covers a much wider ground than the existing guideline for master plan content set forth by the Ministry of Planning and Investment and the Ministry of Industry.

The role of government

In an increasingly integrated market with a large presence of foreign producers, such as the motorcycle market in Vietnam, the basic role of the government should be to *support the healthy growth of the industry* by understanding and responding to its needs instead of dictating it. Private business enterprises are the primary decision-makers and executors of industrial dynamism, but the government also has an important role of providing supportive visions, rules and measures to ensure that the industrial playground is predictable, fair, and in line with the general interest of the nation.

More specifically, three roles of the government are identified as crucial for the healthy growth of the motorcycle industry, and chapters are arranged accordingly to discuss them. First, the government should clarify policy orientation and make indicative projections so that enterprises can use them as a basis for their business decisions (chapters 1-3). Second, the government should set and enforce realistic and meaningful standards for quality, safety, environment and intellectual property rights (chapters 5-9). Third, the government should help to upgrade Vietnam's

industrial capability with particular attention on supporting industries and industrial human resources (chapters 4 and 9).

This master plan contains projections of motorcycle use, sales and production in chapters 2 and 3. These are the results of intensive discussion among businesses, policy makers and experts. They are meant to be indicative and guiding, and subject to modification as circumstances change, rather than rigid targets that are set officially and must be fulfilled under any circumstances.

About policy measures

Chapters 4, 5, 6, 7 and 8 contain general policy directions. Some of them are developed into proposals of concrete policy measures in chapter 9. Other policy directions are desirable but not developed into concrete measures. This selectivity is partly due to the limited time and human resources available to JWG, and partly for the purpose of increasing the possibility of properly implementing proposed measures in the current policy environment of Vietnam.