



Analyzing Framework For Industrial Clusters And Relevant Regulations– A Case In Hanoi City In Vietnam

Nguyen Dinh Trung, PhD¹, Dinh Tran Ngoc Huy, MBA², Ly Lan Yen, PhD³, Phan Anh, PhD (corresponding)⁴, Nguyen Trong Diep, LLD (corresponding)⁵

¹National Economics University, Hanoi Vietnam.

²Banking University HCMC Ho Chi Minh city Vietnam – International University of Japan, Japan.

³Academy of Finance, Hanoi Vietnam.

⁴Banking Academy, Vietnam.

⁵School of Law, Vietnam National University, Hanoi Vietnam.

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Abstract

First, The cluster is an economic phenomenon that is affected at all economic levels, (Sölvell, 2008). This study examines **advantages and limitations and solutions for IC development** in case of Hanoi city Vietnam. By using qualitative method and also based on the previous literature our research findings show that Some localities have not yet made development planning; In addition, many localities have not kept up with the needs of industrial development as well as favorable conditions for transport infrastructure in the area, so they have to adjust and supplement many times; facing problems in land recovery because the land user has lost, wrong information on the area or not coordinated in declaration and inventory, difficulties in attributing ownership, verifying the origin of land, some households build workson untreated agricultural land... also affects the progress of projects. Moreover, The findings suggest that we need to focus on solving difficulties and obstacles for businesses in order to promote production and business, support investors and businesses to solve difficulties during project implementation

Keyword: IC development, Hanoi city, solutions, framework, suitable model

JEL Classification: M1, M10, M21, K10

1. Introduction

This paper done to examine how we can suggest suitable models and solutions for recommendations to develop industrial clusters (IC) in Hanoi city Vietnam.

In this study, we identify originality: Previous researches have been done for emerging markets and other countries, while our research focus on Hanoi city Vietnam in recent periods. Beside, our study has some policy and solution implications, esp. solutions suggested in conclusion section.

Research questions:

Question 1: What are related studies?

Question 2: What are advantages and limitations and solutions for IC development?

The article is organized in a 5-part structure, in which part 2 presents a brief overview of related studies. The research method is shown in turn in section 3. In the next section, we describe the findings or results, which serve as the basis for recommendations in the final part.

2. Literature review

Firstly, Clusters can be broadly classified as- (a) ‘dormant’/‘incipient’/ ‘survival’ clusters, those at an early stage of development, located where majority/significant percent of the population is poor and producing for local markets using simple technologies, and (b) ‘dynamic’/‘matured’/‘advanced mass production’ clusters, which are more advanced in terms of technology and skills, often produce for global markets (Foundation for MSME Clusters, 2010). Clustered industrial economy is free from higher transactional costs as the entities are co-located in a similar economic and geographical zone (Otsuka K. and Sonobe T., 2011).

Next we look at below table 1:

Table 1 – Summary of related studies

| Authors | Year | Content, results |
|-------------------|-------------|---|
| Michael E. Porter | 1990 | The cluster concept has become a subject of intense research studies and economic analysis starting with the study conducted regarding the competitive advantage of nations. The cluster is an economic phenomenon that is placed in a competitive context in which many businesses simultaneously compete and collaborate to gain different economic advantages. |
| Krugman | 1991 | Being a type of economic agglomeration, clusters are formed by firms |

| | | |
|----------------|------|---|
| | | that conduct activities in the same field and in which innovation is an important force that fuels the competition and the firms development. |
| Morosini | 2004 | gave another definition by describing the cluster as —socioeconomic entity characterized by a social community of people and a population of economic agents localized in close proximity in a specific geographic regionl, (Morosini, 2004) |
| DT Tinh et al | 2021 | We need to enhance more studies and researches in this globalization context |
| ND Trung et al | 2022 | we can analyze some models, however, there has been considerable debate concerning its effectiveness, and indeed its appropriateness as a policy framework. And It is necessary to regularly organize and integrate regulations on consumer protection in many relevant documents and fields. Last but not least their analysis can be applied for many industrial clusters (IC) in Vietnam not only in Hanoi city. |

(source: author synthesis and analysis)

2 RESEARCH METHODOLOGY

In this paper, authors will use analysis, experiences, observations, practical situation with cases studies of industrial clusters in Hanoi, Vietnam, but it also uses will use qualitative, analysis, synthesis research methods. Relevant regulations and plans of clusters in Hanoi also researched.

3 FINDINGS AND DISCUSSION

3.1 Overview of IC development in Hanoi city

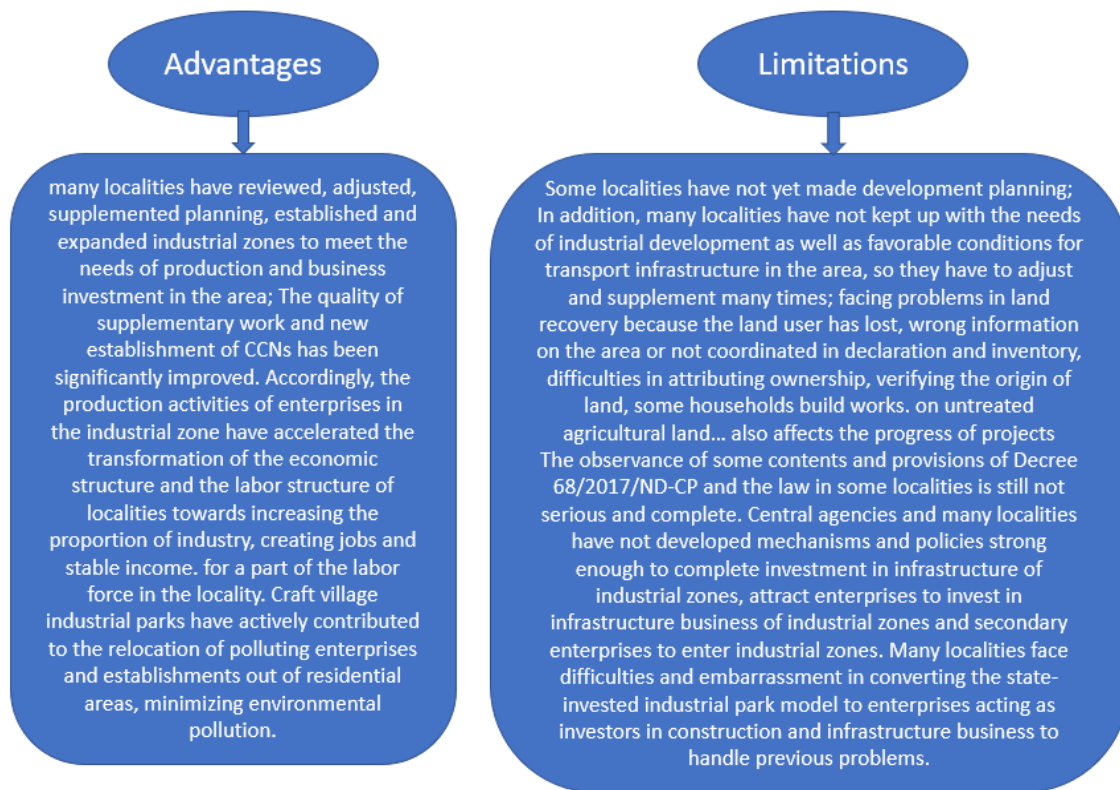
According to the Hanoi City People's Committee, in order to create all favorable conditions, attract foreign investment in industrial parks, as well as remove difficulties for businesses in the area to develop, in 2022 Hanoi will focus on developing industrial zones. industry, industrial cluster.

Accordingly, the city will focus on building, completing and upgrading the technical infrastructure system of industrial clusters in operation. Along with that, the city continues to start construction of technical infrastructure for 41 industrial clusters that have been decided to establish in the 2019-2020 period; establish and expand 15-20 new industrial clusters; adding 4 new industrial clusters to the master plan on industrial cluster development up to 2020, with a vision to 2030.

Thus, the promotion of infrastructure development of industrial parks and industrial clusters along with preferential investment policies has helped Hanoi emerge as one of the best places to attract FDI enterprises in the country.

On the other hand, we analyze limitations and advantages in developing IC in Hanoi city as follows:

Fig 1 – Limitations and advantages



(source: author analysis and synthesis)

3.2 Regulations for Industrial clusters (IC)

Over the past time, the Ministry of Industry and Trade has actively advised the Government to manage industrial zones nationwide. To date, the current legal documents on management of industrial clusters, including Decree No. 68/2017/ND-CP, Decree 66/2020/ND-CP, Circular 28/2020/TT-BCT on basically created a legal corridor to manage and develop a unified industrial park from planning, establishment and expansion of industrial zones to investment in infrastructure construction and production in industrial zones.

According to CIRCULARS-document no 28/2020/TT-BCT dated 16/11/2020:

PROVISIONS AND INSTRUCTIONS FOR IMPLEMENTATION OF SOME CONTENT OF DECREE NO. 68/2017/ND-CP DATE MAY 25, 2017 OF THE GOVERNMENT ON MANAGEMENT, DEVELOPMENT OF INDUSTRIAL Clusters AND DECREE No. 66/2020/ND- CP JUNE 11, 2020 OF THE GOVERNMENT AMENDING AND SUPPLEMENTING SOME ARTICLES OF DECREE NO. 68/2017/ND-CP

Section 2. INVESTMENT IN TECHNICAL INFRASTRUCTURE OF INDUSTRIAL Clusters

Article 4. Selection of enterprises and cooperatives as investors in the construction of technical infrastructure of industrial clusters

1. To receive and select enterprises and cooperatives as investors in the construction of technical infrastructure of industrial clusters in the locality:

a) Immediately after receiving the written request to act as the investor in the construction of technical infrastructure of an industrial cluster from the enterprise or cooperative, the district-level People's Committee shall notify the receipt and the time for making the successful application. establish and expand industrial clusters on local mass media;

b) The decision on the establishment and expansion of the industrial cluster (including the assignment of enterprises and cooperatives as investors in the construction of technical infrastructure of the industrial cluster) is announced on the mass media of the enterprise. immediately after being signed by the People's Committee of the province for promulgation.

2. The selection of enterprises and cooperatives as investors in the construction of technical infrastructure of industrial clusters is a content of appraisal of the establishment and expansion of industrial clusters. The time for selecting an investor to build technical infrastructure is within the period of appraising the application for the establishment and expansion of the industrial cluster.

Article 10. Building, managing and operating the industrial cluster database

1. The local Department of Industry and Trade organizes the construction, management and operation of the nationwide industrial cluster database; guide the Department of Industry and Trade to update data into the national database of industrial clusters.

2. The Department of Industry and Trade shall organize the construction, management, operation and guidance of the Industry and Trade Management Division of the district-level People's Committee to update data into the database of industrial clusters in the province; be responsible for fully, timely and accurately updating industrial cluster data in the locality into the nationwide industrial cluster database.

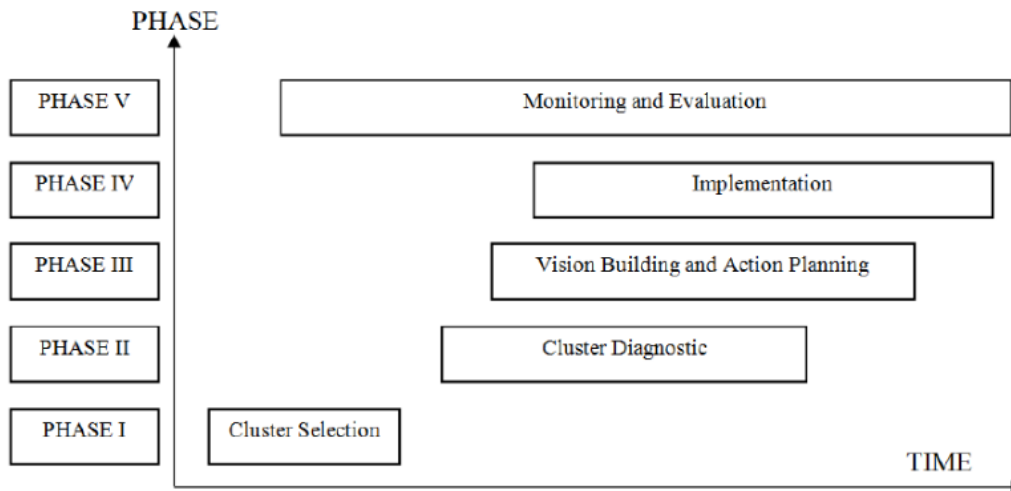
3. The specialized division of industry and trade management under the district-level People's Committee is responsible for fully, timely and accurately updating the data of industrial clusters in the locality into the database of industrial clusters in the province.

3.3 Framework and models for IC development

In below fig 2, we see UNIDO approach: 5 phases

Fig 2 – UNIDO IC development approach

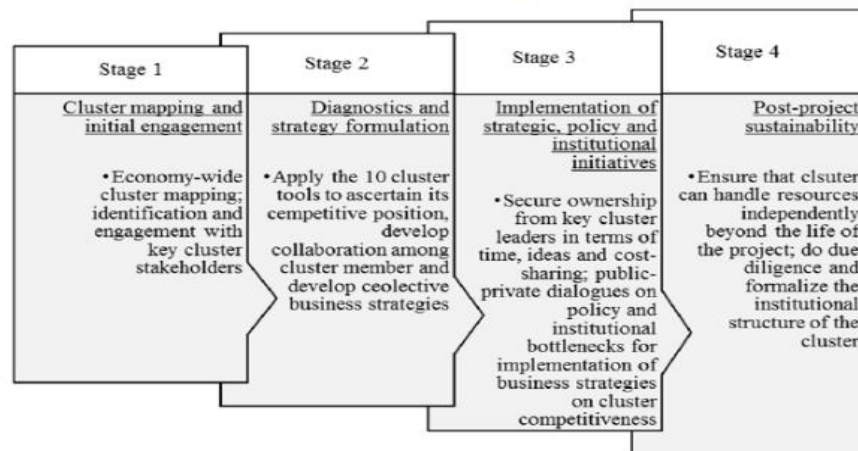
The phases of UNIDO approach could be shown as follows:



Source: Murali, B.P. Banerjee, S. (2011), Fostering Responsible Behavior in MSMEs in Clusters: Role of Cluster Development Agent, Volume III, Foundation for MSME Clusters.

Next we see 4 stages in below model:

Fig 3 – IC development model, World Bank



Source: World Bank, (2009), Cluster for Competitiveness- A Practical Guide & Policy Implications for Developing Cluster Initiatives

5 CONCLUSION

The study proposes the following policies:

Generally, banks need to enhance roles to support financing for IC development (Hac LD et al, 2021; DTN Huy et al, 2020; N Thi Hang et al, 2021; NN Thach et al, 2021).

Beside, Hanoi Department of Industry and Trade is implementing specific solutions to speed up the construction progress of projects. In which, the most important task is that the Department will coordinate with the Department of Natural Resources and Environment to complete the dossier for the City People's Committee to submit to the Prime Minister to apply for the conversion of rice land; along with that is to immediately complete the issuance of construction permits with qualified industrial clusters... According to the direction of the city, the Department will urge investors and localities to apply for adjustment and extension of the implementation schedule. projects for industrial clusters have expired; elaborating and appraising project feasibility study reports; report on environmental impact assessment...implement solutions to administrative reform on land, site clearance to accelerate the progress of construction and deployment of technical infrastructure of industrial parks and industrial clusters ; focus on solving difficulties and obstacles for businesses in order to promote production and business, support investors and businesses to solve difficulties during project implementation. Last but not least, we can have implications for student education (Le, K., & Nguyen, M, 2021; D Thi Ngu, DTN Huy et al, 2021; N Thi Hang, DTN Huy et al, 2021; DT Huong et al, 2021). And risk management needed (DTN Huy, 2015; DTN Huy & DTN Hien, 2010).

Research limitation

Authors may expand study for detailed analysis of IC development plans.

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Conflicts of interest

There is no conflict of interest

AUTHOR CONTRIBUTIONS

Conceptualization: **Dinh Tran Ngoc Huy, Nguyen Dinh Trung, Ly Lan Yen**

Formal analysis: **Nguyen Trong Diep, Dinh Tran Ngoc Huy, Phan Anh.**

Project administration: **Phan Anh, Dinh Tran Ngoc Huy.**

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