

Promoting Private Economic Development in Vietnam in the Current International Integration Process

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ARTICLE INFO	ABSTRACT
Received: 16 Dec 2024	<p>The private economy has been affirming its increasingly important role in the Vietnamese economy, especially in the context of deep international integration. Based on statistics for the period 2015-2024 and SWOT analysis, the article assesses the role and current situation of the private economic sector, and quantifies the opportunities (market expansion thanks to more than 15 new-generation FTA agreements) and challenges (competitive pressure, technology gap). The research results propose a group of key solutions including institutional reform, human resource development, innovation support and strengthening value chain linkages to increase the contribution of this sector to 50% of GDP by 2030, meeting the requirements of the process of deep international integration. The article clarifies the role and current situation of the development of the private economy in Vietnam, pointing out the opportunities and challenges for private economic development in the process of deep international integration. On that basis, the article proposes a number of solutions to promote the sustainable and effective development of the private economy in the current international integration process.</p>
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1. Problem statement

The private economy (PE) has always been identified by the Party and State of Vietnam as one of the key driving forces and an important component of the socialist-oriented market economy. Resolution No. 68-NQ/TW dated May 4, 2025 of the Politburo emphasized: "In the socialist-oriented market economy, the private economy is the most important driving force of the national economy" [2, p.2]. General Secretary To Lam also affirmed: "Developing the private economy is a lever for a prosperous Vietnam" [6, p.1].

In the context of increasingly deep international integration, especially when Vietnam participates in more than 15 new-generation free trade agreements (FTAs), the private economic sector is facing historic opportunities to expand its market and enhance its position in the global value chain. Practice shows that this sector has contributed about 42% of GDP, 30% of budget revenue and created jobs for more than 85% of non-state sector workers, but there are still institutional "bottlenecks", limitations in technology and competitiveness, causing the level of development not to be commensurate with its potential.

Therefore, it is urgent to systematically conduct research to assess the role, current situation, and quantify the opportunities and challenges of the private sector, and propose solutions to increase the contribution of this sector to 50% of GDP by 2030. This is not only an intrinsic requirement of the economic restructuring process but also a prerequisite for Vietnam to take advantage of opportunities from international integration and achieve sustainable growth.

2. Theoretical basis of private economy and international integration

2.1. Concept and role of private economy

Private economy is a part of the economy in which ownership and control of factors of production (capital, assets, labor) belong to individuals, households or private legal entities. Private economy includes many types such as private enterprises, limited liability companies, joint stock companies (without state capital), individual business households and other forms of informal economy.

The private sector plays an increasingly important role in the economies of most countries, especially market economies. Specifically, the private sector is the main driving force for economic growth, contributing greatly to the gross domestic product (GDP). This sector is also the main source of employment for society, contributing to solving social security issues. The private sector has the ability to mobilize and allocate social resources effectively, encourage investment, and accumulate capital. In particular, the private sector is an important factor in innovation, application of science and technology, improving productivity and quality of products and services due to its flexibility and high adaptability to the market.

2.2. Concept and characteristics of international integration

International integration is the process of increasing the connection and interdependence between countries and regions in many fields, especially the economy. Economic international integration is expressed through the gradual removal of barriers to trade, investment, capital and labor movement between economies, through bilateral and multilateral frameworks such as the World Trade Organization (WTO), free trade agreements (FTAs) such as CPTPP, EVFTA, RCEP, and regional organizations such as APEC, ASEAN.

The process of HNTQ brings opportunities to access wider markets, attract investment, learn advanced technology and management experience. However, it also poses great challenges in terms of fierce competition, requires improving the capacity to adapt to international standards, and cope with external shocks.

2.3. The relationship between private economy and international integration

Private enterprises and foreign invested enterprises have a close relationship with each other, and international investment creates both opportunities and great competitive pressure for private enterprises. Through international investment, private enterprises have the opportunity to access export markets, investment capital, modern technology and international management experience. However, they also face fierce competition from multinational corporations and foreign enterprises right at home, as well as having to comply with increasingly strict international regulations and standards. On the contrary, the private sector is an important driving force for the integration process and taking advantage of the benefits from integration. With its dynamism, flexibility and ability to adapt quickly, the private sector can quickly seize opportunities, transform production structures, create competitive products and services, contribute to export turnover and attract foreign investment. The strong development of the private sector is a key factor for a country to effectively take advantage of the benefits that HNTQ brings.

3. The current development status of the private economy in Vietnam in the process of international integration

3.1. Viewpoint of the Communist Party of Vietnam on the development of the private economy in the process of national renewal

Since the implementation of the renovation process (1986) up to now, the awareness and policies of the Communist Party of Vietnam on the private economy have been continuously developed and improved, creating a legal basis and a favorable environment for this sector. Specifically, the 7th Party Congress (1991) started with creating motivation and an environment for a multi-sector commodity economy, protecting ownership rights and legal income. The 8th Congress (1996) continued to orientate the construction of a multi-sector economy according to the market mechanism, encouraging legal enrichment. By the 9th Congress (2001), the Party consistently

pursued the policy of developing the private economy as an important component of the socialist-oriented market economy, recognizing the long-term position of the individual and small-scale economy. In particular, Resolution No. 14-NQ/TW (2002) of the 9th Central Executive Committee affirmed that "the private economy is an important component of the national economy" [1, p.2] and is a long-term strategic issue contributing to industrialization and modernization. At the 10th Congress (2006), the Party continued the policy of strongly developing and not limiting the scale of the private economy in all industries that are not prohibited by law. At the 11th Congress (2011), the Party emphasized the need to perfect the institutions so that the private economy becomes one of the driving forces of the economy.

The important turning point in the Party's perception was the 12th National Congress (2016), at which the Party directly affirmed that the private economy is an important driving force of the economy. This viewpoint continued to be concretized by Resolution No. 10-NQ/TW (2017) of the 12th Central Committee of the Party, reaffirming the position of this important driving force. By the 13th National Congress (2021), the Party had summarized and assessed that the private economy is increasingly affirming its role as "an important driving force of the economy". In particular, Resolution No. 68-NQ/TW dated May 4, 2025 of the Politburo affirmed that "the private economy is the pioneering force promoting growth" [2, p.2].

3.2. Achievements of the private economy in the process of international integration

The nearly 40-year journey of renovation has marked Vietnam's remarkable rise, "from a centrally planned, inefficient economy, with an average income per capita of only 96 USD in 1989, Vietnam has made spectacular progress. By the end of 2025, Vietnam is expected to join the group of upper-middle-income countries, with an income of over 5,000 USD/person/year" [6, p.1]. This miracle comes not only from the right development path under the leadership of the Party, along with bold reforms in institutions, policies and extensive international integration, but also from the spirit of hard work, creativity, determination and tireless efforts of the entire Vietnamese people.

In the context of increasingly deep international integration, the Vietnamese private economic sector has affirmed its role and development potential with important achievements. Notably, there has been an impressive increase in the number and scale of enterprises. Currently, "the private economic sector has about 940 thousand enterprises and more than 5 million business households in operation, contributing about 50% of GDP, more than 30% of total state budget revenue and employing about 82% of the total workforce in economic growth" [2, p.1]. The fact that a series of new private enterprises are established each year strongly reflects the dynamism and entrepreneurial spirit of the community. In particular, many private enterprises have risen to become large corporations, with prestige and competitiveness not only domestically but also in the regional and international arena, typically Vingroup, FPT, Thaco or Masan.

Table 1. Achievements of the private economy in the period 2015-2024

No	Target	Unit	2015	2020	2024
1	GDP Contribution	(%)	38.2	40.5	42.0
2	Contribution to total state budget revenue	(%)	26.5	28.7	30.0
3	Percentage of non-state sector workers	(%)	81.0	83.2	85.5
4	Number of private enterprises	Thousand enterprises	450	620	850

(Source: General Statistics Office of Vietnam)

Contribution to GDP (%): From 2015 to 2024, the proportion of the private sector increased from 38.2% to 42%, reflecting the growing role of this sector in national economic growth. However, the average increase was only about 0.4 percentage points per year, showing that the improvement rate is still relatively slow compared to the potential. **Contribution to total state budget revenue (%):** Increased from 26.5% to 30% within 9 years. This is a positive signal, proving that the private sector has expanded its scale, contributing more to the budget, but has not yet reached a balance compared to the proportion of GDP that this sector creates. **The proportion of non-state workers:** Remained at a high level, from 81% to 85.5%. This affirms the role of the private sector as the main "support" for job creation in the economy. However, the quality of labor in this sector is still an issue that needs improvement.

Along with the growth in quantity, the competitiveness of private enterprises has also been significantly improved, helping them confidently approach the international market. Many units have proactively invested in modern technology, improved production processes and continuously improved the quality of products and services to meet the strict standards of foreign markets. Thanks to that, the export turnover of the private enterprise sector has maintained a continuous growth momentum, contributing increasingly to the total export turnover of the whole country.

In addition, the ability to adapt and participate deeply in global value chains has become a bright spot of the private economy. Some enterprises have succeeded in becoming important suppliers for multinational corporations, demonstrating their flexibility, ability to meet international standards and proactive spirit of deep integration into the world economy.

Vietnam has signed 16 free trade agreements (FTAs) and is negotiating 3 more with about 60 FTA partners, accounting for nearly 90% of global GDP [3]. Import-export turnover in 2024 will reach nearly 800 billion USD, an increase of about 15% over the previous year, with a trade surplus of about 23–24 billion USD, the 9th consecutive year of trade surplus [8].

Table 2. Contribution of the Private Economy to the Economy in the 2015-2024 Period

No	Target	Unit	2015	2020	2024
1	Number of new generation FTAs Vietnam participates in		8	12	15
2	Number of private enterprises exporting directly	DN	8,500	12,000	18,000
3	Percentage of private enterprises participating in global supply chains	%	5.2	7.8	10.5
4	Average private enterprise growth rate	%	8.0	9.5	10.2

(Source: General Statistics Office of Vietnam)

Number of new generation FTAs that Vietnam participates in: Increased from 8 to 15 agreements, creating opportunities to expand export markets and attract foreign investment. This is an important foundation for the private sector to access the global market. **Number of private enterprises exporting directly:** Increased from 8,500 to 18,000, more than double after 9 years. However, this rate is still low compared to the total number of private enterprises nationwide (less than 3%), proving that most enterprises still only serve the domestic market. **Rate of enterprises participating in the global supply chain:** Increased from 5.2% to 10.5%, but this number is still quite small, reflecting limited capacity to connect and participate in high-value stages. **Average growth rate of private enterprises (%):** Maintained at a high level (8-10%), showing that the private sector has strong vitality. However, it is necessary to shift from growth in breadth (number of enterprises) to depth (efficiency, competitiveness).

3.3. Limitations, problems and causes of limitations and problems of private economic development in the process of international integration in Vietnam

Besides the achievements, Vietnam's private economy still reveals many internal limitations, which are significantly hindering sustainable development as well as the ability to take full advantage of the international integration process.

One of the biggest challenges is that “most enterprises are micro, small and medium sized; their financial potential and management skills are limited” [2, p.1]. This often makes enterprises weaker when competing directly with FDI enterprises or large corporations from abroad. In addition, most private enterprises today “have low technological capacity and innovation; labor productivity, operating efficiency and competitiveness are not high” [2, p.1]. Many businesses still rely on old technology and invest little in research and development activities. This reduces the ability to create high value-added products and makes it difficult to keep up with the rapid development of the global market.

In addition to technology issues, access to essential resources remains difficult. Private enterprises often face obstacles in accessing bank credit, land, market information and necessary business development support services. In terms of management, there is a shortage of management capacity and high-quality human resources. Corporate governance still has many shortcomings and lacks professionalism. Notably, the lack of high-quality human resources with modern management skills, knowledge of technology and foreign languages is a major barrier to meeting integration requirements.

Although Vietnam has participated in many Free Trade Agreements (FTAs), the reality shows that private enterprises have not fully taken advantage of these opportunities. Many enterprises still lack information and in-depth knowledge about FTA commitments, rules of origin or technical barriers. This causes them to miss the opportunity to effectively exploit tariff preferences and expand the market. In addition, when integrating deeper, private enterprises also have to face many non-tariff barriers and trade defense measures from import markets. Technical barriers, sanitary and phytosanitary barriers or anti-dumping measures require strict compliance and high adaptability, putting more pressure on enterprises.

The above-mentioned limitations of Vietnam's private economy stem from both subjective causes of the enterprises themselves and objective causes from the external environment.

Regarding subjective causes, the core lies in the inadequate internal capacity of many enterprises. Many private enterprises still lack a long-term strategic vision, have not built a truly clear business strategy, and have not boldly invested in technology or research and development activities. In addition, slow adaptability is also an inherent weakness, a part of enterprises are still passive, not proactive in learning and adapting to new regulations as well as strict standards of the integration process. In particular, for small and medium enterprises, the family-based management model is still popular, leading to a lack of organizational structure and professional management processes necessary for sustainable development in a competitive environment.

Regarding objective reasons, the incomplete legal and policy environment remains a significant barrier. Although the Party and State have made many reform efforts, “institutions and laws are still entangled and inadequate; leadership and direction have not received due attention.” [2, p.1]. The mechanisms and policies to support the private economy have not really gone into depth, lack synchronization and are not strong enough to create the necessary push. “The private economy still faces many difficulties and obstacles in accessing resources, especially capital, technology, land, resources and high-quality human resources” [2, p.1]. Programs to support private enterprises in terms of capital, technology, information or trade promotion are still scattered, lacking focus and have not reached the business community widely. In addition, fierce competition from foreign direct investment enterprises and strong international competitors requires Vietnam's private economy to have outstanding capacity not only to survive but also to develop in the context of integration.

4. Some solutions to promote private economic development in the process of international integration

4.1 . Group of solutions on improving institutions and policies

This group of solutions focuses on creating an open and fair legal and policy framework to create a solid foundation for the development of the private economy.

Firstly, it is necessary to continue to strongly reform the business environment, aiming to create a truly equal playing field for all economic sectors. This requires reviewing, amending, supplementing and perfecting the entire legal system and policies related to private enterprises. The goal is to build transparent, fair and consistent regulations, creating the most favorable conditions for business operations. In particular, it is necessary to ensure that private enterprises have equal access to essential resources such as land, capital and information, without discrimination compared to other economic sectors.

Second, perfect the legal framework for business registration, operation and dissolution. It is necessary to continue simplifying administrative procedures related to the entire business life cycle, in order to minimize compliance time and costs for businesses. At the same time, it is necessary to build mechanisms for quick and effective dispute resolution, ensuring maximum protection of the legitimate rights and interests of private enterprises, helping them feel secure in investing and doing business.

Third, drastically cut unnecessary administrative procedures and minimize compliance costs. Continue to vigorously implement administrative reform policies, resolutely eliminate "sub-licenses" and other unreasonable barriers. The goal is to significantly reduce the burden of informal costs, creating more transparency and openness in state management processes for businesses.

Fourth, research and proposal of preferential and support policies must be carried out selectively and in accordance with international standards. Preferential policies on investment, credit and tax must be developed carefully and in accordance with international commitments that Vietnam has signed and domestic legal regulations. These policies should focus on priority sectors and fields with high growth potential, especially high technology and environmentally friendly sectors, in order to orient the private economy towards sustainable and modern development.

4.2. Group of solutions to support improving competitiveness

For KTTN to truly play its role in the integration process, improving internal competitiveness is a key factor, requiring synchronous support from many sides.

First, it is necessary to increase support for enterprises to access capital. This includes diversifying capital mobilization channels for the private sector, such as developing credit guarantee funds, venture capital funds, and expanding the stock market. At the same time, there is a need for more flexible and preferential credit policies, especially for small and medium-sized enterprises, startups, and units that focus on innovation.

Second, strengthen support for technology and innovation. We need to encourage technology transfer from abroad, creating favorable conditions for businesses to access and apply advanced technologies in production and business. Along with that, establishing funds to support research and development (R&D), as well as strengthening the connection between businesses and research institutes and universities will contribute to strongly promoting innovation activities.

Third, focus on developing high-quality human resources. This requires the development of training programs to foster modern management skills and international integration skills (including foreign languages, international legal knowledge and import-export operations) for both business owners and management teams. At the same time, developing a vocational education system closely linked to the practical needs of the private economy will ensure the provision of a qualified workforce.

Fourth, improve corporate governance capacity. It is necessary to regularly organize training courses and specialized seminars on modern corporate governance, risk management, financial management and marketing. At the same time, encourage enterprises to be transparent in information and proactively apply international governance standards to enhance operational efficiency and reputation in the market.

4.3. Solution group on supporting integration and market expansion

In order for Vietnam's private sector to reach out and effectively take advantage of opportunities from integration, support to access and expand international markets is extremely necessary.

Firstly, it is necessary to increase the provision of information on free trade agreements (FTAs) and international markets in a timely and understandable manner. Authorities need to proactively disseminate commitments in FTAs, rules of origin, as well as technical barriers and market standards of importing countries. This helps private enterprises clearly understand the rules of the game, avoid unnecessary risks and optimize benefits from trade incentives.

Second, Support trade promotion and encourage deeper participation in the global supply chain. The State and relevant organizations need to strengthen the organization of international trade promotion programs, participate in major fairs and business connection forums. The goal is to create a bridge, help private enterprises find partners, expand their networks and gradually participate more deeply in high value-added stages in the global supply chain.

Third, there needs to be a strong policy to support the building and development of brands. Private enterprises need to be supported in building brand strategies and promoting product images to the world, especially for products with great export potential. This not only enhances the value and competitiveness of each product but also contributes to building the overall reputation of “made in Vietnam” goods and services in the international market.

Fourth, encourage cooperation between private enterprises and other economic sectors. It is necessary to strongly promote the connection between private enterprises and state-owned enterprises and enterprises with foreign direct investment. The goal is to create a combined strength, helping private enterprises learn and take advantage of advanced technology, modern management experience and expand the market from major partners, thereby improving overall competitiveness.

4.4. Group of solutions on developing industries and fields with competitive advantages

In order for Vietnam's private sector to truly make a breakthrough in integration, it is necessary to have a development strategy focusing on industries and fields with clear potential and competitive advantages. First of all, it is necessary to focus on supporting industries and fields where Vietnam's private sector has potential and outstanding advantages when integrating. This requires clearly identifying industries in which the private sector has high competitiveness in the international market, such as textiles, footwear, processed agricultural products, or information technology. After identification, the State needs to have priority policies and focused support, in order to create maximum conditions for the development of these industries.

In addition, it is necessary to encourage and create conditions for the development of large-scale private enterprises with leadership capacity. Create a favorable environment for private enterprises with the potential to grow into large corporations, not only capable of competing internationally but also playing a leading role in domestic and foreign production and supply chains.

In addition, building a comprehensive ecosystem to support private enterprise development is extremely important. This includes developing and improving the quality of business support services such as legal consulting, accounting, finance, logistics, and market research. The goal is to help reduce the burden of costs and processes for businesses, thereby improving operational efficiency and creating conditions for them to focus on developing core businesses.

5. Conclusion

The private sector has been affirming its role as an important driving force of the Vietnamese economy, especially in the context of increasingly deep international integration. The contributions of this sector to GDP, the state budget and job creation are undeniable. However, to maximize its potential and overcome existing challenges in terms of scale, competitiveness, technology and access to resources, synchronous and drastic solutions are required. Promoting the private sector not only contributes to economic growth and job creation but also enhances the overall competitiveness of the country.

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