

**2001 IFA REGIONAL CONFERENCE
FOR ASIA AND THE PACIFIC
Hà Nội, Viet Nam, 10-13 December 2001**

**VIET NAM AGRICULTURE DURING RENOVATION TIME
THE ACHIEVEMENTS AND ORIENTATION**

**NGUYEN THIEN LUAN
Vice-Minister
Ministry of Agriculture and Rural Development**

IFA REGIONAL CONFERENCE FOR ASIA AND THE PACIFIC

Ha Noi, Viet Nam

“Viet Nam agriculture during renovation time - the achievements and orientation¹”

Speech of Dr. Nguyen Thien Luan²

Vietnam is an agriculture-based country, so agricultural development has been always considered to be the backbone of its economy. Over fifteen years of implementation of Renovation, agriculture has generated important achievements and greatly contributed in overcoming the difficulties during the financial crisis in the region, as well as creating an initial base for sustainable development and continuous growth.

The first important issue is that Vietnam agriculture has quickly moved from self-production economy to commercial production system shifting Vietnam from a food deficit country to being the second largest rice exporter in the world. In 2000, total food output reached 34.5 million tonnes (Mt) (of which paddy rice accounted for 32.6 Mt) with an average increase of 1.3 Mt per year. The average food availability was 435 kg per capita.

The areas of crops with high-economic value have increased remarkably. Total area of coffee is 516,000 ha with an output of 698,000 t. The same figures are 230,000 ha and 29,000 t for cashew nut; 407,000 ha and 290,000 t (dried latex) for rubber; 65,000 ha and 70,000 t (dried) for tea; 24,500 ha and 37,000 t for pepper; 570,000 ha and 7 Mt for fruit trees; Output of peanut is 353,000 t; and 15 Mt of sugarcane with 1,16 Mt of sugar. Agricultural export value has increased from 13.5 millions VND to 17.5 millions VND per ha over the past five years.

In the livestock sub-sector, the average production value has increased 6.7% annually. Buffalo population is maintained at 2.9 millions heads. The population of cattle, dairy cattle and chickens is 4.1 millions, 32,000 and 185 millions, respectively.

In the forestry sector, beside of maintenance of 9.3 millions ha of existing forest area, some 1.12 millions ha of concentrated forest has been planted and some 700,000 ha of forest has been regenerated during the past five years. The forest coverage has increased from 28% in 1995 to 33% in 2000.

In water resources, the Government increased its investment to change fresh water to saline areas, increasing irrigation capacity for crops. The irrigated areas increased from 6.6 millions ha to 7.5 millions ha and prevention of 150,000 ha from salinisation.

¹ Presented at IFA Regional Conference for Asia and the Pacific, Ha Noi 10-13 December, 2001

² Vice Minister, Ministry of Agriculture and Rural Development, 2 Ngoc Ha-Ba, Dinh, Ha Noi, Viet Nam. Tel: + 84 4 8436 145, Fax: + 84 4 8454 319, ktdn@fpt.vn; and Chairman, Vietnam Fertilizer Association

Total annual agricultural export value has increased by 16%, accounting for 40% agricultural GDP. Many Vietnamese agricultural products have a strong export potential in regional and international markets.

Rural economy has been shifted towards decreased agricultural share and increased industry and services in both value and growth rate. The growth rate of rural income increases by about 12% annually (in which income from agriculture accounts for over 81%). Poverty rate in rural areas decreases by 11% only; other living conditions such as transportation, schools, and health care have been improved. By the year 2000, 100% of districts and 80% of communes have electricity, 98% communes have medicine stations and 46% of households are using fresh water.

Vietnam agriculture is, however, facing many challenges: low rate of shifting agricultural and rural economic structures, low productivity of most of crop varieties and animal breeds as compared with their potentials. Production has not met market demand, and agriculture is facing low quality and high production costs.

In order to speed up the transition from self-production to commercial production with high competitive strength, Vietnam agricultural development in the next few years will concentrate on three main issues: (i) to adjust production structures, (ii) to develop its sciences and technology capacity and (iii) to further market promotion.

Market issue is a basic problem for shifting the current agricultural structure and for developing the science and technology needs for moving agriculture to a new dimension in term of quality, economic efficiency and competitiveness.

From these points of views, the structures of agricultural commercial commodities set up for next 10 years are:

- On food crops: To maintain 4 millions ha with active irrigation for rice production to meet local demand and to export around 3.5-4.0 Mt of rice per year. To expand maize areas to produce 4-5 Mt to meet feed demand.
- On industrial crops: To maintain 500,000 ha for coffee, 400,000 ha for rubbers, to expand area to 100,000 ha for tea, 500,000 ha for cashew, 50,000 ha for pepper, 1 million ha for fruit trees, 250,000 ha for sugarcane to produce 1 Mt of sugar. To expand areas of cotton, soybean and oil crops to substitute imports.
- On livestock production: To increase of the quality and quantity of the pig population to 30 million heads, to develop buffalo and cattle herds in favorable areas, and to accelerate the development of dairy cattle and poultry in different regions.
- On forestry: To implement a 5 million ha forest program with more emphasis on the performance of planted forest through tree varieties with high yield and economic efficiency.
- Development of agro-industry and services in rural areas to reduce agricultural labor force down to 50% total labor force. To support the rural economy following the development of the agriculture-industry and services industry.
- In science and technology: To provide more support to basic science studies for

developing new technologies as well as to export new technologies in the world. In adaptive and applied sciences: To put more attention to applied studies, to the use of biotechnology in breeding of animals and crops, and accelerate the multiplication of new varieties with high yields and qualities. To develop and apply new techniques in all levels of production to lower production costs and reduce post-harvest losses as well as favour the sustainable exploitation of natural resources and environmental protection, and create a strong base for industrialization and modernization in agriculture and in rural areas.

- In market promotion: To maintain existing markets and seek new markets in combination with the implementation of quality and standard systems. To establish a market information network from central to local levels, enterprises and producers.

The Government is investing in infrastructure and services such as storage facilities, harbor ports and wholesale markets in concentrated production areas, and is developing mechanisms and policies to encourage and protect organizations, individuals and other players to take part in market activities

Vietnam agriculture is now facing challenges and opportunities. From the experiences of fifteen years of Renovation implementation, multi-sector economic development policy and ten millions of farmers, Vietnam agriculture will surely reach new achievements to build up a steady base for fostering social and economic stability and for enhancing the industrialization and modernization of its nation.

Additional Remarks

- Despite the effective exploitation of agricultural potentials such as lands, labor forces, fragmented land use of 8.1 millions ha of agricultural land, with not much concentrated production areas, only 60-70% of in-use labor time are located in rural areas and over 9 millions persons are jobless.
- Low and poor technical facilities in agricultural production. Although the Government has continued to invest in agriculture, active irrigated area accounts for only 38% of total agricultural land. Rural transportation is still poor. At present, 50% of commune roads and 30% of district roads are not in use during the rainy season.
- While agricultural sciences and technologies have made great contributions in agricultural production and development, agriculture still faces low level of output, low productivity and high cost of production, limited or obsolete storage and processing facilities and technologies, and a low level of mechanization.
- Income and living standards are low. The gap in income and living standards between urban and rural areas is increasing. 90% of the poor households are in rural areas. In many areas, poverty rates are high at 30-35%. Average agricultural GDP is US\$1,000 per capita, equating to 25% of country average.