

Solutions to Promotion of Exports from Vĩnh Long

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In the years 2000-05, Vĩnh Long tried its best to promote its exports and considered the followings as its staple ones: rice, salted eggs, mushroom, frozen aquatic products (shrimp, pangasius and other catfish), carpet and mat. In addition, Vĩnh Long could export many others, such as grapefruit, orange, mandarin, mango, durian and ceramics, but failed to do it in the past few years.

1. Exports from Vĩnh Long in 2000-04

Export of staple products from Vĩnh Long rose steadily in this period because the supply was stable, which helped develop related industries. Up to now, exports from Vĩnh Long could be found in 32 nations and territories.

In the coming years, full attention must be paid to the following matters:

- Rice accounted for 80% of the export value, which shows that it has gained a firm foothold in foreign markets. However, dependence on the export of rice makes Vĩnh Long export value less stable when the rice price on the world market changes unfavorably. In addition, the



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quality of rice is not uniformly high over years, which makes it fail to meet the demand of various markets.

- Vĩnh Long failed to export directly its fruits in spite of their high quality and output because lack of methods of stabilizing fruit quality, producing goods with nice packages and designs and marketing products in new markets.

- As for ceramic products, most producers can only sell their goods to ex-

port companies because their technologies are obsolete, labor force is badly trained, output low, designs poor and business information lacking. Producers who can export their products fail to cooperate with one another with the result that the price war is common.

- Most producers know nothing about brand building. Up till now, only Năm Roi Grapefruit and Green Orange are registered as private brand names.

- Besides some state-owned companies with good facilities, well-trained labor force and support from provincial government that allow them to enter foreign markets, private companies still meet with great difficulties in finding their own export markets and competing against foreign rivals.

2. Solutions to Vĩnh Long export

- a. Measures to be taken by local authorities:

- Business climate must be improved and a level playing field must be ensured for both local and foreign companies. Policies on preferential treatment to investment projects must be enhanced by applying suitable land rental and tax reduction. Utility services needed for businesses must be supplied at reasonable prices. In addition, encouragement must be given to projects in production of exports (producing rice and fruits of quality; devel-

Table 1: Exports from Vĩnh Long in 2000-2004

Indicators	2000	2001	2002	2003	2004	Growth rate (%)
Export value (US\$1,000)	67,521	56,264	42,238	81,726	94,234	16.80
Staple exports						
1. Rice (tonnes)	309,019	303,530	169,452	397,727	346,118	18.95
2. Frozen aquatic products (tonnes)	1,479	802	657	1,721	2,828	40.60
3. Salted eggs (1,000 pieces)	13,814	14,844	17,922	35,135	9,198	12.60
4. Handicrafts (US\$1,000)	5,314	4,650	4,539	3,509	5,087	1.85
5. Salted mushroom (tonnes)	1,197	1,565	2,139	2,733	2,812	24.52

Source: Vĩnh Long Statistical Yearbook 2004

oping fish farms; processing farm products and food with modern technologies; making ceramic products for export; promoting handicraft business and developing pharmaceutical industry, etc.)

- A new structure of exports is much needed. Based on researches on traditional and potential markets, local authorities could work out a new structure of exports, and from which develop a strategy to promote production of staple exports based on local comparative advantages. In the coming years, in my opinion, provincial authorities could focus on the following exports:

+ Farm and aquatic products, such as rice, egg, mushroom, frozen aquatic products, and fruits of various kinds: Provincial authorities must supply new strains and technical assistance to peasants; and help them develop product quality and brand names.

+ Rice: Irrigation systems in zones specializing in producing rice of quality for export must be beefed up; new strains and techniques must be available along with short- and long-term training courses; new processing plants must be built in order to reduce the production cost and enhance its competitiveness.

+ Handicrafts: Provincial authorities should take measures to help handicraft concerns replace their technologies and machines, train their labor force, supply business information and encourage the Association of Artistic Ceramics Producers to play a better role in supplying technical assistance and promoting export of ceramics.

- Services of Trade and Tourism should work out a strategy to develop both export and domestic commerce and encourage services needed for trading business. In addition, studies on the WTO, BAT, and AFTA, participation in in-

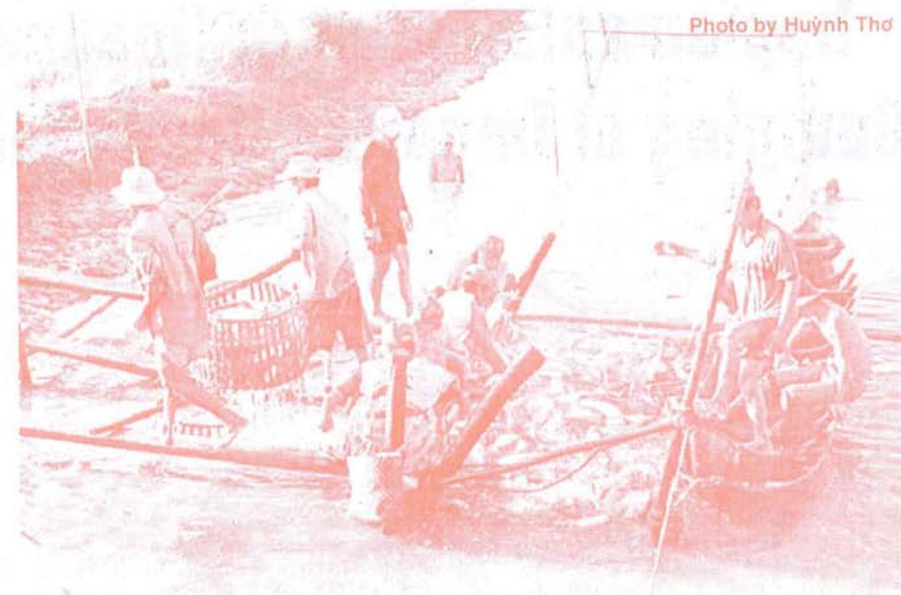


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ternational trade fairs, and establishment of rep offices and branches in foreign countries are also very necessary.

To carry out these tasks, the provincial could establish a trade promotion center that will act as an intermediary between local producers and potential buyers, and help local producers get accustomed with professional practices (opening websites, registering their intellectual property, applying standards of quality control, etc.)

- Relations and cooperation between government, scientists, businesspersons and peasants must be beefed up in order to stabilize the supply of raw materials, improve the product quality, and build brand names for exports.

- The export bonuses must be used for encouraging companies to enter new markets.

- State-owned banks and Development Support Fund must supply more loans to projects to produce and export staple products without discrimination.

- Tax agencies must give grace periods to exporters who accept deferred payment terms with a view to winning new customers. In recent years,

many Vinh Long exporters had to export or sell their goods to HCMC-based export companies on this term with the result that they usually got into financial difficulties when they had to pay taxes before receiving payments from buyers.

- Education authorities must enhance performance of 19 employment agencies and vocational centers, two technical high schools, five colleges and one university in Vinh Long with a view to training new classes of laborers and managers; and at the same time, offer preferential treatment to graduates and professionals who agree to work in Vinh Long in order to improve the quality of the labor force and prevent brain drain from the province.

b. Measures to be taken by companies:

- Companies should try their best to maintain their footholds in traditional markets, such as China, ASEAN countries, Hong Kong, South Korea, Taiwan, Japan and the EU from which their export earnings rose steadily over years; and examine new and potential markets, such as Middle East, Russia, East Europe, Africa and the U.S. where many

Vietnamese goods, such as rice and frozen aquatic products, are saleable.

- Each company should work out its own strategies to increase investment, replace machinery, enter new markets, introduce its goods, etc. in order to improve the competitiveness and prepare for foreign competition.

Building and promoting brand names is the weakest aspect of most Vinh Long producers and exporters. The provincial authorities must pay more attention to the task of helping them deal with this shortcoming. In addition, training courses in international standards of quality control must be given to companies and exporters in order to improve the product quality in the long run.

- In the coming years, companies should think about cooperation with foreign partners and companies from other provinces to promote their export. Taking market research tours and participating in trade fairs in foreign countries are useful and effective measures to orient their production towards foreign demand and tastes, thereby marketing their goods to new markets. ■