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## OSSIBILITY OF DEVELOPING TOBACCO PLANTING BUSINESS IN TÂY NINH

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### 1. Meaning of planting tobacco in Tây Ninh

Tây Ninh is one of provinces where Virginian tobacco was planted and developed in the largest area in Southern provinces (around 1,200 hectares in 1995-1996 crop).

Planting and processing Virginian tobacco plant in Tây Ninh are included in the development programs of provincial authorities and the Southern Tobacco Raw Materials Company... This business in recent years has generated a remarkable source of income for both laborers and local budget and created a lot of new jobs.

### 2. An outline of tobacco planting business in Tây Ninh

Climatic conditions (temperature, amount of rain, winds, etc.) in Tây Ninh are appropriate to the growth of the tobacco plant and its processing as well.

The Dầu Tiếng lake can supply water to over 172,000 hectares of farming land. The national grid has covered almost districts of the province. The road network could be easily developed because of the solid ground.

The seasonal unemployment is common because of small per capita farming area. Planting tobacco could help with solving it.

The soil in Tây Ninh is good for growing tobacco. In Tây Ninh, there are around 40,000 hectares on which

tobacco could be cultivated year round, other 65,000 hectares for growing tobacco in the rainy season.

In short, the soil and climatic conditions are appropriate to expanding tobacco planting area, but we should pay attention to the socio-economic effects of tobacco planting business.

### 3. Socio-economic effects of tobacco planting business

Smoking is damage to health and it was banned in public places but the market demand for tobacco isn't on the decrease. The Vietnam Tobacco Corporation has to import some 7,000 tonnes of tobacco from Cambodia and Zimbabwe every year. Thus on social aspect, the production of tobacco is unfavorable but on economic aspect, it's a profitable business which helps us save a large amount of foreign exchange. So, the problem is to develop this business in regions with favorable natural and social conditions.

Tobacco has been planted in Tây Ninh long time ago, but since 1985, Virginian yellow tobacco has been introduced and in the winter-spring crop, it was grown on an area of 163.7 hectares with an average yield of 1,070 kg per hectare. Income from tobacco planting thus has attracted a lot of planters.





**Table 1: Increase of tobacco plating area in Tây Ninh**

Crop	Area (hectare)	Average yield (kg/ha)	Output (tonnes)	Quality (%)	Growth rate (%)
winter-spring					
1991-1992	163.75	1,070	175.3	34.0	
1992-1993	219.25	1,400	305.9	57.8	34
1993-1994	540.05	1,553	838.0	59.5	146
1994-1995	800.00	1,800	1,440.0	50.0	48
1995-1996	1,200.00				50

In order to show the economic efficiency of tobacco planting business, we can compare numerical data of this business and the planting of other principal crops grown in Tây Ninh such as peanut and rice.

**Table 2: Comparison between tobacco and rice and peanut planting on a hectare in a season in 1992-1993.**

Indicators	Winter-spring rice	Winter-spring peanut	Winter-spring tobacco
Total production cost	3,053,000.0	4,068,000.0	7,928,500.0
Cost of 1 kg produced	803.0	2,034.0	5,285.0
Selling price of 1 kg	1,100.0	2,200.0	8,457.0
Sales	3,900,000.0	4,400,000.0	12,685,500.0
Profit	907,600.0	332,000.0	4,757,100.0
Return on capital	1.290	1.082	1.600

**Table 3: Comparison between tobacco and peanut planting in the winter-spring crop 1993-1994**

Indicators	Peanut	Tobacco
Total production cost	5,045,000.0	8,894,000.0
Cost of 1 kg produced	2,523.0	5,726.0
Selling price of a kg of product	3,500.0	9,256.0
Sales	7,000,000.0	14,374,000.0
Profit	1,955,000.0	5,480,000.0
Return on capital	1.38	1.60

From the two above tables, we can see that from a hectare in one crop, the tobacco planting could generate three times as much sale as peanut (in 1992-1993) and twice as much sale as peanut in 1993-1994. Its sale increased from 12.6 million to 14.37 million within a year. In comparison with the rice planting, the tobacco planting business could generate a sale of four times higher and a profit of five times higher. Its return on capital is 1.6 in comparison with 1.29 (peanut) and 1.08 (rice). In the winter-spring crop 60 out of 1,247 tobacco planters earned profits from VNĐ 12 to 23 million, because they have technical knowledge, good land and irrigation.

Thus, the tobacco planting business could bring in a bigger profit compared with rice and peanut planting businesses, so increasing area of tobacco planting in order to supply raw materials to tobacco factories and reduce importation is a reasonable trend.

Besides its high economic efficiency, the tobacco planting business could create new jobs in rural area because its planting and processing require a lot of labor. On average, a hectare planting with tobacco requires 500 laborers to tend the crop and 50 laborers to dry tobacco leaves, while the rice or peanut planting requires from 250 to 300 laborers. Replacing rice and peanut with tobacco, the number of jobs created will be doubled, many social evils or illegal activities (such as smuggling tobacco across Tây Ninh border line) will be reduced.

Another social effect of the tobacco planting business is to save foreign exchange used for importing tobacco leaves as raw material. Planting a hectare of tobacco will save us US\$1,800. Thus, expanding area of tobacco planting is a need.

#### 4. Possibility of expanding tobacco planting area in Tây Ninh

Based on favorable natural conditions, a large area of uncultivated land in Tây Ninh, the area of tobacco planting could be easily expanded. The Southern Tobacco Raw Materials Company predicted that in 1995, there would be 2,100 hectares planting with tobacco in the South and 960 of them were in Tây Ninh, but in fact the tobacco planting area in Tây Ninh reached 1,200 hectares. It's planned that by 2000, Tây Ninh will plant 2,500 hectares of tobacco (representing around one-third of tobacco planting area in the South). We can hope that by 2000, tobacco produced by Southern provinces will be enough for local tobacco factories and we need not import tobacco.

#### 5. Suggestions

- Many planters can only produce tobacco of low yield and low quality, so the Southern Tobacco Raw Materials Company and local authorities had better offer technical service in order to help them improve yield.

- An investment of VNĐ8 million is needed for a hectare of tobacco, while the Company could only supply a loan of VNĐ3 million for a hectare. Thus, the Bank for Agriculture should make plan to provide the difference.

- The Company and local authorities should make right policies for purchasing tobacco leaves at stable prices and building tobacco drying kiln with a view to improving quality of tobacco produced.

