

Sixty-five years ago, on July 8, 1929, the Manufacture Indochinoise de Cigarette (or MIC for short) was established by a group of French industrialists. This factory is located on 152 Trần Phú, district 5 of HCMC now and is called the Saigon Tobacco Factory belonging to Vietnam Tobacco Corporation.

In its first years of operation, from 1929 to 1931, its output of around 1.5 million packets a year was made mainly by manual labor.

As from 1952, MIC factory became a branch of London BAT in Vietnam. As a big capitalist company, BAT has invested intensively in this factory for the profit motive and this investment has raised MIC output to 350.9 million packets in 1971 from 63.9 million in 1952. This is the highest output of MIC factory before the Liberation Day



# RENOVATION AND DEVELOPMENT OF THE SAIGON TOBACCO FACTORY

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Under the Saigon regime, besides supplying cigarette to domestic market, MIC received raw materials from the US in order to produce cigarette supplying to the Saigon and US armies. Up to 1987, MIC products were mostly non-filter cigarette, filter cigarette represented only 9% of total output.

After April 30, 1975, MIC factory with all equipment and personnel carried on its business under the state control with a new management appointed by the Ministry of Food and Foodstuff.

On Dec 28, 1977, by Decision No 3121/LTTP of the Ministry of Food and Foodstuff, MIC factory was nationalized, it became a state-run enterprise and was called the Saigon Tobacco Factory belonging to the Southern Tobacco Union.

In the period from 1981 to 1986, the Southern Tobacco Union was changed into the Tobacco Factory Union II, and the Saigon Tobacco Factory was an enterprise belonging to it and had to account to the Southern Tobacco Factory Union II for everything.

On Aug 30, 1986, the Tobacco Factory Union I and II were dissolved by the Ministry of Food Industry and the Vietnam Tobacco Union was established. The Saigon

Tobacco Factory belonging to it became a self-finance business. In October 1995, the Vietnam Tobacco Union became the Vietnam Tobacco Corporation.

After becoming a self-finance business, the Saigon Tobacco Factory has actively carried on its business; studied the market; invested intensively in new equipment and improved its business performance, therefore it has raised living standard of its personnel and its contribution to the budget income has become larger and larger. The following data could show us these achievements:

## - Investment in equipment:

From 1988, big investments were put in renovating equipment and developing new products appropriate to the market demand. In 1988, the Factory was equipped with 5 filter cigarette rolling machines Mark 8-Max III with a view to raising filter cigarette output. In October, 1989, two production lines were installed (for producing Super and Vinataba, two lines of hard packet of 20 cigarettes) in order to compete with unofficially imported tobacco. In 1990, a shredding shop with capacity of two tonnes per hour was built. In 1992, a new production line for producing stiff packet of 10 cigarettes (Memory and Memory Menthol lines) was installed in order to diversify



the product line of the Factory.

In 1994, more investment was put in equipment, such as:

- + Rearranging the shredding shop and black tobacco shop and expanding soft packet shop.
- + Installing two production lines Mark 8-Max 4, two packing machines in the black tobacco shop in order to produce 30 million packets a month.
- + Installing HLP2 production line (for packing hard packet of 20 cigarettes) and a Scandia 712 celophane wrapping machine in stiff packet shop, and a dryer in the shredding shop.
- + Putting in use a vacuum suction pump for rolling machines, and installing air-conditioning system in soft packet filter cigarette shop.
- + Restoring and upgrading the system for conveying



tobacco shred and a system for dust filtering in the shredding shop.

+ Repairing a generator of 350 KVA in case of power cut.

+ Completing the water supply system of the Factory.

+ Designing, manufacturing and installing new equipment in many shops: two SBM12 packing machines in the soft packet shop (one was installed on Oct 15, 1994 and another is being installed); three celophane wrapping machines in the soft packet and the black tobacco shops; two label number printing machines in the filter shop; one carton packing machine for packing soft packets of filter cigarette.

+ Repairing warehouse; installing air-conditioning, vacuum, pressed air, water and power supply systems, fire extinguishers, and complete production line in the "555" shop specializing in producing "555" cigarette according to an agreement with BAT Company signed on Nov 15, 1994.

+ Researching and developing a new product named Vigoleaf as from October 1994.

#### - Product line and output:

Due to continuous investment in recent years, many products of the Factory such as Du Lịch, Hòa Bình, Cotab, Boy, Super, Vinataba, Souvenir, Memory, Địa Cầu, Phoenix, Mai, etc. were developed at appropriate times and became marketable. Many products which were sold mainly in the South have become saleable in the North (Vinataba, Souvenir, Du Lịch, Memory Menthol, etc.)

The Factory not only diversified its product line, but also increased its output. This could be seen in the following table:

Year	Output (million packet)
1989	323
1990	382
1991	491
1992	514
1993	645
1994	800

In 1994, output of Mai, Địa Cầu and Du Lịch is of over million packets each.

#### - Contribution to the public treasury:

When its output and sales were improved, the Factory could give larger contributions to the treasury. This could be seen in the following table:

Year	Contribution (VND billion)
1990	70
1991	280
1992	309
1993	402
1994	437
1995 (estimated)	553

These numerical data showed that from 1990 to 1994, the Factory's contribution to the treasury increased by 6.2 times.

#### - Material and spiritual lives of the personnel:

The living condition of the Factory's personnel has been given a lot of attention by the management, because this matter had great effect on labor efficiency in the Factory. Salary, wage, material incentive, social insurance for workers were all realized properly. Personal income of workers was increased year after year:

Year	Increase compared with
1990	100%
1991	196%
1992	237%
1993	329%
1994	379%

The insurance scheme was carried out properly. All Factory's workers (around 2,000) were provided with industrial injuries insurance with benefit of VNĐ10 mil-



lion per person at most. In the Factory, the new wage rate has been applied. many exams in skill were organized, all retired workers received their pension on time.

Health care service is supplied to workers in forms of regular medical examination, free medicament, better meal for workers, etc. The Factory has also create favorable conditions for its personnel taking part in physical activities, excursion trips, foreign language study, house-work study, clubs, etc.

All Factory's worker receive congratulation and gift from the management on their birthday.

A pension fund is formed by 1% of workers' monthly salary in order to help retired workers lead a stable life.

After many years of operation, the Factory could draw the following lessons from its experience:

1. In the market economy, operating in an industry of over 30 rival factories and being competed keenly by unofficially imported cigarette, one factory should decide on a product strategy, should improve both quality and appearance of products in order to gain a firm foothold in the market. As for product quality, one should secure a stable source of raw materials of good quality, otherwise its output can not be marketed and its business will meet with difficulties.

2. Co-ordinating production and distribution: the producer and consumer should be well connected. Timing of a new product should be well calculated in order to protect benefits of both consumer and producer.

3. The factory should invest intensively in weak parts of the production process in order to improve the product quality, moreover, all finished products of bad quality should be expelled.

4. Important parts of the production process should be studied carefully and technical innovations should be introduced to these parts. The factory should have an engineering shop of its own in order to manufacture equipment necessary for improving the product quality.

5. Training an army of managers, technicians, skilled workers, etc. is also a matter of great importance to the business performance of the factory. Factory's management should create conditions favorable for developing their skills.

6. Human resources are always the decisive factor in the development of a factory, so a lot of a attention should be given to improving worker's living standard by realizing incentive schemes, social insurance and other policies.

Corporate efforts of both workers and management in the past, especially in the past five years, are appreciated by the Government and the Party, and the Factory was awarded many honors recently:

- Labor Order of the second grade given by the State Council in 1989.
- Pennant of excellent contestant by the Ministry of Food Industry in 1990.
- Rotatory Pennant of the Council of Ministers in 1991.
- Rotatory Pennant of the Government in 1992.
- Pennant of excellent contestant of the Ministry of Light Industry in 1993.
- Rotatory Pennant of the Government in 1994
- Pennant of excellent contestant of Vietnam Trade Union.

- Pennant of leading contestant for years of HCMC.

With its creativeness and activeness as a tradition, and appropriate help and support from the Government and the Party, the Saigon Tobacco Factory can make better progress in the coming years■

# FOR SUCCESS IN SECURITY SPECULATION

by LÊ TUYẾT HOA

