

Production of ceramic articles made of red clay has been recently developed in Vinh Long. They are different from ceramics from Đồng Nai and Bình Dương. It's necessary to work out plans and take measures to develop this business in the future because source of clay has been tapped carelessly in the past few years.

I. CERAMICS BUSINESS IN VĨNH LONG

1. An outline

The ceramics business in Vinh Long only made its appearance in 1978 when a pottery was built in Loan Mỹ village, Tam Bình district with help from technicians from Quảng Ninh province. Due to lack of

ics. In May 1992, Cửu Long was divided into Trà Vinh and Vĩnh Long. The Long Hồ Pottery was developed into the Vĩnh Long Ceramics Factory under management of the Vĩnh Long Service of Industry. With new legal entity, the Factory and Eutebach formed a joint venture named United Potteries Vĩnh Long (UP Vĩnh Long) with a starting capital of US\$125,000; 40% of which was from the local party. The joint venture was granted the license 583/GP on May 7, 1993 by the SCCI (now the MPI). The license was valid for 12 years. On Nov. 21, 1998, the joint venture was allowed to prolong its operation by 20 years as from May 7, 1993. Since then, the joint venture has developed the production and its prod-

ucts were saleable on both domestic and foreign markets. The joint venture, however, had to employ a lot of workers trained in potteries in Bình Dương and Đồng Nai because skilled workers in Vĩnh Long weren't available. The Vĩnh Long People's Committee has made an investment of VND500 million to develop the Vĩnh Long Ceramics Factory. From June 1996 on, the Factory has improved its performance and made plans to increase its production in order to meet the rising market demand.

Besides this state-run factory, production of tiles is also a traditional business of the private sector. A boom in construction business in recent years allowed the tile output to increase steadily, from 110 million pieces in 1991 to 400 million in 1996. A modern tile factory with a capacity of 25 million pieces a year has also come into being during this period. The provincial government has ordered obsolete tile kilns to close down because they caused air pollution and could only produce tiles of poor quality. Many owners of those kilns also decided to close down because they couldn't compete against modern factories and tiles imported from China.

With help from the Vĩnh Long Ceramics Factory, owners of those kilns started to produce ceramics instead of tiles. A pilot scheme proved that this was a good solution. Many new kilns were built in Mang Thít, Long Hồ and suburbs of Vĩnh Long provincial town to produce ceramics and create a lot of new jobs.

MEASURES TO DEVELOP PRODUCTION OF CERAMICS IN VĨNH LONG

by TRẦN MINH NGHIỆP

experience and expertise, the Tam Bình pottery went out of business in 1985. Meanwhile, some managers and skilled workers in Tam Bình and experts from the HCMC Technology University, after examining local natural resources, have started to build a small pottery to produce ceramics in Long Hồ district. After four years of trial production, from 1984 to 1989, the Long Hồ Pottery run by the Long Hồ People's Committee started to sell its products to both domestic and foreign markets. Its performance, however, wasn't high because of poor product quality and design. That is why it couldn't work at full capacity. In 1991, Axel Eutebach, a German businessman, came to Vietnam looking for a partner to produce ceram-



2. Production of ceramics in Vĩnh Long

a. Producers:

Up to June 1999, there were one state-run factory, one joint venture with foreign partner, 29 privately-run kilns and 14 cooperatives engaging supplying ceramics. Certain private kiln owners have also built kilns in Đồng Tháp province.

Those producers supply some 3 million ceramic articles a year and employ some 1,800 laborers (800 of them are women). However, trained workers represent only 3-4% of the labor force and most of them depend on experience and manual skill.

Most of those kilns are of small scale and they meet with difficulties in supplying ceramics in large quantities

as required by foreign buyers. In June 1999, the Phương Nam Joint Stock Cooperative was formed including 17 members with a legal capital of VND156 million divided into 78 shares. In August 1999, the Cooperative had its first contract with the Potteries Saigon for the supply of VND2.4 billion worth of ceramics.

b. Raw materials and fuel:

A survey shows that clay reserves in Vinh Long is large enough to produce ceramics and tiles for over 50 years without causing affects on agricultural production. As for fuel, all kilns use husk from rice mills, wood (as waste from wood processing concerns) and coal (mainly coal dust). Some kilns have made plans to use FO oil and gas.

c. Market

Red clay ceramics and earthenware from Đồng Nai, Bình Dương and Vinh Long are saleable in many countries (the U.S., Canada, German, Italy, Holland, Denmark, Japan, Australia and New Zealand). From 15% to 20% of the total output from Vietnam is exported every year.

Most ceramics made in Vietnam have Italian designs and models because Italy is the world's leading supplier of ceramics and an important buyers of Vietnamese ceramics. Vietnamese producers are competing against their counterparts from China, Malaysia, Indonesia, Thailand and Mexico who are of the same capacity and technical level. Ceramics from Vietnam, however, enjoy cheap and good raw materials.

d. Technology

At present, ceramic products are baked for 10-15 days. Most kilns can raise the temperature to somewhere between 700° C to 1,000° C. Generally, the production of ceramics is of small scale. Those kilns could supply a wide range of products, and like other handicrafts, they are saleable on both foreign and domestic markets. However, the product quality isn't high and consistent. Those kilns couldn't supply large quantities at short notice as required by foreign customers.

e. A rough estimate

The ceramics business in Vinh Long has made good progress in recent years. Its products could compete with counterparts from other provinces and neighboring countries and find a foothold in foreign markets. Its output increased year after year ensuring good profits for all concerns and stable employment for laborers.

This business, however, is facing keen competition and badly in need of information about customers' demand and tastes in order to diversify its products and improve its performance. Manual labor is still plays an important role in the business. That is why the product quality is still poor and fails to meet international standards.

II. SOME MEASURES TO DEVELOP THE CERAMICS BUSINESS IN 2000-2010

1. Main targets

- Exporting from US\$5 to 10 million worth of ceramics a year.

- Making plans to tap natural resources reasonably and accelerating technical innovations with a view to enhancing product quality and output.

- Making plans to develop human resources, providing them with both jobs and skills.

- Combining the diversification of product lines and environmental protection and researching into production of porcelain for export.

2. Main measures

a. Reorganizing the ceramics business:

First of all, an investigation into the clay reserves should be carried out in order to ensure the supply of raw materials for the ceramics business and land for agricultural production. The business should be reorganized with a view to ensuring the fair competition and cooperation between concerns; and helping them increasing their output in the long run. The provincial government had better make more investment in the Vinh Long Ceramics Factory, encourage the Phương Nam Joint Stock Cooperative to develop its business and help with forming a new cooperative in Mang Thít.

b. Improving product quality by introducing technical innovations:

Necessary actions could be taken to encourage ceramic concerns to replace old kilns with gas kilns with a view to avoiding air pollution and poor product quality. For the time being, the Vinh Long Ceramics Factory can buy a gas kiln, according to a turnkey contract, from the Vietnam Ceramics and Glass Corporation, or persuade the Corporation to install a gas kiln and get a favorable sale contract afterward. Necessary researches should be carried out into ways of changing the structure of clay used as raw materials with a view to producing products of various colors, including porcelain articles.

3. Capital

A quick survey shows that most ceramics concerns in Vinh Long have contracted with HCMC-based local or foreign-invested companies who supervise the production before goods are delivered. Although the goods are usually exported to America, Europe or Australia, most Vinh Long concerns have no chance to reach foreign buyers and get necessary information. They should be more active in marketing their products on foreign countries in order to avoid losses and compete more successfully against rivals from neighboring countries.

A ceramics concern requires no big investment (from VND500 million to a billion is enough) because it need only a kiln and a warehouse. The owner can get loans from laborers, the National Fund for Investment, Job Creation Fund and from commercial banks.

4. Human resources and management

The business needs laborers with manual skills and creative energy. Ceramics concerns had better make plans to train laborers and managers in skills needed for production of new and high-quality products, and negotiation with foreign trading partners. The provincial government should help both state-run and private concerns develop in a cooperative spirit and avoid unfair competition.

5. Policy on the ceramic business

As an infant industry, the ceramics business needs help from the government as stipulated by Decree 51/1999/NĐ-CP on realization of the amended Domestic Investment Encouragement Law (reduction in corporate tax and VAT input tax for example). The provincial government can rent land to ceramics concerns because they need it for warehouses (a concern needs from 5,000 to 10,000 sq.m) and make plans for their long-term development.

The ceramics business has a bright future, therefore it needs a long-term development strategy. Besides efforts by ceramics concerns and their management, support and encouragement from the government also plays an important role in helping them develop the business and compete successfully on the domestic and foreign market. The development of this business can certainly help with changing the structure of industry and making use of local resources ■