

Vietnam, and the Mekong Delta in particular, meets with both opportunities and challenges.

a. Opportunities:

- All markets, especially ones of WTO members, are open to Vietnamese goods and services

- Foreign capital, technologies and managerial skills will flow into Vietnam

- On such a level playing ground, everything should be transparent and fair. They are what the economic reform has aimed at in the past two decades and they could serve as a driving force for Vietnam to make its socioeconomic life healthier.

- To compete against more developed economies, Vietnam should overcome its shortcomings and defects, and make the best use of its resources, comparative advantages and creativity. These are also the real objectives of the economic reform.

In short, the economic reform provides Vietnam with a potential strength to cope with the global integration and this, in its turn, will accelerate the economic reform.

b. Challenges:

- In the competition, the weak usually suffer losses and failures because they lack both strengths and wisdom. The Mekong Delta will face foreign competition not only on foreign market but also the domestic one. Customs duties on farm products will be reduced from 27% to 15% and many of such products from China, Thailand, the EU and the USA are staple exports of Vietnam. This is the most worrying challenge because local farm products are from a backward agriculture and their only advantage is the cheap labor and raw materials.

- After joining the WTO, Vietnam has to cut all subsidies and price support to the agriculture within a short period of time. This will be a threat to the meager income of peasants – the class that accounts for 80% of the population and most of

them still live below the poverty line.

- In such a situation, most small and medium concerns, and all peasants, in the Mekong Delta have no ability to make the best of legitimate support from all potential entities to improve the competitiveness and quality of their products and services. This is also a great challenge.

- The Government can support the agricultural production by developing the infrastructure and human resource, or increasing public investment in R&D activities, but the limited source of public investment has been put in wasteful and ineffective projects, or even vanished into the thin air because of corruption and embezzlement. To deal with this situation is no easy task for the Government.

3. How to turn opportunities into golden ones and prevent challenged from becoming black dangers

a. Need for more adjustments:

Foreign experience, especially Chinese one, shows that after joining the WTO peasants had to quit growing some crops or keeping some animals because foreign counterparts had flooded the market. On the other hand, output of some other products increased and became saleable on both domestic and foreign markets. In Vietnam the same things have happened under the export-oriented strategy: the Arabica coffee is replacing the Robusta coffee that has been produced in large quantities for a long time; and frozen shrimp and fish become staple exports, etc.

To exploit existing competitive advantages, in my opinion, the Mekong Delta needs the following adjustments:

- Identifying products that are possibly competitive on both domestic and foreign markets based on analyses of the market demand and comparative advantages

- Changing from the exploitation of natural resources on large scale that

aims at increasing the output to a strategy to develop the agriculture based on sciences and technologies in order to produce products of high quality and international standards

- Beefing up cooperative relations between scientific researchers, processing companies, producers and governmental bodies in order to accelerate the industrialization and modernization of the agriculture production

b. Support to peasants within WTO rules

The support to peasants could be in the shape of development of infrastructure in rural areas; education and vocational training for rural residents, technical assistance for peasants, protection against natural disasters; crop diseases and pollution, and struggle against social evils, etc.

This effort can not only help them reduce production cost, and improve their living standard based on better income when they could produce goods of higher added value but also prevent them from becoming dependent too much on governmental support.

c. Inner strengths

The help peasants and companies in the Mekong Delta develop their inner strengths, full attention must be paid to the following problems:

- Informing them of WTO rules and adjustments to economic policies

- Providing them with business, market and technical information to help with their business decisions

- Employing effectively public investment in projects and programs to develop rural areas and agricultural production

- Encouraging peasants to learn new skills and become businesspersons who can do their businesses with professionalism

- Encouraging development of the private sector in rural areas, especially small and medium enterprises, with a view to making the best use of their capital and creativity ■

PRODUCTION AND EXPORT OF RICE

Situation and Some Forecasts

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1. Situation in 2001-05

Rice production is the main source of income for some 10 million peasant families all over the country. In two decades of economic reform, this business increased in terms of area, output and productivity. In 1986, the rice area was 5,688,600 hectares with a average yield of 2.8 tonne per hectare in a crop and the total output was 16,874,800 tonnes. In 2005 these figures rose to 7,329,200 hectares; 4.89 tonne per hectare and 35,832,900 tonnes. Taking 20 years together the total output rose by more than two times adding some one million tones a year to the output. This progress shows itself clearly in the years 2001-05.

On June 15, 2000 the Decree 09/2000 – CP on “some lines and the policy on changes in the structure of industry and consumption of farm

products” was issued. It decided to maintain four million hectares of rice with good irrigation system and use part of the rice area with low yield for growing other crops or for sea farming (semi- arid land could be used for growing vegetables, hollow and coastal land for sea farming and land around cities for fruits, vegetables or flowers, etc.). The objective set for the period up to 2010 is 40 million tones of cereals including 33 million tones of rice and five or six million tonnes of corn.

a. Rice production:

As directed by this policy, 174,000 hectares of coastal or semi-arid land in the Mekong Delta that produced low yields of rice were turned into fish farms. Provinces experienced fast sea changes in this direction in 2001 were Cà Mau (117,000 hectares); Bạc Liêu (39,000), Sóc Trăng (22,000); and Long An (12,000). In other provinces the

low-yield land was used for growing fruits or industrial crops. Leading in this trend were provinces in the Hong Delta, such as Thái Bình, Nam Định, Hưng Yên, Hải Dương, Hà Tây, Hà Nội and Vĩnh Phúc. This trend lasted for many years at different speeds and scale. Rice growing peasants tended to stop planting the third crop of rice that usually produces low yield and use new strains to produce rice of higher quality. And as a result, the productivity was improved and the output rose slowly as compared with previous periods. In 2005, the rice yield reached 4.89 tonnes a crop per hectare increasing by 13.9% and the output was 35.83 million tones.

The quality of rice was improved remarkably these years so Vietnam could export rice in large quantities. At present, peasants usually pay full attention to summer and spring crops and reduce investment in the winter crop. In the years 2001-05, the winter crop area reduced by some 200,00 hectares while the area of summer crop increased by 138,000 hectares, and the area of spring crop changed slightly over time. The average yield of the summer crop rose fast, from 3.8 tonnes per hectare in 2001 to 4.45 tonnes in 2005. In this period the areas of the spring crop stayed at the million hectares and its crop also rose remarkably, from 5.1 tonnes per hectare in 2001 to 5.9 tonnes in 2005.

Peasants pay more and more attention to the quality of rice with a view to selling it to exporters. Provincial governments in the Mekong Delta have taken measures to encourage peasants to produce high-quality rice for export. Up to the spring crop in 2005, many Mekong provinces had high proportion of farming land produce high-quality rice, such as An Giang (90%); Tiền Giang (over 70%) and Đồng Tháp (60%). Nam Định, Thái Bình, Hưng Yên and Hải Dương in the North also specialized by degrees in producing