

ON THE SYSTEM OF AGRICULTURAL ENTERPRISES IN THE SOUTH

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I. CHARACTERISTICS OF THE FORMATION OF SYSTEM OF AGRICULTURAL ENTERPRISES IN THE SOUTH

Agricultural enterprises are conceived as economic concerns which supply agricultural products to the market.

Before 1975, these enterprises in the South included plantations; companies trading in tea, coffee, rubber, sugar cane... of French or Vietnamese owners. Generally, the agricultural production in the South at that time was small and without concentration.

After 1975, all agricultural enterprises became state-owned, many new state agricultural enterprises or state farms were formed along with agricultural collectives and cooperatives.

In the 1980s, the market economy came into being and developed, state enterprises were rearranged and equipped with new technology. Many private agricultural enterprises made their appearance and developed after 1986.

The following table shows the characteristics of private and state-owned agricultural enterprises:

Characteristics	State enterprises	Private enterprises
Strong points	Large scale (over 1,000 ha), specialized and concentrated Large output Large workforce Salary and Social benefits ensured	Small or medium scale (under 200ha) Effectively organized and managed Low production and running costs Active and neat management High ability to adapt to market
Weak points	Under clumsy restrictions High production and running costs Clumsy management.	Low output A part of output is hidden High salary but few social benefits.

Both state-owned and private agricultural enterprises in the South have developed well recently, contributed remarkably to the public treasury, changed many waste areas into plantations and housing estates, and helped many localities in Đồng Nai, Sông Bé, Đồng Tháp, An Giang, Kiên Giang, Minh Hải, Lâm Đồng... become rich.

II. PLAN TO DEVELOP AGRICULTURAL ENTERPRISES IN THE SOUTH

1. In developing agricultural enterprises, the following views are welcomed:

- To diversify the forms of enterprises and develop family businesses.

- Newly-formed enterprises should meet all requirements for successful operation such as capital, technology, management... so as to produce on large scale (family busi-

nesses can't meet these requirements).

- Non-state enterprises are welcomed: all Vietnamese citizens and qualified foreigners have rights to establish agricultural enterprises.

- Agricultural enterprises in the South can be state-owned, equitized, joint stock, limited, private, foreign-owned, jointventure ones or private farms and plantations.

- To make state-owned agricultural enterprise a basis for alteration of rural economic structure by establishing new economic zones, exploiting waste land, creating new jobs, etc.

- Agricultural enterprises should play a leading role in diversifying agricultural production (producing various kinds of products, developing agro-industry, supplying services needed for agricultural production...)

- These enterprises should help with urbanization process in order to narrow the gap between rural areas and cities, between mountainous and plain regions; and help family businesses in rural areas develop.

- The development of agricultural enterprises should be under the

macro management of the government and they have rights to require the government to create conditions favorable for their development.

2. Forms of agricultural enterprises

Names and forms of agricultural enterprises were taken unsystematically. In the coming years, they could be arranged as follows:

- Corporation: this is a concern of national or inter-provincial level which is licenced by the government. Corporations could be publicly-owned or privately-owned. They could be holding companies who control many subsidiary companies.

- Union of enterprises: there are many unions of enterprises in Vietnam now. In the coming years, they could be allowed to exist. They can be a combination of different companies with a single ownership or a combi-

nation of economic concerns and research organizations. Their ownership can belong to the state, a group of persons or a private person.

Some existing unions, after reexamination, could be maintained or transformed into corporations or companies.

- Company: This is the most popular economic concern. There are state-owned, limited, joint stock and joint venture companies now. Many state farms and unions of enterprises could be transformed into companies.

- Ranch and plantation: except for some rubber plantations in Đồng Nai, ranch is strange to the people in the South. In present conditions of rural economy, we think that some ranches with area of 50ha, 200ha or 300 ha could be formed in the South.

Middle-class farmers or any farmers could form ranches from their own land or allotment rented from the Government. These ranches can be under the ownership of the state, private persons or cooperatives. All state farms of old style could be changed into companies or ranches.

3. Development plan for agricultural enterprises in the South

a. The Mekong Delta

These enterprises can specialize in:

- Producing rice and tending pig, duck...
- Growing and processing oleaginous plants (coconut, peanut, sesame...)
- Growing sugar cane and producing sugar and its by-products (alcohol, spirit, confectionery...)
- Growing and processing fruits.
- Keeping pig, duck, cattle... and processing their meat, milk, egg...
- Producing and processing maricultural products.
- Raising reptiles.

b. The Eastern South

- Producing, processing and exporting rubber, tea, coffee, cotton, cashew, sugar cane, beans...
- Processing fruits (with enterprises of small and medium scale).
- Raising pig and processing pig meat.

- Raising cattle and processing their meat, milk...
- Raising chicken and processing their egg, meat...

- Raising and processing reptiles and other animals.
- Producing and exporting maricultural products.
- Afforesting and exploiting forests.

In both the Mekong Delta and the Eastern South, we can develop all kinds of agro-industries and busi-

nesses supplying services and materials needed for agricultural production (tractors, seeds, new strains of animal, veterinary medicine, technical assistance, insecticide, animal feeds, etc.)

III. MEASURES TO DEVELOP AGRICULTURAL ENTERPRISES

1. Measures on macro-economic level

The system of agricultural enterprises in the South has contributed a lot to the national economic development. The Government had better take measures to facilitate its development:

- By laws and economic policies, the government should ensure enterprises of all economic sectors the equal treatment.

- Agricultural enterprises could pay a preferential rate of land-use tax because their businesses are affected profoundly by natural conditions.

- Directors of state-owned enterprises are authorized to fix salary grades of their personnel because salary and wages are included in the production cost.

- Enterprises with ability to export their goods should be authorized to do it without restrictions. Import duties on agricultural materials and export duties on agricultural exports should be reduced.

- The Government had better allow owners of agricultural enterprises to invest abroad.

- Stop discriminating between enterprises under management of the central government and those under the management of local authorities. All enterprises will be under the management of authorities of province or city where they operate.

- Give preferential treatment to enterprises operating in remote or mountainous areas.

- The Government make policies to encourage cooperation between local enterprises and foreign companies, or between private enterprises.

- Encourage farmers to form ranches whose areas vary from 50 to 3000ha (by renting public land or buying private land...)

- Procedure for granting land-use rights to agricultural enterprises should be reformed.

- The Government encourages the formation of associations of producers.

2. Measures on enterprises level

- All enterprises, especially the state-owned ones, keep on investing in production of their staple products, and then, diversify production line in order to make the best use of existing equipment, workforce and allotment.

- All enterprises should try to

industrialize all production stages. Family businesses could be used as subcontractors (this is an effective way to help the family business develop).

- All enterprises had better try to produce goods for export in order to enter foreign markets.

- The management should pay attention to market research, technical innovations, improvement of worker's skills... that is, their managerial skills should be improved.

- As for the state-owned enterprises, the problem of their assets could be solved by the following measures:

- + All assets of the state enterprise will be revaluated and will be under management of a bank who is acting as a leasing company. Directors of the enterprise will be responsible for paying rent and making profits.

- + Successful state enterprises can attract capital from the money market (issuing bonds, shares...)

- + Some state enterprises could be equitized.

- The management and personnel of state-enterprises should be well selected and well trained. The incompetent should be fired.

IV. CONCLUSION

In the development of agriculture in Vietnam, the presence of agricultural enterprises of both small, medium and large scale is necessary, because these enterprises played an important role in:

- Developing waste land, creating new jobs in rural areas.

- Developing new and high-yield plants and animals and supplying more products to the market.

- Changing the economic structure in rural areas by developing animal husbandry and mariculture.

The government should take measures to help agricultural enterprises specialize in certain products or diversify their production. The state agricultural enterprises should be improved and developed in order to play well their leading role in this industry.

With favorable conditions created by the Government, agricultural enterprises should pay attention to market research, technical innovations and managerial skills in order to produce more products for domestic and foreign markets, and adapt to the market mechanism.