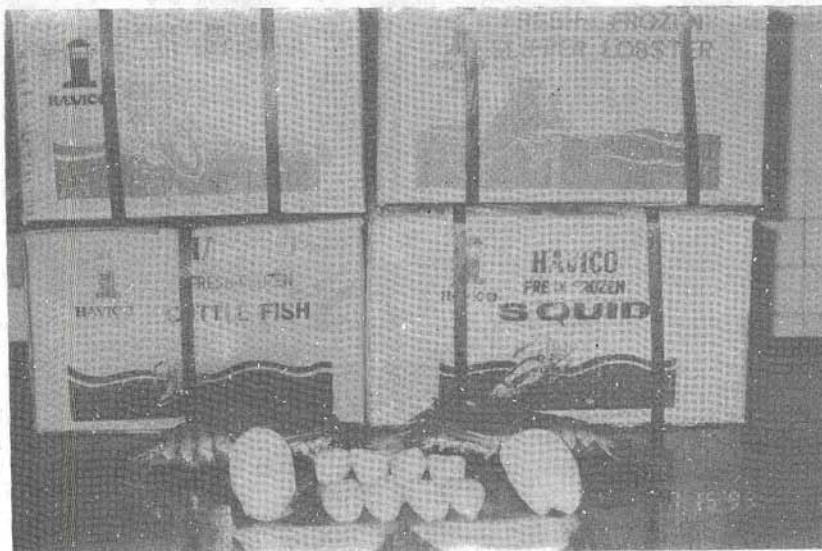


# HCMC FOOD PROCESSING INDUSTRY AND ITS WAYS OF DEVELOPMENT FROM NOW TILL 2000

by HUỖNH VĂN TƯỜNG



**I**n the strategy for socio-economic development of the South, HCMC is considered as a big industrial center of the whole country. In HCMC, the food processing industry is holding the leading position in the structure of value of HCMC industrial output.

In postwar socio-economic chaos, the HCMC food processing industry has experienced many hard times because of unreasonable purchasing price for farm products fixed by the government, or local protectionism (every province wants to prevent products of others from coming to its territory)... In a long period, the output of this industry decreased continuously: its share in gross output of this industry in 1986 slowed to 21.3% from 35% in 1976. When local protectionism was eliminated and goods can circulate freely, it took 37.3% of value of HCMC industrial output (or 40% of value of national gross output of this industry).

The development of HCMC food processing industry depended on the supply of agricultural-fishing-forestry products from the Mekong Delta, South Eastern Vietnam or even from Central Vietnam. The question about the future of this industry is what course of development it must take when the provinces which have played the role of its suppliers so far could

build the food processing industries of their own. Therefore, the economists of HCMC have to find out ways of development for the food processing industry as soon as possible.

According to HCMC statistics, this industry in HCMC is working at 60 to 70% of its capacity due to lack of raw materials (mainly agricultural products) and spare parts. If it works at full capacity, its output can meet the demand of HCMC and other provinces and even satisfy partly the demand from foreign markets.

However, the equipment of this industry is mostly obsolescent so that the product quality is low. The designs and packages look dull and monotonous. For a long time, the exports of this industry were only half-finished products and sold at low prices. The buyers can put them through finishing process, change their designs and packages and sell at a price of 2 or 3 times higher. Why don't we follow them?

In putting an end to exporting raw materials or half-finished products, for the time being, we could maintain existing factories, replace old equipment and machines, import new technology and give licence only to projects which will equip modern machines and produce finished products.

The old equipment and machines

could be moved to provinces rich in agricultural products in order to help them change their economic structure and create new jobs for rural population. The skill of rural laborers isn't high but it's enough for them to operate these old machines. This is a form of changing fixed capital into working capital and a way of realizing the Decision No 02 of PM on HCMC industry: "we should scrutinize industrial concerns in HCMC and move some of them, especially agro-industries, to other provinces in order to stop the flow of laborers entering HCMC, to limit the pollution of city environment and to raise efficiency of production".

Thus, from now until 2000, HCMC food processing industry will produce commercial products from half-finished products supplied by provinces. In doing so, HCMC food processing industry could secure the source of needed materials and develop into a modern industry which is capable of serving ready made meals to working class and producing goods for export.

In the coming years, HCMC food processing industry will be able to hold leading position in structure of HCMC industrial output, but its share in gross output of food industry will lower to 24.6% in 2000 as estimated by experts.