

Mekong Delta's Economic Restructuring in the Trend of International Integration

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The Mekong Delta has a natural area of about 3,974,000 ha, or 12.6% of the country, 75% of which is cultivated land and the rest includes ponds, lakes, canals, forests and land for other purposes. Although its population is around 18 million, 21% of the whole country, this area contributes around 50% of rice paddy and agro-products to the national economy every year. Besides, it also produces about 90% of Vietnam's export volume of rice and 80% of seafood annually. So, this region has played an important part in the country's escape from the crisis in late 1970s. From the food shortage crisis two decades ago, Vietnam now has become the world's second biggest rice exporter.

The Mekong Delta is therefore considered as an important area of economic development of Vietnam, especially, in the agricultural economy. Therefore, the strategy target of social - economic development in the 9th congress of Vietnamese Communist Party has affirmed to keep developing the role of the export-oriented farming and fisheries. The Party's viewpoint is to fast create necessary conditions for this important economic area, for example, building infrastructure, communications, and electricity and boosting strongly the processing industry and farm machinery installment so that the Mekong Delta promotes the quality of its agro-products and aqua-products. In addition, in order to modernize the Mekong Delta's farming, its economy must be restructured in the trend of increasing the GDP share of manufacturing and service and accelerating the process of industrialization and modernization in agricultural production and rural development.

The provinces and cities of the Mekong Delta have been implementing active policies of economic restructuring and recorded good achievements. The average eco-

nomical growth rate of the whole region is 11.5% per year from 2001 to 2005 (3% higher than the national rate). It has contributed some 18% of GDP to the economy, ranking third behind the Southeastern region and the Hoang River Delta and raised its average per capita income to US\$500 per year. The target of increasing shares of manufacturing and service, especially manufacturing and construction, is initially promising. In 2000 the share of the primary sector was 52.41% but down to 45.68% in 2005, the respective figure of the secondary is 18.1% up to 22.7% and the tertiary from 29.49% up to 31.62%. In 2000, the waters for aquaculture were around 445,200 ha and its output reached 1,170,000 tonnes every year, but in 2005 these figures increased to 647,570 ha and 1,647,800 tonnes respectively. Although the rice growing area has seen a slightly fall, the productivity always soars every year because the sector uses high farming technologies. As a result, the rice production fetched 16.7 million tonnes in 2000, however, up to around 19 million tonnes in 2005.

However, on the whole, the Delta's process of economic restructuring still encounters serious problems that need to be resolved. For example, several provinces have not fully tapped their potentials. Its growth rate and per capita income remain low, transport and communications

system weak; foreign investment limited; and living condition low. Its rate of poor households is high (according to the new survey, it is 21% of the population); the labor efficiency not high; the process of industrialization and modernization slow; and the transfer and application of new technologies to agricultural production not extended synchronously, frequently and widely yet. For that reason, the competitiveness of agricultural products is low, not satisfying requirements of the international integration, especially when Vietnam undertakes its full commitments with AFTA in 2006 and becomes an official member of the world trade organization (WTO) by the year-end.

In order to push up the Mekong Delta's process of economic restructuring, the region is required to implement the following measures:

- Carry out projects of building areas and sub-areas producing commercial goods for local consumption and export; these areas have to exploit their potentials in its process of economic restructuring.

- Soon reduce the population in farming by career diversification in rural areas; and develop handicraft villages which can make the best use of local materials and redundant labor.

- Attract foreign investment flows to develop areas producing materials for the manufacturing industry.

- Establish a co-ordination mechanism among four players: the government, business, expert, and farmer; especially between farmers and businesses in order to secure sustainable development for farm production.

- Soon apply technological advances in production to enhance productivity, quantity and quality of agricultural products; however, it is necessary to avoid ineffective and wasteful investment due to lack of information and training. ■

