

FARM ECONOMY AFTER ONE YEAR OF IMPLEMENTING PM'S RESOLUTION 03/NQ-CP

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I. FARM ECONOMY BEFORE THE PRIME MINISTER'S RESOLUTION 03/CP

The country's farm economy takes shape thanks to the party's renovation policy on agriculture and rural areas, especially recognizing farm households as autonomous economic units having equal rights as other sectors before law, and allocating land to them for long-term use with five rights of transferring, inheriting, mortgaging, leasing and transforming.

Our farmers have agreed, supported and accepted it due to its superiority although it is a new production model. The farm economy has developed quite rapidly, especially since 1995 in such localities as the South East, Central Highlands, mountainous areas of the former fourth zone, northern mountainous areas and the Mekong Delta.

According to the Ministry of Agriculture and Rural Development (MARD), by 1999 the country had 113,000 farms of various kinds including 67,000 in northern provinces and 46,000 in southern ones with an acreage of 3-5 hectares per farm.

The survey of 3,044 farms in 15 provinces of 7 different regions across the country conducted by the National Economics University in April 1999 shows the following facts about the farm economy:

1. Farm owners

Farm owners are mainly rural inhabitants:

- 62% are farmers.
- 9% are government retired officials.
- 9% are village officials.
- 8% are retired soldiers.
- 4.7% are civil servants.
- 3.7% are people from other localities.

There are 24% of total farm owners are Party members (50% in Yên Bái Province).

2. Production

Farm is an effective form of agricultural production. The survey also reveals:

-The average acreage per farm is 6.63 ha.

-The average investment capital of each farm totals VND291.4 million (91% is equity capital).

-The total revenue of each farm reaches VND43.7 million on average.

Just because of this, although this model is newly built, it has made significant contributions to the country's agricultural and rural development as follows:

(1) Creating a breakthrough in agricultural production.

(2) Producing a large quantity of farm products for domestic consumption and export.

(3) Actively helping restructure farm production and rural economy.

(4) Increasing the fund of farmland, job opportunities and income for farmers.

(5) Boosting the shift from a self-sufficing agriculture to large-size production sector.

However, the development of farm economy in this period faced many difficulties, for example, farmers lacked capital and knowledge about science and technique, the market economy, management of an establishment bigger than their household, etc. The biggest obstacle was still different concepts in the Party, Government and society. Many people argued that farm economy was a kind of capitalist economy in agriculture and rural areas. Therefore, the farm economy has grown spontaneously for tens of years, and lacked attention and assistance from the Party and the Government's competent agencies from central to local level.

II. THE FARM ECONOMY AFTER THE GOVERNMENT RESOLUTION 03/CP

To acquire firm scientific foundation for its decisions on farm economy, the Government assigned the National Economics University to

undertake the research titled "Facts and Solutions for Development of Farm Economy in Vietnam's Industrialization and Modernization" on February 13, 1999.

From the research results, the MARD has suggested the Government to issue an official document on farm economy. On February 2, 2000, the Government promulgated Resolution 03/2000/NQ-CP on farm economy.

This resolution may be the Party and the Government's declaration on farm economy. In this resolution the Government has asserted:

- Farm economy is a form of family production in agriculture and rural areas.

- The State encourages development and protects the farm economy.

- The Government will give assistance in capital, science and technology, product processing and consumption; build infrastructures and create favorable conditions for sustainable development of farms.

The Government Resolution 03/CP is a new change wind to farm economy and marked the transformation of farm economy from spontaneous to planned status. As a result, the farm economy has experienced more vigorous, stable and intensive evolution. This is indicated in following aspects:

1. The farm economy is given attention, guidance and conditions for development

When effective, the Resolution 03/CP is strictly implemented.

In March and April 2000, the MARD in collaboration with the National Economics University held a meeting in Hà Nội and HCMC to discuss the resolution implementation with attendants including leadership of the People's Committee and directors of Service of Agriculture and Rural development from 61 cities and provinces nationwide. At the same time, the Ministry has guided in writing provinces and cities to plan

their farm economy in line with their characteristics.

On June 23, 2000 the MARD in collaboration with the General Department of Statistics issued Inter-branch Circular 69 guiding criteria for definition of farm economy.

On September 22, 2000 the Governor of the State Bank of Vietnam promulgated Decision 423/QĐ concerning credit policy on farms

On September 28, 2000 the Ministry of Labor, War Invalids and Social Affairs issued Circular 23/TT-BLĐTBXH guiding the implementation of the policy on workers in farms...

After the meeting held by the MARD, most of local governments across the country have disseminated the Government Resolution 03/CP to their officials. Many provinces have reviewed, planned and devised appropriate solutions and measures to enhance their farm economy, including Yên Bái, Hà Giang, Nghệ An, Hà Tĩnh, Gia Lai, Đắk Lắk, Bình Dương, Đồng Nai, Bà Rịa-Vũng Tàu, Bạc Liêu, Cà Mau.

2.The farm economy has developed across the country

Farms have been set up mainly in the South East, Mekong Delta, Central Highlands and some northern mountainous provinces previously. Today they are widespread over the whole country.

Some people think that it's hard to build farms in such populous or non-farmland regions as the northern plain, suburbs of big cities, and coastal areas of central provinces. Nevertheless, there are now many farms established in these regions and they also have good performance.

Table 1: Farms in Selected Cities and Provinces with Limited Farmland

(Based on criteria defined in Circular 69/NN&TK)

Province/city	Number of farms
1. Hà Nội	203
2. HCMC	129
3. Nam Định	261
4. Thái Bình	155
5. Khánh Hòa	850
6. Ninh Thuận	407
7. Bình Thuận	914

Source: General Department of Statistics

3.Production forms are more diverse

The farms which have been built previously were those growing plants, industrial perennials, fruit and forest, but at present those raising livestock and poultry, especially marine products have developed vigorously.

On the other hand, many farms specialized in only one plant have incurred losses, even some

Furthermore, a new farm model appears in large consumer markets like crowded areas and cities which have demands for high-grade farm products. It uses less land but many scientific and technological advances to roll out products. These farms grow flowers, ornamental trees, clean vegetable, and mushrooms; and breeding special fishes and animals...

4.Many farms begin paying atten-

Table 2: Animal Husbandry and Aquaculture Farms in Selected Provinces

(Based on criteria of Circular 69)

Province	Number of farms	Animal husbandry	Aquaculture
1. Hà Nội	203	37	54
2. Nam Định	261	-	209
3. Thanh Hóa	1,874	10	419
4. Phú Yên	1,293	41	218
5. Khánh Hòa	850	30	237
6. Bình Thuận	914	23	178
7. Ninh Thuận	407	280	70
8. Đồng Nai	1,243	513	111
9. HCMC	129	85	8
10. An Giang	8,313	10	1,825
11. Bạc Liêu	6,111	139	2,329
12. Cà Mau	3,500	10	3,158
13. Bến Tre	813	-	813
14. Bà Rịa-Vũng Tàu	811	36	37

Source: General Department of Statistics

farms went bankrupt because prices of agroproducts in local and foreign markets dropped incessantly, especially prices of rice, coffee, pepper and fruit. To overcome this situation, many farms have changed into general business in order to reduce risks due to natural calamities or price fluctuation.

tion to intensive investments to enhance their business efficiency

After Resolution 03/CP, farm owners feel eager and more self-confident, so they have made intensive investments to boost their business efficiency.

They have come to research institutes and scientists to learn science

Table 3: General Business Farms in Selected Provinces

(Based on criteria of Circular 69)

Province	Number of farms	General business farms
1. Hà Nội	203	82
2. Thái Nguyên	320	129
3. Nghệ An	1,336	521
4. Quảng Nam	305	148
5. Gia Lai	1,200	132
6. Tây Ninh	1,512	176
7. Bình Thuận	914	169

Source: General Department of Statistics

Table 4: The Current Number of Farms in Vietnam by Region and Form (based on criteria of Circular 69)

Region	Total	Growing annual plants	Growing perennials	Animal husbandry	Forestry	Fishery	General business
The country	55,852	26,915	11,403	1,642	1,962	11,626	2,304
Hồng River Delta	1,488	247	189	59	168	681	144
North East	2,951	132	1,623	28	530	353	285
North West	282	94	83	48	35	8	14
North Central	4,084	1,082	597	31	899	635	840
Coastal South Central	3,122	1,124	599	95	155	824	325
Central Highlands	2,873	498	2,199	42	22	9	173
South East	9,085	1,486	5,548	1,066	75	439	471
Mekong Delta	31,967	22,252	635	273	78	8,677	52

Source: General Department of Statistics

and technique, technology and management. This is obviously indicated in farms growing fruit, mushrooms; flowers, and ornamental trees; and breeding shrimp, livestock, and poultry. Many owners are willing to take loans for building breeding facilities and irrigation system, and purchasing machinery and equipment. They also renew plant and animal varieties so as to promote their productivity and quality.

In short, the country's farm economy has developed quite comprehensively, forcefully and firmly after a year of implementing Resolution 03/CP.

However, according to the criteria issued by the MARD and General Department of Statistics on June 23, 2000, those which meet following conditions are recognized as farms:

a. Value of goods and services

VND40 million for farm households in northern and central coastal provinces and VND50 million for those in the Central Highlands and southern provinces.

b. Acreage

- Growing annual plants: 2 ha for northern provinces and 3 ha for southern provinces and the Central High lands.

- Growing perennials: 3 ha for northern provinces and 5 ha for southern provinces and the Central High lands (growing pepper: from 0.5 ha and more).

- Forest farms: 10 ha and up.

c. Animal husbandry farms

- Milch cows: 10 heads and up

- Meat oxen: 50 heads and up

- Sows: 20 heads and up; and meat pig: 100 heads and up

- Poultry: 2,000 heads and up

- Aquaculture; 2 ha and up, 1 ha in case of breeding shrimps by industrial method.

Those households meeting both two criteria are recognized as farms.

Based on this, the country's facts of farms are as follows:

The above figures are calculated in line with Circular 69 and they are much bigger if based on province's calculation.

Table 5: Labor Employment in Farms

(Average number of workers per farm)

Region	Family members	Permanent employment	Seasonal employment
The country	2.4	0.8	3.2
Hồng River Delta	2.9	1.7	2.2
North East	2.9	0.98	2.7
North West	2.9	0.96	2.6
North Central	2.5	0.80	3.0
Coastal South Central	2.6	0.85	3.6
Central Highlands	1.97	1.6	2.0
South East	2.58	1.5	5.6
Mekong Delta	2.3	0.5	2.7

Source: General Department of Statistics

Table 6: Production of Farms

(VND1 million)

Region	Average capital per farm	Average income per farm
The country	93.66	37.98
Hồng River Delta	122.14	42.46
North East	49.24	27.33
North West	59.13	23.82
North Central	49.4	23.04
Coastal South Central	102.77	26.17
Central Highlands	190.59	53.97
South East	211.18	54.04
Mekong Delta	59.92	35.95

Source: General Department of Statistics(GDS)

In addition to advantages created by the Party and the Government's policy on development of farm economy as well as farm owners' efforts and achievements mentioned above, the farm economy still copes with great challenges as follows:

(1). The striking difficulty of

importance to scientific and technological investment, they will find hard to survive and develop in the market.

(5). The fifth obstacle is insufficient knowledge of farm owners in spite of their eagerness and determination to make rich.

with investments in research institutes, the Government should give incentives to farm owners in applying research results to their production and business.

Third, farm is a new economic model and certainly a major form in agricultural production in future. Therefore, the Government should draw up programs, plans and investments in training farm owners, first in knowledge about the market economy, management and farm technique. Only by doing so, we can have an army of skilled farm owners in a short time.

Fourth, the Government should remove obstacles in land and capital to farm owners; issue land-use right certificates in a short time; increase the leasing term to 20 years for growing annual plants and 50 years for perennials; and expand medium and long-term loans for farms.

Fifth, to help farm owners make a quick access to the Party and the Government's policies and market information, learn one another and protect their legal interests; the Government and relevant agencies should study and soon establish the association of farm owners.

In short, after one year of implementing the Government Resolution 03/CP, our country's farm economy has vigorously developed and actively contributed to agricultural and rural development. However, the

Table 7: The Number of Farms Based on GDS and Provincial Calculation

Province	GDS calculation	Provincial calculation
Hà Tĩnh	280	1,308
Gia Lai	1,200	2,057
Quảng Bình	318	988
Bình Dương	242	1,756
Yên Bái	695	7,252

Source: General Department of Statistics

the farm economy is product consumption. The farms are of large size and their goods produced for sale, but the consumer market is very limited. Prices of the production input of farms (petroleum, electricity, water, fertilizer, insecticides...) soar incessantly while prices of output drop ceaselessly (rice prices plunged 21%, coffee 60-70%, fruit 40-50%, etc. for the past two years).

This is an extremely great challenge. The country's agriculture, on the whole, and the farm economy in particular, finds hard to continue developing in the coming time without the state assistance.

(2). The second barrier of farms is still capital needed for production. Although the State Bank Governor has decided to allow agricultural-forestry farms to borrow VND20 million and aquaculture farms under VND50 million without collateral, there remain obstacles and troubles in the borrowing procedures, terms, interest rate payment, and so on. As a result, farm owners are badly in need of capital.

(3). The third challenge is land issue. The issue of land-use right certificates has not been well implemented in many provinces. On the other hand, farm owners are permitted to lease land only in a short term (especially public land in the North). The two cases do not encourage farm owners' investments in production.

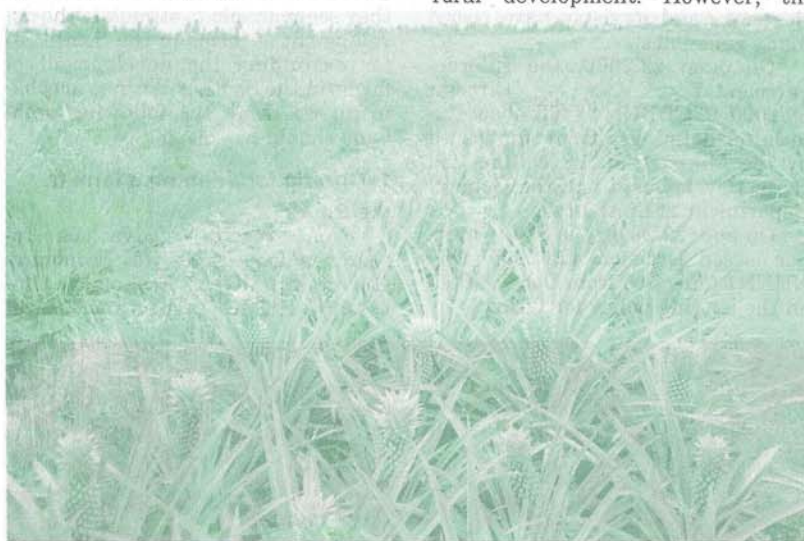
(4). The fourth hindrance is lack of science and technique. The country's farms turn out commercial agroproducts but they have so far still used old-fashioned, low-yield, poor quality varieties of animal and plant. Therefore, their products are not competitive. If they do not attach

III. SOME SUGGESTIONS

To help the farm economy remove the above obstacles and continues developing in the next stage, our suggestions are as follows:

First, at macro level, the State should map out strategies to develop major agroproducts and generate consumer markets for these goods. Based on this, it shall devise a general development plan and guide farms to promote their production properly.

Second, the Government is required to give appropriate assistance



to research institutes and universities and assign them to meet urgent requirements of farmers on the whole, and farm economy in particular, especially in animal and plant varieties and processing technology. Our agriculture has entered the stage which fully depends on science and technique for development. Along

farm economy still faces many difficulties due to its early stage of development. As a result, it needs assistance from the Party and the Government as well as scientific institutions and scientist for its sustainable development. ■