

On the Manufacturing Sector in Cần Thơ City

by MBA. TRẦN THANH MÃN

In the years 2000-2005, number of industrial and handicraft concerns in Cần Thơ City increased from 4,328 to 5,447.

The number of state-owned concerns

local and foreign partners have been converted into foreign-owned ones because of poor performance of joint ventures.

The number of manufacturing concerns rose remarkably from 4,323

ones (most of them are in the foreign sector) have a total capital of VND50 billion or more but 44% of concerns have no more than VND5 billion in their capital. Most of them develop from family or

in Cần Thơ and it employs the biggest labor force.

c. General level of skill of the labor force in this sector is still low. Manual labor represents a large percentage.

Table 1: Industrial concerns in Cần Thơ City in 2000-05

	2000	2001	2002	2003	2004	2005
Total	4,328	4,619	4,735	5,085	5,354	5,447
BY SECTOR						
Local sectors	4,316	4,607	4,723	5,074	5,343	5,435
1. Public	26	25	23	22	23	23
- run by central government	8	8	9	8	8	7
- run by local government	18	17	14	14	15	16
2. Non-public	4,290	4,582	4,700	5,052	5,320	5,412
- Collective	13	13	13	19	25	26
- Personal	4,060	4,326	4,493	4,767	4,965	5,028
- Private	196	216	155	201	230	241
- Mixed	21	27	39	75	100	117
Foreign sector	12	12	12	11	11	12
- Joint venture	9	9	8	5	4	4
- Foreign-owned	3	3	4	6	7	8
BY INDUSTRY						
- Mining	3	3	3	3	2	2
- Manufacturing	4,323	4,614	4,730	5,080	5,350	5,442
- Public utility	2	2	2	2	2	3

Source: Cần Thơ Statistics Bureau 2005

reduced steadily according to the policy to reform the public sector with a view to make them effective and better organized in the past few years. In the foreign sector, many joint ventures between

to 5,442 while mining ones and public utilities experienced almost no change.

1. Farm product processing industry

a. Capital: Of 16 surveyed concerns, seven

personal businesses. With a reliable source of capital they near have no chance to improve their product quality and competitiveness.

b. Labor: The farm product processing industry is a leading one

As for the army of managers, their managerial skill level is also very low. Only seven out of 19 surveyed concerns (36.8%) think their groups of managers meet required standards in this period. the

Table 2: Labor force in the farm product processing industry

Indicator	2000	2001	2002	2003	2004	2005
Labor force	20,049	21,068	22,052	24,047	25,068	27,208
As % of the labor force of the manufacturing sector	53.7	53.0	53.0	53.0	51.4	53.2

Source: Cần Thơ Statistics Bureau 2005

Table 3: Laborers' skill

Grade of skill	As %
Manual labor	40.8
Grade 3/7	27.2
Grade 4/7	17.4
Grade 5/7	8.7
Grade 6/7	4.8
Grade 7/7	1.1

Source: Author's survey

rest (some 63%) think their managers fail to meet requirements and they should recruit new ones or re-train the existing ones.

d. After Vietnam's accession to the WTO, local concerns will face keen competition from foreign rivals and they should replace their production lines. My survey shows that only five out of 19 surveyed concerns (26.3%) think they are good at absorbing new technologies while the rest think their ability to do so is of medium or low level. this is a great obstacle and challenge to local concerns in the coming years.

Generally, the technological level of surveyed concerns is low. Of 19 concerns, only three estimate their level is high, 13 think their level is medium and three say their level is backward. This means that this industry must work out a plan to modernize their business within a short period of time.

Farm products from Vietnam are saleable in many foreign markets. Of the said 19 concerns, 13 (68%) export their products while the other three have no plan to do so. Cần Thơ authorities had better make plan to encourage the export of farm products as a key business for the city. Moreover, they should supply more information about WTO rules and foreign markets to the business circles. My

performance and only two of them feel disappointed

2. Clothing and foot-wear industries

These industries enjoy comparative advantages based on cheap labor when Vietnam joining the WTO. In Cần Thơ, most concerns in these industries are private ones, and only one of them is foreign invested company. They make garments, leather products, cloth, fiber,

them are family businesses or small guilds.

b. Labor force: this is a labor-intensive industry and the number of workers is large

c. Labor skill: The average level of skill in this industry is also low and most of them are manual laborers.

According to estimates by concerns, they lack skilled managers and designers and they can only do subcontract work for foreign compa-



Photo by Huỳnh Thủ

survey shows that only two concerns have gathered knowledge and studied documents about the WTO while seven others have had no idea of the WTO or international integration.

e. As for their business performance, however, 17 out of 19 say they gain good perfor-

shoes and handbags.

a. Capital: Like concerns in the food processing industries, most concerns in this sector have small capital: only the foreign-invested company has the capital bigger than VND50 billion while 33% of concerns have less than VND1 billion as their capital because most of

nies. That is why they can't make big profit and improve their competitiveness.

My survey shows that only 20% of concerns think they can absorb new technologies while the rest estimate their ability at medium or low levels. Of the five surveyed companies, no concern estimates the

Table 4: Business performance

As % of surveyed concerns	Estimate of performance		Profit working capital (per year)				
	good	medium	poor	10%	10%-20%	Over 20%	
	89	0	11	83.3	16.6	0	

Table 5: Staple products from footwear and clothing industries in Cần Thơ

Product	Unit	2000	2003	2005
Fiber	tonne	129,890.0	234,614.0	253,135.0
Woolen products	tonne	2,683.0	2,846.0	4,920.0
Silk	million meters	356.4	496.4	503.3
Cotton curtain	1,000 m	29,974.0	35,520.0	36,400.0
Canvas	1,000 m	23,516.0	14,890.6	26,950.0
Towel and handkerchief	million pieces	430.6	588.0	658.5
Woolen carpet	1,000 sq. m	64.4	43.2	41.5
Jute carpet	1,000 sq. m	1,406.0	91.0	75.0
Knitwear	1,000 pieces	87,007.0	148,151.0	188,556.0
Rush mat	1,000 pairs	31,019.0	39,837.0	36,150.0
Ready-made garment	million pieces	337.0	727.1	1,010.8
Hard leather	tonne	97.0	5,456.0	5,650.0
Soft leather	1,000 pieces	4,806.0	4,680.0	8,895.0
Leather footwear	1,000 pairs	107,944.0	133,570.0	157,940.0
Cotton footwear	1,000 pairs	32,391.0	35,297.0	40,670.0

Source: Cần Thơ Statistics Bureau 2005

Table 6: Capital of clothing concerns

Average capital	As % of total number of concerns
- Under VND1 billion	33.3
- From 1 to 5 billion	0.0
- From 5 to 50 billion	66.7
- Over 50 billion	0.0

good performance but their average profit is not as high as expected.

3. Conclusion

- In the Cần Thơ manufacturing sector,

industrial development in Cần Thơ.

- Most goods exported from Cần Thơ are raw materials or semi-finished commodi-

Table 7: Labor force of the clothing industry

Indicator	2000	2001	2002	2003	2004	2005
Number of workers	651,345	724,216	905,892	1,073,780	1,184,304	1,205,842
As % of the industrial workers	36	36	37	38	37	38

Source: Cần Thơ Statistics Bureau 2005

Table 8: Laborers' skill

Grade of skill	As %
Manual labor	60.4
Grade 3/7	37.2
Grade 4/7	10.4
Grade 5/7	2.0
Grade 6/7	0.8
Grade 7/7	0.2

Source: Author's survey

technological level as high, four think their level is of medium level and one estimates theirs as backward.

As for export of their products, three can export all of their output, one exports part of their output and one exports

nothing. Most concerns have made some studies on the WTO rules. This shows that this organization is important to all exporters and concerns in this industry.

d. Business performance: All concerns in this industry obtain

only farm product processing and beverage industries gain high growth rate and secure high investment. Other industries are small and suffer poor performance.

- There are only a few foreign-invested companies in this sector and they are all of small scale.

- Investment and growth rate of public utilities are lower than the average of the whole sector. This is the biggest obstacle to the in-

ties. There is no concern that can export technology-intensive goods. The general level of technology of Cần Thơ concerns is lower than the regional average and they certainly can't stand foreign competition.

- The human resource is limited both qualitatively and quantitatively. The local government should work out plan to deal with this problem because it tends to go beyond the reach of private companies.■

Table 9: Business performance

	Estimate of performance	Profit/ working capital (per year)					
		good	medium	poor	10%	10%-20%	Over 20%
As % of surveyed concerns		100	0	0	60	20	20