

ECONOMIC DEVELOPMENT IN ETHNIC MINORITY COMMUNITIES

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According to the 1999 population census, there were 54 ethnic communities in Vietnam. The Viet, or Kinh people, accounted for some 86% and 53 minority groups 14%. The population of these groups varied from under 1,000 to over one million persons.

Mountainous areas represent three fourth of the national area. There are 19 provinces in these areas and 23 others where mountains are found. These provinces are in the Northwest, the Northernmost, Central Highlands and Eastern South. Traditionally, these regions are homes of minority groups. Khmer and Champ peoples in Western South and the south of Central Vietnam are exceptions. In the past few decades, the Viet people started to develop their businesses in mountainous areas, making the population there rise to 20 million. Mountainous areas suffer unfavorable climate but they have potentials for economic development and play an important role in the national defense because they are on the borders between Vietnam and China, Laos and Cambodia.

Generally, the economy in mountainous areas developed slowly because of obsolete farming practices and poor policies on changes in the structure of industry. Quality of products from these areas is poor. The infrastructure is still backward. Percentage of poor families is higher than the national average. Over 70% of poor families of the country are found in mountainous areas. Up to November 2001, there are 380,000 families of minority groups living on very small incomes that are much lower than the poverty line. Statistics in 2001 show that there were some 2,8 million poor families equaling 17.2% of the number of families. Of these families, 33.15% was in the Northwest; 25.6% in the north of Central Vietnam; 24.9% in Central Highland and 22.35% in the Northeast.

Differences in income between ethnic groups are remarkable. The average personal income was 429% higher than the personal income of minority groups in Gia Lai; 195% compared with minority groups in Kontum; 210% in Hà Giang and 166% in Lâm Đồng.

Besides the Viet people of Chinese origin who have long settled in Vietnam, most of them have adopted the Vietnamese nationality and enjoyed the same living standard as the Viet people, all minorities groups suffer poor socioeconomic conditions. In the past few decades, many policies have been adopted to develop the economy in mountainous areas and many programs have produced encouraging results.

1. Development of economic sectors

The gross product of mountainous areas grew by 8%-10% a year in the past 12 years. The structure of industry changed favorably, the share of the primary sector fell from 70% in 1990 to 56.3% in 2000 while the manufacturing and construction rose from 9% to 16.7% and the service sector from 15% to 26.9% in the same period.

State-owned companies have been restructured. Over 800 state farms have been delegated by the central authorities to local governments with a view to attracting local laborers and capital; and increasing local budget income.

Up to June 2001, some 10,000 co-operatives have come into operation and many of them made good progress by adopting new managerial methods.

After the Companies Law, the private sector has developed well. The number of private companies has increased to some 79,000 equaling 13.33% of the number of private companies in the whole country. Family businesses rose steadily in

Table 1: Distribution of minority groups by region

Region	Minority population
Northeast	2,912,565
Northwest	1,723,790
West of Thanh Hóa and Nghệ An	950,412
Central Highlands	1,349,306
Western South	819,781

terms of size and quantity, especially in form of large-scale farms on hills. In recent years, many families of minority groups have become rich by doing such businesses. Up till now there are some 95,000 farms of large scales employing some 450,000 laborers in mountainous areas, equaling 88% of the number of farms and 62% of farm hands of the country.

Many programs have been carried out to help minority groups to build their settlements. In the years 1991-2001, 755 projects of these programs with a starting capital of VND1,444 million from the central government helped settle 133,000 families and develop 16,416 hectares of food crops; 40,767 hectares of perennials and 527,670 hectares of garden. These projects also built 5,729 km of road, 617 bridges, 775 irrigation works of small sizes for 11,782 hectares of farming land, 5,839 wells, 106 km of water pipe, 42 hydro power plants of small size, 139 km of electric wire, 652 schools and 162 health caring stations. Up to now, 462,761 families have lived in settlements.

2. Development of commodity markets

Developing the commercial farming is the shortest way for minority groups to reduce poverty. Land and forest are granted to local people, technical advances introduced, irrigation system built, which helped increase the food output in these areas: from 2.12 million tons to 3.12 million tons in the years 1995-2000 in the

North; and 542,000 tons to 873,000 tons in Central Highlands. The per capita food output in these areas rose from 230 kg in 1990 to 300 kg in 2000.

Market gardening and plantations also developed. Vietnam becomes the world's fourth largest exporter of coffee with most of its suppliers in the Northern mountainous area and Central Highland. Tea output rises by 10% a year. These areas also produce cashew nut, sugar cane, mulberry and fruits.

The animal husbandry has made good progress. In comparison with 1990, the buffalo herd rose by 133%, cow herd by 150% and pig herd by 160%. The sea-farming developed in lakes and ponds. Up to 2001 the sea-farming area in 19 mountainous provinces rose to 71,000 hectares. The fish output reached 35,000 tons. The per capita fish consumption was 3 kg a year.

For a long time, forest has been destroyed. The forest area reduced by 100,000 hectares a year because of illegal exploitation. Afforestation has been carried actively in recent years. In comparison with 1989, the forest area rose by 1.3 million hectares and the coverage ratio rose from 26% to 34.4% in 2001. It even rose to 51% in Central Highlands; 35% in Northeast and 27% in Northwest.

In the manufacturing sector, the hydropower industry developed well in recent years along with the light industry. In the years 1989-2001, the industrial output in mountainous areas rose by 12% a year and its

share in the gross product from 9% to 18.4%. Some industries, such as mineral processing, power production and farm product processing represented high percentages of the national output: mineral processing 67%, power 40% and tea processing 93% for example. Traditional handicrafts of minority groups are given proper incentives with a view to creating more jobs and preserving cultural traditions.

Exchange of goods between mountainous areas and plains rose by 30 - 40% a year in 1990-95 and 15 - 20% in 1996-2001, which ensured the supply of essential goods to local residents. Total sales by state-owned trading and service companies in mountainous areas account for 20 - 30% of their sales from all over the country. The cross-border trade represents an increasing high proportion in the foreign trade (it accounts for 50% of the total export to China for example.)

3. Development of infrastructure

The road network has developed recently. Up to 2001, the road network reached 97.42% of mountainous villages and communes. The supply of power helped improve both material and spiritual lives of local residents. The national grid reached all provincial towns, 98% of district centers and 64% of communes. Small hydropower plants and wind farms have become in many mountainous provinces, which raised the percentage of families supplied with electricity to 50.7%.

Irrigation system ensured water for 60% of farming land. Many hydropower plants, such as Hòa Bình, Yaly and Trị An, are connected with this system. Some water treatment plants are under construction.

Along with the national grid, telecommunication services are also available in 60% of the number of communes. This percentage is even higher in Thái Nguyên (89%) and Bình Phước (82%). The postal service spread quickly and there are 769 post offices in mountainous areas now.

In short, the economic growth in mountainous areas has been improved in recent years. Many programs have been carried out and public investment in these areas also rose over years, but results are not as high as expected. This means that these areas require more reforms in all fields to help them bridge the gap between them and other regions. ■

