

Rubber Production in Eastern South Vietnam

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1. Situation

At present, there are 37 rubber factories under the Vietnam Rubber Corporation with a total capacity of 290,000 tons, and 25 of which representing a capacity of 260,000 tons are run by rubber companies in Eastern South Vietnam. With this capacity, they could process the whole latex output from both private and state-owned plantations. In 2004 for example, these factories processed 277,250 tons of latex, equaling 88.75% of the volume processed under the Rubber Corporation.

The product quality in Eastern South factories has been improved continuously. Their product control departments could check 1,250 samples a shift, which allowed them to check and grant quality certificates to all factories. They cooperate with the Rubber Research Institute to cross-check samples in order to ensure accuracy in their tasks.

When the rubber output rises, Eastern South factories have started to produce a wider range of latex. New investment was reduced because they could use locally-made equipment and machines, and the building of new factories was put out to tender.

Up to now, these factories can process 15 kinds of latex (52.85% of the processed output was SVR3L latex), which made the added value rise.

In 1999-2000, the Phú Riềng Rubber Company built a central processing factory, which allowed it to offer more product lines. The output, however, is still low because it is in a pilot phase. In 2000 - 03, the Phước Bình Processing Factory only produced latex of SVRCV50/ CV60,

Table 1: Processing capacity of Eastern South rubber companies

Rubber company	Factory	Installed capacity (tons/year)		
		Total	SVR3L,5	Others
1. Đồng Nai		49,000	30,000	19,000
	Xuân Lập	13,000		13,000
	An Lộc	10,500	10,500	
	Cẩm Mỹ	10,500	10,500	
2. Hàng Gòn	Long Thành	15,000	9,000	6,000
	Hàng Gòn	7,500	7,500	
3. Bà Rịa	Xà Bang	15,000	12,000	3,000
4. Hoà Bình Rubber Ltd. Co.	Hoà Bình	6,000	6,000	
5. Dầu Tiếng		52,000	36,000	16,000
	Dầu Tiếng	12,000	12,000	
	Long Hoà	12,000	12,000	
	Bến Súc	19,000	12,000	7,000
6. Phước Hoà	Phước Bình	9,000		9,000
		27,500	18,000	9,500
	Bồ Lá	6,000	6,000	
	Cua Paris	18,000	12,000	6,000
7. Bình Long	Phước Hoà	3,500		3,500
		26,500	21,000	5,500
	Quản Lợi	19,000	13,500	5,500
	30 Tháng 4	7,500	7,500	
8. Phú Riềng		21,500	15,000	6,500
	Trung Tâm	14,000	7,500	6,500
	Phước Bình	7,500	7,500	
9. Tây Ninh		14,000	6,000	8,000
	Văn Vén	11,000	3,000	8,000
	Bến Củi	3,000	3,000	
10. Lộc Ninh		15,500	6,000	9,500
	Lộc Ninh	9,000	6,000	3,000
	Lộc Hiệp	6,500		6,500
11. Đồng Phú		14,500	6,000	8,500
	Thuận Phú	11,000	6,000	5,000
	Tân Lập	3,500		3,500
12. Tân Biên	Tân Biên	11,000	4,500	6,500
Total		260,000	168,000	92,000

SVRL, SVRL3L and SVR5 categories but its products are of high quality and the total output started to rise. In 2004, Phú Riềng Company produced 27,649 tons of latex and 83.16% of which was SVR3L latex.

The Dầu Tiếng Rubber Company has carried plans to install new production lines in its factories in the past few years, thereby increasing the output in the following factories:

- Dầu Tiếng Factory with Malaysian and French machines and a capacity of 12,000 tons a year.

- Long Hoà Factory with a capacity of 12,000 tons a year and Malaysian technology.

- Bến Súc Factory with a Malaysian production line with a capacity of 12,000 tons a year and a German and French production line with a capacity of 7,000 tons a year.

- Phú Bình Factory with a Malaysian production line with a capacity of 7,000 tons a year.

Up to 2004, the Đồng Nai Rubber Company could process some 4,000 tons of latex a year by processing all latex output from its plantations.

Phước Hoà Rubber Company has replaced its production line and its products are saleable in both domestic and foreign market now. Some 70% of its output is exported to importers in 33 countries.

2. Problems to solve

a. Products to meet the market demand: At present, 80% of natural rubber is used by the automobile industry and the rest by others, but the main rubber product by Vietnam is of SVR3 kind, which isn't used for the automobile industry.

Before 2001, SVR3 rubber from Vietnam was sold to Russia and China. In 2001, the Vietnam Rubber Corporation advised its subsidiaries to diversify products and increase the



production of SVR10/20 rubber used for the automobile industry. At present when the rubber price is high, all kinds of rubber are saleable, most companies keep producing the SVR3L rubber instead of diversifying their products. This is not a right decision and the Rubber Corporation had better correct it as soon as possible.

b. Quality control: All rubber companies are applying ISO method of controlling the product quality. In my opinion, however, they should deal

with the following shortcomings in this field:

- Not all employees take part in this effort.

- Quality targets are usually set forth as a formality, that is why this method didn't produce intended results.

- Training courses in this method are only at basic level, not advanced ones.

c. Privatization of processing factories: Two rubber processing factories in Eastern South have been privatized:



- Hàng Gòn Factory under the Đồng Nai Rubber Company was privatized in 2001. It has an installed capacity of 7,500 tons a year and a legal capital of VND8 billion (50% of this capital is held by the State).

- In 2003, the Hoà Bình Factory and Hoà Bình Rubber Plantation under the Bà Rịa Rubber Company were privatized. The Factory has a capacity of 6,000 tons a year, a plantation of 5,000 hectares and a legal capital of VND92 billion (the State holds 70%).

At present, there is a controversial problem relating to the privatization of rubber concerns. Some people are of the opinion that only processing factory could be privatized while others want to privatize the factory along with its plantation. In my opinion, both factory and plantation could be privatized at the same time in order to ensure the supply of raw material to the factory. They could be privatized separately when the specialization reaches a higher level and requires the separation between processing industry and production of raw material.

d. Improvements in product quality and productivity:

- At present, many companies only pay attention to capital investment and neglect the product quality with the result that the quality is not stable over different lots of product sold. The main cause is the fact that the first stages of processing are not done properly, which lowers the product quality.

- Many engineers are not assigned to jobs that are suitable to their expertise, and many workers are not trained properly, while most companies lack sources of information needed for their business.

- The production cost is still high because of high overheads and indirect expenditures. ■