



TO REACH POTENTIAL OF CẦN THƠ AND THE MEKONG DELTA

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In 1999, the growth rate of Cần Thơ economy was 6.64% (the national average: 4.8%); agricultural output reached 2 million tonnes increasing 5.28% over 1998; gross investment reached VND1,932 billion increasing by 5%; foreign investment: 24 projects with total capital of US\$122.3 million (realized capital: US\$40 million); ODA capital: US\$4.8 million; counterpart fund: VND19.5 billion; and foreign aid from NGOs: US\$8 million. Industrial parks and export processing zones in Cần Thơ received seven more FDI projects worth US\$20 million raising the number of FDI projects to 47 and total capital to US\$147.62 million.

In 2000, up to February, Cần Thơ government granted licenses to 4 FDI projects. More incentives are offered (cuts in many fees and taxes, reduction in prices of power and water supplied, reform in administrative procedures, etc.) to attract more foreign investment.

Cần Thơ export earnings in 1999 reached US\$263 million (257 million of which from exports and 6.3 million from tourists and other services). The tourism industry in Cần Thơ

earned VND65 billion increasing by 15.38% over 1998.

Many problems, however, have arisen from these developments: the growth rate was low, many planned targets weren't achieved, markets for products from Cần Thơ narrowed, the spending power decreased, prices of many farm products fell (especially after good harvests). As a result, peasants got confused and didn't what to produce.

Cần Thơ - based export companies have tried their best to find new markets but didn't have much success. Five rice exporters in Cần Thơ (Sông Hậu and Cờ Đỏ State Farms, Mekong Ltd., Thốt Nốt Food Processing and Trading Company and Cần Thơ Food Company) exported only 118,212 tonnes of rice in the first months of 2001, equaling 27.5% of the target planned for the year. The price of export rice was US\$181.58 per tonne, US\$43.15 lower than the price in the corresponding period last year. In the winter-spring crop, the Mekong Delta produced 8.02 million tonnes making a year-on-year increase of 8%. This good harvest also makes the price fall drastically.

As for industrial production, many local factories (beer and soft drink, building materials, agricultural materials, sugar, etc.) had to reduce their output because of high production costs. Industrial output from non-state sectors rose by only 6.4%. Land clearance in preparation for the building of Trà Nóc IP was carried out slowly because of the shortage of fund. Procedures for securing investment from the Fund for Development Investment are complex and time-consuming. The Sông Hậu State Farm planned to build a plant for processing aquatic products with a capacity of 3,000 tonnes a year with investment from this Fund but its director had to get loans from banks, with higher interest rate, to realize the plan because of these complex and time-consuming procedures.

As for fruit production, the Mekong Delta produces some 3.8 million tonnes of fruit every year but only 5% - 7% of this output is processed. Products from fruit processing plants in the Delta can't compete against foreign counterparts because of obsolete technology and machinery. The Mekong Delta can only export fresh and semi-processed fruits. Preservation

methods and means of transport are outdated and after-harvest waste rises to 25%.

The Mekong Delta produces 47% of the national food output and 27% of the GDP but the personal income in this Delta fell gradually in comparison with the national average (from 85.75% in 1995 to 78.75% in 1998). The average intellectual level is low as compared with other zones. In this Delta, there are 341,000 illiterates (representing 38% of illiterates of the country). Of 92 universities and 76 colleges all over the country, only three universities and nine colleges are in the Mekong Delta. Quality of university education is low while its cost is high. A peasant in An Giang has to sell 1.5 tonnes of rice to send a child to university in Cần Thơ and 4.5 tonnes to send him to a university in HCMC.

It is arguable that potential of Cần Thơ and the Mekong Delta as a whole hasn't been fully tapped. The backwardness of economy and education service in this zone affects badly the local socioeconomic development.

According to the Cần Thơ Plan for Socioeconomic Development for 2001- 2010, main targets are to gain a growth rate of 8-9% (industrial output by 13 - 14% and agricultural output by 3.0 - 3.5% every year and the commercial farming output to 80% by 2010) and an annual increase of 13% in export value; to raise per capita income to US\$550 by 2005 and 875 by 2010; to upgrade the National Routes 1 and 91, Cần Thơ and Cái Cui ports, and Cần Thơ Airport; and to dredge Định An river.

Various measures should be taken to achieve these targets. In this article, however, we want to limit ourselves to the following problems:

1. Food production

The direction is to meet the domestic market demand and ensure the food safety, therefore the area for rice growing should be calculated exactly. In producing food, it's necessary to deal with the following issues:

- developing the agro-industry with the view to producing more rice for export;
- reducing after-harvest waste (the present waste of 25% is too high);
- introducing new strains appropriate to local climatic conditions
- applying new technologies (mechanization, electrification, irrigation and biotechnology);
- promoting export of rice.

The structure of farm products should be adjusted: part of rice growing land could be changed into fruit orchards. Cần Thơ has 33,289 hectares of fruit, the second biggest area in the Mekong Delta, after Tiền Giang, but the fruit output is low and its yield isn't stable. In the coming years, it's necessary to develop the production of tropical fruits, such as litchi, longan, grapefruit, pineapple, etc., and processing industry with a view to promoting export of fruits.

2. Infrastructure building

Besides such big bridge as Mỹ Thuận, and Cần Thơ one in the near future, the road network in the Mekong Delta requires the building of a lot of small and medium bridges because this Delta is criss-crossed with canals and rivers that have somehow hindered its socioeconomic development for a long time. The infrastruc-

ture development will help with the urbanization process, thereby reducing cost of electrification and mechanization of agricultural production.

3. Non-farming businesses

Peasants growing three crops of rice still have a lot of free time while rice farming brings them in only small income. That is why development of non-farming businesses becomes a must. Chinese experience shows that small factories in rural areas could help provide peasants with subsidiary occupations and accelerate development of small towns, thereby preventing flows of migration to big cities. In developing non-farming businesses, full attention should be paid to environmental

4. Rural and cultural tourism

The Mekong Delta has 3,187.5 km of waterways, a lot of fruit orchards, floating markets and many cultural and historical monuments. Delta residents' lifestyle also has its own characteristics. These features are tourist attractions and the problem is how to persuade tourists into visiting the Delta.

5. Human resources

The problem of illiteracy should be tackled. Preferential treatment should be offered to intellectuals and graduates who are ready to work in rural areas. Education service should be diversified and all sectors are allowed to take part in this service in order to reduce burden to the public fund. Universities in the Delta can

cooperate with foreign partners to supply better higher education and necessary measures should be taken to encourage university students to make studies abroad. Thinking through, human resource is the decisive factor in tapping potentials of a zone and a country as well.

6. Government support

The government can take strong actions to encourage foreign investment in agro-industries; give price support, cut agricultural taxes or purchase farm products with a view to increasing peasants' income. In addition, public investment in the Delta should be increased to a level that match up to contributions from this Delta to the national economy. ■

