

# Latest Information about Agricultural Production in Vietnam

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**O**n Dec. 29, 2006, the Statistics General Bureau publicized rough results of the general investigation of agriculture and sea farming business in 2006 as required by Decision 188/2005/QĐ-TTg. This investigation covered 14.46 million peasant families; 113,730 farms; 7,310 agricultural cooperatives; 9,083 communes; some 4,000 concerns in these businesses and 65,000 sample peasant families. It report gives us an overview on the agriculture and rural life today.

## 1. Rural infrastructure is continuously upgraded and improved

Electrification in rural areas is accelerated and good results gained. The national grid covered 86% of communes; 77% of villages and 79% of houses in 2001. These figures in 2006 were 99%; 92.8% and 93.3% respectively. Thus, only 6.7% of rural households lack electricity now. The electricity becomes common in the most depressed areas, particularly in Western Highlands (electricity users rose by 90% compared with 2001), Northwest region (up by 74%) and the Mekong Delta (51%).

In 2006, rural communications developed quantitatively and qualitatively. Auto roads reached 8,783 communes (up to 96.7% of the total of communes from 94.5% in 2001). The highest percentage was found in Eastern South, 99.5%, and the lowest in Northwestern, 80.8%. After the auto road to commune centers was built, the network of inter-commune roads was also developed: 3,865 communes witnessed 50% of their roads concreted or blacktopped.

The system of schools in rural areas was also developed. Up to 2006, 9,047 communes (99.6%) had one elementary school or more; 91.2% of communes had junior secondary schools; 10.8% had senior secondary schools; and 88.9% had kindergartens or/and nursery schools. In addition, 53.7% of villages had kindergartens and 16.2% had nursery schools.

The telecom infrastructure was also improved. Some 94% of commune centers had telephone lines. Post offices were found in 8,187 communes (90%). Systems of loudspeaker used for radio stations were found in 75% of communes; and 29.7% of communes and 43.7% of villages had cultural centers.

Health care and environmental protection produced encouraging results. Health stations were found in 9,017 communes (or 99.3%) and 89.2% of villages had nurses' office. Besides state-sponsored health care service, privately-run health business also developed. At present, private health caring service is found in 36.3% of villages; 35.3% of communes had water supply system; 12.5% had sewage dykes; and 27% had garbage collection service.

Besides health care and information services, technical assistance service was also supplied to villages to help peasants improve their businesses. Civil servants specializing in agricultural extension were found in 79.2% of communes and 26.2% of villages.

Of course, there are shortcomings besides achievements: some 20% of communes in the Northwest and Mekong Delta are not connected with the network of

blacktops; quality of inter-village roads is poor, especially in the Northwest, Northeast and Western Highlands (in the Northwest for example, only 7.1% of roads are partly blacktopped); the proportion of houses in mountainous areas with no power supply is still high (46.6% in Lai Châu; 38.3% in Điện Biên and 35.5% in Hà Giang).

## 2. Structure of industry in rural areas is improved positively

The number of non-farming families shows an upward tendency. The proportion of families doing industrial production and construction rose from 5.8% in 2001 to 10% in 2006; while that of families supplying services from 11.2% to 14.8% in the same period. Generally the proportion of non-farming families increased by 8% in the past five years making the proportion of farming families reduce from 80.9% to 71% in the same period.

On the national level, the rate of change in the structure of industry is still slow and uneven. Only three out of eight regions enjoy a proportion of 10% or more for industrial families (Eastern South 19.1%; Hồng Delta 16.1% and Central Coastal region 10.6%) and three others obtain a proportion of 5% or lower (Northwest 3.1%; Northeast 3.5% and Central Highlands 2.1%). The change in the structure of industry differs over region. In the Eastern South, the proportion of non-farming families rose from 32.8% in 2001 to 42.7% in 2006 while this figure in the Northwest are 6% and 7% respectively.

The structure of farming families also experiences positive changes when the number of fam-

ilies doing sea farming increases at the expense of families doing plant growing because many provinces allowed peasants to use plant growing land of poor fertility for producing aquatic products. The sea-farming families accounted for 2.3% of the group of farming families in 1994, and this figure was 4.2% in 2001 and 6.2% in 2006. The Mekong Delta witnessed the fastest growth in this group whose share in the number of farming families rose from 2.3% in 1994 to 9.8% in 2001 and 15.1% in 2006. This also happened to the Central Coastal region and the Hồng Delta but at a smaller extent.

Some 71% of peasant families do farming but only 67.9% of them got the biggest source of income from the farming business. As for non-farming families, they account for 24.8% of the number of families in rural areas but 26.5% of them got the main income from their businesses (industrial production, construction, or services). This means that rural families usually have different occupations; and income from non-farming businesses is usually higher than the one from farming business.

In the process of industrialization and modernization, the rate of change in the structure of industry in rural areas seems too slow. Plant-growing families still accounts for 93% of the number of farming families while forestry families accounts for only 3.2%. These figures in the Northwest are 99.2% and 2.54% respectively. This means that the pure agriculture is still widespread.

### 3. Good progress of farms

Establishment of farm has spread all over the country from coastal plains to mountainous areas. The number of farms increased fast and their activities helped accelerate changes in the structure of industry. Up to July

1, 2006, there were 113,730 farms in the country, and 52,713 of them were established after 2001. They concentrated in the Mekong Delta, Eastern South and Central Highlands where house 80,077 farms, or 70.4% of the number of farms. Their products tended to diversify and the number of sea-farming; animal and mixed farms increased at the expense of perennial or annual farms. The share of the group of annual farms in the total reduced from 35.6% in 2001 to 28.7% in 2006 and the group of perennial farms from 27.2% to 20.2% in the same period. On the other hand, the share of animal farms rose from 2.9% to 14.7%; and sea-farming farms from 27.9% to 30.1%.

Results of the investigation show that the farms offer jobs to some 400,000 laborers making an increase of 170% over 2001. Besides full-time employment, the farms also employ several hundred thousands of seasonal farm hands every year.

Average income of a full-time farm employee is VND17.5 million a year, twice as high as the average income of a peasant. Most farm hands, however, do only manual jobs, such as ground breaking, planting trees, herding, or processing feed, because they lack training.

Up to July 1, 2006, the gross investment in farms reached VND29,320.1 billion, or VND257.8 million per farm on average; 122.7 million higher the average in 2001. The highest average investment was found in Eastern South (VND575.5 million, 341.6 million higher than the one in 2001) where many farms planted perennials; and the lowest was in Central Coastal region, 144.4 million, where most farm grew annuals.

The gross output from farms in 2006 was worth VND18,031 billion making an increase of

360% as compared with 2001. The average sales per farm was VND159 million and 95.2% of their output was for sale. The highest commercial ratio was found in Eastern South (98.2%) and the lowest in Northwest (89.8%).

### 4. New efforts by cooperatives

Up to July 1, 2006, there were 7,310 cooperatives, 203 lower than the number reported on July 1, 2001. Of these cooperatives, 7,056 (96.5%) specialized in farming; 235 (3.2%) in sea farming and only 19 in forestry. Most cooperatives were in the North: the Hồng Delta 46.9% and northern Central Vietnam 21%. In other regions, the number of cooperatives was very small: Northwest 1.8%; Central Highlands 2% and Eastern South some 3%. In the Mekong Delta, there were only 515 agricultural cooperatives. Of 7,056 agricultural cooperatives, 5,897 (or 83.6%) were renovated ones and 1,159 (17.4%) were newly established. The average labor force of an agricultural cooperative was 21 laborers, down from 30 reported on July 1, 2001. Fall in the full-time employment is due to the fact that many cooperatives employed competent laborers who could do well various jobs or subcontracted works to outsiders.

The average capital of a cooperative was VND889 million, up from 649 million reported in 2001. The better part of this capital (84%) was from cooperative members and the rest (16%) was loans; and only 15% of the loan was from bank. The average capital differed over region: the highest was in Central Coastal region (1,447 million) and the lowest in Northwest (234 million).

Generally, cooperatives, within 10 years after the Cooperatives Law, have experienced positive changes. Their organization and management were im-

proved and beefed up. Their operations were diversified to make the best use of existing resources (capital, supply of labor, irrigation system, machines, etc.). Many cooperatives could supply basic services to peasants. Their performance was good enough to ensure some profit and the goal of developing their businesses and communities. Many agricultural cooperatives played important roles in changing the structure of crops, alleviating the poverty, building the infrastructure and beefing up economic relations in rural areas.

They still face many shortcomings: lack of managerial skills; capital, technical facilities, skilled laborers; and business plans, among others. Their performance was not high enough to become more attractive to local residents and the personal income of cooperative member was still small.

#### 5. Increased personal income

Accumulated capital of a rural household rose from VND3.2 million in October 2001 to 6.7 million in July 2006; and 88% of this capital was in cash or gold. The highest accumulated capital was found in families supplying transport services (14.9 million); trading (12.1 million); and sea farming (11.3 million) while the lowest was in families growing crops. According to a rough estimate, the total accumulated capital from rural families reached VND87,700 billion by mid -2006.

#### 6. Poor performance

In the past 10 years, the crop growing and sea farming businesses have been able to supply competitive products to both domestic and foreign markets but their performance was not high enough. The average income for rice planters and pig keepers was just enough for them to maintain their businesses.

Results of the investigation show that the production cost of a

kilo of rice varies from VND1,261 to 1,996 over regions. In regions where land is not concentrated (the Hồng Delta and Northern Central Vietnam) this cost is higher. The lowest is found in the Mekong Delta (VND1,261) where natural conditions are favorable and mechanization is rather high. With the current price that varies from 2,300 to 2,400 per kilo, the profit from a hectare of rice, which differs over regions, is somewhere between VND1.5 and 6.0 million.

The summer-autumn rice is usually of poorer quality and higher production cost in comparison with the winter-spring crop, which makes the profit reduce by 15%-25%.

The pig raising business is mainly a family business that plays a role of a subsidiary occupation. A family usually keeps from two to three pigs. The investigation shows that the production cost of pig was somewhere between VND12,000 (in Northeast) and 15,200 per kilo (Eastern South). Of this cost, the animal feed accounts for 50% or 60%. This means that raw materials for making feed are expen-

sive, because some of them are imports. The high production cost make local pig meat less competitive and income for pig keepers reduced.

Fish raising business in 2006 offered a bright future to peasants but this business suffered instability. The investigation shows that the production cost of a kilo of commercial fish is around VND9,600. The selling price in the second quarter of 2006 varied between VND11,000 and 12,000. Thus, the profit (VND1,400 - 2,400 per kilo) equals only 13% - 20% of the sales. The market price of fish fluctuated greatly in the past few years. It is high now (from VND14,000 to 15,000 per kilo) but it was below VND9,500 at times in 2005. Thus, this business requires big investment and working capital but it lacks stability because of wide fluctuations in the market prices. To peasants, however, this business is still considered as a highly profitable occupation, because part of the output is exported, in comparison to others they could do.■

