

The Mekong Delta is the Vietnam's biggest supplier of rice, fruit and aquatic products.

In 2001, the Delta produced some 16 million tonnes of rice (50% of the national output), 3 million tonnes of fruits (60% of the national output) and 1.2 million tonnes of aquatic product (51% of the national output). In the years 1996-2001, the Delta accounted for 80% of commercial rice, 90% of rice export and 70% of aquatic product export, thereby ensuring the national food

64.2%; 12.6% and 10.9% respectively in the Eastern South Vietnam). In 2000-01, prices of farm products fell because the supply exceeded the demand worldwide causing great harm to the Delta. For many years, the share of the Delta in the GDP has stayed somewhere between 22% and 25% and this Delta has been considered as a poor region. According to the UNDP, 37% of families in the Delta lived below the poverty line (as compared with 8% in the Eastern South), and the poverty-reducing rate was low (1% a year as compared with 4.5% in the Eastern South and 6% in the Hồng Delta). Many socio-economic indicators of the Mekong Delta are only equal to the national average, and much lower than those

accelerate changes in the structure of industry and gained initial results. Comparative advantages of local industries are tapped better. The structure of industry experienced first changes: the share of the agriculture in the GDP fell from 64% in 1995 to 55% in 2001; construction and manufacturing rose from 12% to 18% and the service sector from 24% to 27% in the said period. The structure of products by each sector is also diversified under influence of the market economy. In the agricultural sector, the share of crop growing fell while that of the mariculture rose. The production of fruits and perennials rose against that of rice.

In the process of changing the structure of industry within the mod-

SOME PATTERNS OF CHANGES IN THE STRUCTURE OF INDUSTRY IN THE MEKONG DELTA

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safety and enhancing Vietnam's position in the world market as an exporter of farm products.

As the leading producer of farm products, the Delta is still a purely agricultural region. According to results of an overall investigation conducted by the General Department of Statistics in 2001 and publicized in April 2002, 80% of families in the Delta lived on the agriculture; only 5% of them engaged in manufacturing and construction businesses, and 8.6% in commerce (as compared with

found in the Eastern South. In 1999, the average personal income in the Delta was only VND342,000 a month as compared with VND526,000 in the Eastern South. The backwardness of the socioeconomic life in the Delta as compared with the Eastern South has lasted for years and the main reason for this situation is the slow change in the structure of industry.

Facing such a situation and with help from the central government, Mekong Delta provincial governments have taken many measures to

ernization and industrialization program, certain new patterns have made their appearance.

1. Diversification of agricultural production in An Giang

Before the economic reform, An Giang lived on the agriculture that accounted for 78% of the gross product with an annual growth rate varying between 2.2% and 2.8%. The rice production represented 80% of the agricultural output in the province. After the economic reform, and espe-





and three small-size ones with total output of 150 tonnes of rice a day. Rice from Cà Mau, Rạch Giá, Cần Thơ and Đồng Tháp is brought here for processing before being transported to many other provinces or big cities for export.

Due to well-developed cottage industry and transport business, there is no unemployment in Hòa An and the personal income here is rather high. A manual laborer in Hòa An can earn at least VND30,000 a day while a skilled worker makes from VND80,000 to 100,000 a day during peak season. The development of the cottage industry and transport business facilitates changes in the structure of industry, the living standard is improved, the proportion of poor families falls drastically (down to somewhere between 2% and 3% in 2002) and the anti-poverty seems

cially in the years 1996-2000, the provincial economy started to diversify: animal husbandry, mariculture, manufacturing and service businesses were developed while intensive farming techniques were applied to production of rice, vegetables, perennials and fruits.

In the agricultural sector, the area of such perennials and vegetables that are saleable as hybrid maize, cotton, banana, bean, sesame and sugarcane increased quickly while the area of rice decreased. Peasants who grow a crop of rice and two crops of vegetables earn VND23.1 million a year from a hectare; and those who grow two crops of rice and a crop of vegetable earn VND23.7 million; while two or three crops of rice a year bring in 18.7 million or 21 million respectively.

In an effort to industrialize the agricultural production, An Giang authorities encouraged development of agro-support industries of small and medium sizes. In 1996, private investment in rural industries rose to VND150 billion, equaling 61.4% of the total investment in the manufacturing sector. The better part of investment in rural industries in An Giang was put in farm product processing business; many districts started to become more specialized: processing rice for export in Hòa An Commune (Chợ Mới District); producing silk thread in Tân Châu Town (Tân Châu District), hand tools in Phú Mỹ Commune (Phú Tân District), building materials in An Châu Commune (Châu Thành District), etc. We could say that restoration of traditional occupations and cottage industries has helped open a new direction for the manufacturing sector in An Giang, a purely agricultural



province, and provide jobs for thousands of laborers. Many processed farm products and handicrafts from An Giang are exported in larger and larger quantities. In 2000, export of handicrafts from An Giang brought in some US\$6 million (US\$3.5 million of which was from silk thread, and US\$254,580 from dried or processed fish.)

The rural industries are developed all over the province, and Chợ Mới District is one of the best examples. In this district, the cottage industry includes 15,287 concerns that employ over 32,000 laborers and produce VND134 billion worth of goods equaling 26% of the district gross product. An industrial estate has come into being in Hòa An Commune, one of the biggest rice processing centers in the Delta. In this commune of 2,955 families, there are 29 privately-run large-scale rice mills

successful.

In spite of recent developments, the An Giang manufacturing sector, and the whole Delta as well, still faces many common difficulties: shortage of capital, obsolete machines and equipment, poor productivity, limited sources of finance for intensive investment, poor infrastructure and vocational training service, wide fluctuations in both export and domestic markets, low public education level, etc.

2. Development of manufacturing and service sectors in Cần Thơ

Cần Thơ, as a producer of rice and various farm products, has tried its best to in recent years to develop its manufacturing and service sectors. In the years 1996-2000, the Cần Thơ manufacturing sector gained an average growth rate of 15.5% a year. The better part of this sector concen-

trates on the processing of food and other farm products. Increases in foreign investment and development of industrial estates in recent years have helped change the structure of manufactured products and facilitate higher growth rates. In this period, the frozen shrimp output doubled, rice processing rose by 25%, sugar 266%, NPK fertilizer 420% and cement 680%. This development has produced positive effects on the cottage industry in rural areas. Many traditional businesses have been restored: wooden handicrafts, building boats and sampan, embroidery, weaving, leather. Up to 1996, some 3,200 families including 17,000 laborers in Cần Thơ engaged in the cottage industry as compared with 1,400 families and 7,000 laborers in 1992. In 1996 rice processed in Cần Thơ was good enough for export while export of aquatic products this year was worth US\$30 million equaling 25% of Cần Thơ's export earnings.

A wide range of services are also available in rural areas, such as ground breaking, crop protection, veterinarian's service, water pumping, transport, supply of agricultural materials, supply of credits, purchase of farm products in large quantities, etc. This situation has helped encourage changes in occupations and in the structure of industry. In the years 1991-95, the share of the agricultural sector in the provincial gross product fell from 60% to 53.8% while that of the manufacturing one rose from 13% to 17.5% and that of service one from 27% to 28.7%.

Like An Giang the modernization and industrialization in rural areas in Cần Thơ also faces the same difficulties: differences in development levels between districts, poor infrastructure and public education level, lack of development strategy for the cottage industry, obsolete technologies and machinery, shortage of skilled laborers; capital and business information. That is why Cần Thơ failed to play its role as a center of the whole Mekong Delta during the period of economic reform. Although Cần Thơ houses its own University of Cần Thơ, the Mekong Delta Rice Institute and Sông Hậu State Farm as research and scientific centers, the number of skilled technicians and managers working in rural areas, especially remote ones, was very small as compared with the market demand.

3. Combination of agricultural production with manufacturing and service industries



The Sông Hậu State Farm grows rice, processes it for export and imports a wide variety of goods. Its various activities have created preconditions for the development of agro-industry and commercial farming. This is a new pattern of development ever seen in the public sector in which agriculture, manufacturing and service industries are combined and run by a state-owned concern in rural area. At present, the Sông Hậu State Farm has a system of silos with a storing capacity of 77,000 tonnes, eight rice mills with a total installed capacity of 350 tonnes a day, one modern rice drying factory and 42 rice drying concerns using manual labor. It could process some 30,000 tonnes of rice for export in a month. It has also a 600 KVA thermal power plant to ensure source of energy for all manufacturing concerns in the farm. In 1997, an investment of some VND11 billion was put in facilities for rice processing and an automatic canning factory. This is an interesting feature of the industrialization and modernization in a concern in rural area. Besides rice for export, the Farm also produces other processed farm products with its six factories. The Farm also cooperates with research centers in introducing biotechnological advances to the agricultural production (microorganism fertilizer, new rice strains, organic horticulture, etc.). In short, the Sông Hậu State Farm is a good pattern of industrialization and modernization in the Mekong Delta, which affects favorably changes in the local structure of industry.

4. Shortcomings

Changes in the structure of industry in the Mekong Delta are slow and uneven. Generally, the share of the

agricultural sector in the gross product reduces by 1% a year only. In remote and depressed areas, this reduction is even lower. In Cần Thơ, one of provinces that enjoys better infrastructure and convenient position, the structure of industry is still slow to change: relative importance of three sectors in 2000 was 41.45%; 24.73% and 33.82% in comparison with 42.95%; 20.46% and 36.59% respectively in 1996. In Tiền Giang Province with Mỹ Tho City, an industrial and service center that is only 90 km from HCMC, the shares of three sectors in 2001 were 55.2%; 14.4% and 30.4% as compared with 64.2%; 12.8% and 23.0% in 1996.

In the agricultural sector, changes in the structure of farm products (from rice farming to mariculture) in certain provinces (Cà Mau, Bạc Liêu, Sóc Trăng, etc.) are promising in the years 2000-01 but they are unruly and unstable. The same thing also happens to such provinces as Tiền Giang, Vĩnh Long, Cần Thơ and Đồng Tháp where rice has been replaced by fruits.

Main causes of these shortcomings are as follows:

- Master plans for development of each industry and zone aren't perfect.

- Poor infrastructure, especially in remote areas: Up to 2002, 268 communes in the Delta (22%) have no blacktop roads; 50% of communes have no post office; 18% of villages have no electricity.

- The public education level is low; most laborers aren't trained and couldn't engage in manufacturing and service sectors.

- The public investment isn't concentrated on changes in the structure of industry. ■