

**I**n a 10-year period, a foreign trade turnover of US\$301 million was realized and VNĐ105.8 billion were sent to the public treasury, the Daklak Investment and Import - Export Company (Inexim Daklak) has really made good progress.

Being established on Aug. 20, 1976, the Daklak Foreign Trade Company (renamed Inexim Daklak later) had a staff of ten and working capital of VNĐ12 million invested by the public treasury to do its foreign trade business. The thing that was called its "foreign trade business", in fact, was to have commercial monopoly on coffee produced by private farmers and coffee, rubber and plank produced by state-owned companies, and then, to barter these goods with export companies at central level for materials necessary for local life and production.

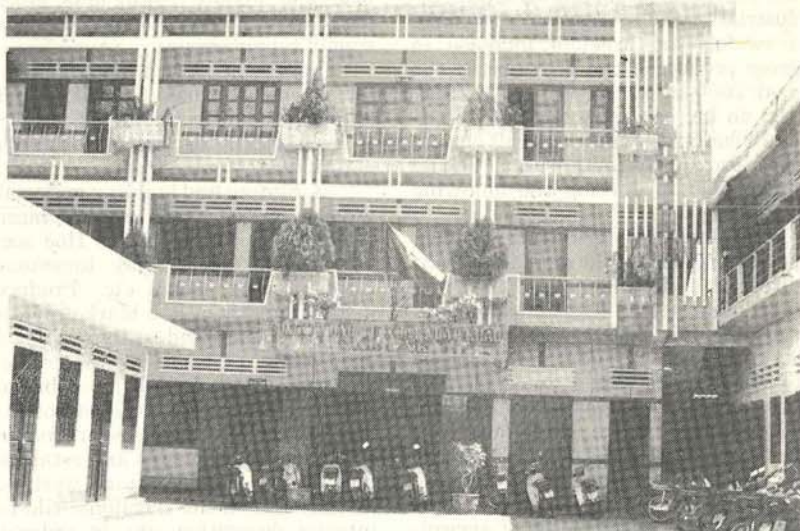
To realize the Resolution 06 of the VCP Provincial Standing Committee that "the foreign trade should be developed into a leading business with a view to industrializing local economy", the Inexim Daklak had improved its organization, sent its officials to various districts and villages to offer technical assistance to farmers, purchase goods for export and persuade farmers to produce goods for export. However, it couldn't achieve remarkable results because of lack of investments.

The foreign trade turnover realized from 1976 to 1985 was 88.5 million rubles-US dollars: Exporting 30,082 tonnes of coffee, 38,972 cubic meters of plank, 5,032 tonnes of peanut, 520 tonnes of soy bean brought in 74.5 million rubles-US dollars, and 14.9 million rubles-US dollars worth of goods were imported. The annual turnover was 8.85 million rubles US dollars on average. The Inexim Daklak has achieved its goals of supplying goods for export assigned by the central government. Generally, however, it has just completed the task of purchasing existing products for export and hasn't tapped all potentialities of the province. The foreign trade business hasn't contributed considerably to the development of provincial economy in the 10-year period after the Liberation Day. Many remote districts couldn't produce goods for export although producing goods for export had been considered as the leading business of the province.

In 1986, the VCP provincial committee, in its resolution of the 10th congress, decided that coffee would be the main staple of Daklak province: "From 1986 to 1990, the coffee planting area should be raised to 50,000

# DAKLAK INVESTMENT AND IMPORT - EXPORT COMPANY 20 YEARS OF FORMATION AND DEVELOPMENT

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hectares, some 30,000 hectares of which are state-owned, and some 20,000 hectares are of private ownership. In 1990, the total output should be 23,000 tonnes of coffee (some 10,000 tonnes of it will be produced by the private sector)".

The tasks of Inexim Daklak assigned by the provincial government were to supply materials needed for local life and production, to invest in intensive farming of coffee in the private sector. From the profit of 3.13 million rubles - US dollars earned in 1986, the provincial government allowed the Inexim Daklak to retain US\$460,600 and have full autonomy in its business. In order to complete the task assigned by the provincial government (planting 8,000 more hectares of coffee from 1986 to 1990 and carrying out intensive farming of 5,000 hectares of coffee every year), the Inexim Daklak had to seek new sources of capital from many banks. Six years after, especially in the period between 1987 and 1990, the Inexim Daklak had made a total investment of US\$10,513,200 in planting 8,222 hectares of coffee in coordination with 4 state-owned farms, 131 cooperatives, 23 government bodies, 20 state enterprises and 1,217 private farmers. Of this sum of money invested, US\$7.9 million were loaned to planters at an interest rate of 10% per year (this rate rose to 18% per year in 1990) when the inflation rate reached 700% per year at that time. From the third year after planting, coffee began to yield fruit. The planters could sell coffee to the Inexim Daklak at US\$1,300 per tonne and pay for their debt in 5 yearly installments if they were Vietnamese, or in 6 yearly installments if they were of minority groups.

With a small starting capital, the Inexim Daklak had tried its best to supply soft loans (the interest rate was too small in comparison with the inflation rate). In a 4-year period, it has supplied over VNĐ100 billion worth of agricultural materials to farmers and contributed remarkably to development of production in Daklak. Another stimulus was appropriate policy on agricultural development adopted by the provincial government.

In this period, private farmers have invested their time and money in planting over 17,000 hectares of coffee. Their total investment could reach US\$17 million according to official estimation. The provincial government and private farmers, within four years, have planted 25,000 hectares of coffee and made basic changes to the crop structure of Dak-

lak province.

The coffee tree was first planted in Daklak by French in the 1920s. Over 50 years after, up to 1975, there were some 7,000 hectares of coffee producing around 5,000 tonnes of coffee bean every year. In the 10-year period after the Liberation Day, with investments from the central government, the coffee planting area in Daklak rose to 13,000 hectares in 1986 with the output of 8,000 tonnes per year. But seven years after the provincial party committee's Resolution 10, up to 1994, the coffee planting area increased by 5 times compared with 1986, by 11 times compared with 1975. The coffee output increased by 15 times compared with 1986 and 22 times compared with 1975. In this investment program, 32% of total investment were put in ethnic region.

From 1986 on, in addition to long-term investment, the Inexim Daklak has made short-term investments. Around US\$2 million were invested in 5,000 hectares every year. This annual investment rose to US\$6 million in 1995-96 crop. The Inexim Daklak has supplied in recent years 8,241 tonnes of oil and fuel, 44 tonnes of insecticide, 42,347 tonnes of fertilizer, a lot of pumping machines with total power of 35,470 horsepower, 992 small plowing machines, 1,149 km of hose-pipe, 13,500 tonnes of rice and many other goods to coffee-planters.

The result of the provincial government's policy on developing coffee production has given new strength to the local economy. Many poor districts such as Krông Năng, Ea H'leo could produce goods for export now. The local economic structure began to change. The real economy started to make its appearance in Daklak with the coffee export turnover of some US\$300 million per year on average (the average price was US\$2,500 for a tonne of coffee bean). The coffee business has created conditions necessary for re-division of labor, reasonable usage of land, increase of laborers' income, a stable and high income for the local budget from collecting land usage tax, turnover tax, profits tax, etc. Over 60% of national coffee planting area which produce around 70% of national coffee output are in Daklak, so this province has played an important role in development of Vietnam coffee business.

Sticking to the strategy to develop foreign trade and increase investment, the Inexim Daklak has achieved many good results in doing its business since 1986. From 1986 to 1995, its foreign trade turnover totalled US\$301 million (estimated

turnover for 1995 is US\$85 million, realized turnover in the first half of 1995 was US\$45 million), increased by 354% in comparison with 1986 (that is, 35% per year). Of this figure, the export turnover was US\$157 million generated by selling 109,260 tonnes of coffee, 1,573 tonnes of rubber, 11,821 cubic meters of plank. Generally the foreign trade turnover of the 1986 - 95 period averaged US\$30.1 million per year, increasing by 3.4 times in comparison with the period between 1976 and 1985.

The contribution of the Inexim Daklak to the local budget increased quickly from VNĐ139 million in 1986 (the year when it started its investment program) to VNĐ66 billion in 1995 according to the estimate (it has contributed VNĐ30.5 billion for the first half of 1995). This contribution increased by 47 times per year. In the past 10 years, it has contributed VNĐ105.8 billion including VNĐ54.3 billion paid in surtax on exporting coffee.

Because of the right strategy, the Inexim Daklak, after 10 years, could increase considerable its capital. Up to June 30, 1995, its working capital was VNĐ47.2 billion, 32 billion of which was from its retained profit. At present, although coffee-planters owe the company 3,625 tonnes of coffee, but the company paid off its foreign debts in 1993.

Another meaningful result is the increase of its personnel, from 10 to over 400 persons working in all districts of the province. The personnel enable the company to supply needed materials to coffee-planters, to purchase all of their products, and compete successfully with both local and foreign coffee exporters. We can believe that the Inexim Daklak will increase its market share in foreign countries as well as its export turnover in the coming years.

