

THE MEKONG DELTA IN THE PROCESS OF CHANGING ECONOMIC STRUCTURE

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The realization of different policies on agriculture (such as the Resolution 10 of the Politburo and other resolutions of the Central Committee) was summed up by the Central Committee of 6th term in a conference held in June 1993. Necessary tasks and measures to develop agriculture up to 2000 were also set forth.

The innovation of the mechanism for managing agricultural production in the Mekong Delta has liberated productive forces and factors of production (land, labor, etc.), improved the living standard of farmers and changed the face of rural areas.

1. Achievements

a. Agricultural production: Better progress in comparison with previous periods has been made. Food output increased fast and stably and made the Mekong Delta the most important rice-supplier of the country.

Table 1: Food output (1,000 tonnes) over years.

Year	National output	Mekong Delta	% of national output
1991	21,989	10,464	47.59
1992	24,214	11,066	45.70
1993	25,501	11,201	43.92

The yield per hectare in the Mekong Delta (and per capita rice output as well) is always higher than the national average even if the Delta is struck by natural disasters.

Table 2: Yield of rice in the Delta

Year	National average	Mekong Delta
1991	3.11	3.68
1992	3.33	3.74
1993	3.48	3.69

Table 3: Per capita rice output

Year	National average	Mekong Delta
1991	324kg	703kg
1992	348kg	727kg
1993	359kg	721kg

Particularly, the Mekong Delta exported 1.5-2.0 tonnes of rice every year in the past seven-year period and made Vietnam the fourth largest rice exporter of the world. This is one of the most important contribution made by the Mekong Delta to the stabilization of socio-economic life of the country.

The structure of agricultural production in the delta has altered positively:

- Both cultivation and animal husbandry have made good progress. Their importance in the agricultural production saw no change.

In cultivation, rice is still the staple product. The rice output rose year after year because of the increase in farming area, number of crops in a year and in rice yield. However, the multicrop has taken shape and tended to develop. Many annuals such as maize or soya bean were planted in rotation on rice fields.

- Rural credit service and programs struggling against poverty and hunger have helped farmers turn uncared-for gardens into fruit orchards and develop animal keeping business. Compared with 1991, pig meat output in 1993 increased by 216%, chicken by 142%.

In many provinces, comparative advantages of tropical climate has been exploited by farmers to produce staple products such as high-quality rice, hybrid maize, salted duck eggs, lean pig meat, etc.

- Agriculture promotion service

is available all over the Mekong Delta. authorities of all levels have paid proper attention to this service (giving financial support; having personnel trained; supplying equipment; developing relations with universities, research institutes and foreign agricultural organizations, etc.) thereby affecting positively local agricultural production and helping farmers lead a new way of life.

b. Rural industrial production:

- Agro-industry developed in parallel with market for cash crops. This is the main manufacturing industry in the Mekong Delta. Its main business is to process rice and maricultural products. These agro-industrial factories were built in all villages and along waterways. In Sadec, there was a cluster of over 200 rice mills processing rice for export capitalized at some VNĐ100 billion by private businesspersons.

Many social classes have taken part in this industry in forms of medium- and small-size factories (most of them are family businesses).

These agro-industrial factories have contributed to the improvement of quality of processed agricultural products for domestic markets and export.

- On mechanization of agriculture: In the Delta, only some production stages are run by machines (ploughing, threshing, irrigating). Most of farming machines are imported. Local mechanical engineering industry could only produce some spare parts or additional parts which were used to make imported machines suitable to production of rice in Vietnam.

Farmers in the Delta prefer ploughing machines of small capacity produced by Japan and as stated above, besides ploughing, threshing and irrigating, all other jobs (sowing

seeds, fertilizing, harvesting, etc.) are done by manual labor.

- Small industry and handicraft: the development of small industry and handicraft is an important part of the strategy for rural development in the Mekong Delta, because this business can help with developing agriculture, accelerating labor division in rural areas and creating subsidiary income for farmers.

Small industry and handicraft can produce a wide range of products: repairing automobile, boats, lighters, barges and farming machines; textile; garments; pottery; ceramics; building materials; processed food, etc. Small industry and handicraft is an active factor in changing the structure of industry in rural areas.

Small industry and handicraft businesses are usually of small and medium size so they can cope with fluctuations in the market. Most of them are owned and run by private persons and have experienced a lot of ups and downs since the introduction of the market economy. At present, they are operating well under many forms: family businesses, limited companies, private businesses, etc.

c. Infrastructure: In recent years, infrastructure in the Mekong Delta (communications, irrigation, power supply, etc.) has been improved remarkably: water is supplied to 74.6% of farming land although most of irrigating works are of small size. Annual floods still menace life and production in the Delta. In each province, there is a system of technical stations supplying various services to farmers (technical assistance, seeds of all kinds, strains of domestic animals, etc.)

2. Unsolved problems

a. In agricultural production, the cultivation still represents a larger percentage in comparison with animal husbandry (the ratio is 8 to 2), and rice is still the main product.

Although the rice output is on the increase, but resources of a tropical delta aren't tapped properly. Animal husbandry develops slowly. Agro-industry hasn't been combined with agricultural production.

The rice monoculture prevents us from tapping natural resources in the Delta and developing other businesses such as mariculture, animal husbandry, fruitgrowing... and supplying more jobs to farmers facing seasonal unemployment.

Lack of a stable market for cash crops also produces bad effects on the alteration of rural economic structure.

b. Poor infrastructure in rural areas: Because of the rice monocul-

ture, all infrastructural works tended to be of service to rice growing: pumping stations supplying water to rice fields only, technical stations supplying mainly rice seeds, other seeds and strains of domestic animals are mainly supplied by private persons therefore their quality are low.

- Most agro-industrial factories were equipped with obsolete machines so their production cost was high.

- Up to now, there is no applicable method of preserving agricultural products in the Mekong delta therefore after-harvest waste is still great.

c. Many decrees were realized slowly: Decrees 64/CP and 02/CP ruling that farming land would be allocated to farmers on a stable and long-lasting basis, but until recently only a few farmers have received certificates of land-use rights. This fact made farmers suspicious about government policy.

The government is slow to make plans to improve the road network, water and power supply in rural areas and supply low-interest loans to farmers.

3. Suggestion about rural and agricultural development in the coming years

a. Pushing ahead with the process of changing agricultural production structure: this process aims at removing the rice monoculture, exploiting natural resources for agricultural production and supplying more jobs to rural residents. The following are main objectives of the process:

- Making the best use of natural conditions in the Delta to develop agriculture and mariculture, create more jobs and enhance cost-effectiveness.

- Improving material and spiritual lives of rural residents.

- Developing areas producing cash crops which could ensure food reserves for the country and accumulate enough capital for industrialization.

In the structure of agricultural production, the percentage of rice output should be reduced, the production of fruits and other annuals and perennials must be increased. In rice production, proper attention must be paid to production of high-quality rice for export. The percentage of processed agricultural products in exports must be improved.

To achieve these objectives, the agricultural production must be industrialized, that is, we must mechanize all production stages: from ploughing, sowing, harvesting, processing and storing in order to make products of high quality and value. We had better develop the agro-industry

and service industry in rural areas order to create more jobs, bridge the gap between cities and rural areas and stop the flow of migrant leaving for cities.

b. Realizing the policy on multi-sector economy: basing on the public sector, family businesses, cooperatives and private businesses are allowed to develop.

c. Improving infrastructure in rural areas: The Decision 99/TTg issued by the PM on Feb.9,1996 on development of irrigation and communications in the Mekong Delta should be realized as fast as possible. Investment plan and action programs for each province must be made exactly and quickly.

d. Developing local market: There must be macroeconomic policy and appropriate instruments (especially finance and banking instruments) to develop markets for products from the Mekong Delta.

We had better pay attention to the supply of factor inputs to farmers, ensure that their products would be bought at reasonable prices and at same time, look for foreign markets for products from the Delta. In this task, the state-run trading companies could play an active role.

e. Developing market-gardening and fruitgrowing: in the Delta, natural conditions are suited for development of this business. At present, there are about 140,000 hectares of fruit orchard (representing 69% of total area of fruit growing land of the country) in the Mekong Delta. Moreover, fruitgrowing can bring in bigger earnings than what comes from rice growing business.

So the Government must take measures to encourage the development of this business (supplying technical assistance, new seeds and other necessary materials; offering soft loans, finding out markets for fruits, etc.) with a view to making the best use of favorable natural conditions of the Delta.

f. Introducing new technology: In the near future, agricultural products are still main sources of income for rural residents in the Delta, so the Government has to:

- Invest in agro-industry.

- Finance research projects on new rice seeds, new strains of domestic animals.

- Carry out job-creation programs and anti-poverty and hunger program.

- Supply soft loans to the poor and offer help to revolutionary families