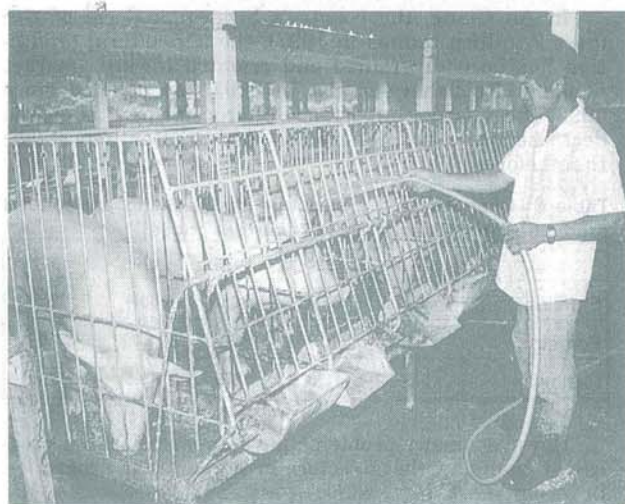




CHANGING THE STRUCTURE OF AGRICULTURAL PRODUCTION SITUATION AND PROSPECTS

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Changing the agricultural economy from monoculture and subsistence farming to diversified commercial farming is one of main contents presented in the Resolution 5 of the 7th term Central Committee made on June 10, 1993. After realizing this Resolution for five years, the structure of agricultural production started to show signs of change in this direction, however, many shortcomings and contradictions also made their appearance, therefore new measures to overcome them are needed in order to achieve targets set for the year 2000.

I. SITUATION IN RECENT YEARS

In the years 1993-97, the agricultural production developed stably with the annual average growth rate of 4.8% in 1993-95, 4.6% in 1995, 4.9% in 1996 and 4.8% in 1997. Both crop and animal farming developed in the direction of diversifying products supplied and making the best use of labor and land. Particularly, production of food made new achievements: the food output increased from 21.5 million tonnes in 1990 to 30.6 million tonnes in 1997, that is, an increase of some 1.3 million tonnes was made every year. The food output in the years 1995-97 increased by 15.4 % in comparison with the previous 3-year period (1992-94). Because of the annual increase of 6% in food output which is higher than the birth rate, the per capita food output was on the increase: from 361kg in 1994 to 372kg in 1995, 387kg in 1996 and 398kg in 1997. It is estimated at 400kg for 1998.

In crop farming, farmers have chosen kinds of crops that were best suitable to their land. Crops that could be sold easily on local or foreign markets have been grown everywhere. In comparison with the previous three years, the output of peanut in the years 1995-97 increased by 34% (reaching 89,000 tonnes), sugarcane by 74% (4.1 million tonnes), coffee by 287%, rubber by 87%, black pepper by 68.5%, tea by 27.3% and cotton by 238%.

Animal husbandry business (especially bull, cow, pig and poultry) also developed well. In the years 1995-97, the herd of bull increased by 5.7% in comparison with the previous 5-year period, cow by 10.1%, pig by 24% and poultry by 28.7%. The output of meat of all kinds increased by 25.6% and egg by 33.6%. The rise of this business was high and stable in comparison with previous periods. In recent years, the raising of goat, deer, bee, silkworm and cow in milk started to develop. The herd of cow in milk in 1997 amounted to 26,000 heads (17,000 of which were kept mainly by families in HCMC suburbs). The cow milk output reached 25,000 tonnes in 1997, increasing by 38% in comparison with 1994.

Quality of products of the animal husbandry business was improved remarkably, a higher percentage of lean made these products more saleable on both local and foreign markets.

During the years 1995-97 the forestry business met with many difficulties: there was a constant shortage of fund and most forests were closed; employment rate in this business rose while wages fell. However, the output value realized by this business also increased to a certain extent, from VNĐ5,375.5 billion in 1995 to 5,995 billion in 1996 and 5,970 billion in 1997.

In these years, the fishery business made good progress. Its output value increased from VNĐ14,741 billion in 1995 to 15,369.5 billion in 1996 and 14,652 billion in 1997 (expressed in fixed price of 1994). The fishery output increased from 1.58 million tonnes in 1995 to 1.63 million tonnes in 1997.

As for fishbreeding, the raising of shrimp, fluvial

and brackish fishes spread widely from North to South, especially in coastal and riverside provinces. Methods of raising fish, clam, oyster and soft-shell turtle in fields, lakes or cages have become common. The fishing output was on the increase, from 1.2 million tonnes in 1995 to 1.27 million tonnes in 1996. The fishery business represented 7.5% of the agriculture output in 1991, 8.9% in 1995, 9.2% in 1996 and 9.9% in 1997. Export of sea-products brought in US\$600 million in 1996 and some 800 million in 1997.

The development of these businesses, especially the fishery industry, has created preconditions for improving the structure of agricultural production.

Table 1: Structure of Agricultural Production 1991-97 (fixed prices of 1989)

	1991	1992	1993	1994	1995	1996	1997
Crop farming	84.5	84.7	84.5	85.3	84.3	84.8	84.6
Forestry	7.7	6.8	7.0	6.5	6.8	6.0	5.5
Fishery	7.5	8.0	8.5	8.2	8.9	9.2	9.9

Although the output of crop farming business increased some 4.7% annually, the fall in its importance to the structure of agricultural production was an encouraging sign. The fishery business obtained a high growth rate but it couldn't make great changes to the structure because of its small output value. However, the increase in relative importance of the fishery business (from 7.5% in 1991 to 9.9% in 1997) could be seen as a good achievement. The export value made by the fishery business reached US\$660 million in 1996 (second only to rice export value) increasing by 304% in comparison with 1990.

In the agricultural production, specialization has taken place and helped to form reliable sources of supply, such as rice and fruit and duck from the Mekong Delta, coffee from the Central Highlands, rubber; sugarcane; maize and cashew nut from Eastern South, vegetable from the Hồng Delta, tea from Northern mountainous provinces, cow from coastal provinces of Central Vietnam and the Central Highlands, etc. Generally, these regions supply most of agricultural product output: 70% of commercial rice and 90% of rice export are from the Mekong Delta, 80% of coffee output from the Central Highlands, 85% of rubber output from Eastern South Vietnam. In these regions, the commercial farming was specialized rather well, bigger investment was made and new techniques were applied, thereby producing a larger volume of goods. Many specialized farms of medium scale have made their appearance. In Đồng Tháp Mười and Long Xuyên, certain farmers produced 50-70 tonnes of rice a year, some of them even produced 100 tonnes. Farms also appeared in the Central Highlands and northern mountainous provinces specializing in producing perennial crops, fruits, medical herbs and cattle. This way of doing farming spread quickly to other provinces in recent years, contributed 30% of the gross product in rural areas and helped a lot of farmers become rich.

In the farming, the proportion of crop farming to animal husbandry has been 80:20 for many decades, but in recent years, especially since 1995, the relative importance of the animal husbandry has started to rise, although the absolute values of those businesses were on the increase.

In the crop farming, the structure of crops was

changed and farmers started to give up rice monoculture. The proportion of land used for growing food crops decreased from 79.4% in 1992 to 75.9% in 1995, 75.1% in 1997 while the area planted with vegetables rose from 4.5% to 4.9% and 5.16% and the area of perennial crops from 6.9% to 8.5% and 9.42% during the same period. There are more and more crops whose quality is high enough to satisfy demand of both local and foreign markets, especially rice, maize and coffee.

In the animal husbandry, more and more farmers keep animals for meat and milk, instead of using them for pulling farming implements. As for pig farming, the amount of lean pork-meat is on the increase and saleable on both local and foreign markets. The development of the pig farming business has helped to change the structure of the pig herd and develop service sector in rural areas (supplying baby pig, feed and veterinary medicine).

Tendency towards a new structure of agricultural production shows itself in different degrees in all provinces, especially in city suburbs and provinces with commercial farming. In HCMC suburbs, the output of crop farming and forestry businesses increased by 3-4% on average in the period 1995-97, but its relative importance decreased while both output and relative importance of the animal husbandry business and rural service sector rose.

Table 2: Changes in the structure of HCMC agricultural production in the years 1995-1997 (current prices)

	1995	1996	1997
Total	100	100	100
1. Farming	83.7	83.4	83.3
+ Crop farming	45.2	42.2	43.9
+ Animal husbandry	29.1	31.7	29.5
+ Rural service	9.4	9.5	9.9
2. Fishery	11.9	12.5	12.9
3. Forestry	4.4	4.1	3.8

Source: Thành phố Hồ Chí Minh 1997: *Con số và sự kiện* (Hồ Chí Minh City in 1997: Figures and Facts), HCMC Bureau of Statistics, 1998

In An Giang, the country's biggest producer of rice (over 2 million tonnes in 1997), the agricultural production has been diversified and oriented towards market demand. Its fishery output in 1997 has doubled since 1993, the relative importance of crop farming is on the decrease while the fishery assumed greater importance than before.

Table 3: Changes in the structure of An Giang agricultural production in the years 1995-97 (current prices)

	1993	1994	1995	1996	1997
Farming	89.6	87.0	88.0	85.4	85.7
Forestry	1.1	1.0	1.0	1.0	1.0
Fishery	9.3	12.0	11.0	13.6	13.3

However, many problems have appeared in the process of changing the structure of agricultural production in recent years.

1. The process of changing the structure of agricul-

tural production was carried out slowly in the light of targets set by the Resolution 5 and potential resources. In the farming business for example, although the animal husbandry business developed remarkably in certain provinces but its proportion to the farming output stayed somewhere between 18% and 21%. Its growth rate was slightly higher than that of the crop farming business: its growth rate was 4.4% in 1994, 5.3% in 1995, 6.0% in 1997, while the growth rates of the crop farming were 7.1%, 5.2% and 4.8% respectively.

Besides city suburbs, South Vietnam and south of Central Vietnam where the animal husbandry business is market-oriented, there is no sign of improvement in other regions and this business can hardly represent 30% of the agricultural production by 2000 as planned by the Resolution 5.

2. The forestry output has been on the decrease for years, from 7.7% in 1991 to 6.8% in 1995, 6.0% in 1996 and 5.5% in 1997 while potential for this business is very great.

3. Changes in the structure of agricultural production didn't take place nationwide, but mainly in the Mekong Delta and Eastern South Vietnam. In the Hồng Delta for example, there isn't enough land for everybody, the unemployment rate is rather high and there are too many owners for a piece of land, therefore it's very difficult to introduce commercial farming to this region. In many provinces in the North and northern Central Vietnam, the animal husbandry business even shows sign of decrease: the share of animal husbandry business in the farming output in Quảng Trị decreased from 27% in 1995 to 24% in 1996, and from 23.7% to 23.4% in Kon-tum during the same period. Even in provinces rich in pasture such as Bắc Cạn, the proportion of animal husbandry to the agricultural output is also low.

Main causes of this situation are numerous: poor infrastructure, shortage of capital, lack of experience; technical assistance and food processing industry, fluctuation in prices of agricultural products, etc. That is why farmers didn't feel sure of their investment in commercial farming. In addition, certain policies adopted by local governments (in the Mekong Delta and the Central Highlands for example) seemed to be obstacles to the process of changing the structure of agricultural production, such as the ban on growing other crops on land used as rice fields, or the limit on area of land per cap-

ita.

However, these difficulties could be solved by the program to develop agriculture and rural areas introduced in the Resolution 4 of the 8th term Central Committee.

II. PROSPECTS FOR CHANGES IN THE STRUCTURE OF AGRICULTURAL PRODUCTION IN THE YEARS 1998-2000

Studying the situation in the last three years and impact of new policies and mechanisms adopted by the Party and Government recently, we could forecast that the structure of agricultural production would changes positively but slowly in the next three years.

Table 4: Forecast of changes in the structure of agricultural production in the next three years

	1998	1999	2000
Farming	83.6%	83.3%	82.0%
Forestry	5.6%	6.2%	7.3%
Fishery	10.8%	10.5%	10.7%

The farming business will increase by 4% a year on average but its relative importance will reduce. The forestry business will recover and develop again because of good effects caused by the Government's project to afforest five million hectares, so we have reasons to think that the proportion of the forestry business to agricultural output will be higher.

The fishery business will develop slower in comparison with the years 1993-97 because coastal fisheries have become poorer while there aren't enough facilities to develop deep-sea fishing business, especially after the Linda storm. The sea farming can't develop faster because of lack of investment and a stable market. It's estimated that in the next three years, the fishery business will represent some 10% of the agricultural output of the country.

The farming business will not develop well, shares of crop farming, animal husbandry and rural service by 2000 will be 76%, 23% and 11% respectively, that is, only minor changes will be made.

However, the tendency towards a more diverse structure of agricultural products is still the most prominent feature, especially in city suburbs, specialized commercial farming zones and provinces with convenient markets and communications.

Changing from the monoculture and subsistence farming to diversified commercial farming is an important measure to create more jobs, increase personal income, improve living standard and the face of rural areas. This is a time-consuming and difficult process that requires a system of well-coordinated and consistent measures■

