

Agricultural Development in the Mekong Delta Flood Plains

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I. PROBLEMS WITH THE AGRICULTURE IN FLOOD PLAINS

1. Poor performance and quality of the agricultural production

a. On the target of VND50 million per hectare a year:

With the growth rate of 7% a year in 2000-03, it will take the Mekong Delta 10 years to increase the present income of VND27 - 30 million per hectare a year to VND50 million, or US\$3,000. This income equals only one fourth of the current Chinese level and twice as many as the Malaysian one. It's worth noting that increases in the Mekong Delta agricultural output in 2000-03 was due to stable prices for rice and development of the seafarming. This advantage will meet with keen competition when Vietnam enters the American and EU markets.

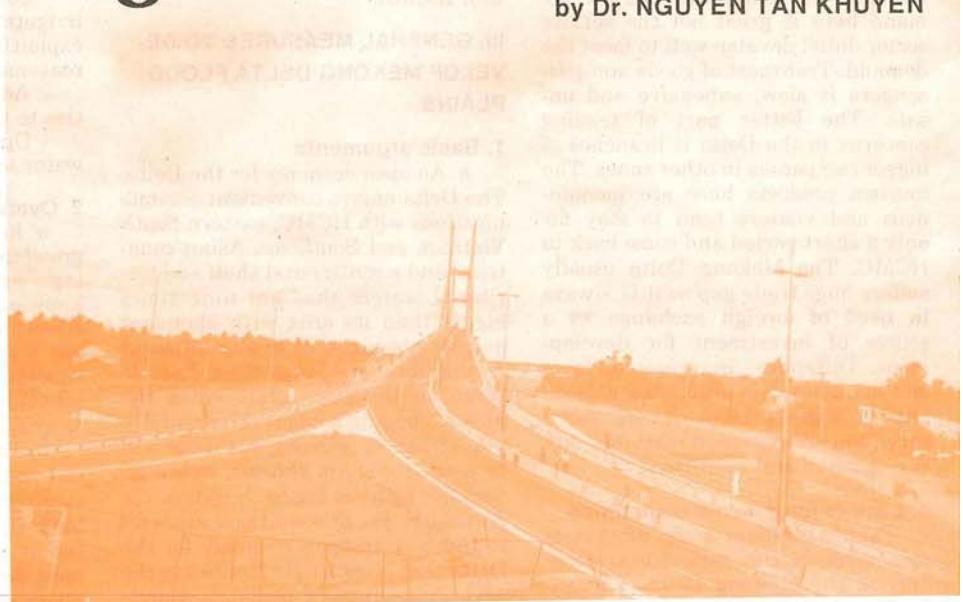
In the years 1974-2003, the price of rice fell five times in 1972, 1976, 1997, 1999 and 2000 and rose three times in 1975, 1995 and 2002. Generally, the rice price has a downward tendency, and it fell by 5.3% in the years 1986-2001. This means that the rice farming could only enjoy some stability and has no chance to grow fast.

As for fruits, their prices have fallen for the past five years causing losses to many peasants.

b. Agriculture based on small-scale production:

This table shows that:

- 22.4% of families have no land or a small area and most of them work as farm



hands and grow vegetables with unstable income.

Nearly 50% of families have less than a hectare. According to a study named KC.08.16, the area must be 1.25 hectare for a family growing rice, or 3 hectares for a family raising shrimp on rice fields, to gain some economies of scale and reduce production cost.

Thus, some two third of families in the Mekong Delta didn't have enough land to improve their per-

formance when producing rice, aquatic products and fruits. This means that the concentration of land, in any forms, is a must.

In this Delta, some 60% of families have some fixed assets. The average value of the fixed assets of a family is VND20.6 million. This value is higher in coastal areas and much lower in flood plains.

There are 31,967 farms in the Mekong Delta, 57.1% of them grow annuals and 38.8% do seafarm-

ing. In flood plains, there are 17,180 farms equaling 55.1% of the number of farms in this Delta and most of them grow annuals. An average farm has an area of 3.2 hectares, five laborers and investment of VND86.9 million (88.7% of which is farmer's own money.)

Average investment in a farm varies over province: VND221 million in Bến Tre, 153 million in Tiền Giang, 145 million in An Giang, 112 million in Cần Thơ and 104 million in Cà Mau.

These farms produce some VND77.8 million worth of goods a year and their average income is VND29.9 million (the highest is in Tiền Giang - VND171.8 million). Thus, their average income is only VND25 million a hectare, much higher than the income of a peasant family, although they produce larger volumes of goods for sale. This means that their

Table 1: Farming land per family in the Mekong Delta

Area	% of families
No land	13.6
Under 0.2 hectare	8.8
From 0.2 to 1.0 hectare	48.27
From 1.0 to 3.0 hectares	25.51
From 3.0 to 5.0 hectares	3.07
Above 5.0 hectares	0.75

Source: General Department of Statistics 2003

productivity and performance are still poor.

c. Effects of unstable prices:

In the 1980s and 1990s, the growth rate in the Mekong Delta was high due to increases in the farming area in Đồng Tháp Mười and Long Xuyên. When the rice output topped the 15-million-ton mark, the rice price fell in 1998 and 1999, causing peasants to pay more attention to development of orchards and seafarming businesses. This situation changed the structure of agricultural production in the Delta.

- Income from the rice farming is not high, but rather stable, and most peasants in flood plains still prefer this business. Only well-off peasants with enough experience and good relations with traders started to produce other goods.

- In the past 10 years, prices of sugar cane fluctuated remarkably with the result that the total sugar cane area changed year after year: from 98,000 hectares in 1996 to 102,600 hectares in 2000 and 76,400 hectares in 2002.

- When shrimp could be exported in large quantity, some 50,000 hectares of marshy forest and 200,000 hectares of rice farming land in Cà Mau were used for raising shrimp. A survey conducted in Cà Mau and Bạc Liêu, however, shows that from 20% to 25% of families engaging in shrimp raising suffered losses because of the lack of technical assistance and additional capital.

2. Poor modernization and high production cost

In growing rice, preparing the field has been mechanized. Various machines are also used for sowing, pumping water and threshing after harvest. The mechanization in the Mekong Delta is better than in other zones but post-harvest stage includes many shortcomings.



The lack of storing place or drying yard force many peasants to sell their produce after harvest. Poor storage and post-harvest processing also lead to high losses: some 10% for the winter-spring crop and up to 15% for the summer-autumn crop.

In addition, poor organization leads to inconsistent quality of rice for export, which makes its price fall. To deal with this situation, full attention must be paid to technical assistance to each peasant family and post-harvest organization.

As for fruits, the second staple of the Mekong Delta, some 90% of the output is purchased and distributed by private traders without processing, with the result that the quality isn't ensured and damage to fruits in transport is high.

Facing high standards posed by foreign buyers, aquatic products for export are processed with modern machines, but goods for domestic consumption are also distributed in the same way as the fruits without processing.

In short, the small-scale production and purchasing networks run by private traders make it hard to control and improve the product quality, especially when the output is on the increase. Thus,

the production and distribution of farm products from the Mekong Delta require a lot of organizational skills and technical innovations in order to compete against foreign counterparts.

3. Poor human resource

In the Mekong Delta today, there are 16.7 million people, 80% of them (13.5 million) live in rural areas, 7.2 million persons, or 2,369 families, live on agriculture.

A 2002 survey shows that 45.1% of the population of the age of 15 or more living in rural areas didn't finish the primary school, 32.87% finished the primary education; 13.51% finished the junior high school and 5.43% complete the secondary education. Only 3.17% of laborers took some training courses and nearly 97% of the working population had no training. This level was much lower than the national average and only higher than those found in Western Highlands and Northwest.

The average personal income in the Delta was only VND371,000 a month equaling the national average, and 62.6% of it came from the agricultural production.

The data show that the agricultural productivity in the Delta was very low. Poor productivity and low

personal income are obstacles to improvement in the competitiveness and integration process of the local agricultural production.

II. MEASURES TO DEVELOP THE AGRICULTURE IN MEKONG DELTA FLOOD PLAINS

There are two feasible measures:

1. Adjusting the structure of agricultural production

- Reducing the area for the summer-autumn crop in tidal regions and area for the autumn-winter crop in flood plains because of high production cost, high rate of damage and poor quality and using these areas for other plants.

- Encouraging fruit orchards owners to work as suppliers of raw materials to processing factories and turn their orchards into tourist resorts.

- Encouraging and helping farmers to raise shrimp or fish on rice fields and get into contracts with processing factories.

2. Farming relations between producers and distributors

According to a survey, there are 13,502 private businesses, 2,233 limited companies, 331 state-owned companies and 217 foreign-invested companies in the Delta; and 53% of them are in the trading service and 34 in processing of farm products. Private businesses play an important role in rural areas but their capital is small and they usually work as suppliers. In such a situation, it's hard to establish relations between peasants and companies.

Companies must increase their working capital, specialize in certain products, and cooperate with peasants to develop brand names in order to link their interests and those of peasants, thereby improving the product quality. ■