



THE STRATEGIC ORIENTATIONS AND POLICIES FOR ECONOMIC DEVELOPMENT IN THE MEKONG DELTA

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Editor's note: The workshop "Prospects of Agricultural Development in the Mekong Delta" took place from 24 to Aug 26, 1994. The workshop was held by HCMC University of Economics and Cần Thơ University under the sponsorship of Hannes Seldel Foundation (Germany). Participants included 100 scientists and researchers from home and abroad, of which there were 3 scientists from Thailand, 2 from Singapore and 1 from Germany. Nineteen reports were given at the workshop. Prof. Đào Công Tiến's summing up speech is summarized as follows:

The Mekong Delta lies at the South end of our country, near the vital Southeast Asia. It is the gateway where agriculture penetrates into other areas inland. The Mekong Delta is also a component of Mekong river zone, having relationship of socio-economic environment, especially agriculture with other regions and countries. Thus, it both enjoys and suffers effects of socio-economic activities in this zone.

Long ago, the Mekong Delta was recognized to be the biggest granary in our country and in recent years, especially since the time of *đổi mới* (open door policy), the Mekong Delta has developed into the biggest agricultural area. It will surely become the important agricultural-industrial area in the country, the energetic economic area having great influence in other areas' development.

However, in the development process, the Mekong Delta has been encountering big obstacles and challenges to overcome. That is poor infrastructure compared with other areas and it's not updated for growth development. Less land and dense population, from which social matters arise, are also the main hindrance on the way to development here. In recent years its economic structure was altered, diversified and oriented towards exportation but it's still purely agricultural and rice - monocultural. Ecological environment here is though not badly-polluted as in other countries, but there are also pollution signs of water environment to pay interest to and manage properly. The market at this place has been expanded together with the country's open door economy, whereby income distribution among strata was better. The cultural-economic exchange among domestic areas and countries in the region was enlarged but input supply market also had problems to solve. The consumption of

diversified products made in this area is the pressing matter and the main cause is the State makes and keeps the outlet ineffectively as well as producers and their cooperative organizations lack effective efforts in research and marketing. In past years farming households have made economic achievements but they need more state investment and the community's link. But the nature of this cooperation is not cooperatives and producers groups with the old-styled function. They have to be changed in essence. That means they function providing services and consuming products, they can produce and trade but cannot dispute with farmers' business done in accordance with the market economy and farmers' benefits. The cooperatives and old groups changing into this new function and mechanism, as well as new link forms doing these tasks, all need support to develop. Techno-scientific transfer, especially seeds, cultivating techniques, product management after harvesting, management and administration technology and marketing, as well as agricultural stimulation should be made better. State agricultural stimulation have to be matched with social one like that of farmers associations and women associations so as to create general power for agricultural stimulation and to tackle the present tendency which pays much attention to rice and cultivating techniques, but plays down marketing.

The above - mentioned obstacles and challenges should be overcome to accelerate development in the Mekong Delta. To realize this, there need be strategic orientations and policies, together with general measures for this area.

First of all, in planning strategy and policy, GDP growth rate by the year 2000-2010 need to be evaluated to supplement the target and strategy of economic development and feasible measures for this area. Socio-economic development must be well-combined with life environment to make sustainable development. We have to place the Mekong Delta's development in the relationship with HCMC and other areas and should have channels to realize this relationship so as to push up but not to hinder the Mekong Delta's development. The National Assembly should review the stipulation in the land law which defines the fixed level of cultivating land is 3 ha per household because this in reality obstructs accumulation and concentration for production development in the Mekong Delta. If it's not amended, it may not be implemented. Local authorities should actively allocate land, forest and grant certificates of right of land use, right of credit mortgage in banks. Thus, the State can control the right of land use and collect taxes and producers have full autonomy. We should expand bank credits and people credits in the meantime so as to create capital and regulate interest rates so that they serve just for encouraged industries and occupations.

The government should invest properly to open and create the market, form insurance fund and subsidize to essential products. There should be special stipulations giving privileged to new industries and occupations, especially rural industry and handicrafts. Eventually, we need consistent viewpoints to support practically poor farmers by means of altering economic structure, recognizing land accumulation and concentration and admitting part of poor farmers change their occupation to more effective one in order to help both themselves and society. But we should initially eradicate hunger and lower poverty in the form of social relief work for really poor households, help them get over difficulties and soon integrate into the community's developing life. ♣

- Could you give us an outline of the taxation in general and of measures to prevent tax avoidance in the South?

- Firstly, let me express our thanks to EDR for its attention given to our task.

As we know, in recent years, tax is the main receipt of the national budget. In the South, tax represented 62% of total tax-take of our country, therefore the Central Tax Agency has paid full attention to directing Southern tax agencies towards an efficient tax collection.

In the first half of 1994, tax collection has reached 42% of planned target and increased by 25% compared with the corresponding period last year. The South has kept pace with other regions in the whole country, some provinces have even become pacemakers such as Tiền Giang (reached 58% of planned target), Bến Tre (52%), Vĩnh Long (54%), Đồng Tháp (66%), Kiên Giang (53%), An Giang (51%)... Although HCMC reached only 42% of planned target, but it's the largest tax collector. Receipts from land-using tax reached 74%, fees and charges 66%, especially the state lottery made a big profit. Compared with the corresponding period last year, the tax-take in Tiền Giang increased by 80%, Kiên Giang 48%, Vĩnh Long 20%, Trà Vinh 76%, Đồng Tháp 10%, HCMC 45%. Some provinces such as Đồng Tháp, An Giang... have finished collecting tax on farming land of 1994. However, many others are slow in tax collecting: Đồng Nai collected 29.7% of planned target, Sông Bé 39.1% Vũng Tàu 39.7%, Lâm Đồng 37.3%. They met trouble in collecting taxes on land using, on factories with foreign investment...

Besides that, many provinces haven't collected on time, correctly and fully taxes on the state enterprises, because the return on investment of these enterprises is low.

At the present, preventing tax avoidance is our most crucial problem. In every locality, there is a team specialized in preventing tax avoidance, and most of inspected state enterprises have fallen into arrears with their taxes.

- Collecting taxes on joint ventures is the topic that interests the public greatly. What do you think of it? And how is the anti-tax avoidance campaign in Southern borderland?

- Collecting taxes on joint ventures was carried out according to the law. As for localities crowded with joint ventures, there will be a specialized team in provincial tax agency. The biggest receipts from this tax came from HCMC and Bà Rịa-Vũng Tàu. In the first six months of 1994, HCMC reached 35% and Bà Rịa-Vũng Tàu 40% of planned targets for this year.

Collecting taxes on land using, land renting, on remittance of profits abroad was conducted slowly because the provincial people's committees haven't fixed the tax rate. Many joint ventures were in arrears with land rent. As for tax on remittance of profits abroad, it's hard for us to manage and collect it. At the present, the Central Tax Agency is discussing with provincial tax agencies how to collect it more efficiently.

The smuggling takes place everyday, contraband goods continue to flood our market, especially cigarette. Anti-smuggling task is very urgent and it has to be done regularly and continuously by both tax agencies and other forces (police, armed forces, the customs, market agencies...).

The customs collects customs duties at borderlands, whereas the tax agencies take charge of collecting taxes on internal trade or customs duty-evaded goods. The tax agency has to take strong measures to prevent tax avoidance and help the customs perform this task better.