

# SOME MEASURES TO DEVELOP EXPORTS FROM CẦN THƠ

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In the first three quarters of 2004, export companies in Cần Thơ exported US\$221.7 million worth of goods completing 86% of the planned target and making an increase of 27% compared with the same period last year. Export volumes of some staple goods are as follows:

- Some 308,000 tons of rice was exported in this period earning US\$63.5 million equaling 75% of planned target and 95% of the volume obtained last year. Rice represented some 29% of the export value by Cần Thơ. In addition, this city also supplied 49,000 ton of rice for export to other provinces.

In the first quarter of the year, Cần Thơ-based rice export companies faced difficulties caused by increased prices of rice while contracts signed in late 2003 were based on lower prices. They had to find better sources of supply and keep a watch on

changes in demand and supply on the world market, thereby saving them from a shortage. Moreover, they increased investment in production of rice of higher quality with the result that their exported rice met requirements posed by foreign buyers. From then on, they oriented more strongly towards higher quality and value.

From July 2004 on, the rice price on the world market was increasing but Cần Thơ exporters haven't allowed to exchange contracts with foreign buyers, therefore the export of rice in September fell slightly. At present, rice exporting companies face difficulties because the stockpile of rice is huge and the price keeps falling. If they couldn't export it in the last quarter they will suffer losses.

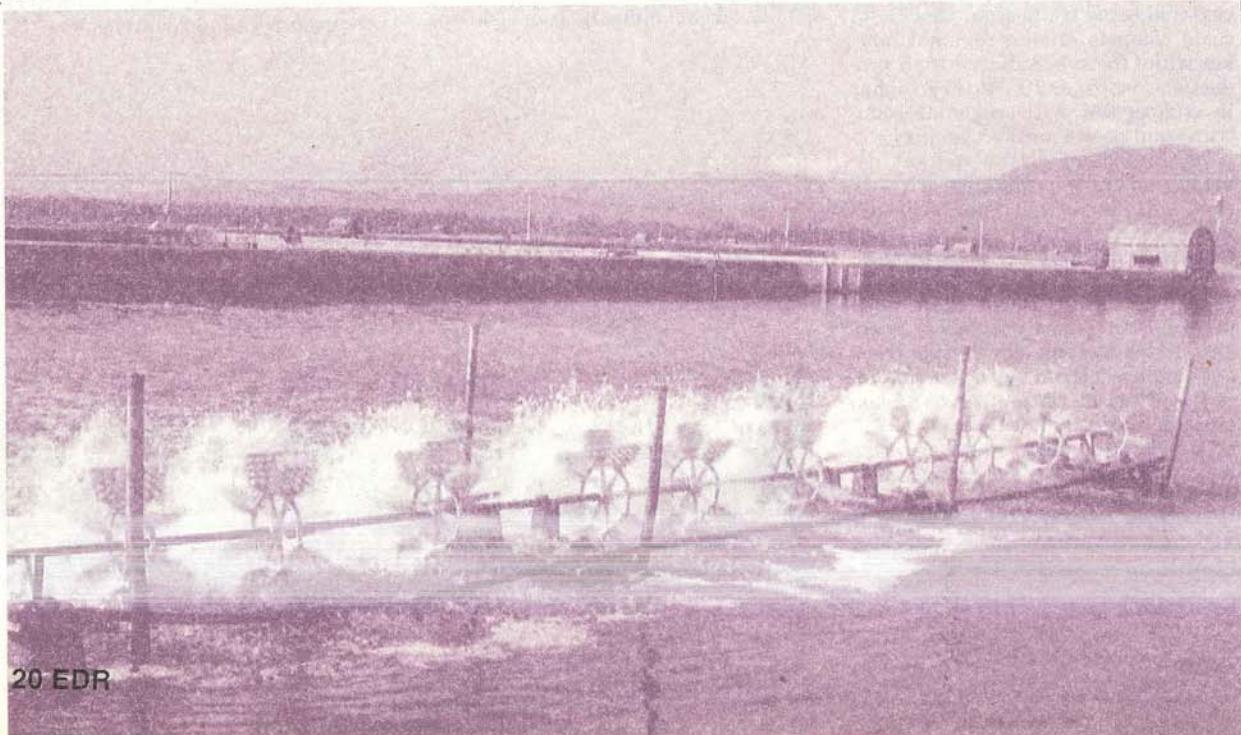
- Export of some 25,700 tons of aquatic products earned some US\$100 million for Cần Thơ in the

first three quarters. The earnings equaled 70% of the planned target increasing by 26% in comparison with the same period last year and accounted for 44% of the provincial export value. Besides the rice, aquatic product is a hot export to Cần Thơ and many provinces in the Mekong Delta. Legal troubles with catfish and shrimp exported to the American market helped companies to improve their ability to deal with competition when exporting processed sea products. Up to now, the market for these products from Cần Thơ is still stable and export earnings keep increasing because export companies have found new markets in Taiwan, Japan, ASEAN and EU countries. At the end of July 2004, the export of aquatic products rose remarkably, the American market, along with EU and Japan, imported in large quantities. In the last quarter, the ex-

port volume is expected to rise steadily. Sea product processing companies that have modernized their production lines could enjoy a new boom.

After rice and aquatic products, clothing has been the third staple export from Cần Thơ in many years. Recently, however, it has met keen competition on the world market and increases in prices of raw materials caused by dearer oil products. In the first three quarter of the year, the clothing industry exported 3.1 items earning US\$20 million equaling 69% of the planned target and 94% of the export value of the same period last year. Companies in this industry are trying to find new markets and ensure product quality and delivery time.

Export value of handicraft in the first nine months was US\$3.4 million equaling 85% of the planned target. The export



of footwear was low: some 600,000 pairs of sandals were exported at US\$2.1 million.

Generally, the export from Cần Thơ made good progress in the first three quarters. The provincial authorities had better pay more attention to other products, such as wooden furniture, pharmaceuticals, vegetables and wooden handicrafts because there are some companies in Cần Thơ have shown ability to export their products.

To reach the target of US\$350 million set for the export value of Cần Thơ in 2005, the foreign trade authority must carry out the following measures:

### 1. Changing the structure of exports

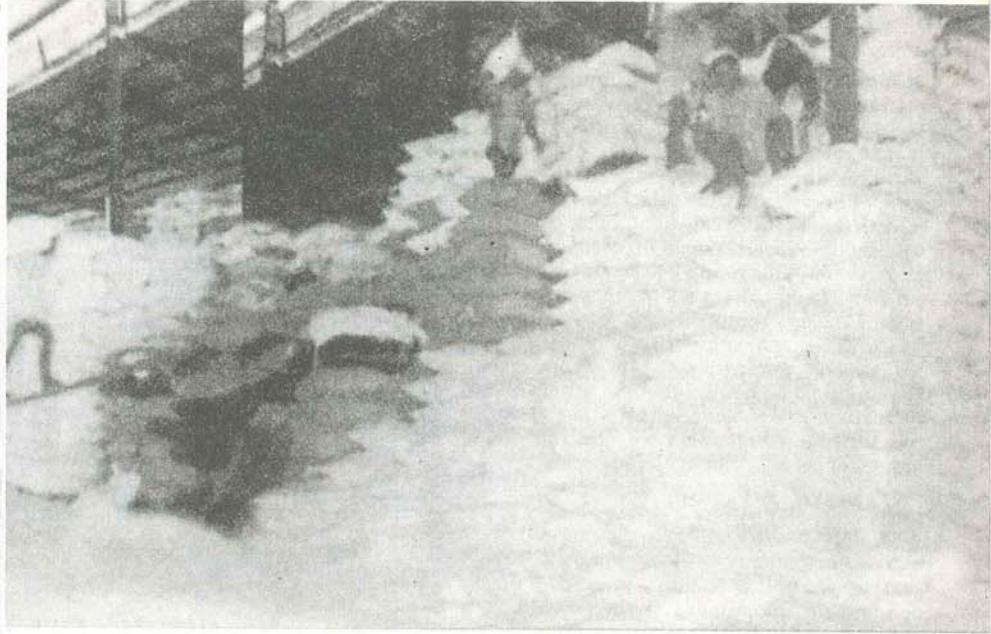
Export companies should make plan to invest more in production lines in order to increase the output and improve the product quality, thereby enhancing the competitiveness. Proportion of raw products must be reduced and the share of processed goods must be increased.

Although the rice is its leading export but this product is of low value. Both producers and exporters must try their best to enhance the product quality by applying new strains and processing techniques. In the long run, they should build a brand name for rice exported by Cần Thơ.

### 2. Expanding the export market

Due to their small size, export companies in Cần Thơ could expand their export markets by carrying out trade promotion campaigns and trade fairs in foreign countries, employing foreign selling agencies, starting e-commerce, etc.

To deal with trade and technical barriers, the companies need help from the government and avoid



dependence on certain buyers.

### 3. Improving the competitiveness

Companies should make plan to cut production cost. Local authorities must adopt policies to encourage application of new techniques and replacement of facilities and only give price support to certain farm products for export. However, this support is only of short term. In the long run, the provincial government must pay more attention to training of skilled workers and managers and development of high technologies; and encourage all sectors and classes to engage in producing exports.

### 4. Developing sources of raw materials

Delivering goods of stable and uniform quality on time is a decisive factor of the public image of the company that wants to engage in the foreign trade. The long-term measure to achieve this aim is to develop reliable sources of raw materials, such as 100,000 hectares specialized in high-quality rice and vegetables, and catfish and shrimp farms in Thốt Nốt and Ô Môn districts. In this program, local governments should help

farmers and companies to apply new technologies and get necessary bank loans. Reliable sources of raw materials also help reduce the transport cost. In the Mekong Delta, private traders play an important role in purchasing goods for exports. Export companies had better cooperate with them to secure reliable supplies.

### 5. Promoting the processing industry

Due to their small size, Cần Thơ - based companies could develop along the chain of added value by specializing in certain stages of production and subcontracting the rest to other companies, including family businesses as long as they could do the job more effectively than the company itself.

### 6. Trade promotion activities

Cần Thơ Service of Trade and Trade Promotion Center must work out trade promotion programs for each industry and cooperate with neighboring provinces to build a program for the whole Delta. Funds for export reward could be used for financing these programs as allowed by law.

As for companies, they should have programs to

promote each item among their produce that aims at specific market segment and make the best use of promotion programs carried out by authorities.

### 7. Building the infrastructure

Local authorities should develop the infrastructure to facilitate the foreign trade. The Cần Thơ Port could be upgraded with support from the central government. The Định An waterway must be dredged regularly in order to host ship of 10,000 tons. At present, most companies have to transport their exports to HCMC ports, which adds from US\$5 to 6 to a ton of goods.

In early 2004, Cần Thơ was established as a city directly under the central direction. In September, the project to build the Cần Thơ Bridge was started. The Trà Nóc Airport has been planned to develop to an international one by the central government. These facts mean new business opportunities for local export companies. The problem is how to tap potentials and comparative advantages to turn Cần Thơ a real economic center of the Mekong Delta. ■