

FRUIT PRODUCTION AND BUSINESS IN THE MEKONG DELTA

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The Mekong Delta is a fertile region and an agricultural hub of the whole country. Its potentials include rice, aqua-products, and fruit. According to statistics of the Southern Fruit Tree Research Institute, the Mekong Delta's acreage of orchards is 234,000 hectares (June 2000), accounting for over 50% of the country's total. The region's fruit output reaches 3 to 3.5 million tonnes, or 70% of the national production as indicated in the following table:

3.61 and the highest grapefruit 9.6 with income of VND131,106,600 and profit of VND124,210,100. As such, one đồng invested in growing orange will produce a profit of VND2.86, and this figure is VND 9.6 in grapefruit production, while one đồng growing Winter-Spring rice in alluvial soil (highest yield) only generates a profit of VND0.65.

However, the fruit sector is facing complicated conditions including both advantages and challenges. As a result, they should be well analyzed

vorite of the consumers. The fruit crop prolongs all the year around due to favorable climate while it is only several months in other provinces. The Mekong Delta's natural environment is an abundant resource for the fruit sector's development. However, farmers embank dikes to enclose their land for cultivation of rice, fruit and other plants. The total farmland acreage has been increasing. Consequently, in the flood season, water cannot overflow flat fields as before and thus rises high, becoming a menace to the region's orchards. It also causes significant losses to farmers who have not yet build dikes to protect their farmland and gardens. In recent years, the Mekong Delta has incurred a loss of billions of Vietnamese đồng. The basic construction of fruit orchards requires 2 to 5 years, so if their gardens are devastated, they will spend a lot of time, energy and money to rebuild their orchards. In addition, the hot and humid climate also creates favorable conditions for insect destruction and botanic disease. For example, the Greening disease destroyed fruits having pulp segments in 1995 and 1996 and reduced half of farming acreage. As a result, although the Mekong Delta's fruit sector is endowed with many natural conditions, it still encounters rather high menaces and risks.

The region's natural factors including soil, water source, and climate have contributed to production of abundant fruit. Nevertheless, farmers still make spontaneous investments in accordance with the market demand due to lack of plans for sustainable markets. As a result, the output does not meet the requirement of processing for export in spite of various categories.

Since the launch of open policies, the fruit sector has been promoted with fast increasing acreage for the past ten years. At present, the Government continues to implement policies for promotion and investment in the sector. This is indicated in the following regulations:

- Decision 182/1999/QĐ-TTg approving the plan of developing vegetable, fruit, flower and ornamen-

Table 1: The South Vietnam's fruit acreage and output

Fruit	Southern East (ha)	Mekong Delta (ha)	Total output (tonne)
Longan	6,000	43,000	360,000
Fruit (segmented pulp)	2,500	37,000	552,000
Banana	10,000	26,000	627,000
Mango	7,000	21,000	392,000
Pineapple	100	25,000	368,000
Rambutan	5,000	4,000	177,000
Durian	5,000	8,000	102,000
Custard-apple	6,000	1,000	47,000
Blue dragon	2,500	2,000	74,000
Jackfruit	2,000	50	33,000
Mangosteen	600	500	5,000
Loquat	200	50	2,000
Jujube	50	100	750
Others	53,050	71,300	1,360,250
Total	99,000	234,000	4,100,000

The fruit yield is rather high. The income of a hectare of fruit is three to four times that of a rice hectare (2-3 crops per year). According to the survey of the Vinh Long Province's Statistics Bureau conducted from October 1999 to March 2000, the gains from rice and fruit production are indicated as follows:

The above table shows the gain from farming several fruit trees is very high, for example, profit gained from growing Năm Roi is 20 times that of a hectare of rice in 2-3 crops per year. The profit ratio of some fruit production is also high including orange 2.86, mango 2.59, durian

for investment, management and production with a view to exploiting advantages of the environment, understanding difficulties and possible challenges and finding how to overcome the challenges in the Mekong Delta fruit sector development.

As far as the fruit sector is concerned, the natural environment must be mentioned first. The Mekong Delta's soil, water source, and climate are very favorable for development of tropical fruit. Therefore, the Mekong Delta is a barn of rice, aqua-products, and fruit of the domestic market as well as the export market. It produces a lot of specialties and delicious fruit which are fa-

Table 2: Gains from selected rice and fruit production

	Plant	Total cost/ha (VND1,000)	Output value/ha (VND1,000)	Profit/ha (VND1,000)	Income/ha (VND1,000)	Profit ratio (times)
1	Winter-Spring rice					
	-Alluvial soil	5,179.40	8,565.00	3,385.60	4,704.10	0.65
	-Alum soil	5,126.70	7,830.00	2,703.30	3,991.70	0.53
2	Summer-Autumn rice					
	- Alluvial soil	4,855.70	6,375.00	1,419.40	2,735.40	0.29
	- Alum soil	5,141.00	6,210.00	1,069.00	2,385.00	0.21
3	Autumn rice	3,739.70	5,700.00	1,961.30	3,005.70	0.52
4	Autumn-Winter rice					
	-Alluvial soil	4,430.70	5,606.60	1,202.90	2,323.70	0.27
	-Alum soil	4,494.70	5,250.00	755.30	1,876.10	0.17
5	Maize	8,469.70	13,210.00	4,740.40	7,702.53	0.56
6	Sweet potato	11,117.20	26,366.20	15,249.00	17,015.57	1.37
7	Cassava	4,377.40	6,547.50	2,170.10	3,200.45	0.50
8	Vegetable of various kinds	8,372.30	30,798.00	22,425.70	26,585.20	2.68
9	Watermelon	10,891.00	33,000.00	22,109.00	26,351.00	2.03
10	Bean of various kinds	3,732.00	7,680.00	3,948.00	5,768.50	1.06
11	Soybean	7,915.20	14,560.00	6,644.80	10,224.40	0.84
12	Sugarcane	9,320.90	13,213.00	3,892.10	6,580.40	0.42
13	Sedge	9,295.20	21,250.00	11,954.80	17,749.20	1.29
14	Longan	16,532.30	38,831.90	22,299.60	30,258.70	1.35
15	Orange	12,979.20	50,125.40	37,146.20	45,554.00	2.68
16	Mango	11,508.30	41,288.20	29,778.90	36,130.50	2.59
17	Durian	10,720.30	49,396.00	38,676.30	42,846.10	3.16
18	Grapefruit	12,931.90	137,142.00	124,210.10	131,106.60	9.60
19	Rambutan	10,406.50	25,620.40	15,213.90	19,998.90	1.46
20	Banana	55,340.70	18,835.90	13,495.20	15,638.10	2.53
21	Lemon	10,872.30	36,489.90	25,617.60	31,043.70	2.36
22	Coconut	2,994.00	6,400.00	3,406.00	4,390.90	1.14

tal trees in the 1999-2010 period, including the aim at an export earning of US\$1 billion by 2010.

- Government decree on some decisions and policies for economic restructuring and agro-products consumption.

- Government Decree 51/1999/NQ-CP on priorities given to investors in fruit production and processing for export.

- The Government allowed the establishment of the center marketplace of fruit in Tiền Giang Province.

In such a favorable environment, the Mekong Delta's fruit growing area has seen a considerable growth. According to the figures released by the National Bureau of Statistics and the Institute of Southern Fruit Research, the Mekong Delta's fruit area amounted to 143,500 hectares in 1990, 175,000 hectares in 1995 and 234,000 hectares in 2000.

However, the Government's decisions and policies remained not integrated. There is no strategic orientation helping farmers with finding stable and firm steps in their fruit production. In the past years, when seeing benefits in growing fruit along with the Government's encouragement, farmers have rushed to this sector and produced fruit without master plan. Some localities made plans but these plans showed no industrial and regional links. They did not specify what fruit was planted in each region, what was output and area to meet the market demand. Therefore, the Mekong Delta's fruit sector has gone through a lot of hardship with the repetition of bumper crops but low prices and cutting one kind of fruit tree and then growing another one. The Government has policies but no detailed measure and no sufficient support to the fruit sector as the rice and aqua-product sec-

tor. If the Government makes proper decisions and policies to create favorable environment for the fruit sector's development and step by step takes more integrated measures, the Mekong Delta's fruit sector will see a robust growth.

Regarding markets, the demand for fruit is increasing, first due to growing population, income and living standard. When the living is improved, people will pay more attention to nutrition, dishes in a meal, vitamin and replace gas beverage with fruit extract. The domestic market is very attractive with 80 million consumers. Moreover, the number of international visitors coming to Vietnam reached about 2.14 million in 2000, they were very fond of tropical fruit and drinking fruit extract rather other beverages. The domestic travelers totaled 11.3 million and they used more processed fruit. This is both a local consumer market and

export market. In the process to AFTA integration, the fruit market is also open, but Vietnam's competitive edge is not sharpened in terms of price and quality. The shortcomings are due to the following facts:

meet requirements of producers. The sector has no its own quarantine agency and pay no full attention to the food safety hygiene. The fruit growers use fertilizer and insecticide carelessly, mostly in accordance with

enhance product quality and reduce product price, it will lose right on the home ground, an area full of potentials and prospects.

As a result, to plan the fruit sector and build sustainable develop-

Table 3: The schedule of tariff reduction for the vegetable and fruit sector

Items	Expected reduction (%)				
	2002	2003	2004	2005	2006
All items currently subject to a tax rate of 40% and committed to CEPT in 2002	40	30	20	15	5
All vegetable currently subject to a tax rate of 20%-30% and committed to CEPT in 1998	10	5			
Such fruit as coconut, banana, plum, litchi... currently subject to a tax rate of 20%-30% and committed to CEPT in 1998	15	15	15	10	5
Such fruit as pineapple, grape, jujube, mango, watermelon currently subject to a tax rate of 30% and committed to CEPT in 2002	20	20	15	10	5

Source: *Thời báo kinh tế Sài Gòn*, June 25, 1998

- The plant productivity is low because of not carefully selected seeds which are inappropriate to the soil, its disease resistance is weak, the cultivation technique remains obsolete and all of orchards have no enclosing dikes to withstand flood.

- The loss proportion is large (10%-30%) and the commercial feature of fruit is low due to backward harvest methods without specialized means of transport and warehouses. As a result, the products become spoiling fast when the climate is hot and humid. The sale is conducted through many stages and prolonged, thus detracting from quality.

- There is no modern technology to produce special package and the market information does not

their experience rather than technique standards..

- The human resource depends mostly on experience and lacks experts.

These above factors lead to increase in prices of fruit, low quality, uneven size and color. Therefore, local fruit can hardly compete against foreign counterparts just at present and in future when the process of tariff reduction in compliance with AFTA becomes shorter, then foreign fruit will overwhelm the local market and the competition is fiercer.

The competitiveness is a great challenge to the fruit sector in the market economy and in the process of integration in the regional and global markets. If the sector is slow to prepare necessary conditions to

ment and highly feasible strategies is a precondition. The government is required to act as the chief of orchestra and players of the orchestra including farmers, scientists and entrepreneurs. They will create harmony and uniform for production and business of fruit in the Mekong Delta. In addition, the requirements for capital, technologies, competitiveness, market to sell products depend on capability of farmers and business people. The sector needs soon training skilled workers who are capable of adapting themselves to new technologies, managing the business effectively, understanding the market, exploiting strengths and reducing weakness with the aim to boost up the Mekong Delta's fruit sector development. ■

