

MONTHLY BRIEFING: INTERNATIONAL COOPERATION IN AGRICULTURE AND RURAL DEVELOPMENT

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International Integration

ISG Plenary Meeting

On 22nd September 2003, at the Ministry's head quarter in Ha Noi, the Minister of Agriculture and Rural Development, Mr. Le Huy Ngo together with Mr. Joe Thwaites, Australian Extraordinary and Plenipotentiary Ambassador to Vietnam and Mr. Alessandro Pio, Officer in charge of the Asian Development Bank (ADB) Resident Mission in Vietnam co-chaired the ISG Plenary Meeting 2003 with the theme **“International integration and development of rural areas”**

The Meeting attracted more than 220 participants from Government related ministries and agencies, donors, international organizations, non-government organizations, departments and agencies operating in the agriculture and rural development sector and mass media agencies.

Scientists, consultants and officials of different sectors from various national and international organisations delivered presentations and discussed issues such as integration of Vietnam's agriculture for poverty reduction and rural development; a roadmap that is needed and useful to the agriculture and rural development sector of Vietnam in doing business with the world; the new organizational structure and functions of Ministry of Agriculture and Rural Development (MARD). They also discussed how to ensure means, tools, and necessary conditions for farmers, scientists, entrepreneurs and officials to do a good job in the area of agriculture and rural development.

“In order to overcome those challenges to take opportunities, there is no other way, but to continue the renovation process for: **an effective and efficient governance; a research system for effective application of**

advanced technology and science; for a production system appropriately structured; and a better-performed rural service system” Minister Le Huy Ngo told the forum.

Documents/ research results made by agencies, programs, projects involved in the agriculture and rural development sector were displayed for sharing information with the donor community.

The ISG Plenary Meeting is the largest forum for policy dialogue between MARD with Government related ministries and agencies, donor community including Government and Non-government organizations participating in the field of agriculture and rural development in Vietnam. The ISG Plenary Meetings in the previous years addressed issues such as: *“Agriculture and Rural Development Forum”* (2001) and *“Rural Development for Growth and Poverty Reduction”* (2002).

Sources: ISG Secretariat

Experts assess implications of WTO accession for agriculture sector

Accession to WTO will bring both opportunities and challenges to Vietnam's agriculture industry, said experts who also warned that the country risks losing its competitiveness during the process.

"Agriculture industry in Vietnam has been based on favourable natural conditions and cheap labour. These two factors would gradually be phased out during the integration process," said Pham Thi Tuoc, vice-director of Planning Department under the Ministry of Agriculture and Rural development.

Nguyen Duc Trieu, chairman of the Vietnam Farmers Association is more optimistic, saying that joining WTO would mean lowering tariffs imposed on Vietnam's farm product exports. Other non-tariff barriers would also be lifted, paving the way for Vietnamese staples to be sold in other markets. Vietnamese farmers in the mean time would benefit from a transfer of technical know-how to improve production efficiency.

Vietnam's agriculture has been shifted to an export-oriented industry with annual growth of 4.3%. Compared to 1990, exports of agricultural products last year increased by 3.1% in value, reaching US \$2.8 billion.

Preparing for the accession to the WTO, Vietnam must adopt measures to gradually reduce taxes, further open its farm produce market and gradually remove subsidies that violate WTO regulations. Therefore, enterprises must stand on their own without the State support.

In Vietnam, agricultural production is conducted out of small household businesses. Of the 13 million households living in rural areas, 12 million households specialise in agriculture, with each having an average 2.5 workers and 0.7 hectares of farm land.

A proportion of these households has developed the farm economy, focusing on various lucrative products. However, their production is facing market instability with 90% of their products being unprocessed and 60% of their products being sold at low prices.

Vietnam now has 558 foreign-invested projects in agro-forestry valued at US \$2.86 billion, of which US \$1.39 billion has been disbursed.

The agricultural sector has been boosting investment in sci-tech research, raising product quality and reducing production costs to reinforce its capability once admitted to the WTO.

The national programme to develop animal stocks and plant seeds has paid off, an agricultural expert from the Ministry of Agriculture and Rural Development (MARD) has said. He added that the programme created many high-yield rice strains which can resist diseases and insects and tolerate drought and flood. The high-yield rice acreage reaches one million hectares in the Mekong delta and 300,000 hectares in the Red (Hong) River Delta. Meanwhile, hybridized maize varieties are also grown widely nationwide, making of 80% of the country's total maize acreage.

The Ministry of Agriculture and Rural Development plans to gross US \$3 billion from agro-forestry product exports this year and US \$9-10 billion by 2010.

However, trade-marking is a problem for Vietnam. According to a newly-released survey by the MARD's Agro-forestry Encouragement Department, the number of farm produce exporters registering their trademarks make up only 21% of the total. This poses a big problem for exporters.

Sources: NhanDan (People) Newspaper (29/09/2003)

Vietnam to build coffee trading floor

Vietnam Coffee and Cocoa Association (Vicofa) plans to establish a coffee trading floor in Ho Chi Minh City to help coffee exporters avoid losses due to quick changing prices on the world market.

"The association is making a pre-feasibility study for the project with the help of Singapore experts," said Vicofa Chairman Doan Trieu Nhan.

He disclosed that the Ministry of Agriculture and Rural Development will provide VND 11 billion for the project. "The trading floor will help Vietnamese coffee exporters meet and set up close contacts with their customers via the Internet," he said.

At present, Vicofa is cooperating with Dac Lac province's trade department to establish a VND 30 billion (nearly US \$2 million) coffee market in the

province. The market will supply goods for the future trading floor in Ho Chi Minh City.

Vietnam has 470,000 hectares of coffee, half of the area is in Dac Lac. Vicofa estimated the country would export 630,000 tonnes out of the 660,000-680,000 tonnes from the 2002-2003 crop.

Sources: Pepole Newspaper - 15/09/2003

Viet Nam is free of bilateral negotiation with Hungary

Minister of Foreign Affairs of Hungary, Kovacs Laszlo stated this commitment in the visit of his Vietnamese counterpart, Minister Nguyen Di Nien to Hungary in the last 11 to 12 September. The Minister Kovacs Laszlo also said that Viet Nam will be a priority country for receipt ODA of Hungary for the year 2003.

The Hungary side confirmed its commitment to strengthen the cooperation in various fields with Viet Nam on the bilateral and multilateral basis after the country accessing the EU in the next April 2004. The country is willing to support and give assistance to Viet Nam in the process of accessing the WTO.

Sources: VnExpress

Greater Mekong Sub-region cooperations

12th Ministerial Meeting of the Greater Mekong Subregion (GMS) Economic Cooperation Program

MANILA, PHILIPPINES (15 September 2003) - Ministers from the six countries sharing the Mekong River will discuss concrete ways to create a better-integrated, more prosperous, and equitable region at a conference that opens Wednesday in Dali, Yunnan Province, the People's Republic of China (PRC).

Topping the agenda of the Meeting will be the further opening up of borders, speeding up of priority projects, and dialogue with development partners.

Ministers of the six countries - Cambodia, PRC (Yunnan Province), Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam - are expected to take a major step forward in further opening up their borders, to complement ongoing transborder road projects - an important component of the GMS program.

The Ministerial Conference, being held 17-19 September, will discuss ways to carry forward the proposals made by the GMS Leaders at their first Summit held last November in Phnom Penh, Cambodia.

The ministers will also review the progress made on, and discuss future directions and implementation of the 11 flagship initiatives.

The flagship initiatives will bring greater connectivity and competitiveness to the GMS through:

- Transformation of key transport corridors to economic corridors
- Facilitation of cross-border trade and investment
- Telecommunications links
- Promotion of power interconnection and trading arrangements
- Implementation of a strategic environmental framework
- Development of human resources and skills competencies
- Flood control and water resource management
- Promotion of the region as a single tourist destination
- Enhanced private sector participation

Since the inception of the GMS program in 1992, the Asian Development Bank (ADB) has been a major partner. The Governments of the region together with the support of ADB and other development partners have financed 15 major infrastructure projects, representing investments totaling over US\$2 billion.

Helping to strengthen the trust and confidence among countries, the GMS program has achieved numerous tangible results in such key areas as road transport, energy, environment and human resources development.

In a major effort to mobilize support from development partners for the flagship initiatives, GMS officials will meet representatives from other bilateral and multilateral donor institutions as well as international and regional organizations, and the private sector.

Principal participants at the meeting will include Cham Prasidh, Minister of Commerce, Cambodia; Renqing Jin, Minister of Finance, PRC; Somphong Mongkhonvilay, Minister to the Prime Minister's Office, Lao PDR; U Khin Maung Win, Deputy Foreign Minister, Myanmar; Korn Dabbaransi, Deputy Prime Minister, Thailand; Tran Dinh Khien, Vice Minister of Planning and Investment, Viet Nam; and ADB Vice President Liqun Jin.

Sources: VN News Agency

Mekong trade could reduce freight costs

HCM CITY — Businesses will save on freight costs if the Mekong River is opened as a trade route from the East Sea, the Mekong River Commission (MRC) said last Wednesday.

Figures released by MRC at a recent regional workshop on navigation on the Mekong show relative freight costs into Phnom Penh via Sihanoukville and via the Mekong-Bassac route.

Freight costs alone for Singapore to Phnom Penh via Sihanoukville are about US\$350 per shipping container while freight costs for the same route via HCM City using the Mekong are \$420 per container.

The commission says that freight costs using the Vietnamese route is expected to fall to \$270 per shipping container, boosting trade and increasing profits for entrepreneurs.

Both Cambodia and Viet Nam would benefit from increased traffic, said the commission.

"Freight costs on the HCM-Phnom Penh leg could fall by half if there could be non-stop navigation along this stretch," said Captain Lieven Geerinck, navigation programme manager at the MRC Secretariat.

"This can be achieved through simplifying administrative procedures, making night navigation possible by the installation of buoys and beacons, and carrying out limited dredging activities."

A more direct route into Phnom Penh with sea-going feeder ships of up to 5,000 tonnes via Can Tho Port in the Mekong Delta would reduce the price even further, to just \$220 per container load.

Efforts by Cambodia and Viet Nam to ease the passage of shipping along this route could support Viet Nam's efforts towards accession to the World Trade Organisation (WTO), and enable Cambodia to fulfil its obligations after its expected accession to the WTO this September, said the MRC Secretariat.

Among the WTO's concerns are "trade facilitation" measures, including cutting red-tape at the point where goods enter a country, and providing easier access to information about customs regulations and import-export procedures.

The two-day regional workshop also mapped out the MRC's new four-country navigation programme, which was agreed upon this year by its member countries of Cambodia, Laos, Thailand and Viet Nam.

The workshop brought together over 70 participants from government planning, water transport and trade promotion agencies, donors, investment banks and civil society in the region.

Sources: VN News Agency

Agriculture

[Implementation of Post harvesting technology project funded by Denmark in Tien Giang](#)

About 600 farmers in Tien Giang province participated in the training courses to transfer past harvesting technologies within the framework of the ASPS funded by DANIDA and being implemented from 2003 to August 2005.

The project objectives include transfer technology, study tour, establishment demonstration points. The project organized study tour for more than 600 participants.

Sources: VN News Agency

World Bank Vietnam launches in advance the Vietnamese version of the World Development Report 2004: *"Making Services Works for the Poor"*

HANOI, September 18, 2003 – For the first time, The World Bank in Vietnam is launching the Vietnamese-language version of one of its major publications, the World Development Report at the same time as the original English version.

*"We are very proud to bring the local language version of the report to the Vietnamese people today," says **Country Director Klaus Rohland**. "This will enable Vietnamese decision-makers and the public to participate in the global debate on development issues from day one."*

"This special launching reflects the importance we attach to the exchange of information within Vietnam as the country continues integrating into the world economy and becomes a member of the World Trade Organization."

Sources: World Bank Vietnam

Forestry

The Central Highlands provinces implement "Forestry Development" project

The total budget of US \$1.95, the project will aim at improving living conditions of the people in the central highland areas through forestry development. This project is a co-funded project in which the Asian Development Bank (ADB) and The Netherlands Government granted US \$ 800.000 and US \$760.000 respectively, the remaining is the Viet Nam Government contributions. The project will focus on formulation of forestry development policy, implementation of State owned forestry farm reform program, proposal of investment plans to sustainable management of the forest. The project will start from the 4th quarter of 2003 to October 2003.

Sources: Labour Newspaper

Sustainable Forest development in Bac Kan

Department of Agriculture and Rural Development, DARD Bac Kan has successfully implemented the Vietnam – Finland Forestry Sector Cooperation Programme since 1996 in Bac Kan. The main objectives of the Programme were to facilitate sustainable forest development by providing the rural poor access to land, financing and training and at the same time strengthening the capacity of the stakeholder organisations in the implementation and future replication of good results.

In pursuit to achieve the objectives, Land Use Planning and Land Allocation in 9 communes of Cho Don and Ba Be Districts have been carried out. Following the completion of planning, the Programme developed appropriate methods and models for Sustainable Forest Management on the newly allocated forest land. For queries and order for copies of documents, contact DARD Bac Kan

Sources: Viet Nam – Finland Forestry sector co-operation programme