VIETNAM’S AGRICULTURE: A STRATEGY TOWARD WTO

(Ministry of Agriculture and Rural Development)

I. RECENT SITUATION OF AGRICULTURAL DEVELOPMENT

For 15 years, agriculture-forestry has achieved a continuous and sustainable development, with an average growth rate of 4.3% per year, strongly and rapidly changed from an autarkic production to a diversified commodity export-oriented agriculture. Noteworthy achievements were made in food production, with an average growth rate of 5.8% per year, that is, about 1.3 million tons per year and twice up as compared with that of 1990. Coffee production also grew by 20 times, rubber - up by 3.5 times, tea - 1.8 times and cashew nuts - up by 4 times. Positive changes were made in agricultural production in most regions of the country.

Export of agricultural and forest products: Rapid developments can also be seen in the export of agri-forest products, both in export volume and export value. The export of agri-forest often accounted for about 30-35% of the total agri-forest output value. For example, the export of rice made up 20% of the total rice production, while that of coffee - 95%, rubber - 85%, cashew nuts - 90%, tea - over 80%, and pepper - 95%. Some of Vietnam’s agricultural products have had strong positions in world markets, both in quantity and quality (namely rice, coffee, cashew nuts and pepper). In 2002, the total export turnover of agri-forest products was 2.8 billion USD, that is, up by 3.1 times as compared with that of 1990. The markets for Vietnam’s agri-forest exports were expanded, not only in traditional markets for Vietnam’s agricultural products, like China, ASEAN, Russia and East European countries..., but also in other countries and regions such as the Middle East, EU, America, Japan and South Africa with increasing export volumes.

The structure of agricultural production and rural economy has been gradually changed with higher efficiency. Agricultural restructuring in the recent years has been step by step tapping the strengths of each region, associating more closely with markets for agricultural products. For example, the ratio of industrial crops, vegetables, flowers and fruit increased from 30.6% in 1999 to 35% in 2000. The share of livestock breeding also increased, from 17.9% in 1990 to 19.7% of the total income from agricultural production in 2000 (cultivation, livestock breeding and services). Large-scale specialized commodity production regions have been established, for instance, coffee in the Central Highlands, rice in the Red river delta and Mekong river delta, tea in the mid-land and mountainous provinces of the North and in Lam Dong province; rubber in eastern regions of the South, sugar in northern and coastal provinces of the Central, eastern regions of the South and Mekong river delta...

Non-agricultural industries in rural areas have been gradually restored and developed, which as result created numerous jobs and increased income of the rural population. The share of agricultural and rural services has also developed strongly with diverse products, contributing to job creation, increase of income and restructuring of the rural economy.
Improvements in the rural infrastructure have been made in many regions. The life of rural people has also been improved, with an average income from 7.7 million VND per household in 1993 to 10 million VND in 1998. The problem of food security has been solved from the perspective of national food security to that of regional security and then to household security. The number of rich households increased while that of poor households declined. At present, the ratio of rich households rose from 8% in 1990 to 20% in 1999, while that of poor households went down from 29% in 1993 to 14.5% in 2002 (that is, a 1% point decrease of poor households per year). Many provinces of the country no longer had hungry households. In 2001, there were 1870 communes from 49 provinces having hungry households in the whole country.

The cultural life of rural areas has also been improved, with increasing number of households with televisions and radios: from 3% of households with televisions in 1990 to 15% in 1994 and 58% in 1998; from 11% of households with radios in 1990 to 47% in 1998. Thanks to improvements made in the material and cultural life of the rural people, the average life-expectancy of the population has also increased, from 65 years in 1990 to 67 in 1999; the ratio of mal-nutritious children under five went down from 51% in 1993 to 34% in 1998.

The biological environment also received attention and was protected. The rural environment has been step by step protected, restored and developed. After 15 years, 1.5 million ha of forests and 300 million plants were grown per year; the situation of deforestation has been reduced while that of afforestation has been increased. In 2001, the ratio of forest coverage was 30%.

Along with the above-said achievements, the Vietnamese agriculture in the recent time has also exposed to a number of weaknesses and defects, as following:

1. **Many resources in agriculture have not been tapped, specifically:**

   - There remained a large area of bare and unexploited land and hills. The efficiency of the currently used agricultural land area (8.1 million ha) was low with an average income of only 1,000 USD/ha/year.

   - 25 million of the rural workers are under-employed, who could use only about 60-70% of their working time with low productivity. Though the number of rural labour is large, the contingent of knowledgeable persons is still very small.
- There also existed a large source of idle capital among the rural population, which has not been mobilized. It is estimated that there were about 10,000 to 17,000 billion VND temporarily reserved under the form of savings, gold, US dollars and agricultural products which were not used for production - business.

2. The Vietnamese agriculture and rural economy are now inclined to depend on 10 million rural small-size households, with an average 0.5 hectare of arable land each, backward production tools, low productivity, low quality and efficiency, and poor competitiveness in the markets for agricultural products.

- 8 million hectares of agricultural arable land area have been divided into 75 million plots, which are very small and thus, become a large obstacle in the process of agricultural and rural industrialization - modernization.

- On average, one hectare of farming land has created an income of about 1,000 USD per year; one rural labour has earned an income of 300 USD per year, which is much lower than those of countries in the region.

- Post-harvest processing industries have slowly developed, small-sized and incompatible to the large-scale commodity production.

- The development of markets for agricultural products and other agricultural services remained poor and weak.

3. Life of the people in general is still poor, especially that of people in the mountainous, remote and secluded regions

- There are 2.25 million poor households in the whole country, accounting for 14.5% of the total. Of these, 90% are rural households. There are also 300,000 chronically hungry households and 400,000 nomadic farming and living households.

- The living gap between the urban and rural people has been widened, which is now about 5 times.

4. Natural calamities constantly happen every year, causing great loss: hurricanes, floods, droughts, pests, diseases and forest fires have caused great loss to crops, giving rise to environment pollution, land erosion, water pollution, forest exhaustion (the forest coverage is now only over 30%). The material bases serving the work of weather forecasts, prevention and mitigation of natural calamities remained poor, thus unable to reduce loss when large calamities happen.

II. Requirements and commitments to integration

Following the Party and Government’s policy to actively strengthen the process of international economic integration, the Vietnamese agriculture has conducted a number of actions and has achieved considerable results. The Vietnamese agriculture is now entering a new stage of development. So, it is necessary, on the one hand, to maintain food security, meeting the various
demand of the population for food, foodstuffs of higher quality, more safety and diversity, and, on the other hand, to enhance the competitiveness of the Vietnamese agricultural products in order to sustain the domestic market and develop exports, create more jobs and increase income for the population.

1. Cooperation with ASEAN

Since 1995, when Vietnam became a full member of ASEAN, Vietnam has actively engaged in all activities of ASEAN, the most important of which is the commitment to implement ASEAN Free Trade Agreement (AFTA).

The main objective of this Agreement is to strengthen trade among ASEAN countries, creating a favorable environment for foreign investment inducement and enhancing the competitiveness of ASEAN commodities and services, not only within ASEAN bloc but also with the world markets.

The Agreement specified that by 2003, the six old ASEAN member countries (while the time limit set for Vietnam is 2006, other new ASEAN members - Laos, Myanmar and Cambodia - is 2008) will have cut their import taxes imposed on all kinds of goods down to 0-5% and to eliminate all quantitative restrictions on goods coming from all ASEAN countries, right after they join the CEPT schedule. Other non-tariff barriers will be gradually eliminated within 5 years after.

Situation of Vietnamese agricultural products when entering CEPT/AFTA schemes:

By 2006, the six old ASEAN member countries will have basically completed the reduction of import tariff to 0-5%. This will be a good chance to further promote trade within ASEAN block.

Regarding agri-forest products, by the end of 2002, Vietnam had enlisted over 75% of the total tax lines into CEPT scheme. At present, Vietnam is completing the final procedures for the declaration of the List of Goods for Tariff Reduction for the year 2003. Accordingly, from July 1st, all the tariff lines in the Temporary Exclusion List will have completed tariff reduction to 0-5% by the year 2006.

Thus, Vietnamese agricultural products, excluding some goods items in the Sensitive List (51 tariff lines) will enjoy a tariff rate of 0-5% by 2010. Tariff reduction will not be applied to 27 tariff lines of the Exclusion List, but to all other goods items to 0-5% by 2006.

Vietnam and other ASEAN countries have had similarities in natural conditions, and thus, agricultural products. Yet, old ASEAN countries have had more advantages than Vietnam because of their modern processing technologies. Trade liberalization will therefore create many challenges for Vietnam, especially for Vietnam’s agricultural processed products. The increase of exports within ASEAN block will focus on only some items, such as rice (while ASEAN rice importers list rice as one of the sensitive/ highly sensitive items), and fruit. Vietnam will have to share one road with other ASEAN countries to enhance its competitiveness in order to promote exports to markets outside ASEAN.
In addition, Vietnamese agriculture has conducted a number of activities in the framework of ASEAN cooperation such as: the programs to protect Mekong river basin, trade promotion, ASEAN food security, and animals and plants protection cooperation. Other activities to promote the trade of agri-forest products, to hold farmers’ Week, IPM have been conducted regularly and brought in good results. Besides, Vietnam has also engaged in building standards and criteria for sustainable management of ASEAN forests and have made necessary commitments on trade, services and investment liberalization.

2. Cooperation with APEC

The main objective of APEC is to complete trade liberalization among member countries by the year 2010 (for developed countries) and 2020 (for developing countries). Specific timetables have not been defined by APEC but by each member country for achieving the set targets.

However, at the APEC Summit held in November 1997, the leaders of APEC countries agreed to approve a program according to which 15 fields will implement voluntary liberalization. Of these fields, 9 have been given priorities to be implemented since 1999 and the other 6 fields will have been completed in the coming time. Two of these 9 fields have related to agriculture and aquaculture, i.e., forest products, fish and fish products.

As for agriculture, Vietnam planned to engage in the program for material wood products, while other products will not engage in the program at present.

4 out of the 6 fields which were not given priority have related to agriculture, namely:

- Natural rubber, synthetic rubber
- Fertilizers
- Foodstuffs, focusing mainly on agricultural processed products
- Oil-seeds and products from oil-seeds.

Though specific itineraries have not been defined, the time-frame for market opening of most APEC agricultural products will not be the year 2020 (for developing countries) but possibly earlier (about 2010-2015).

Among APEC members, countries which are extremely potential in agriculture, such as the USA, Australia, New Zealand, China and Canada, will be strong competitors for Vietnam in terms of agricultural products.

3. ASEAN - China Free Trade Area

In November 2002, Vietnam, 9 other ASEAN countries and China signed a framework agreement on economic cooperation between ASEAN and China in commodity trade, services trade, investment and intellectual property. The most important and major content of this agreement is to
establish an ASEAN - China free trade area within 10 years. Agriculture and trade of agricultural products will be areas to be affected most by this agreement, as following:

One part of the agreement, namely Trade of goods and early harvest Program, includes commitments on reduction of tariffs and non-tariff barriers, list of sensitive goods, rule of origins, and special and differentiated regimes. The early-harvest Program by nature is that of agricultural and aquatic products, including live animals, fish, meat, milk and unprocessed vegetables and fruit. The time-frame set for completion of this Program is three years for China and 6 old ASEAN countries (which means that they have to start the Program no later than 1/1/2004 and finish by 1/1/2006); 4 new ASEAN countries (namely Vietnam, Laos, Myanmar and Cambodia) will have to start this program no later than 1/1/2004 and end by 1/1/2008. In addition, the agriculture of Vietnam and other ASEAN countries will be obliged to complete all commitments on trade, services and investment liberalization made by Vietnam and other ASEAN countries with China in the coming time.

The impact of ASEAN - China free trade area on agricultural production and consumption is twofold: On the one hand, it will strengthen Vietnam’s advantages of low production costs thanks to the climate, land and labour conditions in order to promote exports of agricultural products to China - a potential market with a large population and high purchasing power. But on the other, China is also a large exporter of agricultural products, which is more developed than Vietnam in terms of science and technology (plant and animal breeds, machines and equipment, and other agricultural materials), so the competitiveness of Chinese products is in general higher than Vietnam’s.

4. Vietnam - US Bilateral Trade Agreement

According to the commitments made in the Vietnam - US Bilateral Trade Agreement, by 2005 the average tariff range of US goods imported to Vietnam will be reduced from 30-40% to 10-29%. As for agri-forest and aquatic products, tariff-reduction commitments were made toward 195 tax lines, mainly processed agricultural products, with a tariff rate from 35.5% down to 25.7%. In addition, Vietnam has made commitment to gradually eliminate all non-tariff barriers, extending the rights to business and distribution for US businessmen within 3-5 years after the Agreement comes into effect of; apply all the necessary measures concerning sanitary and phytosanitary requirements in responding to WTO rules; participate into international conventions on plant breeds protection.

The Vietnam - US Bilateral Trade Agreement will create favorable conditions for Vietnamese agricultural products to enter the US market, thanks to MFN-based tariff rates, which are much lower than non-MFN-based rates, for fresh and processed vegetables and fruit, wood and forest products. But it will also create a number of challenges for Vietnamese agricultural products of high prices but low quality, and they will have to compete with imported goods from the US, such as maize, soya bean and high-quality fruit of various kinds.

5. WTO requirements on agriculture

Agriculture is always the sensitive problem, which is difficult to be solved in trade relations among countries. After 8 years of negotiation at the Uruguay Round, the Agreement on Agriculture
was signed (1994). This Agreement strengthened WTO regulations and laws to adjust agricultural - rural policies of member countries, which can be seen in the three major contents:

- **Market opening**: To tarify all non-tariff measures and tariff-related commitments, considering tariff as the only measure for domestic production protection.

- **Domestic subsidies**: All member countries have to declare the rates of subsidies by their Governments to agricultural production. Policies on investment development, which do not distort trade (scientific researches, training, agricultural promotion and infrastructure development) are encouraged to be applied. Other subsidies that distort trade, if Government subsidies to each goods item exceed 5% (for developed countries) and 10% (for developing countries) of its total value, will have to be cut. According to this Agreement, developed countries will have to cut 36% within 6 years, and developing countries will have to cut 24% within 10 years of their total subsidies.

- **Subsidies to export**: According to the Agreement, countries are not allowed to provide subsidies to export. Countries which are having large subsidies to export will have to commit to reduce their subsidies by 36% in terms of value and by 21% in terms of volume of their total goods items.

As for countries which are in the negotiation process to join the WTO, they must negotiate with member countries in all the three above-said areas. In order to enjoy their preferential treatments, WTO member countries often require acceding countries to have much stricter commitments than other member countries.

According to the Development Agenda of the Doha Conference (Ministerial Conference) in Qatar in November 2001, countries had to commit not to provide export subsidies right from their accession to the WTO, not to gradually reduce their subsidies to export as specified in the earlier regulations. This is in fact a big challenge for developing export-oriented countries like Vietnam.

When Vietnam becomes an official member of the WTO, the policies on agricultural subsidies which do not belong to the “Green Box” and subsidies to agricultural export will have to be eliminated. In the negotiation process (which is now on-going), Vietnam has to gradually decrease and then totally eliminate all quantitative restrictions concerning to import volumes, licences, and channels of agricultural products; and gradually shifting to a better management mechanisms responding to regulations of the Agreement, for example, tariff quotas, seasonal tariff, standards of product quality and epidemic sanitation.

**IV. OPPORTUNITIES AND CHALLENGES FOR VIETNAMESE AGRICULTURE WHILE ACCEEDING THE WTO**

1. Opportunity:

- **Possibilities to expand markets:**
In the past ten years, the Vietnamese agriculture strongly shifted to an export-oriented commodity production. However, there still existed a number of difficulties for the Vietnamese agricultural products to infiltrate the world markets. One subjective reason to this situation is the low competitiveness. Some other objective reasons are: Countries that import agricultural products have applied an extremely high protection measures for their domestic production; Since Vietnam has not yet enjoyed NT (national treatment) preferences like WTO member countries, the import tariff rates imposed on Vietnamese goods were high; and many other non-tariff barriers are still in use. Acceeding the WTO, Vietnam will enjoy the MFN status, offered by WTO member countries, with more preferential import tariff rates and non-discrimination treatments. And especially, if the new negotiation round is successful following the spirit of the Doha Declaration, the impact of market opening for agricultural products will be larger. The reduction of import tariffs on agricultural products, extension of tariff quotas, gradual reduction of progressive tax for processed agricultural products and elimination of non-tariff barriers will all create favorable conditions for agricultural products from developing countries, including Vietnam, to enter the markets of developed countries. Their markets for agricultural products will be expanded not only in the region but also in the rest of the world.

- On investments: The stabilized socio-economic environment and the promising future of world integration have had positive impacts on foreign investments in agriculture. So far there have been 558 licensed foreign investment projects with a total investment of 2.86 billion USD. The total implemented capital was 1.39 billion USD, accounting for nearly 50% of the total. These projects have had considerable contributions to the development of Vietnam’s agriculture in the recent period, enhancing the capacity of the agriculture not only in investment capital, technologies and equipment, markets but also in infrastructure development. Many countries have had large investments into Vietnam, namely Taiwan, Hongkong, France and China. Vietnam’s integration policy will continue to create an open and flexible environment for inducing more foreign investments. The expanded markets for Vietnam’s agricultural products will also be an attractive condition for foreign investors to enhance their investments in Vietnam.

- On science & technology: Scientific, technical and technological cooperation and capacity building are the major contents of the WTO in all fields, though under various forms. Developing countries, including Vietnam, are expecting to participate more into science-technology cooperation programs as well as to be given more technical assistance and enhance their capacity once they join the WTO. The Vietnamese agriculture will have more opportunities to access to new sources of technology, which in turn will contribute to improving productivity, quality and competitiveness of Vietnam’s agricultural products.

- To create pressures to self-develop and enhance the competitiveness of domestic enterprises:

When becoming a WTO member, Vietnam will not only enjoy benefits offered by other members but also have to commit to offer preferential treatments to them. That is, Vietnam will also have to open its market for agricultural products from other member countries to come in, to have more transparent and equal policies, and to gradually eliminate policies on agricultural subsidies
which are incompatible to WTO regulations. Therefore, the Vietnamese enterprises, especially State-owned enterprises, cannot bend forward State subsidies any longer. For their survival and development, they have to face competition. It is this pressure that forces Vietnamese enterprises to make greater efforts to enhance the competitiveness of their products.

2. Challenges

The very low starting point of Vietnam in general and Vietnam’s agriculture in particular, while acceding the WTO, and the more and more demanding regulations of the WTO will create big challenges for Vietnam’s agriculture, specifically:

- The competitiveness of Vietnam’s agricultural products is still low, largely due to low productivity, low quality and high cost, such as sugar, corn, soya bean, cotton, tobacco, milk and pork... When import tax rates are reduced, non-tariff barriers are eliminated, these products will have to face with a fiercer competition with imported ones. It is certain that a number of enterprises and agricultural production industries will have to shrink their production size, or will not survive if they do not, right at this time, enhance their capacity. This will result in a decline in jobs and income of a part of agricultural labor force, especially the poor.

- The competitiveness of agricultural processing and business enterprises remained low. Most of the processing factories are small-sized with backward technologies and equipment, as compared with those of countries in the region and the world. Many of the commercial enterprises are also small in size. About 70% of the all enterprises under the Ministry of Agriculture and Rural Development have a capital level of only about 10 billion VND each. Their ability to meet market requirements is still weak. Market opening will be therefore a big challenge for Vietnamese enterprises.

The systems of infrastructure, services and laws still have a number of weakness and do not meet requirements of world integration. Although the system of transportation has been considerably improved, about 400 communes (or 6% of the total) have not had motor roads to their centers, 50% of the all village roads are in poor condition. There still lacks infrastructure bases serving the trade of agri-forest aquatic products: lack of specialized ports, high costs of goods loading and unloading (for example, at-the-port costs of every ton of export rice of Vietnam is nearly twice higher than those of Thailand); and other requirements of consumers concerning veterinary and foodstuffs sanitation have not been met.

V. A STRATEGY FOR DEVELOPMENT OF VIETNAM’S AGRICULTURE IN THE CONTEXT OF INTEGRATION

1. Orientations for agricultural and rural development in the coming period: For the purpose of a strong development of agriculture and rural areas in the world context of integration, the Vietnam Government’s Resolution No.9/2000/NQ-CP dated June 15, 2000 has stressed that the role of the restructuring of agricultural economy, which is aimed at building a strong and diverse commodity agriculture of high quality, efficiency and sustainability, basing on the promotion of all the comparative advantages and use of scientific and technological achievements to meet domestic
diverse demands and enhance the competitiveness to infiltrate the world market, strengthen the efficiency of the use of land, labor and capital sources, improve the income and life of the rural population and achieve the targets set by the IX National Party Congress.

**Specific objectives by the year 2010**

- Growth rate of agricultural production: 4-4.5%/ year

- Growth rate of rural economy: 7.5-8%/ year

- Sustain national food security, meet diverse requirements of the population in terms of food and foodstuffs, including those of people living in the mountainous, remote and secluded areas.

- Bring into full play the created comparative advantages, promote and enhance export efficiency so that by the year 2010, the total turnover of agri-forest and aquatic products will have reached 9-10 billion USD.

- Take best advantage of the available sources, apply scientific and technological advances to develop various kinds of plants and animals and other import-substitution industries, increase to a reasonable extent the self-supply and exploitation of domestic products, such as cotton, tobacco, cooking oil, paper materials and milk.

**2. Measures to achieve the above-said targets.**

The sector of agriculture and rural development has worked out an action plan in order to respond to the Government’s integration policy and achieve the development objectives by the year 2010. These measures are as follows:

**2.1. To make necessary changes in the structure of agriculture** in the direction of taking advantage of every region so as to develop the commodity agriculture, focussing on competitive products with a view to ensuring national food security, actively participating into programs on market expansion for the export of agri-forest aquatic products in the region and the world. To build a development strategy and itinerary for international economic integration, which is considered a base for making suitable changes in the structure of rural economy and investment.

**2.2. To improve the quality and competitiveness of agricultural products**

Attention should be paid on research and transfer of scientific and technological achievements in order to improve productivity and quality, and reduce production costs. First and foremost, it is necessary to carry out the program on plants and animals, apply biological achievements, develop agricultural processing and preserving industries. The Ministry of Agriculture and Rural Development is now carrying 33 projects to produce, select and import high-quality plant and animal breeds. Many provinces have actively built projects to bring good plants and animals to farmers, focusing on the major plants and animals of the provinces. However, this is only a start. In addition, it is necessary to have active supports to transfer and apply advanced farming measures for the purpose of reducing production costs. As for the reservation and processing of agricultural
products, attention should be paid to applying advanced technologies to meet world standards of product quality and sanitation.

2.3. To enhance the efficiency and competitiveness of agricultural enterprises

The Vietnamese Government should create favorable conditions for agricultural enterprises to promote production of marketable products of high technology, labour and quality, and low costs; to renovate technology and apply efficiently advanced scientific and technological achievements into production and management of business, product quality and environment following world standards. Attention should also be given to build and protect enterprises’ trade marks, to expand markets, etc. To compete successfully, there should be more dynamic and potential enterprises. Along with State-owned enterprises, the Government should encourage private enterprises, foreign invested enterprises to take part in agri-forest export activities. The process of SOE overhauling should be continued to enhance SOE efficiency.

2.4. Policy renovation

In responding to Vietnam’s policy and process of integration, the Vietnamese agriculture is, together with concerning Ministries and branches, reconsidering the current policies, making proposals to the Government to adjust these policies to meet the WTO rules. The trend of adjustments will be subsidies to agriculture by means of “green box” policy group, direct supports to producers, and gradual reduction of export subsidies. Policy adjustments are aimed at creating favorable conditions for farmers and enterprises to respond more quickly, more efficiently to market changes. Domestic and foreign economic components are encouraged to invest in agriculture, especially in preservation and processing of agricultural products, new and high-tech industries and labor-intensive industries.

2.5. To develop infrastructure, renovate and enhance the capacity of the system of veterinary, plant protection and other agricultural services.

Changes in the structure of investment should continue to be made, more priorities should be given to develop infrastructure for the purpose of enhancing the competitiveness of agricultural products and agricultural business enterprises, first and foremost to develop the irrigation system, enhance the scientific and technological potentials for agricultural development. Greater attention should also be paid by the Government to developing infrastructure bases serving trade, especially export activities, for example: sea and river specialized ports, freezing warehouse and vans, and wholesale markets... and, at the same time, to increasing investments for the development of transportation, irrigation, information and communication in rural areas.

Investments should also be given to upgrade the material and human sources for plant and animal protection, renovate equipment, meet requirements of world standards and procedures, and requirements of domestic production protection, creating favorable conditions for exports.
2.6. Training of human resource

Human is the decisive factor to the success of integration. More and greater investments should be given in the coming period for the training, retraining of rural human resource with a view to upgrading them with knowledge of technology and economic management. Also, enterprises and farmers should be given and updated with knowledge of integration and commitments the Vietnamese agriculture has made.

2.7. To renovate the management of agriculture and rural development

There should be necessary and suitable adjustments in the form, apparatus and measures of management to meet requirements of integration from the grassroots level. Each Office of Agriculture and Rural Development of every province must establish a section responsible for market research and integration in order to perform the tasks of integration. In the past time, the work of integration was done at the Central level while in provinces, only the most important officials were informed of our country’s policies and directions of integration. There were almost no persons responsible for this work.

VI. RECOMMENDATIONS

1. For the process of WTO accession of Vietnam

Preparations/ negotiations made by Vietnam for WTO accession must, on the one hand, obey the current regulations of the WTO and, on the other, respond to the content of the new negotiation round (Doha). Therefore, negotiations concerning agriculture will be more sensitive and difficult.

For a successful accession to the WTO for the Vietnamese agriculture, it is recommended in the coming time that:

- The Government should strengthen investments in agriculture by means of “green box” policy group (investments for infrastructure development, breeds, scientific and technological development, training and agricultural promotion activities...); shift from policies on output subsidies to those of input subsidies in agricultural production.

- Policies on agricultural subsidies must follow WTO rules in order to promote domestic production, not to create conditions for enterprises to depend on and rely on State subsidies.

- Reform of tax policies must associate with subsidy policies for agricultural development in the framework of WTO rules (“green box” policies) in order to enhance the competitiveness of agriculture.

- To create an equal and transparent competition environment for enterprises of all economic sectors.

- To apply some selective protection measures, with certain conditions and suitable time-frames in some agricultural branches, basing on their competitiveness.
2. For the part of donors:

- To provide technical supports for Vietnam in the work of training and consultation in order to: 1) enhance the capacity for persons engaging in direct negotiations and preparing documents for the work of negotiation; 2) train a contingent of technicians with deep knowledge of specialties; 3) disseminate and train local officials with knowledge of international economic integration and commitments Vietnam has to make, sign and implement; and consider opportunities and challenges which are resulted from the process of integration.

- To provide supports for building modern technical bases for diagnose new diseases from animals, such as the mad-cow disease, Nipa virus and find toxic chemicals in food, antibiotic residuals from animal products and food.

- To work out standards for animal and plant epidemic control in accordance with world standards, and provide guidelines for implementation. To improve the diagnostic skills and prevention of epidemics, basing on risk assessments.

- To provide supports to Vietnam so that Vietnam can sign bilateral agreements with countries on plant and animal epidemic control in order to promote the export of agricultural products.

- To provide loans with preferential conditions for enhancing national competitiveness and enterprise competitiveness.