



**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
OF VIETNAM**

AGRICULTURE AND FOOD PRODUCTION RELATED INVESTMENT IN VIETNAM

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Agriculture and Food Production in Vietnam

Agriculture development

- ❖ Agriculture plays an important role in the socio-economic development (67% of the work-force, annual growth rate 3,7% and contribution of more than 20% to the GDP).
- ❖ **Achievements in 2012:**
 - ✓ Food production: Over 58 mil tons: Cereals nearly 48.5 mil tons (included 43.956 mil metric tons paddy (or 27.698 mill MT milled rice); 4.93 mil tons maize, cassava 9.0 mil tons.
 - ✓ Other crops: rubber, coffee, tea, pepper, beans, fruit trees, vegetables ... increased in comparison with previous years.
 - ✓ Livestock: Buffalo 2.63 mil heads, Cattle 5.19 mil heads, Poultry 308.5 mil heads; Pig: 26.49 mil heads;
 - ✓ Fisheries: 5.73 mil tons; Aquaculture: 3.11 mil tons, Catch: 2.62 mil tons;
- ❖ Export turnover of agricultural, forestry and fisheries products in 2012: nearly US\$ 27.54 billion.
 - Agro-products: US\$ 14.5 billion;
 - Forestry products: US\$ 4.9 billion; and
 - Fisheries: US\$ 6.15 billion.

Agriculture and Food Production... (cont.)

Food production of some major commodities



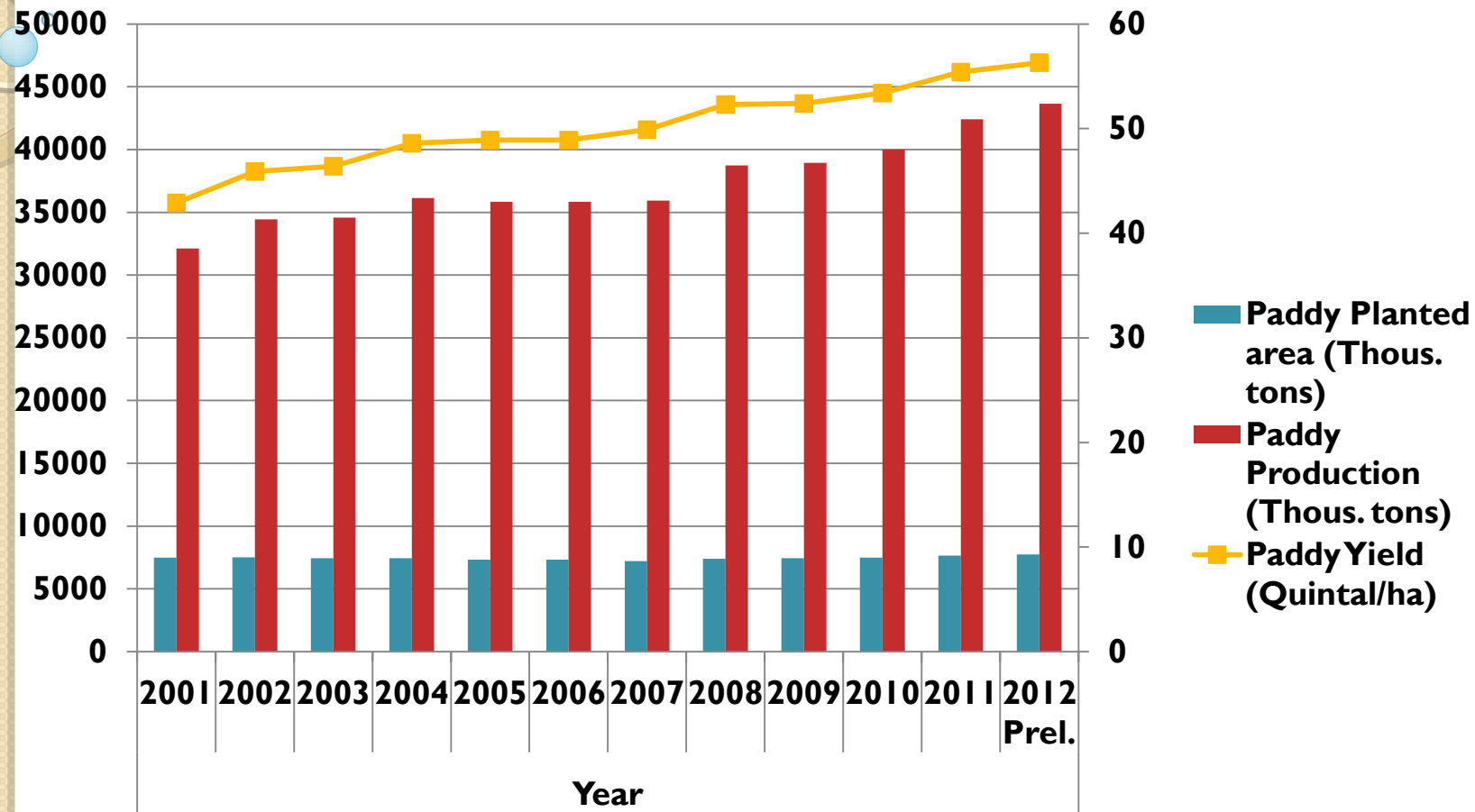
Rice production

Total paddy sown area in 2012 was 7.753 million hectares (increasing 1.3% compared to 2011); paddy production was above 43.956 million tons (increasing ~3,0 %).

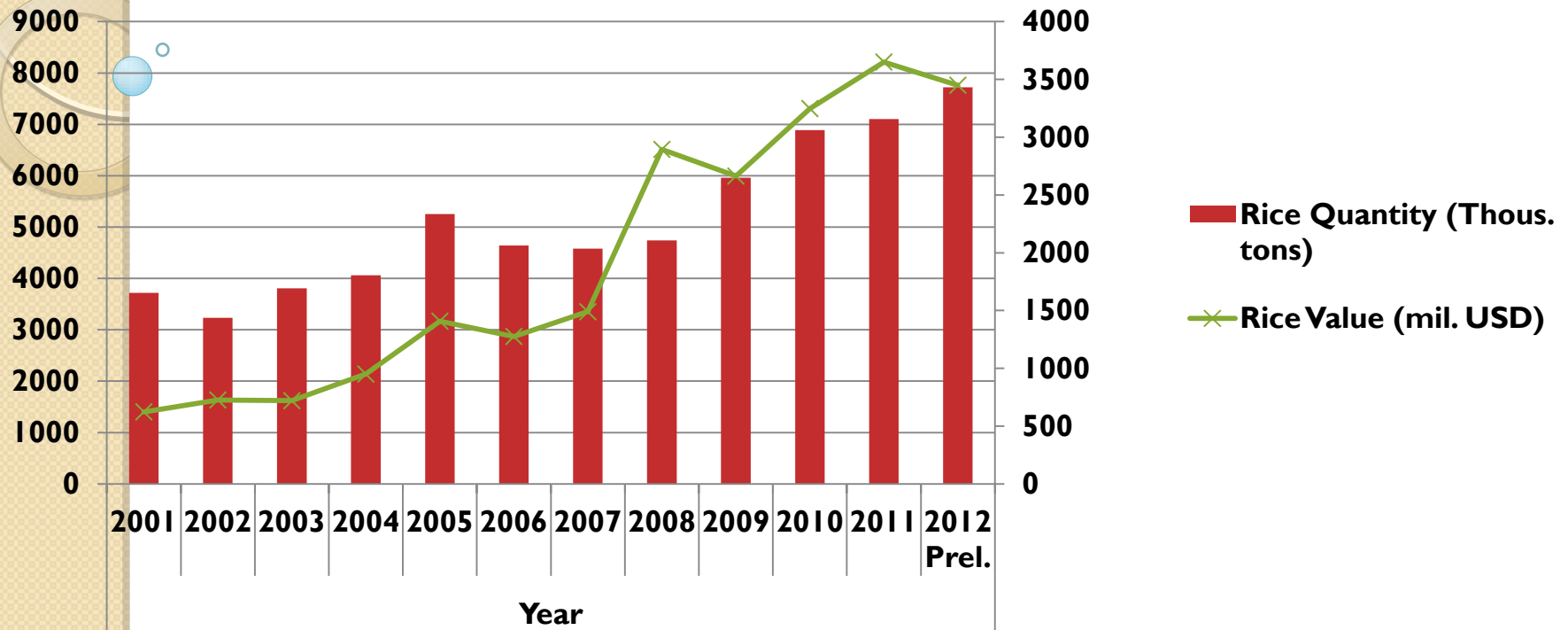
➤ **Rice export**

In 2012: Rice Export Volume was 8.016 million tons with the value of US\$ 3.65 billions. The main markets for Vietnam rice are traditional countries of ASEAN, Africa and others (more than 100 countries and territories).

Agriculture and Food Production... (cont.)



Agriculture and Food Production... (cont.)



Agriculture and Food Production... (cont.)

Maize

The total maize area in 2012 was about 1.12 million ha. Output of maize reached 4.925 million tons. Total supply in 2012 was around 6,405 million MT, of which domestic production was 4.925 million MT and imported 1,480 million tons.

Soybean

In 2012: cultivated area was 120.8 thousand hectares, soybean production was 184 thousand tons. Total supply in 2012 reached 1,136 thousand tons. Imported volume was about 952 thousand tons (processing animal feed). In 2013, soybean production is expected at 263 thousand tons; import 1,100 thousand tons.

Sugar

2012: sugarcane cultivated area and production were respectively 297.9 thousand hectares and 19.04 mil tons. Total sugar supply reached 1.44 mil tons, in which domestic production was 1.3 mil tons and imported volume was 40 thousand tons.

Trend on Agriculture Investment

State investment for agriculture and rural development

- Investment for agriculture and rural development (5.6% in 2012);
- Investment for others (94.4% in 2012)

Social investment a shares of this investment of the agriculture sector

- Agriculture and Forestry (3.9% in 2012)
- Fishery (1.6% in 2012)

Implemented investment under MARD management by industry and source

Investment under MARD management by source

- Investment from State budget;
- Investment from Government bonds;and
- Foreign investment.

Investment under MARD management by industry and field: invested in: Irrigation (accounted for biggest proportion); Agriculture; Forestry; Fishery; Science and Technology; Education and Training; Transportation; Health and Social Work; Fresh Water and Environment; Others and Design and Preparation of Investment.

Agriculture Investment Policy

Legal documents

- ✓ Law on Investment (2005) and Law on Enterprises (2005);
- ✓ Resolution 26/NQ-TW on Agriculture Farmers Rural Areas and New Rural Development Program;
- ✓ Decree No.108 /2006/NĐ-CP pursuant to which agro-forestry-fisheries are in special priority for business and investment (section A and B);
- ✓ Resolution No.13/NQ-CP dated April 07, 2009 on directing solution for investment attraction and management in the coming time
- ✓ Decree 124/2008/ND-CP dated 11/12/2008 (guide for income enterprise tax; Decree 87/2010/ND-CP dated 13/8/2010 (guide for export and import tax); Decree No. 142/2005/ND-CP dated November 14, 2005 on land and water surface use fees;
- ✓ Other documents on taxes, credits and land use;...

Agriculture Investment Policy (cont.)

- ✓ Investors who have investment projects in Vietnam will receive investment priorities based on invested sector and area;
- ✓ Agro-forestry-fisheries are in the list of special investment priority (section A) and investment priority (section B);
- ✓ Areas in socio-economic particular difficulties are in priority for investment (Area 1);
- ✓ Areas in socio-economic difficulties are in priority for investment (Area 2); and

Agricultural investment priorities

1. **Corporate income tax (CIT)** *Decree 124/2008/ND-CP dated 11/12/2008*
2. **Exemption of import duty** : *(Degree 87/2010/ND-CP dated 13/8/2010)*
3. **Priorities on credit policy:** *(Decree No. 151/2006/ND-CP dated December 20, 2006)*

Agriculture Investment Policy (cont.)

4. Priorities on land use: *(Pursuant to Decree No. 142/2005/ND-CP dated November 14, 2005 on land and water surface use fees)*

5. Other investment priorities and support

6. Investment support

Especially:

Resolution 26/NQ-TW on Agriculture Farmers Rural Areas: Reform strongly mechanism and policies to mobilize resources; develop rapidly rural economics; improve physical life and spirit of farmers; increase development investment for agriculture and rural development... Need to have appropriate mechanism and policies to encourage enterprises to invest in agriculture and rural development, including mobilizing ODA and FDI

Opportunities and constraints to investment

The opportunities

- ✓ Stable political and economic environment, open and convenient investment environment. Strong commitment of Government for ARD
- ✓ Advantages of wealthy and endowed natural resources;
- ✓ Advantages of abundant, skillful and hardworking labor force. Young and relatively cheap labour force;
- ✓ Advantages of developed and synchronized constructed infrastructures;
- ✓ High potentials for agro-forestry and fisheries development;
- ✓ High competitiveness of agricultural products.

Opportunities and constraints... (cont.)

The constraints

- ✓ Agriculture and rural development's investment share is still low;
- ✓ Low investment of FDI sector;
- ✓ Agricultural production has high risks;
- ✓ Agriculture is small-scale, scattered investment and shortage of profession.

Food security strategy

Goal

- Ensuring sustainable food supply, meet the demand of foodstuff for domestic consumption; gradually improve meal quality of different people groups; ensure safe and balancing nutrition for a healthy life

Key points

- 3 scenarios: Sustain 3.8 millions ha of paddy land;
- 450,000 – 500,000 ha of cassava for food, feed and biofuel;
- 1.5 millions ha for maize.

Food Security criterion

National food availability
Reasonable/cheap food prices
Household food security
Manage/respond to shocks/natural disasters

Approaches to ensure food security

Policy to support rice sector:

- ✓ Government to encourage greater rice export;
- ✓ Development of int'l potential markets for rice;
- ✓ Supporting enterprise to building storage systems to keep all paddy rice at harvest;
- ✓ Encourages domestic producers in improving rice quality, post harvest technology and processing and storage systems (post harvest losses= 10%);
- ✓ Improving “rice supply chain- farmers and rice traders linkage systems”.

Approaches to ensure food ... (cont.)

◦ Measures to support rice sector:

- ✓ Varietals improvement program (High-yielding, tolerance to biotic and abiotic stress) facing with Climate change;
- ✓ ICM program (3 reductions 3 gains) – to reduce production cost;
- ✓ Narrowing yield Gaps;
- ✓ Post harvest loses reduction;
- ✓ Strengthening linkage between rice producers and traders;
- ✓ Improving storage capacity of paddy.

Future policy agenda on investment

- ✓ Policy on management of agriculture land (land for rice cultivation);
- ✓ Policy supporting to producers (ensuring benefit for rice farmers at minimum 30% vs production cost);
- ✓ Priority on investment in development of infrastructure, science and technology and industry of food processing and preserving;
- ✓ Encourage greater investment for agriculture modernization;
- ✓ Mitigation of and adaptation to climate change impacts;
- ✓ Review, classify invested projects, adjust capital source and investment form to attract maximally social resources for agriculture and rural development;

Future policy agenda on investment

- ✓ Reform of policies, laws and other legal regulations to make it more comfortable and convenient for the investors, especial attracting more FDI sector to invest in agriculture and rural development;
- ✓ Agricultural investment promotion programs;
- ✓ Develop Public-Private Partnership Mechanism in Agriculture to encourage public and private sector invest in agriculture and rural development;
- ✓ Diversify investment sources for agriculture and rural development.

THANK YOU
FOR YOUR ATTENTION



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