INTRODUCTION AND BACKGROUND

Vietnam is an agricultural country with 80% of the population as farmers and 70% of the workforce is in agricultural branch. Up to now, after 7 years implementing the reformed policies adopted at the 6th Congress of the Communist Party of Vietnam, Vietnam's economy has achieved and important role played by agriculture in the national economy in general and in rural economy in particular has been increasing. The enlarged agricultural products account for 40% of the GDP and 50% of the export value. More important still, the agricultural service can produce not only enough food and food staff for 72 million people but also for reserve and export while receiving only 20% of the state's total capital investment. Whether the target to bring the GDP per capita to $400 by the year 2000 set forth by the 7th Congress of the Communist Party of Vietnam can be achieved or not depends on the scale and speed and agricultural growth.

Agriculture rural regions and farmers are still the mainstay of the national economy and at the same time the decisive factors for industrial and sevices development. Rural market, farmers' purchasing power, materials from agriculture are in fact levers for the development of industry and other services. Similarly, financial, monetary issues, inflation also greatly depend on the above said three factors. A seething rural market, the rapidly increased and stable income of farmers and high coefficient of the multi-crops agriculture are the favourable environment for the stability of finance, monetary price and the control of inflation otherwise the consequences would be unpredictable.

These analysis are not to just speak highly of the role of agriculture and rural areas in the national economy but are to reaffirm the necessity to study and finalize strategic and sustainable policies on the agricultural and rural development in Vietnam at the current stage.

With the experiences withdrawn from both successes and failures in agricultural production in Vietnam in the past especially experiences from the readjustment of macro policies in the years of renovation together with new conditions created from external cooperation and open-door policy and especially with the potential of land and labour, available and would be available capital sources, and also with the correct and stable macro policies it's possible to achieve the targets set forth for the development of Vietnam's agriculture and rural areas.

The piece-work system in agricultural production according to the Instruction N. 100 and especially according to the resolution 10 under which jobs are given to households and the policy of single price and free-goods circulation and commercialization of materials, and, the abolition of agricultural procurement, the transfer of the long-term right to use land to farmers. These enabled farmers to be masters of their land and farm work and also to use and distribute their labour fruit. Thanks to all this VN has turned from a country which used to run short of food and which used to import over 1 million tonnes of food into the third rice exporter in the world after Thailand and the United States. From 1989 to 1993 Vietnam exported about 1.5 tonnes of rice annually the domestic price remain stable.

The amended law on land ratified by the Vietnamese National Assembly in July 1993 recognized 5 kinds of rights of land-owners including the right to inherit, the right to lease and also the right to mortgage.
This law helped increase the role of land owners while helping the process to concentrate land voluntarily in rural areas. Tax on the right to use land was imposed instead of agricultural tax is also considered an important step forward encouraging farmers to invest in intensive farming through the stable tax on land to use land. With these two amended laws, there appeared favourable conditions and environment for finalizing policies on strategic development of agriculture and rural areas.

Before 1993 the system of these policies were not synchronised due to the lack of stable main-stay- (the legal system) their in 1994, this main stay was founded, at stake is how to quickly concretize the law on land, the law on the right to use land , the law on enterprises, and the law on foreign investment by the socioeconomic policies. These policies once are thoroughly studied and implemented, will be factors to promote the process of rural and agricultural development, and to change the rural economic structure improve farmer's living standards, create the stable and solid balance in the relation between industry and agriculture and between economic development and social problems and ecological environment.

Law makers are now confronting with a number of urgent problems in face of the demand for the development of agricultural commodities which closely links with domestic and foreign market, and for the increasing demand for a multi-rural economy with industry and services so as to attract more labour force for agricultural production, and for an equal and civilized rural society in which farmerslive a prosperous life. Vietnam's agriculture and rural region now need the policies which must be different with what they used to be before renovation. For this very reason, it impossible not to mention factors and conditions at home and abroad strategic goals, potential and disadvantages long-term orientations and solutions to the economy in general and to agriculture in particular when drafting long-term policies for Vietnam's rural and sustainable agricultural development. The goals for the finalization of long-term policies for rural and agricultural development in Vietnam at present are to liberate all the potential on land and labour force in rural areas, drawing maximum investment from all economic sectors, all organisations, all individuals to reclaim more land in the mid land and mountainous, all individuals to reclaim more land in the mid land and mountainous region, redistribution of labour and inhabitants in different regions so as to create concentrated areas for agricultural commodities with high quality to meet the requirement of foreign markets, increase farmers' income and purchasing power, develop rural infrastructure, stabilize rural society and narrow the gap between the rich and the poor among farmers and the difference between rural and urban areas. The concrete goal is the synchronized characteristics and the efficiency of the policy system making each policy a real lever for rural socio-economic development and for the improvement of farmers' living standards.

Vietnam's agriculture and rural areas are confronting with ever favourable conditions. However, lots of difficulties and trails are ahead first of all the poor infrastructure in rural areas are degrading seriously and the redundancy of man power and the lack of work while labour productivity and income of the majority of farmers are too low, the limited purchasing power so that rural areas can not yet be the consumer market of industrial products and services, the backward farming technology with rudimentary farm tools with the image of a buffalo is put in front of a plougher, the autarky production is still a common thing in a number of places, which biggest and prevailing problems are the difficulties stemming from the unsynchronised and inefficient macro policies, which were not amended timely. The instability of these policies make do not encourage people to invest in production. What concern farmers most at present are the consumer market and prices of farm produces and the policies on foreign and domestic investment in rural areas, agriculture, afforestation and fishery are not very attractive. For this reason barren hills remain uncharged while the acreage of forests and cultivable land has been narrowed.

Disadvantages and advantages, opportunities and challenges for agriculture and are mixed together and holding each other back. It is necessary to have a stable strategic policies for sustainable development to bring into full play all the advantages and control and minimize the disadvantages gradually, and the agricultural growth and the living standards of farmers will certainly be improved.

The increase of GNP and GDP is very important but it does not means everything. The superiority of Vietnam's political system is that it can either ensure the rapid economic growth while maintaining the socio-political stability, exercising equality and civilization. Economic growth does not mean to widen he gap between the poor and the rich in rural areas and does not mean to impoverish the poor. With over 80% of population as farmers, the economic growth together with the socio-, political are the must for every policy and strategy for long-term development of agriculture. The policy to use economic lever must go along side with socio-political stability. The improvement of farmers' living standards is also an important factor for this stability.

Another important factor which closely links with economic growth is the protection of ecological environment. How to develop and ecological agriculture, protect the natural resources either in the forests or under the sea, the water sources and the environment must be a goal of the state policies and the environment must be a goal of the state policies on rural areas and agriculture. It's impossible to develop economy at any costs. The
cost might be unpredictable if food and food staff are plenty but the environments is destroyed and natural resources are used up. For this reason the strategy for sustainable agricultural development including afforestation of Vietnam must stem form an overall point of view. The lesson from the motto “Be self-sufficient in food at any cost” in the 70 has awaken the Vietnamese state and people. It resulted in the vast destruction of forests in a high speed in the northwest, northeast, the central highlands, the eastern south proper and the central coastal region. And at present the tendency for urbanization of rural areas and the surrounding areas and the increase of production of construction materials including brick, lime, tile, cement...in communes has endangered the ecological balance in Vietnam rural areas. The industrialization and modernization of rural areas and agriculture at present can not repeat the wrong doings of the “mechanization” if the 70s...

All the above said problems are directly or indirectly related to the framework of the policy on the strategy of sustainable rural and agricultural development in the years to come. These problems will be dealt with in this report which is written with the help of Dr. S.Syed an economic specialist of the Food and Agriculture Program (FAO).

Vietnamese associates are engineer Nguyen Xuan Thao, head of the agriculture and fishery Department of the State Planning Committee. Dr. Nguyen Sinh Cuc head of the agriculture and fishery department of the General Statistics Department, Dr. Nguyen Van Bich deputy head of the Central Research Institute and engineer Nguyen Van Tiem, head of the Agricultural Economic Institute of the Ministry of Agriculture and Food Industry.

The report is a scientific product of the cooperation of Vietnamese and foreign specialists in the framework of a project.

The conclusion and recommendations raised in the report are withdrawn from the process of research and analysis of the relations among macro policies and the economic growth in rural areas and agricultural production in various stages.

Almost all the statistics used in the report are the official ones of the Vietnamese States and made public by the General Department of Statistics. All the major targets based on official data collected up to 1993. As for the data on GDP and GNP, import-export quotas are initial ones.

Besides the annual statistics, the report also used many data and figures according to the surveys conducted in recent years by the General Department of Statistics, the Ministry of Agriculture and Food Industry.

The data on agriculture of countries in the region of South East Asia are also collected and used whenever necessary to compare or to clarify the difference between Vietnam's agriculture and that of other countries together with the reasons stemmed from macro policy and mechanism of the state on the agriculture

Responsible persons:

Chapter: I and II: Dr. S. Syed
Chapter III: Dr. Nguyen Sinh Cuc
Chapter IV: Engineer Nguyen Van Tiem
Chapter V: Dr. Nguyen Van Bich and Engineer Nguyen Xuan Thao
Editor: Dr. Nguyen Sinh Cuc