

Food Security Policies of Vietnam

Tran Cong Thang

Institute of Policy and Strategy for Agriculture and Rural Development, Vietnam

INTRODUCTION

Food, especially rice, is very important for Vietnam. Basically Vietnam has favorable conditions for rice production with its tropical weather, available land and water resources and long life experiences in rice cultivation. Therefore, the supply and export of rice have been increasing since 1989. And the Government always pays attention to the food security of the country.

Vietnam has 33 million ha of land, of which rice occupies about 4 million ha. Rice is the main food of the Vietnamese people providing 80% of the carbohydrates and 40% of the protein intake in the diet. It is the predominant crop in many regions of the country, especially in Red River Delta in the north, where nearly 85% of the area was irrigated, and in the Mekong River Delta in the south. Upland rice is grown in about 100,000 hectares in the southeastern region, central, and northern highlands. Along with the economic reform and high economic growth, rice production has increased rapidly. Total rice cultivated acreage has increased steadily (from 6.04 million ha to 7.6 million ha) and the total output has increased to nearly 20 million tons since 1990. Therefore, rice production not only provides enough for domestic demand but also surpluses for export. Rice export reached its peak in 2011 with nearly 7 million tons.

In terms of food accessibility, income growth has contributed remarkably to the improvement of food accessibility which supports the country to reduce poverty rate in general. Since 2000, there have been significant improvements in food consumption patterns with decreasing ratio of rice and tubers consumption and dramatic increase in consumption of meat products, fruits, eggs and milk. Moreover, the proportion of undernourished population is much lower than other regional countries reflecting a big achievement in the area of nutrition.

Vietnam has attained great achievements in ensuring food supply but there are still many factors that affect its stability. While the world rice price remained at rather low levels in the past, food price volatility has become a major issue in the international market and many domestic markets from 2006. Recently, food prices in Vietnam have fluctuated dramatically. The significant rise in food prices has led to increasing vulnerability among specific groups in the population. The higher food prices exert downward pressure on households' purchasing power, especially in the context of high inflation rate in the economy. High food price made big adverse impacts on households of low incomes, who spend a significant proportion of their income on foods. In addition, the high rice price has also increased the probability of households falling back into poverty. In addition, natural disasters had caused severe impacts on crops and food resources, as well as seed stock, fertilizers and other resources in vulnerable areas.

Changes in food security policy of Vietnam

Vietnam has issued many policies to protect and maintain the natural resources as well as policies on enhancing the infrastructure for agricultural production and other policies in order to ensure the food security in the country. Below are some of the most important policies.

Land policies for agricultural production

Land is the main natural resource for agricultural production. Although agricultural land in Vietnam accounts for 75% of the total land area of the country- paddy land comprises only 16% of the total agricultural land and has recently shown a decreasing trend. Paddy land lost over the last 10 years is the most fertile and suitable land for rice production. From 2005 to 2007, paddy land reduced by 34,330 ha, 79% of which is land in the Red River Delta (8,000 ha) and Mekong River Delta (15,000 ha), the two biggest regions for rice production¹. Therefore, the issue of agricultural land, especially paddy land, has received great attention among policy makers, and demonstrated a large variety of current policies as follows: Land Law No. 13/2003/2011 dated 26/11/03; Resolution No. 63/NQ-CP dated 23/12/2009 on ensuring national food security; Resolution No. 17/2011/QH13 dated 22/11/2011 on land plan towards 2020 and the national 5-year land use plan for 2011-2015; Decision No. 124/QĐ-TTg dated 2/2/2012 on master plan for the development of agricultural production towards 2020 and 2030 visioning; Decision No. 432/QĐ-TTg dated 12/4/2012 on sustainable development strategy for 2011-2020; Decree No. 42/2012/NĐCP dated 11/5/2012 on paddy land use and management; Instruction No.100 CT/TW of Secretariat of Party Central Committee on “Innovate policy to ensure equality between workers and groups in agricultural cooperatives”; Resolution No.10 of Politburo (April, 5th 1988); Decree No.64/CP on September, 27th 1993 on stabilizing agriculture production and long-term land use, Decree No.68/2001/NĐ-CP on October, 1st 2001 on developing plan to protect agricultural land, especially rice land; Resolution No.63/NQ-CP on December, 23rd 2009; Decree 150/2005/QĐ-TTg issued on June 20th, 2005, etc.

The focus of the policies is firstly to ensure the proper use and management of paddy land. The government has set the goal to keep 3.8 million ha of paddy land to ensure paddy production of 41-43 million tons that meets the domestic demand and ensures the export volume of 4 million tons per year. The 7th Resolution of the Communist Party also sets the goal for Vietnam agriculture to maintain the current paddy land area and ensure national food security in medium and long term. Besides, the Government also pays attention to promoting land exchange and accumulation because small-scale production is a serious obstacle to overall agricultural production. It is important to finish the process of land accumulation with the aim of establishing large and modern commercial production areas to replace the small-scale household production. In addition, there are also policies to protect and enlarge paddy land which include support policies for regions or provinces where favorable conditions for rice production and those for rice farmers exist.

The instruction No.100 CT/TW of Secretariat of Party Central Committee on “Innovate policy to ensure equality between workers and groups in agricultural cooperatives” is the new motivation to promote agricultural production, especially rice production. The resolution No.10 of Politburo (April, 5th 1988) and Land law (June, 1993) have pointed innovation in agriculture. Land law (1993) regulated the authorities ‘responsibilities at levels in managing land use purposes. When the farmers wanted to converse the purpose of land use, they had to be permitted by provincial People's Committee with the area less than two ha. This regulation helped to minimize the risks of rice land conversion by urbanization and industrialization in the provinces.

¹ Ministry of Natural Resources and Environment's Report in 2007

Households and individuals have received agricultural land under Government's regulations to stabilize agriculture production and long-term land use (decree No.64/CP on September, 27th 1993), develop plan to protect agricultural land, especially rice land (decree No.68/2001/NĐ-CP on October, 1st 2001). By issuing resolution No.63/NQ-CP (December, 23rd 2009) on ensuring national food security, the Government has reached the goal of keeping 3.8 million ha of rice land to ensure production of 41-43 million tons for domestic demand and ensure four million rice tons per year for export. Resolution No 7 of the Communist Party also sets the goal of Vietnam's agriculture is to maintain rice land area and ensure National Food Security for the medium and long-term.

Vietnam's National Food Security strategy has showed that: "Rice land is source which is not replaced, reproduced and expanded." It's an important factor for production development. Effective land use and stabilization of current rice land can ensure national food security." To affirm the role of rice land, the Government has issued Decree No No. 42/2012/ND-CP (May, 11th 2012) on the management and use of rice land. Article 4 of this Decree showed that "land for rice cultivation must be strictly protected in the planning period, land use plan; only adjusted for National Defense, security, national interests, public interests and examined by governmental agencies."

Therefore, the purpose of rice land protection policies is to ensure National Food Security through planning and strict protection of rice land. The target to 2020, rice land area will reach 3.8 million hectares, wet rice land area, which grows two rice seasons every year reaches 3.2 million hectares. These policies become more and more important when the agricultural land affected by the market economy factors, pressures from the process of industrialization and urbanization which lead to conversion of agricultural land and rice land for other purposes.

Small-scale production is a serious obstacle to agricultural production. To resolve this issue, in the Decree 150/2005/QĐ-TTg issued on June 20th, 2005, the Prime Minister urged land accumulation to be finished early with the aim to establish large and modern commercial production areas to replace the small-scale household production. Despite the Prime Minister's will, the land accumulation process is still slow and does not meet the expectation. The lack of policy on long-term and stable land allocation, land transfer procedures are still complicated and the lack of community consultation are the reasons for the land exchange and accumulation to be in trouble.

Policies on water resources for agriculture production

Water is also an important resource for rice production in Vietnam. If water was previously regarded as an abundant natural resource, water resource for agricultural production, including rice production, is becoming increasingly scarce. Water shortages have been becoming more severe, especially in the Red and the Mekong River Delta- the two major rice producing areas. Water resources are protected by many policies including Decision No. 81/2006/QĐ-TTg dated 14/4/2006 on National Strategy for Water resources towards 2020; Law on Water Resources No. 17/2012/QH13 dated 21/6/2012; Decision No. 1590/QĐ-TTg dated 09/10/2009 on Irrigation Development Strategy.

The above policies aim at setting out comprehensively viewpoints, guiding principles, objectives, missions and implementation measures regarding the protection, exploitation, use and

development of water resources. Those also provide methods for prevention and mitigation of adverse impacts caused by water. Moreover, it delivers state responsibilities for related ministries on water sector avoiding conflicts, contradictions, gaps, overlaps on regulating functions, duties, power and organizational structure of the ministries.

Policies on infrastructure for agriculture

In the agriculture sector, infrastructure is considered to be a key issue for production development. Infrastructure for agriculture includes, but not limited to irrigation systems, storage systems, road systems, infrastructure for scientific researches on agriculture, and infrastructure for trading agricultural products. Some policies on agricultural infrastructure in general and those for rice production in particular are: Ordinance No. 32/2001/PL-UBTVQH10 dated 04/04/2001 on exploitation and protection of irrigation works; Law on Dykes No. 78/2006/QH11 dated 29/11/06; Decision No. 1590/QD-TTg dated 09/10/2009 on Irrigation Development Strategy; Instruction No. 4935/VPCP-KTTH dated 07/04/12 on construction of storages for rice; Some policies on building warehouse of rice include: Decision No.3242/QD-BNN-CB (December, 2nd 2010) on building storage system of 4 million tons: improving and upgrading existing storage system which has volume of 1.5 million tons, build new warehouses with volume of 2.5 million tons; Decree No.109/2010/ND-CP dated November, 4th 2010 on regulating that rice export enterprises need to ensure two conditions: have more than 5000-ton specialized storage and at least 1 milling factory with capacity of >10 tons/h; Decision No.63/2010/QD-TTg (October, 15th 2010) of the Prime Minister supporting for enterprises which invest in building warehouses; and other policies to promote scientific research and technology transfer in agriculture, with particular emphasis on selected issues: plant breeding, plant protection agents and fertilizers.

Investment on infrastructure for agriculture has been increasing and irrigation system receives highest attention with investments in 1991-1995 accounting for 75% of total capital for agriculture and since then, annual investment for irrigation has been made up from 1,350 to 1,700 billion VND. Government allocates annually a budget of about 2% GDP for science and technology and one-third of the budget goes to agricultural science and technology, mostly to research projects on plant and animal breeding with the aim to achieve breakthroughs in crop yield and quality. However, in general, the total investment in agriculture in Vietnam is still very small (about 6-7% of total investment in the whole country) and much lower than the contribution of the sector in national GDP.

As for storage, policy for temporary storage is concurrent with policies to ensure that people gain a minimum profit of 30% production costs. From 2009 to date, Government has procured four times in summer-fall season in 2009, 2010 and winter-spring season in 2011, 2012. The purpose of the policy is to push up demand by increasing the price. Government has the planning of storage system of about 4 million tons of rice in the Mekong river delta (MRD) to ensure purchase for all farmers, reduce post-harvest losses, improve efficiency of production of farmers and processors, exporters; adjust business activities in case of market fluctuations. The Government has been investing in building the new storage system and maintaining old storage system with total volume of 4 million tons. In particular, the capacity of old warehouses which will be maintained and upgraded is approximately 1.5 million tons. The capacity of new warehouse will reach the volume of 2.5 million tons. However, after two years, the implementation of project on building a four mil. tons of paddy storage system in MRD (according to resolution of food security) has not run as expected. The building process has been

implemented quite slowly; even some are still on the paper. Progress of projects has been completed by 40%, while the objective project is supposed to be completed by 2011. The implementation progress of the Northern Food Corporation (VNF1) is highest with 66% while the figure of the Southern Food Corporation (VNF2) is 58%. Many provinces have not yet implemented the said project such as: Long An, Can Tho, Dong Thap, Hau Giang.

Policies on rice price

Farmers often get low benefits although they are one of the important elements of rice value chain in Vietnam. Therefore, to raise farmer's income, government issues the policies to encourage companies to buy rice which ensures farmers to get at least 30% profit (according to text No.430/TTg-KTN on March, 12th 2010 of Prime Minister about rice consumption of farmers). Based on guidance about production cost survey and survey on production cost calculating method of the Finance Ministry and Ministry of Agriculture and Rural Development, People's Committees of provinces and central cities determine production costs, rice price of each season and announce rice price in the provinces (paddy rice price equal = the production cost plus (+) 30% profit) as a guide for enterprises to buy rice of farmers. When market rice prices fall below the price which is announced by the People's Committees of provinces and cities, Government establishes the rice price stabilization fund and allows enterprises to use this fund to purchase rice for temporary storage. The goal is to increase demand for boosting the rice price in the market. The Government will implement some solutions to impulse the enterprises to purchase rice for three months of autumn-summer season (in August, September, and October) with fixed rice volume (about two million tons) following the market prices. The objective of this policy is to ensure national rice storage and rice circulation (besides circulating reserve of Enterprises), supply to consumption and export. This will help to increase the market rice price to the announced price of Provincial People's Committees. And then, enterprises can purchase rice according to market price signals (equal or higher than the price which is announced by People's Committees of provinces and cities).

Government will support 100% of interest of loans for the enterprises to purchase rice for temporary storage within 3 months. In the begging period (about 1-2 years), the State will use Government's budget to support for these enterprises. And then, when the price stabilization fund is strong enough, the State will use this fund for interest support. These policies are implemented annually based on the changes in market rice prices.

+ 2009: According to Decision No.1518/QD-TTg (September, 22nd 2009) on procurement for temporary storage rice in autumn – Summer Season of 2009: the Prime Minister requested the Southern Food Corporation to purchase 500,000 tons of temporary reserve in summer-autumn of 2009 to maintain the market price. The objective of this Decision was to ensure farmer's profit. The time for rice purchase was two months (from 20th September to 20th November 2009); the time for temporary reserve was four months (from 20th September 2009 to 20th January 2010); The State supported 100% of interest for enterprises which purchased rice for temporary storage. Moreover, the Ministry of Finance issued Circular No.221/2009/TT - BTC on supporting loans interest rate to buy rice for temporary reserve in the summer-autumn of 2009.

In 2010: According to Decision No.993/QD-TTg (June, 30th 2010) on procurement for temporary storage in autumn – Summer Season of 2010: the Prime Minister requested the

Southern Food Corporation to buy one million tons of rice for temporary reserve in summer-autumn crop. The time for purchasing above rice volume was two months from 15th July to 15th September 2010; The time for temporary storage was four months from 15th July to 15th November 2010. The State supported 100% of interest for enterprises who purchased rice for temporary storage.

In 2011: On March, 9th 2011, the Prime Minister issued decision No.15/2011/QD-TTg on rice procurement for annual storage.

In 2012: According to Decision No. 287/QD-TTg of the Prime Minister, issued on March, 09th 2012 on purchasing rice for temporary reserve, winter-spring season of 2012: The Prime Minister decides to buy one million tons of rice, the time for purchasing rice from March, 15th 2012 to April, 30th 2012. The time of harvest in in February and March, the production is expected to reach 3.55 million tons. This purchase will reduce inventory and damages to farmers, especially in MRD.

Policy on rice export

Restrict export in emergency case

Due to impacts of global economic crisis, this policy was implemented in 2008. The objectives are to constrain inflation, stabilize domestic price consumption, and ensure food security. However, when the policy was implemented in March, 2008, the procurement price and average export price were pushed up. This was only virtually felt on May, 2008 after announcement that Japan opened rice storage. This policy also affects considerably to the rice export enterprises because their export plans depend on export management scheme in each period, so it's difficult to make long-term plans. Also, the sudden contract termination causes to reduce prestige of Vietnam enterprises with their partners. At the same time, many enterprises only focus on G2G contracts; and there is no motivation to expand market.

Regulate conditions for rice export enterprises

Recently, management of rice export has many shortcomings with a lot of exporters, unfair competition or fighting for purchase and sales. This has caused many farmers and even consumers to lose many sources of income for whole economy. On November 4th 2010, the government promulgated Decree 109/NĐ/2010 about rice export business. This is one of the most important policies that affects strongly the business of exported rice. Therefore, if any Vietnamese enterprises can meet fully all conditions, they will be issued certificates of rice export business. Enterprises want to do business on export rice, so they have to ensure at least two conditions including: (i) Have a 5000-ton specialized storage at least; (ii) Own a milling factory of 10 tons/h at least in a province, city having export paddy, rice or having international seaport for import or export rice; and maintain a minimum volume of reserves equivalent to 10% of rice exports of six months before. When the domestic rice price increases suddenly, the ministries will guide traders to sell the reservation rice into the domestic market. The Decree also stated that the warehouses, milling facilities of export traders have to be located in the province or city under the Central where rice for export or international port with active rice exporters and traders offer the certificate for rice export business. The objectives of the policy are: (i) Connect export enterprises to rice farmers in the long-term, contribute to consume rice and ensure benefit

of paddy producers, (ii) Ensure to balance export and domestic consumption, (iii) Stabilize rice market, enhance efficiency of exports.

However, the Decree does not reach the macro goal because the most important issue is innovation of production method aiming to link “4 stakeholders” (enterprise – farmer – scientist – government) with farmers and enterprises as the main forces. In order to do this, farmers have to own material zones. Besides, enterprises must have contracts to ensure quality as well as quantity of products, invest more in material zone and create their brand name. Farmers also cooperate in production to be an important partner of enterprises. Then basing on good storage, and good process of the post-harvest stage all enhance the Vietnamese rice value chain. At present, there are about 250 rice export enterprises, in which about 80 are exporting 5,000 tons/year. The conditions of the Decree only help the existing big companies to increase their power, and eliminate the small businesses which cannot meet the requirements of storage and milling capacity. The Decree will be a barrier to the new companies which want to go into the business of rice sector.

Control export by quotas

Vietnam began to export rice products in world market since 1989. In the early years (1989-1991), the government did not limit rice exports because almost households reserved for consumption, and only surplus rice was exported. The enterprises which had rice export - import licenses may export rice and do not depend on the major business field. This method of management has led to critical competition between enterprises. As the result, the export price of rice decreased. Many enterprises did not implement the signed contracts. To solve this, the government sets rice into the list of export items under the State’s orientation. Rice export has been controlled closely by quotas to constrain domestic prices, ensure food security. From 1992 to 1995, rice export quotas were allocated to each enterprise. The Ministry of Commerce has allocated 70% of quota on state-owned companies. Rice export licenses were issued for the provincial food companies with total output of 200,000 tons and two provincial food companies with an output of 600,000 tons. The management of rice export was under the plan of the Ministry of Trade, based on the rice volume balance needed for export of the Ministry of Agriculture and Rural development and Ministry of Trade and Industry, and the plan of the State Committee for Planning².

The Northern Food Corporation (VINAFOOD 1) and the Southern Food Corporation (VINAFOOD 2) were established in 1995, on the basis of reorganizing the State food enterprises. The right of rice export was delivered to the major enterprises including VINAFOOD1, VINAFOOD2 and some State enterprises in the provinces (mainly in MRD provinces). These enterprises which were allocated rice export quotas as announced list could export 60-70% of their quotas directly. And, the rest of quotas could export from export mandate of other enterprises which did not have quotas. The trading of quotas was prohibited strictly. Decision for assigned rice export quotas to major enterprises was decided by the rice export operating team³, based on offers from the provincial People's Committee, Vietnamese Food

²According to interministerial circular no.02/TTLB/NN-TM between Ministry of Finance and Agriculture about steering rice export in 1995

³ Is the interministerial team including the ministry representatives (Finance, Agriculture and Rural Development, Planning and Investment, Commerce), State Bank, State Price Committee, Government Office and many food companies.

Association with consultations of Ministry of Agriculture and Rural Development, and Ministry of Trade⁴.

In order to increase competition in the market, since 1997, the government allocated 60-70% of rice export quotas for the provinces and cities under central which have large rice products. The president of the provincial People's Committees was responsible for assigning quotas for the major local enterprises. And other 30-40% of rice export quotas were allocated to the central food enterprises⁵.

To support the government in managing export of rice, the steering committee of the rice export and fertilizer import was established in 1999 under decision 20/1999/QD-TTg (February, 13th 1999) of the Prime Minister. The steering committee was responsible for monitoring the contract signing, monitoring delivery schedules on the basis of the national quotas which were approved by the Prime Minister and chairman of the provincial People's Committee. The management of steering committee was to ensure rice export suitable for production statement and domestic and international markets, eign; ensure national food security and effectiveness of export, avoid fluctuations in food prices⁶.

Although export quota is an effective policy for ensuring national food security and maintaining stable rice prices in the domestic market, this policy also leads to limit production and export of rice at its potential level in Vietnam, and damage to the producers. In addition, this policy shows many disadvantages: Export quotas was allocated at the beginning of the year while the rice production in the year is not yet known; so the plans are usually adjusted, including some cases of cancellation of signed contracts with customers⁷; The quota allocation for two big corporations created monopoly advantages, unfair competitive environment; Besides, the quota allocation according to "ask- for" mechanism also created the slits as: lobby, trading quotas, mobilizing floor price to make benefits to enterprises and becomes disadvantageous to farmers; It also created negatives in international trade negotiation. Therefore, on May, 1st 2001, Decision No.46/2001/QD-TTg on the mechanism of import and export management in 2001-2005 was issued. The content of this Decision are to eliminate quotas and encourage the economic stakeholders to participate in rice exports. There was important change in rice trade policies. This was a big step in the mechanism of Vietnam's rice export management to help domestic producers to access the world market.

Policy to support directly to paddy farmers

The government issued Decree No. 42/2012/ND-CP (May, 11th 2012) on management and use of rice land. The Decree becomes effective from July, 1st 2012 in order to protect rice land. Accordingly, the policies to support the farmers, support rice production when it is damaged by natural epidemic diseases, support for reclamation and improvement of rice land. Based on the rice area, the central budget support for local budgets (including investments and regular expenditures) for rice production including: Support 500,000 VND/hectare/year for wet rice

⁴ According to announcement 5779 TM/XNK about the problems concern to rice export

⁵ Document No.4240 NN-KH/CV issued by Ministry of Agriculture and Rural Development (November, 22th 1997).

⁶ Decision no.20/1999/QD-TTg (February, 13th 1999) of Prime Minister and no.0248/1999/QD-BTM (March, 11th 1999) of Ministry of Finance

⁷ Chantal Pohl Nielsen, "Vietnam in the International Rice Market – A review and evaluation of domestic and foreign), 2002, page 7.

land; Support 100,000 VND/hectare/year for other rice land except upland rice which was expanded land out of planning. Specific supports are as follows:

Support annually for the farmers:

+Support 500,000 VND/hectare/year for organizations, households and individuals which grow rice on the rice specialized land.

+Support 100,000 VND/hectare/year for organizations, households and individuals produce on other lands except upland rice which was expanded land out of planning.

Support for paddy farmers damaged by natural, epidemic diseases:

+Support 70% of cost of fertilizers and pesticides for rice production for farmers when they lose over 70% of production.

+Support 50% of cost of fertilizers and pesticide for rice production for farmers when they lose over 30-70%.

Support for reclamation and improvement of rice land:

+ Support 70% of reclamation and improvement costs for farmers when they reclaim unused land into rice land or improve other land into wet rice specialized land; the cost will be determined by provincial People's Committee at and city under Central.

+ Support 100% of rice variety cost in the first year which is grown on new reclamation land.

Supports 70% of rice variety cost in the first year on the other land areas which is improved into wet rice land.

Supporting frameworks:

+ The localities which receive from the central budget will be supported 100% of fund.

+ The localities which receive less than 50% from revenues of the central budget will be supported 50% of fund.

+ The other localities use the local budgets.

This is the first policy to support directly for the farmers. Farmers know exactly the supported value but not through any intermediate stakeholders. This policy has pushed up transparency and clarity. However, the policy has some weaknesses including (i) the difficulty to implement and monitor because a large number of farmer households – approximately 10 million households spread through the 8 regions and 63 provinces of whole country, (ii) difficulty to identify whether upland rice area is in planning area or not, (iii) the inefficient impacts do not make a considerable change in income of paddy households compared to other farmer households, or households assigned to work in non-agricultural sectors.

Changes in policy orientation on food security

- From “protect paddy land” to “protect agriculture land:” Farmers cannot get rich basing on paddy. Moreover, whether or not we keep 3.8 million ha of paddy land in 2030 while the experts forecast that in the worst case, Vietnam will still meet domestic demand even export with 3.0 million ha. Why don't we convert these areas to other annual crop land so that farmers can earn higher income?
- From “food security” to “increases farmer income:” One of the four elements to ensure food security is accessibility to food sources. So, instead of food aid to farmers, the government should create more jobs for them to improve their income. Because when they have high income, they can promote self-reliance in food accessibility.
- From “food export” to “promote the overall importance of rice:” In comparison with other agriculture commodities, rice is a political and diplomatic food. The more farmers' power is large, the more Government is under pressure, for example: Thailand, Indonesia... Vietnam is still a poor country and its farmers have less power.
- From “administrative management” to “management through market mechanism:” The operation of rice value chain should be implemented by market mechanism instead of through state management.
- From “dominant role of VFA and SOEs” to “equal ground for all actors:” This will help other stakeholders have more chances to participate in export activities, which create fair competition of domestic export companies and redistribute the benefit to all stakeholders in the value chain.

CONCLUSION

With the current situation of the whole economy and the rice sector, in the context of small-holding agriculture, and in accordance with the food security objectives of the government, some policy suggestions can be made as follows:

- Regarding paddy land, we suggest to keep highest attention on keeping paddy land in the Mekong and Red River Delta and classify paddy land into 3 types:

+Type 1- extremely suitable land for paddy production: This type of land, which is located in favorable areas, must be kept on a long-term basis thus result in high rice quality and yield.

+Type 2- suitable land for paddy production: This type of land will be kept for a certain period of time, and can be used for other crops to diversify income for farmers if necessary

+Type 3- others. This type of land can be used for other crops if required.

By clearly diversifying paddy land, it will be easier for land protection and management, for using land more effectively and giving opportunities for farmers to improve their incomes by diversifying their production.

- Bigger investment should be made in researches on new and better varieties, especially diseases and flood resistant varieties. Researches should be carried out to find suitable crop structures taking into account the ecological balance, ensuring production efficiency and suitability.

- Policies on infrastructure for agriculture should aim at: building rice storages to enhance the current storage capacity and quality; promoting mechanization in the production, harvesting, processing and storage of rice; providing more and better facilities for rice trading such as construction of Can Tho Port for rice export in the Mekong Delta; strengthening the rice distribution system and trading network such as food retail outlets and warehouse systems.
- Policies to support rice farmers to enhance their abilities in terms of production knowledge, education level so that they can become professional farmers with higher position in the society with stronger voices.
- Policies on rice business should be made to let all stakeholders fairly operate in the rice value chain under the market mechanism with less dependence on state owned big companies./.

REFERENCES

- Land Law No. 13/2003/2011 dated September 26th, 2003.
- Resolution No. 63/NQ-CP dated December 23rd, 2009 of government on ensuring national food security.
- Resolution No. 17/2011/QH13 dated November 22nd, 2011 on land plan towards 2020 and the national 5 year land use plan for 2011-2015.
- Decision No. 124/QD-TTg dated February 2nd, 2012 of Primer Minister on master plan for the development of agricultural production towards 2020 and 2030 visioning.
- Decision No. 432/QD-TTg dated April 12th, 2012 of Primer Minister on sustainable development strategy for 2011-2020.
- Decree No. 42/, 2012/ND-CP dated May 11th, 2012 of government on paddy land use and management.
- Instruction No.100 CT/TW of Secretariat of Party Central Committee on “Innovate policy to ensure equality between workers and groups in agricultural cooperatives”.
- Resolution No.10 of Politburo (April, 5th 1988).
- Decree No.64/CP dated September 27th, 1993 of government on stabilizing agriculture production and long-term land use.
- Decree No.68/2001/ND-CP dated October 1st, 2001 of government on developing plan to protect agricultural land, especially rice land.
- Decree No. 150/2005/QD-TTg dated June 20th, 2005 of Primer Minister on approving the plan of restructuring agricultural production, forestry, fisheries throughout the country until , 2010 and vision to 2020.
- Decree No. 42/2012/ND-CP dated May 11th, 2012 of Government on the management and use of rice land.
- Decree No. 150/2005/QD-TTg dated June 20th, 2005 of Primer Minister on approving the Plan of restructuring agriculture, forestry, fishery production towards 2010 and 2020 visioning.
- Decision No. 81/2006/QD-TTg dated April 14th, 2006 of Primer Minister on National Strategy for Water resources towards 2020.
- Law on Water Resources No. 17/2012/QH13 dated June 21st, 2012.
- Decision No. 1590/QD-TTg dated October 9th, 2009 of Primer Minister on Irrigation Development Strategy.
- Ordinance No. 32/2001/PL-UBTVQH10 dated April 4th, 2001 on exploitation and protection of irrigation works;
- Law on Dykes No. 78/2006/QH11 dated November 29th, 2006.

Instruction No. 4935/VPCP-KTTH dated April 7th, 2012 of Government office on construction of storages for rice.

Decision No.3242/QD-BNN-CB dated December 2nd, 2010 of Ministry of Agriculture and Rural Development on building storage system of 4 million tons.

Decree No.109/2010/ND-CP dated November 4th, 2010 of Government on rice export enterprises

Decision No.63/2010/QD-TTg dated October 15th, 2010 of Prime Minister on support policy to reduce losses of post-harvest of agricultural and fishery products

Text No.430/TTg-KTN dated March 12th, 2010 of Prime Minister on rice consumption of farmers.

Decision No.1518/QD-TTg dated September 22nd, 2009 of Prime Minister on procurement for temporary storage rice in autumn – Summer Season of 2009

Circular No.221/2009/TT - BTC dated November 24th, 2009 on supporting loans interest rate to buy rice for temporary reserve in the summer-autumn of 2009.

Decision No.993/QD-TTg dated June 30th, 2010 of Prime Minister on procurement for temporary storage in autumn – Summer Season of 2010.

Decision No.15/2011/QD-TTg dated March 9th, 2011 of Prime Minister on rice procurement for annual storage.

Decision No. 287/QD-TTg dated March 09th, 2012 of Prime Minister on purchasing rice for temporary reserve, winter-spring season of 2012.

Circular No.02/TTLB/NN-TM between Ministry of Finance and Agriculture about steering rice export in 1995.

Announcement 5779 TM/XNK dated May 14th, 1996 of Ministry of Trading on the problems concern to rice export

Document No.4240 NN-KH/CV dated November 22th, 1997 of Ministry of Agriculture and Rural Development on Plan of rice export in 1998.

Decision No.20/1999/QD-TTg dated February 13th, 1999 of the Prime Minister on establishment and operation regulations of the Steering Committee of rice exports and fertilizer imports

Decision No.0248/1999/QD-BTC dated March 11th, 1999 of Ministry of Finance.

Date submitted: March 13, 2014

Reviewed, edited and uploaded: March 14, 2014