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AGRICULTURAL RESTRUCTURING - INITIAL SUCCESS



On May 17th 2014, in Hanoi, the Ministry of Agriculture and Rural Development held the preliminary review meeting on 1-year implementation of the Scheme "Agricultural restructuring towards greater added value and sustainable development" and the launching of the movement "The whole agriculture and rural development sector puts joint efforts into restructuring and new rural development" in the period 2014 - 2015 and until 2020.

Preliminary review on 1-year implementation of the Scheme "Agricultural restructuring towards greater added value and sustainable development" (Scheme) under Decision 899/QĐ-TTg dated June 10th 2013 of the Prime Minister shows that the agricultural sector now has a clearer conception of the Scheme through specific policies focused on added value enhancement and sustainable

development.

Minister Cao Duc Phat emphasized that restructuring is not about responding to situations but making fundamental changes in agriculture and affecting 25 million people working in agriculture sector. Therefore, it is imperative to implement agricultural restructuring, creating a revolution with rapid breakthroughs.

According to Minister Cao Duc Phat, by May 10th 2014, 23/63 provinces and municipalities issued the provincial agricultural restructuring scheme (or Action plan) and some provinces initiated actual implementation.

After 1-year implementation of agricultural restructuring, each sub-sector is making noticeable changes. Crop production sector has implemented planning review and crop restructuring in accordance with local advantages and market demand. In particular, the focus is to reduce rice cultivation area in regions with disadvantages and low production efficiency and shift to farm-produced crops and fodder crops of higher efficiency. Regarding fishery sub-sector, Viet Nam is now on the list of 10 leading producers and exporters of fishery products.

Speaking at the meeting, Deputy Prime



Minister Hoang Trung Hai affirmed: The agricultural sector has taken the first step in the implementation of the Government's direction on restructuring among other sectors and government agencies. However, the implementation process still faces confusion.

Deputy Prime Minister Hoang Trung Hai stressed: Restructuring requires complete innovation in thinking and approach, which focuses on raising awareness and responsibility of the sector as well as the people for a better idea about the market, science and technology application, quality of agricultural products and agricultural services. "Farmer is the focus and enterprise is the drive of the restructuring scheme".

The Deputy Prime Minister suggested provincial leaders, farmers, scientists and enterprises should consider



Deputy Prime Minister Hoang Trung Hai delivered his speech at the meeting

restructuring as a crucial requirement for development. The Ministry of Agriculture and Rural Development is the leading agency responsible for timely recommendation for state policies on funding, credit and

scientific research to implement the restructuring and preparation of the contract for responsibility-sharing mechanism between farmers and enterprises in production and consumption linkage.

(Conclusions of Deputy Prime Minister Hoang Trung Hai at the preliminary review meeting on 1-year implementation of Agricultural restructuring and the launching of the movement "The whole agriculture and rural development sector puts joint efforts into restructuring and new rural development" in Notice 208/TB-VPCP of the Government Office, dated May 21st 2014).

MARD MINISTER APPROVED THE DECISIONS TO PROMOTE SECTOR RESTRUCTURING

Upon uniform implementation of sector restructuring, the schemes and action plans for sub-sector restructuring have been approved by the Minister of Agriculture and Rural Development, namely:

1. Forestry sector restructuring scheme approved in Decision 1565/QĐ-BNN-TCLN dated July 8th 2013 and Decision 1757/QĐ-BNN-TCLN dated August 1st 2013 issues the Action Plan for implementation of forestry sector restructuring scheme

2. Decision 957/QĐ-BNN-TCLN dated May 8th 2014 approves the Action Plan for market development of wood and wood products in period 2014-2020

3. Decision 710/QĐ-BNN-KTHT dated April 10th 2014 approves the Plan for innovation and development of cooperative organization forms in agriculture.

4. Decision 916/QĐ-BNN-QLDN dated May 5th 2014 issues the Implementation Plan for Resolution 15/

NQ-CP of the Government dated March 6th 2014 on a number of solutions to accelerate the equitization, divestments in state enterprises.

5. Decision 94/QĐ-BNN-QLDN dated May 14th 2014 issuing the Implementation Plan for the programs and plans of the Government on the implementation of Resolution 30-NQ/TW of the Politburo dated March 12th 2014 on continued restructuring, innovation, development and efficiency improvement of agriculture and forestry companies.

6. Decision 2760/QĐ-BNN-TCTS dated November 22th 2013 approving "Fishery sector restructuring scheme towards greater added value and sustainable development" and Decision 1167/QĐ-BNN-TCTS

dated May 28th 2014 issuing the Action Plan for the implementation of “Fishery sector restructuring scheme towards greater added value and sustainable development”

7. Decision 794/QĐ-BNN-TCTL dated April 21st 2014 approving Irrigation Sector Restructuring Scheme and Decision 802/QĐ-BNN-TCTL dated April 21st 2014 issuing the Action Plan for implementation of the scheme.

8. Decision 984/QĐ-BNN-CN dated May 9th 2014 approving “Livestock sector restructuring scheme towards greater added value and sustainable development” and Decision 985/QĐ-BNN-CN dated May 9th 2014 issuing and the Action Plan for implementation of the sector restructuring scheme.

9. Decision 1006/QĐ-BNN-TT dated May 13th 2014

issuing the implementation plan for crop production sector restructuring in 2014-2015 and period 2016-2020.

10. Decision 1003/QĐ-BNN-CB dated May 13th 2014 approving the scheme “Improving added value in the processing of agricultural, forestry and fishery products and reducing post-harvest losses” and Decision 1016/QĐ-BNN-CB dated May 13th 2014 issuing the Action Plan for implementation of the scheme.

11. Decision 986/QĐ-BNN-KHCN dated May 9th 2014 issuing the Plan on the promotion of science and technology research and application for agricultural sector restructuring towards greater added value and sustainable development.

(Full text of the Decisions on www.isgmard.gov.vn and <http://law.omard.gov.vn>)

NEW RURAL DEVELOPMENT - THE CENTRAL POLITICAL TASK

According to the report of the Central Steering Committee for the National Target Program on New Rural Development (NTP-NRD), the movement “The whole country puts joint efforts into new rural development”, launched by the Prime Minister, has made an impact on the interest, resource support and encouragement from the whole society for farmers and rural areas. The awareness of most officials and the people about NRD has noticeably improved. NRD has become a nationwide movement, with the leadership of the entire political system and the support and direct involvement of the people. Speaking at the meeting, on behalf of the Party and State, Prime Minister Nguyen Tan Dung praised and appreciated the efforts of the ministries, provincial and central departments to implement the NTP-



On May 16th 2014, the Central Steering Committee for the National Target Program on New Rural Development (NTP-NRD) held the preliminary review meeting on 3-year implementation of the program. Prime Minister Nguyen Tan Dung attended and chaired the meeting.



Prime Minister Nguyen Tan Dung delivered his speech at the meeting

NRD, as well as noted the practical recommendations for the implementation of this program.

Prime Minister Nguyen Tan Dung affirmed, in the spirit of the implementation of Resolution 7 on agriculture, rural areas and farmers, the Government identified the National Target Program on New Rural Development with 19 criteria, including rural industrialization, agricultural modernization, enhancement in agricultural production efficiency and improvement in the lives of rural population. This is also a significant requirement to assure sustainable agricultural and rural development

and a foundation for socio-economic development.

According to Prime Minister Nguyen Tan Dung, during 3 years of implementation of the program, the awareness of government committees, the political system and the people has been gradually raised. The issued policies have generally been appropriate and timely. The central and provincial specialized units for implementation of this program have operated uniformly and effectively. The planning and development of socioeconomic infrastructure, production planning and poverty reduction has achieved much progress in rural areas. Resources invested in agriculture and rural areas steadily increase and monitoring efficiency is enhanced. The mastery role of the people is improved and the robust political system assures political security in rural areas.

The Prime Minister proposed a new production relation along the value chain from seed, production, harvest, processing and storage to the market. The linkages between banks and the people and between enterprises and farmers should be strengthened to prevent losses to farmers. The provinces should create incentives for enterprises to invest in rural areas to promote rural economic restructuring. Accordingly, when enterprises link with farmers to invest in production, rural labors will shift to non-agricultural sectors and commercial services.

For the long term, the Prime Minister requested the ministries, departments and provinces to mobilize investment in rural infrastructure such as transport and irrigation, mobilize contributions from the community, integrate funds and make specific and realistic calculations to avoid scattered investment. Another



The Prime Minister awarded certificates of merit to representative individuals and groups with outstanding achievements in NRD

focus is the implementation of rural vocational training programs associated with the demand of labor-receiving enterprises, creating resources for industrialization and modernization. Social security, health care, education and cultural life should also be assured in rural areas.

Regarding the implementation solutions, the Prime Minister requested the committees and governments at all levels and the political system to consider this as a regular political task. The people should use their initiative and avoid the thought of dependence.

At the meeting, the Steering Committee has honored 291 representative groups and individuals with the Prime Minister's certificates of merit for outstanding achievements in the national movement for new rural development. On this occasion, the Prime Minister has decided to award a welfare facility worth 1 billion VND to each of 27 communes in 27 provinces and cities with new rural standards and achievements from the government bond funds for implementation of NTP-NRD.

ACCELERATING HIGH-TECH APPLICATION IN AGRICULTURE



Representatives for policy makers, scientists and enterprises discussed to find the solutions to high-tech development in agriculture.

Nhan Dan Newspaper, in collaboration with the Ministry of Agriculture and Rural Development and the State Bank of Viet Nam, held the

workshop “Solutions to the development of large-scale agricultural production model with high-tech application” on May 15th 2014 with the aim of identifying causes and obstacles to high-tech applications in agricultural production and seeking promotion solutions.

At the workshop, Minister Cao Duc Phat commented: “After nearly 30 years of innovation, the agriculture sector has taken a number of development steps with encouraging achievements. However, many structural limitations have been discovered, which requires changes in agricultural sector for rapid and sustainable development and higher benefits for the people and enterprises.”

Mr. Thuan Huu - Nhan Dan Newspaper editor-in-chief mentioned: “Viet Nam agriculture is entering a new

stage of in-depth development with larger scale, better quality and higher added value for international economic integration. That requires high-tech application to improve efficiency, competitiveness and product quality and meet the diverse demand of consumers and export standards”.

Due to these facts, the agriculture sector needs a great revolution to make complete changes in production methods, promote restructuring towards higher value, large-scale production linkages and sustainable high-tech applications.

PROMOTING FDI IN AGRICULTURE

Minister Cao Duc Phat said, while foreign direct investment in Vietnam has increased steadily over the past 20 years, mostly in the field of industry - construction, tourism and high technology, FDI in agriculture, forestry and fisheries not only accounts for a very small proportion but also tends to decline. According to data of the Foreign Investment Department, in 2001, FDI in agriculture accounted for 8% of total FDI of the country and 10 years later, this figure hardly reached 1%, with just about 500 valid projects. Furthermore, funding allocation is unbalanced, mostly focusing on industries with quick recovery of capital and mainly in the Mekong River Delta and Red River Delta.

At the meeting “Strengthening management and attraction of foreign direct investment in agriculture, forestry and fisheries in the period 2015-2020, with directions to 2030”, Minister Cao Duc Phat emphasized that the workshop was a great opportunity for the ministry to listen to the discussion of experts, regulators, domestic and foreign enterprises and international organizations, pointing out the real cause for the “poor” condition of FDI attraction in agriculture and proposing solutions to exploit the full potential, increase farmers’ income and bring long-term benefits for investors in agriculture in the future.

The participants focused on discussion and pointed out the main reasons why investors were afraid of the high-risk agricultural sector, including natural disasters, epidemics, low profits and slow recovery of capital. In addition, small-scale production, land



Ministry of Agriculture and Rural Development organized the consultation workshop on the draft scheme “Strengthening management and attraction of foreign direct investment in agriculture, forestry and fisheries in the period 2015-2020, with directions to 2030”, May 19th 2014 in Hanoi.

fragmentation and lack of adequacy and clear strategies for foreign direct investment promotion in agriculture is also the barrier to foreign investors.

Speaking at the workshop, Ms. Victoria Kwakwa, Director of the World Bank (WB) in Vietnam commented, for FDI attraction in agriculture, Vietnam should identify the potential sectors. The solutions should also be implemented in a coordinated and integrated manner, which means, beside the Ministry of Agriculture and Rural Development, other ministries have to involve. Experience of WB shows that investment promotion in specific group of sectors is more effective than investment promotion in general. She affirmed: “We are ready to support the Ministry of Agriculture and Rural Development in developing a climate-smart agriculture to bring benefits for the farmers. We are honoured to be part of the new rural development process and committed to trying to support Vietnam in this process.”

In his closing speech, Minister Cao Duc Phat emphasized that the Ministry will review the policies and issue better policies on investment attraction

in agriculture to encourage foreign investors. Currently the Ministry of Agriculture and Rural Development is determined to implement sector restructuring towards large-scale commodity production, greater added value

and sustainable development. The government will also create a favorable environment for investment, cut down procedures and costs and avoid lack of uniformity between policy and implementation in practice.

PPP WILL “ABSORB” FDI IN AGRICULTURE



Enterprises participating in PPP tea group have invested 440,000 euros in training and production model linkages for more than 23,000 farmers in 6 provinces.

Viet Nam is one of 11 countries testing the agricultural public-private partnership (PPP) model, with the participation of 20 leading corporations and companies in the world. So far, 6 PPP groups including tea, fruits and vegetables, commodities, fish, coffee and credit have all shown good efficiency and received high acclaim from the world.

Mr. Tran Vu Hoai, Corporate Relations Vice President of Unilever Vietnam, representative of tea PPP group, mentioned: Through PPP models, tea farmers and tea-processing factory owners have received training in sustainable farming to obtain international certifications. Each year, Unilever purchases 30,000-35,000 tons of tea with international certification (Rainforest Alliance) for exportation.

“Our goal is to help tea brand ‘made in Viet Nam’ be renowned like coffee brand ‘made in Viet Nam’ as exported to the world,” said Mr. Hoai.

Similarly, fishery PPP group has yielded positive results. Mr. Philippe Bacac, CEO of Metro Cash & Carry Vietnam, leader of fishery PPP task force, said: Metro and other participating enterprises like Cargill and Fresh Studio... have developed the seafood production chain of international safety standards, helping domestic seafood reach supermarkets.

To date, fishery PPP task force has provided training in

aquafarming skills, safe use of drugs and chemicals and proper processing, packaging and transport... for more than 2,000 aquaculture farmers, 400 traders. Thus, every year, over 4,000 tons of clean seafood from PPP models is consumed in supermarkets nationwide.

PPP models were expected to become the key to FDI attraction into agriculture. Actual implementation shows that FDI cannot flow right into agriculture when the production model does not produce much innovation. Furthermore, state involvement in PPP models is rather limited and yet the Decree on PPP has not been issued.

However, once the commodity sectors establish the value chains, foreign investment may flow more into agriculture. “I believe that Viet Nam has many prospects for FDI attraction in agriculture through PPP projects”, said Dr. Dang Kim Son, Director of Institute of Policy and Strategy for Agriculture and Rural Development.

According to Mr. Son, agriculture is an advantage of Viet Nam, and agricultural investment is also a trend in the world. As long as the government is determined to succeed in agricultural restructuring, agricultural investment will soar, not just FDI.

Initially, the best benefits of agricultural PPP models are changes in production processes and techniques and linkages between enterprises and farmers. The management agency (directly as the Ministry of Agriculture and Rural Development) also timely and accurately recognize actual difficulties in production to develop, amend and apply appropriate management policies.



Dr. Dang Kim Son, IPSARD Director

INTERNATIONAL COOPERATION

The 2nd meeting, Asean Plus Three Emergency Rice Reserve (APTERR) Council

APTERR Council was established in 2012, with the participation of 10 ASEAN member countries and 3 partner countries: Japan, South Korea and China. The basic objective is to attempt to resolve security problems in East Asia, respond to the vulnerability of communities affected by natural and man-made disasters, reduce adverse impacts of disasters, prepare for trade shocks to rice - a staple food items. The Fund operates through three channels: (1) food security assurance through trade relations between the governments; (2) disaster relief by Fund reserve; and (3) grant aid from three partner countries.

Speaking at the conference, Deputy Minister of Agriculture and Rural Development Le Quoc Doanh showed high appreciation of existing cooperation between ASEAN and the three countries China, Japan and South Korea in joint efforts to respond to regional shocks to food security occurred in emergency situations, mitigate disasters and assure food security for countries in the region. The Deputy Minister also appreciated the efforts of APTERR member countries to comply with their commitments. This is the core issue to maintain the existence of the Fund as well as effective implementation of the Fund's activities.



Deputy Minister of Agriculture and Rural Development Le Quoc Doanh delivered his speech at the meeting

As the ASEAN countries have completed the ASEAN Integrated Food Security Framework and the 1st Action Plan of the Secretariat of ASEAN Food Security Reserve Board for period 2009-2013 and started to prepare for phase 2 (2013-2020), it is fundamental to coordinate ASEAN food security mechanism and cooperation mechanism between ASEAN and 3 partner countries to respond to emergency food security.

Viet Nam-Korea agreement on agricultural value chain development



The signing ceremony of the Memorandum of Understanding on the implementation of project "New rural development associated with agricultural value chain development in Ninh Thuan"

On May 27th, the signing ceremony of the memorandum of understanding (MOU) between Korea International Cooperation Agency (KOICA) and Cheil Jedang (CJ) Corporation - South Korea, Ninh Thuan Provincial People's Committee and the Ministry of Agriculture and Rural Development (MARD) on the implementation of the project "New rural development associated with agricultural value chain development in Ninh Thuan" was held in the city of Phan Ranh, Ninh Thuan province.

The signing ceremony saw the attendance of Mr. Tran Thanh Nam, MARD Deputy Minister; Mr. Nguyen Duc Thanh, Provincial Committee Secretary and Chairman of the Provincial People's Committee; Mr. Luu Xuan Vinh, Deputy Permanent Secretary of the Provincial Committee; Mr. Doo Jung Soo, KOICA Vice President, Mr. Kim Hak Su, President of Asia Economic Community of Korean Ministry of Foreign Affairs, Mr. Lee Jae Wook, Vice Chairman of CJ Corporation.

Speaking at the ceremony, Mr. Tran Thanh Nam, MARD Deputy Minister affirmed: One of the main tasks of agriculture sector in 2014 and subsequent years is restructuring towards greater added value and sustainable development, associated with new rural development, by encouraging the development of various cooperation forms and links in production, especially between farmers, enterprises and the Government, establishing the value chain and assuring harmony of interests between stakeholders. Thereby, the Deputy Minister highly appreciated KOICA and CJ Corporation implementing the project "New rural development associated with agricultural value chain development in Ninh Thuan." He believed this public-private partnership model should be replicated in other provinces in the country.

Legislation in agriculture and rural development in April-May 2014

Published Date	Content
The Prime Minister	
05/16/2014	Decisions 721/QD-TTg on the award of welfare facilities for typical communes with new rural standards.
05/07/2014	Decision 651/QD-TTg on the consolidation of the Central Steering Committee for the National Target Program on New Rural Development in period 2010-2020.
05/05/2014	Decision 639/QD-TTg on the issuance of 2014 Work plan of the Central Steering Committee for the National Target Program on New Rural Development.
05/05/2014	Decision 644/QD-TTg on the approval of the Scheme "Support for small and medium enterprises to develop sector linkage clusters in the value chain of agriculture and rural areas"
04/29/2014	Decision 634/QD-TTg on the approval of the Scheme on Domestic market development associated with the Campaign "Vietnamese people use Vietnamese products" in period 2014-2020.
04/25/2014	Directive 09/CT-TTg on the implementation of Decree 210/2013/ND-CP dated December 19th 2013 on incentive policies for enterprises to invest in agriculture and rural development.
The Government	
05/02/2014	Resolution 29/NQ-CP on the Government's regular meeting in April 2014.
04/29/2014	Decree 35/2014/ND-CP on the amendment of a number of articles of Decree 29/2011/ND-CP dated April 18th 2011 of the Government on strategic environmental assessment, environmental impact assessment and environmental protection commitments.
04/29/2014	Decree 36/2014/ND-CP on catfish farming, processing and export.
Government Office	
05/21/2014	Notice 208/TB-VPCP: Conclusions of Deputy Prime Minister Hoang Trung Hai at the Preliminary review meeting on the implementation of agricultural restructuring and the launching of the movement "The whole agricultural sector puts joint efforts into restructuring and new rural development"
05/06/2014	Dispatch 3150/VPCP-KTN on the progress report of the preliminary review meeting on 3-years implementation of the National Target Program on New Rural Development.
05/05/2014	Dispatch 3101/VPCP-KTTH on the master plan of socioeconomic development in South Sa Thay, Sa Thay district, Kon Tum province until 2020, and with directions to 2030.
05/05/2014	Notice 187/TB-VPCP on the conclusion of Deputy Prime Minister Vu Van Ninh at the national teleconference on implementation assessment of poverty reduction policy and legislation in period 2005-2012 and 2013, poverty reduction targets in 2014 and directions towards 2015.
04/28/2014	Notice 181/TB-VPCP on the conclusion of Prime Minister Nguyen Tan Dung at the meeting on solutions and policies for the development of fishery sector.
Ministry of Agriculture and Rural Development	
05/13/2014	Decision 1006/QD-BNN-TT issuing the Implementation plan for crop production sector restructuring in 2014-2015 and period 2016-2020
05/13/2014	Decision 1026/QD-BNN-TCCB defining functions, tasks, powers and organizational structure of Vietnam National University of Agriculture
05/13/2014	Decision 1016/QD-BNN-CB issuing the Action Plan for the implementation of the Scheme "Improving added value in the processing of agro-forestry-fishery products and reducing post-harvest losses"
05/08/2014	Decision 957/QD-BNN-TCLN approving the Action Plan for market development of wood and wood products in period 2014-2020
05/06/2014	Document 1431/BNN-KHCN on 2014 Work plan of the National Committee for Climate Change
05/05/2014	Dispatch 1414/BNN-TCLN on the implementation of the Action plan for improving productivity, quality and value of production forest in period 2014-2020.
04/29/2014	Circular 15/2014/TT-BNNPTNT guiding the implementation of a number of articles of Decision 62/2013/QD-TTg of the Prime Minister dated October 25th 2013 on policies to encourage cooperative development, production linkage associated with consumption of agricultural products, and build large fields.
04/23/2014	Decision 829/QD-BNN-TCLN approving the Scheme "Alternative forest plantation for the conversion of forest use to other purposes."