

Newsletter

Institute of Policy and Strategy for Agriculture and Rural Development

No 2 - 6/2007

6 Nguyen Cong Tru- Hai Ba Trung - Hanoi - Tel: 84-4-8219848, Fax: 84-4-9711062. Website: www.ipsard.gov.vn-www.agro.gov.vn

What should be done for Vietnam's rural areas



Dr. Dang Kim Son



Dr. Le Dang Doanh



Writer Nguyen Ngoc

Former Minister of
MARD Le Huy Ngo

After 20 years of Doi Moi, remarkable achievements have been recorded by Vietnam in developing national economy, national construction and especially in improving rural living standard. Farmers' incomes have grown by nearly 2-3 times. The poverty rate was reduced from 37% in 1998 to 28.9% in 2000 and to 24.1% in 2004. However, Vietnam's rural areas continue to face with a lot of difficulties and challenges. To study and find out suitable rural development policy has become a national priority, requiring a lot of efforts of many researchers who work in this field.

To present, Vietnam is still an agricultural production country and the country's population still have low living standards. The per capita income is about 600 USD per annum. Rural population accounts for more than 77% of the country's population and about 66% of the national labor force are working in rural areas. The transformation of the economic structure is sluggish and uneven among the regions. The gaps in incomes, living conditions and labor productivity between urban and rural regions and between agriculture and

other sectors are deepening.

According to Dr. Dang Kim Son,

rural areas in Vietnam still face with many problems, which include small-scale and fragmented production, poor technology, low products quality, poor cooperation, weak competitiveness and slow structural transformation. The labor surplus and unemployment have become more common. The differences in incomes and living conditions between rural and urban regions are growing while environment pollution is worsening. Land use, land transfer and land

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Main Functions and Tasks

1. Research for making policy and strategy;
2. Research and assess planning activities;
3. Research on and integration;
4. Research on rural development;
5. Provide information of policy and market;
6. Co-operate in research, technology transfer, training, consulting, establishing the science company conforming to legal regulation;
7. International co-operation in research, technology and training transfer.



Ministry of Agriculture and Rural Development

Institute of Policy and Strategy for Agriculture and Rural Development

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On the way to Become a Think-tank for Ministry of Agriculture and Rural Development

In the new phase of rural development, Ministry of Agriculture and Rural Development (MARD) is in the process of changing its development strategy focusing on several key directions, from supply-driven to demand-driven approach, from mass production to quality improvement, from pro-growth to sustainable growth. This increasingly challenging environment requires substantial changes in institutional factors. The leadership also has to make decisions basing on reliable and timely information and in-depth analysis.

To meet these requirements, the Government issued Decision 930/QĐ-TTg on 09/09/2006 to establish Institute of Policy and Strategy for Agriculture and Rural Development.

In the new context of development, IPSARD is doing best to improve quality of research and information activities. We believes that together with the support and co-operation from leaders, agencies and individual domestically and abroad as well as the international organizations, IPSARD will become a think-tank for MARD, providing the analysis and results supporting strategy and policy formulation process in agriculture and rural development. .



Dr. Dang Kim Son
Director

Director

Dr. Dang Kim Son

compensation do not follow the existing laws and meet with many obstacles. "These difficulties and obstacles have occurred in the new phase of economic development under the impacts of industrialization, urbanization and globalization. Only by removing them, the agricultural growth that tends to fall in recent years can be restored and social, political and environmental problems in rural regions can be more effectively addressed. This would guarantee for creating a future sustainable and stable development", he noted.

The researcher Nguyen Trung noted that the development of agriculture and rural should be considered as one of the key national policies. The government supporting farmers, helping them to take part in the process of commercializing the economy is a long term task. However, in reality, this activity has not fully been taken into consideration or properly implemented. Can farmers "bargain" in markets? Supporting farmers to

stand firm in their cooperatives therefore becomes an very important task.

Dr. Le Dang Doanh said that in the context of intensive international integration, helping farmers to become business persons and increasing the number of rural enterprises should further be promoted. Laws and mechanisms also need to be developed to address the relationship between business units and farmers. In Korea, farmers have rights to buy share-holdings and insurance services from enterprises that make investment in agriculture instead of receiving a large sum of money from compensation. This method can reduce the "shocks" to farmers at times they still can not find new livelihoods that can replace the traditional agricultural occupations.

Dr. Tuong Lai and the writer Nguyen Ngoc agreed that the new rural development strategy should take into account the failures occurred in the current rural development policies. The two cited

the case of Thai Binh province in 1996 and the case of Tay Nguyen (Central Highland) as typical failures of rural development policy formulated without considering the social-economic and cultural characteristics of these regions.

To make a conclusion, Mr. Le Huy Ngo, the former Minister of MARD said that the most fundamental issue in agriculture and rural development policy was the land ownership and land use planning which were not resolved satisfactorily. The formulation of rural development policy at present period should base on the results of inter-sectorial scientific researches and be broadly discussed in order to receive more points of view. For this reason, this topic needs to be widely consulted in the time to come with participation of different bodies, sectors, individuals and farmers who are the main beneficiaries of the rural development policy.

Activities news

Congress of IPSARD's Trade Union, Term XIII

On 24 April, 2007, Trade Union of IPSARD conducted its congress, term XIII (2007-2009). The congress was attended by representatives of MARD's Party Committee, MARD's Trade Union and leaders and members of IPSARD.

Over the past time, although several changes have been made to IPSARD's personnel structure, its trade union has successfully fulfilled its role in protecting rights of the staff. However, in the new situation, Trade Union is required to make

stronger effort to fulfill its coming duties.

The congress elected a new executive board, term XIII,



comprising 9 members: Nguyen Mai Oanh (Southern Office), Hoang Vu Quang (Rural Development Center), Hoang Kim Tuyen (Financial Division), Nguyen Do Anh Tuan (Center for Agricultural Policy), Nguyen Thi My (Market and Commodity Division), Le Duc Thinh (Agricultural System Division), Pham Quang Dieu (Information Center), Trinh Van Tien (Administration & Personnel Division), Nguyen Dinh Chinh (Market and Commodity Division).

Seminar on agricultural and forestry policy

In the afternoon of April 19, 2007, at the Environment and Natural Resource Economics Division of IPSARD, a seminar on agricultural and forestry policy was conducted. The seminar was attended by Mr. To Dinh Mai - Director of Environment and Community Development Center, Mr. Vu Van Me - a specialist of Sustainable Forest Management Institute and officials from Divisions of Policy, Strategy Research, Market and Commodity and AGROINFO.

Delegates discussed and shared experiences on critical topics in agricultural and forestry policy. Topics discussed include the effectiveness and constraints in implementing forestland allocation policy at national

scale, forestry policy applied to state-own forest enterprises and project management. Other issues of forestry were also discussed regarding to the formation of policy of clean development mechanism (CDM) in forestry sector, policy to pay for environmental services (PES), forest and forestland use rights, mechanisms to benefiting forest resources and forest benefit sharing, reality and solutions in investment made to production forest...

Delegates also exchanged and discussed possible collaborations in implementing a number of forestry policy research programs between partners working in and outside the Ministry of Agriculture and Rural Development (MARD).

Develop the first online agricultural dictionary

Under the existing intensive global integration, the promotion of basic knowledge on agricultural and rural matters plays a vital role. Information Center (AGROINFO) in collaboration with Youth Union of IPSARD drafted an online agricultural dictionary on website. With a special software design, the dictionary operates as an open knowledge forum, where users not only look up the terms but also add new words to the dictionary. These added terms, after being edited by Dictionary's adminboard, will officially be updated into the dictionary.

The dictionary is important for information dissemination and

conducting researches. The primary objective of compiling this online agricultural dictionary is to provide basic information for researchers who work in and outside the Institute. This is the first online dictionary of Vietnam's agricultural sector and is expected to be available at early July, 2007. Please visit the website www.ipsard.gov.vn for more information.



Trade Union of IPSARD organized a vacation for its members

In three days from 07 to 09 June, 2007, the Executive Board of Trade Union (TU) of IPSARD organized a vacation for its members in the sea tourist resorts of Bai Tu Long - Quan Lan - Minh Chau (Quang Ninh). Bai Tu Long is classified by international tourism agencies as the "top 5" among the most attractive tourist locations in South East Asia, where natural beauties are harmoniously combined with historical and cultural relics. The location was selected by TU of IPSARD in order to provide opportunities for IPSARD's staff to relax in this summer season.

More than 70 officials and staff and their relatives joined the vacation. The vacation was participated mostly by members of IPSARD's Youth Union working in different divisions and centers of IPSARD, making the holiday atmosphere more exciting and youthful. Participants enjoyed seeing the beauty of Bai Tu Long, Quan Lan sea resorts, had talks at night of camping and did shopping at Cai Rong market and, of course, enjoyed special foods ... exploited from Quang Ninh sea.

The vacation improved health and spiritual status of IPSARD's staff and raised the effectiveness of their office work. In the context that the Institute is undergoing some changes in organizational and personnel structure as well as in work locations, such as vacation was extremely necessary to consolidate the "collective culture" of the Institute. Due to their ad hoc businesses, leaders of IPSARD could not join the vacation, but with a great effort of the Executive Board of TU, the holiday was successfully organized.

Farewell meeting with pensioners

In the morning of 18 June, 2007, in the IPSARD's Office, a farewell meeting to Mrs Cao Thi Khanh and Nguyen Thi Minh Hien who are going to retire in 2007 was conducted by Administration & Personnel Division, Directory Board, and Executive Board of Trade Union of IPSARD. The farewell was attended by representatives of the Institute's Party Committee, heads/deputy heads of professional divisions and Youth Union. The

farewell took place in a move atmosphere.

At the farewell, Directory Board of IPSARD expressed respects and gratitude of IPSARD's staff to officials who made significant contributions to the construction and growth of IPSARD. Dr. Dang Kim Son - the Director of IPSARD - expressed his wish that the pensioners would continue providing their collaboration and

experiences for the development of the Institute. On behalf of the Institute's Trade Union, Dr. Dang Kim Son and Mr. Do Anh Tuan presented flowers and gifts to the two pensioners. In a move atmosphere, the pensioners expressed their feeling on activities they implemented and hoped that the Institute would continue to gain more successes in the coming period.

In two days, 8-9 April 2007, IPSARD conducted a leadership training course.

To create a group of young leaders, IPSARD on April 8 and 9, 2007 organized a short term training for its staff on needed knowledge and skills in taking leadership.

On a way to become a reliable consultancy body for both domestic and foreign partners, IPSARD has so far attracted a large group of young and professionally competent officials who come to work for the Institute. A favorable working environment and highly effective working methods are being created. To better use the existing human resources, key officials of IPSARD and its subordinated bodies need to be trained and equipped with new management and leadership skills.

Through analyzing a number of specific cases, the content of training was quickly absorbed by participants. In reality, it would take sometime to efficiently adopt and

Training of junior employees



A training workshop at Do Son - Hai Phong

apply these knowledge and skills in the context that there're many changes in institutional and policy of the sector and the country. IPSARD and its subordinated bodies have well recognized the strategy, plans and operational mechanisms.

These are key basics to help management and leadership work to be successfully implemented for the growth of the Institute.

Qualitative Research and its application in analyzing agricultural AND RURAL DEVELOPMENT POLICY

During 15-18 May, 2007, a training course on application of qualitative research methodology to analyzing agricultural and rural development policy was conducted for officials and staff of IPSARD. The course was funded by MISPA project. Mr. Jaap Voeten, who comes from Development Research Institute, Tilburg University and Maastricht Management School of Holland, acted as the instructor of the course.

The qualitative research methodologies targeting at explaining social behavior of human (individual, group...) are an important source of information for policy making. For example, while quantitative studies provide policy makers with information on impacts of a certain policy on various social groups based on various socio-economic indicators, then qualitative studies can answer why these impacts are created. Through the course, trainees were provided

with key knowledge for conducting qualitative studies and skills in collecting and analyzing qualitative information.



Photo: AGROINFORM

The opportunity to support forestry policy formulation process



Director of the Information center Pham Quang Dieu is delivering his presentation at the workshop

On March 16, 2007, at the Office of Department of Agriculture and Rural Development (DARD) of Dak Lak province, a workshop of Vietnam - German Forestry Program (GTZ) was conducted to discuss the action plan of 2007. Participants to the workshop were the consultants of GTZ Project, representatives of Department of Forestry (DoF-MARD), Information Center of Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), representatives of Dak Lak's DARD and Truong Thanh private company. Comments raised at the workshop indicated that



Photo: AGROINFO

policy issue is currently drawing great attention from both localities and donors. Forestry socialization and a policy that enables forest producers to live on their forest occupation and the combination of forestry with agriculture are all fundamental directions serving the formulation of a forestry policy at the current stage.

In his opening remark, Dr. Laslo Pancel, the chief adviser of GTZ Project noted that with successes of the previous projects and the important geographical position of the province, Dak Lak will continue to be selected by GTZ to implement forestry project, and that giving support to formulating forestry policy will be one of the project's top priorities. Many opinions agreed that at present, forestry policy is still incomplete and needs to be further revised. Formerly, forestry policy was mainly developed by the central government and implemented by localities based on a number of instructions. In some cases, the central government also requested the localities to participate in policy making through asking for and collecting comments from concerning bodies and local population. However, this could not be done effectively due to fund shortages. On the other hand, the reality of life, especially at local level, changed rapidly with many new activities and relationship emerged requesting the revision of policy framework. For this reason, policy testing should be boldly implemented while policy making should be further enhanced.

Mr. Nguyen Van Xuan, Deputy Director of Dak Lak's DARD said that Daklak province had a large forest area with about 604 807 ha and a coverage degree of 46.1%. The 2007 Resolution of Dak Lak People's Council sets a target to increase the forest coverage to 47% and in the year 2010 to 50%. However, a question now is that the natural forests need to be managed sustainably and in one year, forest tending,

forest regeneration and planting must reach 6000 - 8000 ha. Now, the most important task of Daklak's DARD is to provide advices to the province and MARD to develop and implement a series of policies relating to forestry sector, such as:

- Develop forestry development plans at provincial, district and commune levels in accordance with the regulations of Forest Protection and Development Law;

- Review three categories of forests, which have already been zoned up before submitting to MARD for appraisal and the government for approval;

- Review, consolidate and finalize the system of state-owned forest enterprises in conformity with the Decree 200/CP;

- Carry out land and forest allocations in accordance with Decree 178/QĐ hanism of benefit sharing together with giving contracts on forest protection based on the government plans;

- Implement the poor forest upgrading program in conformity with the Circular No.99/BNN&PTNT. Introducing new and high productivity forest trees, applying advance technology and science to forest plantation will be encouraged;

- Develop proposals on promoting forest product processing for period 2006-2010. In this connection, Mr. Vo Dinh Tuyen, a specialist of DoF (MARD) said that the year 2007 is an important year of the forestry sector and that the Prime Minister has just signed the National Forestry Strategy. In 2007, DoF must promote all activities aiming at completing the implementation of three Circulars of forestland allocation, forest zoning and forest inventory. The main activities of GTZ project to support policy making in Dak Lak will aim to:

- Assist the province in fulfilling the plan of forest zoning and protection and field investigation.

- Based on Circular No.56, instruct on setting up sustainable forest management regulations and a circular instructing the implementation of the decree that determines on forest prices.

- Establish a central and regional policy network in order to strengthen the information links and experience sharing among the localities and between localities

and central agencies for the purpose of improving effectiveness of policy making and policy implementation.

On behalf of private sector, Truong Thanh company pointed out that in the process of policy making, GTZ project should make investment in developing information and database system and a forum to link all players together.

The prospect of IPSARD's participation. Forestry is a relatively new area of research for IPSARD. The forestry development has raised a need on policy making which is important not only to Ministry of Agriculture and Rural Development (MARD) but also to localities, local people's livelihood and wood and forest product trading sector. For this requirement, IPSARD should actively participate in studies and researches to provide policy advices to MARD. The following could be the forestry studies to be conducted by IPSARD:

- The reforms undertaken on agricultural policy in late 1980s - a time when the forestry sector still faced constraints in policy and mechanism.

- Wood and forest products exportation in the recent years has increased remarkably, reaching a value of 2 billion USD exceeding all other farm products. Could forestry become "a breakthrough" for Vietnam's agriculture in future? Issues relating to domestic and international markets, material resources, sustainable growth and exportation prospect• all require scientific analysis and explanation.

- At present, a number of forestry policies prove to be unreasonable and need to be revised. New issues arising at local level also need to be readjusted by policy framework. With this regard, MARD is collaborating with donors and localities to carry out policy testing. The results of the test should be analyzed, assessed and consolidated to support policy making and policy implementation at large scale.

- In Dak Lak, many pilot forestry projects are being implemented by GTZ such as supporting trade activities, developing a forestry policy network, testing benefit sharing models in community-based forest development... These typical lessons should be further discussed, analyzed and informed to leadership level to enhance the institutionalization of these tests.

WHAT FACTORS ARE PULLING DOWN THE AGRICULTURAL GDP?

The agricultural GDP reduced leading to the reduction of the GDP growth rate of the national economy. This causes concerns to those who are interested in agriculture - a major economic activity run by most of Vietnamese rural households.

According to the result of the study conducted by Center for Agricultural Policy (CAP), Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), the reduction in agricultural GDP can be explained as follows:

Agricultural GDP statistic methodology

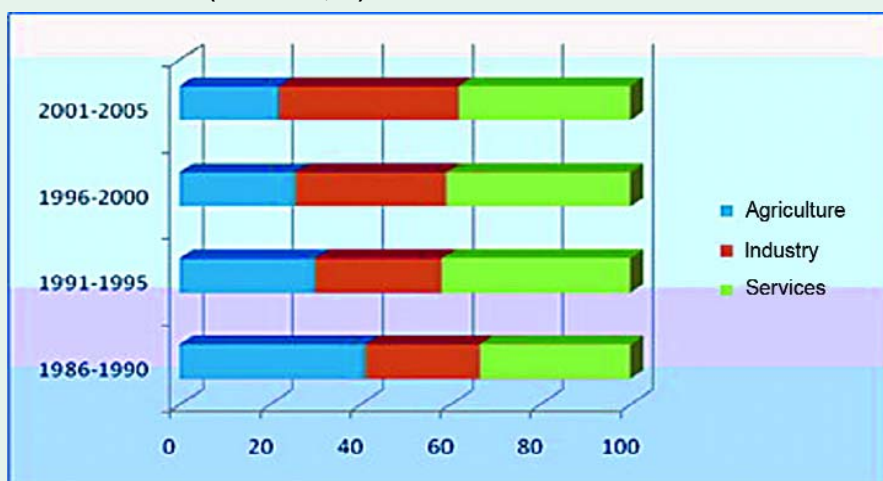
Agricultural GDP has so far been calculated by General Statistic Office using the methods of calculating production values (PV), intermediate cost (IC) and value-added (VA) based on comparative price in 2004, in which $GDP = PV - IC$.

In recent years, the growth rate of agricultural production value based on 2004 price has been declining (or reduction in agricultural output) leading to the drop in agricultural GDP. This is an element causing the reduction in the growth of agricultural GDP.

The growth in crop production (especially in rice production) has for some years been lowered causing a significant impact and leading to the reduction in agricultural GDP (paddy land for 3-5 years has been reduced by nearly

In recent years, after attaining a constant growing period, Vietnam's agricultural GDP begins to show a signal of declining. If in period 1986-1990, the agricultural GDP accounted for 41.1% of the total national GDP, this figure dropped to 22.1% in period 2001-2005. The growth in GDP also reduced from 4.6% in 1996-2000 to 4% in 2001-2005.

GDP structure (1986-2005, %)



The growth in agricultural GDP (1986-2005, %)



200,000 ha while growing area reduced by almost 300,000 ha).

The use of the 2004 comparable price instead of using annual

production indicators may reduce the accuracy in estimating the agricultural GDP growth.

After 15 years (1990-2005), the total agricultural and forestry output had increased by more than two times (5.3% per year). However, in the same period, the intermediate cost had increased by over 3 times (7.4% per year), making the agricultural GDP reduced,

Declination in agricultural inputs

Agricultural inputs such as land, labor, water pumps, fertilizer and tractors were studied and analyzed by CAP. With an exception to irrigation, other inputs were reduced year after year. In period 2000-2005, there had been a slight increase in agricultural inputs and this was a main reason leading to a slow

growth of agricultural production value.

The growth of land input in period 1996-2000 was 4.9% and reduced to 0.7% in period 2001-2005. The growth of labor input also dropped to 0.9% from 1.1%, tractor fell from 11.1% to 4.5% and fertilizer from 8.5% to 0.9% in the respective periods. Regarding to labor, the drop was in accordance with the general law of industrialization. In the context where incomes from agriculture were constantly lowering in comparison with other sectors, withdrawing part of agricultural labor to other sectors is an objective process.

Areas under the two categories of agricultural land cultivated with food crops and fruit trees have been reducing sharply during the recent

years mainly because of urbanization, expansion of industrial zone and infrastructure construction. There has been no full explanation to the drops in fertilizer, water pump machines and tractors. The assumption may be:

(i) Together with dissolving former agricultural cooperatives, farm households in the initial period of Doi Moi (renovation) were only capable to intensify investment in labor;

(ii) It was difficult for farmers to utilize machinery equipment in cultivation on such a small and fragmented pieces of land.

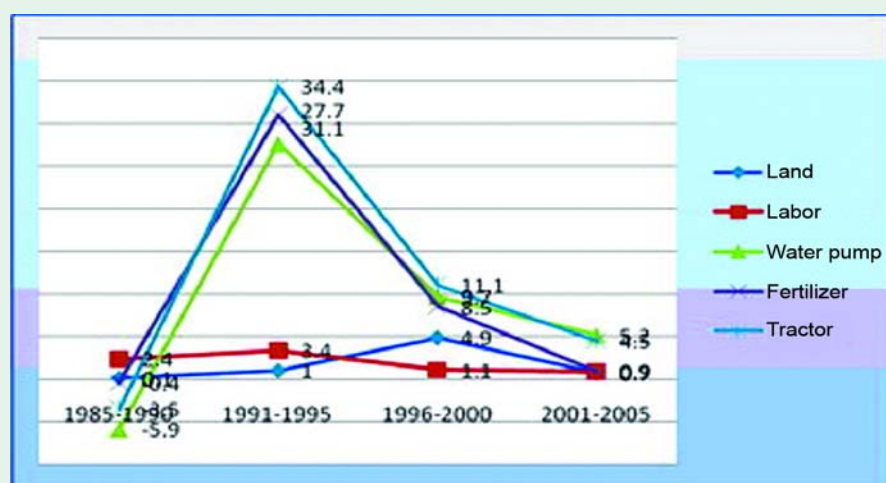
The growth in agricultural production over the past time has mainly been attributed to the plantation of high yield crop varieties and the use of large amount of fertilizer. Another reason is may be that the cost of fertilizer and other agricultural inputs continuously increase and became relatively costly compared to selling price of farm products, which affected farmers's behaviour in investing in agriculture. In addition, natural calamities and diseases (avian influenza, paddy diseases...) caused heavy damages to agricultural production and this was one of the main reasons lowering the growth of agricultural GDP.

A number of questions have been raised: What level of impacts has the changes in agricultural institutional and policy created to the agricultural GDP? How did the changes (increase/reduction) in agricultural inputs take place in each social-economic region as well as each farm household

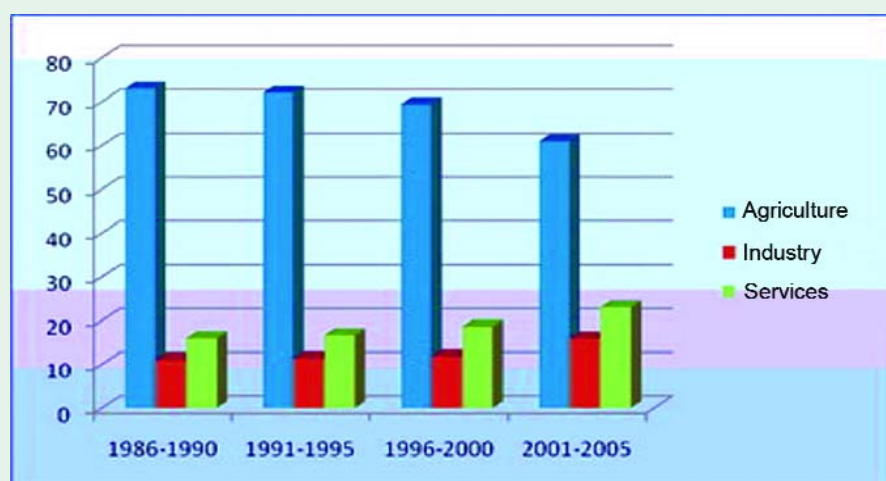
REFERRED:

Nguyen Ngoc Que, Nguyen Do Anh Tuan et al, Reason causing reduction in Vietnam's agricultural GDP, on April 19, 2007, IPSARD-CAP

The growth in agricultural inputs (1985-2005, %)



Labor structure in national economy (1986-2005, %)



ANALYSIS ON

WTO'S COMMITMENT AND DOMESTIC POLICIES



Vietnam officially became a member of WTO in November, 2006, which marked the ending of bilateral and multilateral negotiations lasted for 11 years between Vietnam and other WTO members. The results of these negotiations are the commitment that Vietnam has to implement. Some commitment must be carried out by Vietnam soon after the country joined WTO but others can be implemented following a specific roadmap.

For Vietnam, joining WTO means that the country firstly has to adopt a system of procedures, regulations, laws and practices as well as the existing trade and economic mechanisms developed by WTO members. These mechanisms need

to be further negotiated in order to create (as much as possible) favorable conditions to support the development of the members' trade and economy.

Agricultural and forestry sector plays an important role in various socio-economic and political aspects. However, agriculture and forestry is now attaining least developments and facing a lot of potential risks after the country joined WTO. To this respect, it is important that proper and effective agro forestry policy and strategy be enacted in the time to come.

With regards to state management, joining WTO and the need of reviewing, modifying and promulgating a harmonized,

transparent legal network has become a challenge but opportunity for various sectors in general and agro forestry sector in particular to further reform the existing institutions to meet the development demand of the country in the new period. AGROINFO is currently implementing researches to review and classify commitment to WTO to be implemented by Vietnam following specific roadmaps and study the relevance of the existing legal documents and agricultural and forestry policies. On this basic, suitable solutions and modification will be made in accordance with Vietnam's commitment to WTO and expected to be available in December, 2007.



IPSARD rice experts



IPSARD's experts meet with ERS's economists Mr. John Dyck - Manager of market Analysis and capacity building in SE Asia; Dr. Cheryl Christensen-Deputy Director of International Affairs and Dr. Nathan Childs - Rice analyst

According to agreements between Economic Research Service-United States Department of Agriculture (ERS-USDA) and Information Center-Institute of Policy and Strategy for Agriculture and Rural Development (AGROINFO-IPSARD), IPSARD assigned an expert team to go to US for researching model & operating mechanism of agricultural market analyzing and forecasting especially rice commodity.

USDA's experience proved that it is necessary to have a focal institution for gathering information (collecting database on crop production, stock and consumption information, trade market and prices, weather condition...), and analyzing developments that affect the commodity sector. Within USDA, the Interagency Commodity Estimates Committee (ICEC) (under World Agricultural Outlook Board) serves as such a focal point. IPSARD's expert team has met and exchanged experience about collecting and

analyzing rice market information with expert team of the Interagency Commodity Estimates Committee (ICEC) and 5 different agencies involved in collecting data of USDA.

IPSARD's expert team worked for studying about operating mechanism in rice market chain of Arkansas -The leading rice state in the United States. In Arkansas, the agricultural sector is capital intensive: there are few farmers, and heavy investment in machinery. There are only 2-3 farmers in a farm, average cultivated area is about 3,000 acres (equal to 1,200 hectares). To implement production with such large area, farmer consumes seeds, fertilizer, pesticide provided by a seed company. The seed company doesn't charge farmer to send agricultural technical experts to visit the farm weekly, to control the situation of crop's growing, recognize crop diseases and offer their solutions every week. About 60% of Arkansas farmer have joined Riceland Food, which is a farmer cooperative firm. Riceland is the world's largest miller and

marketer of rice. Riceland provides for rice, soybeans and wheat grown by its 9,000 farmer-members in Arkansas and some other states. Arkansas Rice Research and Extension Center does research work under contract with farmers. Farmers will pay and use their research results. The Riceland Food and the Center closely cooperate with each other in testing the quality of milled rice grown from researching new seeds

AGROINFO staff has learned and accumulated knowledge about the rice market in Vietnam. Since March 2007, they regularly release weekly news of rice market of Vietnam. In the initial period, the e-news attracted an increasing number of subscribers' requests to receive this publication through email. Most of the subscribers are from business organizations related to agricultural sector (Technology Commerce Bank of Vietnam, Agricultural Bank of Vietnam, Rice company...) and mass media (Voice of Vietnam, Dow Jones, ...), and foreign governments (FAS of USDA in Vietnam), and other international organizations (Representative office of Foreign Agriculture Service/ United states Department of Agriculture). When the trip finished, ERS/USDA offers to support IPSARD's commodity experts to organize and join in a series of field trips to learn about the rice market chain in Vietnam. According to the plan, trips will be arranged in late August, in some provinces in Red River and Mekong Delta. Mr. John Dyck - Manager of Emerging Markets Program, Market Analysis and Capacity Building in SE Asia offer to offered to do English editing for 10 issues of the English versions of VietRice weekly, to help AGROINFO experts to push VietRice weekly's quality closer to international and professional standard.

USA Rice Association and its expert networks in analyzing & forecasting the U.S and world rice market

USA Rice Federation is a non-profit organization, which is a national advocate for all segments of rice industry, conducting activities to influence government programs, developing and initiating programs to increase demand for U.S rice, and providing other services to increase profitability for all industry segments. The Federation organizes its structure in different Committees which have different functions: Communication, Domestic Promotion, Government Affairs, International Promotion, International Trade Policy, in order to serve the different needs of its members. Members of USA Rice Federation include USA rice producer's group, USA rice miller's association, USA rice council, USA rice merchant's association.

A part of the Federation operations funds are from USDA/FAS (about US\$ 5 million per year for a trade promotion program. In addition, USA Rice relies on contributions from its members (in the form of money, goods, hosting events, financing travel expenses...). In order to conduct education and information programs for its members, the Federation hosts and organizes annually the USA rice outlook conference which is based a lot on the contributions from rice experts of ERS/USDA and other agencies. The Communication committee of the Federation constructs and publishes its own publication (U.S. rice daily news, industry news, trade press) and other annual reports.



IPSARD's experts during a study tour of Arkansas rice commodity chain

Besides, the Federation very closely observes and uses a lot of information from publications of USDA (ERS outlooks, Farm Bill ...). The Committee set up a network of

research agencies related to the rice industry, such as professors from state universities, in order to answer member's questions raised at any time.



IPSARD's experts at the Arkansas rice center USDA

RICE RESEARCH SERVICES FOR the U.S FARMERS

The Arkansas Rice Research and Agricultural Extension Center under the University of Arkansas has been the most famous supplier provide farmers the applied research services, which are closely linked to practice. They often deal directly with farmers. The Division of Agriculture in the University of Arkansas is the core research team.

The Center operations are based on 2 sources of funding: (i) about 75% of total operation costs come from the state government (under funds for Arkansas University), including salary, other operating costs; (ii) the research work is almost fully based on contributions from farmers and private firms. The key customers of the Center are farmers. Farmers contribute through a check-

off program: for each 20 kg of rough rice sold, they contribute 1.5 cents. The Arkansas farmers have established the Rice Research Promotion Board, whose founders are farmers.

Regarding the researching activities, the Center is demand-driven based on farmers' requests.

There are several channels which help the Center assess the research demands of farmers:

- collect ideas through Promotion Board
- agricultural extension staff meets with farmers in counties
- visiting fields, looking at crops
- receiving requests by phone, mail
- do survey assessment of needs

Then the researchers write research proposals, submit them to gain approval by (i) the Center's leaders, and (ii) the Promotion Board.

>>> *Continue in page 18*



Case study: Progress of seed development in Arkansas: Researcher-Grower-Dealer

1. Develop an information system of farming system in Arkansas and all Southern regions (Texas, Louisiana, Missouri ...). The big problem for rice crop production in the U.S. is water resources. About 80% of irrigation for U.S farms now is based on underground water. So that besides the database about soil, capacity of water resources of each state is also considered by the researchers.

2. Breeding seeds:

- Expected outputs: standard varieties, high quality, water saving, which all are inspected and certified
- Time: it takes about 10 years for research and development of a new variety
- Cooperated with miller (Riceland Food) in testing in mill

3. Publication:

- Annual B.R Wells Rice Research Series publication (Rice information: ())
- Rice search (book)

The purpose is that the farmers can look at these publication and make decisions for their prospective planting

4. Sell seeds to seed growers: which are in the private sector (farmers, seed companies)

5. Seed growers need to submit all their growing products for certification (annually)

6. Seed dealers: marketing and selling seeds for farmers, both in Arkansas and other states in the Southern region

The value chain of rice in Arkansas USA



Arkansas stretch out Mississippi river on South-East United State, in which the largest rice produce and commercial in the U.S. There are about 9,000 farmers working on rice in Arkansas. The crop areas cultivated by each farm here is more than 3,000 acres (including rice, soybean, corn, wheat). The agricultural sector is capital intensive: there are few farmers, and heavy investment in machinery. Each farm includes only 2 or 3 people, and it invests in its own machinery for land preparation, seeding rice varieties, harvesting the rice, collecting hay. It costs about 500,000 USD to invest in the machinery. The farm consumes seeds, fertilizer, pesticide provided by a seed company. The seed company doesn't charge farmer to send agricultural technical experts to visit the farm weekly, to control the situation of crop's growing, recognize crop diseases and offer their solutions.

There are several manufacturer and supplier for all machinery: JOHN DEERE, CASE IN. John Deere Co.,

established in the 1890s, is one of the oldest companies. U.S. farmers need to invest in the irrigation system for crops by themselves. All of the system is underground constructed. U.S. Irrigation Distributors and U.S. Pipe Co., are two U.S. suppliers for equipment and technology to build such a system. A farmer we interviewed said this system takes a lot of money, which may come from the savings of several generations of their families. Rice farmers often participate in the farmer-cooperative firm. About 60% of Arkansas farmer have joined Riceland Food, which is a farmer cooperative firm.

Riceland is the world's largest miller and marketer of rice. Riceland provides for rice, soybeans and wheat grown by its 9,000 farmer-members in Arkansas, Louisiana, Mississippi, Missouri and Texas. Riceland locates its storage and export terminal along the Mississippi river. The condition for farmer to become a member is only 1 USD fees/year. After becoming a member of Riceland Food, the farm will decide its obligation to the mill (the amount of rice they will supply with the mill). Each year, Riceland's 1,900

employees receive, store, transport, process and market more than 125 million bushels (2.5 million metric tons) of grain. Generation after generation of Riceland farmers have planted, cultivated and harvested rice that carries the quality promise of Riceland Rice. That tradition continues today. Each Riceland product is backed by generations of rice farmers whose goal has always been to produce the finest quality rice in the world. Riceland leaders said they can only attract membership by maximizing the rice prices that the farmers can receive.

Riceland Foods has invested in and run its full-cycle processing lines for rice: from rough rice, to get brown rice, to milled rice, to parboiled rice. The rice milled outputs at the end of processing line can come be delivered to different channels: (i) directly to rice containers which will be delivered immediately by train, (ii) to packing segments (more than 5 types of Riceland packages).

The rice milling rate from paddy (rough) rice to milled rice is 69-72% in the U.S. During milling, each kilogram of paddy rice yields about 55% head rice and 15% broken rice. Currently, the broken rice is used chiefly by the pet food industry. The beer brewing industry has switched its purchases to head (unbroken) rice, instead of broken rice.

Arkansas Rice Research and Extension Center does research work under contract with farmers. Farmers will pay and use their research results. The Riceland Food and the Center closely cooperate with each other in testing the quality of milled rice grown from researching new seeds.

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VietRiceweekly of AGROINFO is a weekly news, in English and Vietnamese, providing most updated, accurate and adequate information on

Vietnam's rice market

- Production
- Policy
- Export and Prices

World rice market

Data

- Export price of Vietnam and Thailand rice
- Domestic of roughrice and milledrice in 20 provinces of the country

VietRiceweekly is fed on updated rice commodity database

- Daily updated export rice price
- Daily updated rice and paddy price
- Rice area, yield and output
- Monthly rice export quantity and rice export turnover

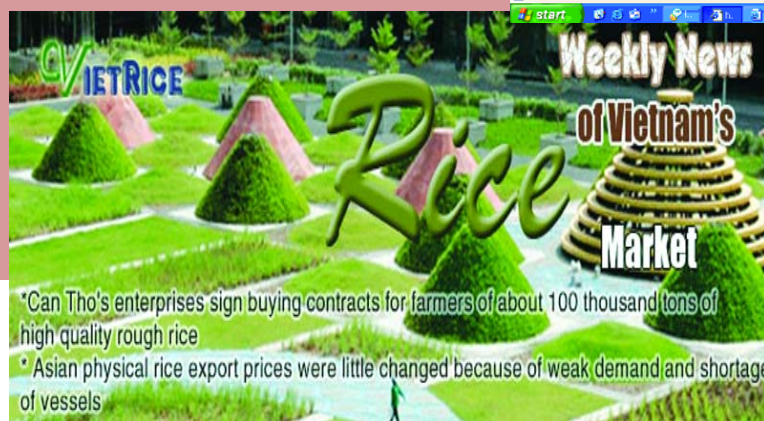
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agroinfo

Tuesday, July 24, 2007

Topics	Commodity	Market	NGAY	Price	EXCHANGE	Money/Unit	Price
Policy	5% Broken rice, Vietnam	The North	14/01/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	15/01/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	16/01/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	17/01/2007	298		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	18/01/2007	298		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	19/01/2007	298		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	22/01/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	24/01/2007	288		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	26/01/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	29/01/2007	289		USD/ton	Export Price
Business	5% Broken rice, Vietnam	The North	30/01/2007	289		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	31/01/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	01/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	02/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	05/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	06/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	07/02/2007	297		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	08/02/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	09/02/2007	209.5		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	12/02/2007	290		USD/ton	Export Price
Sustainable Development	5% Broken rice, Vietnam	The North	13/02/2007	290		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	21/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	22/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price
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	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price
	5% Broken rice, Vietnam	The North	23/02/2007	296		USD/ton	Export Price



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Workshop on new rural models to enable farmers to participate into market:

farm-to-dinner table strategy

On May 9, 2007, a workshop on "new rural models to enable farmers to participate in market: the farm-to-dinner strategy" was conducted by Center for Rural Development (CRD) of IPSARD and People Committee of Nam Sach district (Hai Duong province).

The workshop was participated by representatives of IPSARD, Livestock Production Department, Institute of Livestock and Husbandry, Institute of Veterinary Research, DARD of Hai Duong, international agricultural consultants and farmers of Nam Sach district.

Under the intensive global integration, Vietnam's agriculture is facing as lot of challenges and difficulties in meeting the domestic and international food safety



Photo: AGROINFO

standards. As the demand on clean produce is increasing, livestock production households in Nam Sach district (Hai Duong) quickly recognized the market demand and constructed safety livestock farms and safety slaughter houses. However, these farmers are facing capital constraints and difficulties in organizing production and trade promotion.

To support actors in improving product quality and introducing products to markets, CRD carried out the study on "farmers' cooperative models and commodity structure" following the "farm-to-dinner table" strategy. This is an important foundation to help drawing out practical lessons, which are used for drafting new rural development

policy.

The workshop was conducted to receive comments from various actors to work out suitable solutions for constructing safety and clean farms and slaughter houses in rural areas. The product quality management strategy will be applied from production to slaughtering stages, by consumers and restaurants. In the strategy, farm households and their cooperatives are especially highlighted as they keep a decisive role in ensuring quality of livestock products. Besides, the roles of other actors participating in the livestock value chain (research institutes, trade promotion bodies, state management agencies ...) are also clearly identified.



Workshop on

"Contributions made by farmers"-Reality and Solutions

The question addressing rural fees has been raised and requiring responsible persons to conduct a careful review in a bid to reduce these fees. To receive comments from various sectors and localities, on June 8, 2007, in Vinh Phuc province, Ministry of Agriculture and Rural Development (MARD) conducted a

constructing village roads, cultural houses, schools and in-field irrigation canals.

As the state budget supporting construction of rural infrastructure is limited, farmers had to contribute up to 88% of the capital needed for building rural road systems, 65% for building local health care stations. Mr. Nguyen Van Cam -Chairman of Cao Pho Commune, Huong Khe district, Ha Tinh province said that without financial contributions of farmers, it was difficult to develop rural infrastructure. Beside contributions made following the government regulations, in 46 provinces, each farm household had to make 28 kinds of contribution based on agricultural land areas under their ownership. In studying these contributions, IPSARD discovered that contributions made by poor households were higher than those

contributed by better-off households.

At the workshop, delegates suggested to abolish contributions that exceed per capital income. These contributions normally are the fees paid for irrigation, village road and electricity network construction. At present, all residents in cities have accessed concrete roads and electricity. So it would not be fair when rural people continue to make such contributions.

In views of MARD, rural reforms should focus on farmers especially those who live in poor regions. The statistic figures indicate that contributions made by farmers in Red River Delta (RRD) and North Central accounted for 2.6% and 5.2% respectively of their incomes while income per person (in RRD) is only 450,000 VND per month.



workshop on physical/financial contributions by farmers - the reality and solutions. The delegates of the workshop reviewed and recommended solutions to mitigate the contributions made by farmers. Discussions also focused on the need of mobilizing resources from local people to develop rural infrastructure. As local budgets especially at commune level is extremely limited, many localities continued to over-mobilize resources contributed by farmers especially from the poor ones. On average, each household had to make contribution worth 500,000 VND and in some localities, this contribution was even up to 2 million VND per year. About 76% of the contributions were used for

RICE RESEARCH SERVICES FOR the U.S FARMERS

>>> To be continue in page 13

The Dale Bumpers National Rice Research Center under USDA is another Rice Research Center.. Different from the Arkansas Rice Research Center, this Center concentrates on basic science research, which supports farmers in long-term. They don't often deal with farmers in the fields. The most impressive output of the Center is the GENE BANK.

Every year, the Center collects and updates its Germ Plasm Core Collection. The U.S Rice Collection includes 21,280 individual varieties, which come from 152 countries. All of these are maintained in special storage (20% humidity, 43oC) for about 18 years. ()

Workshop on

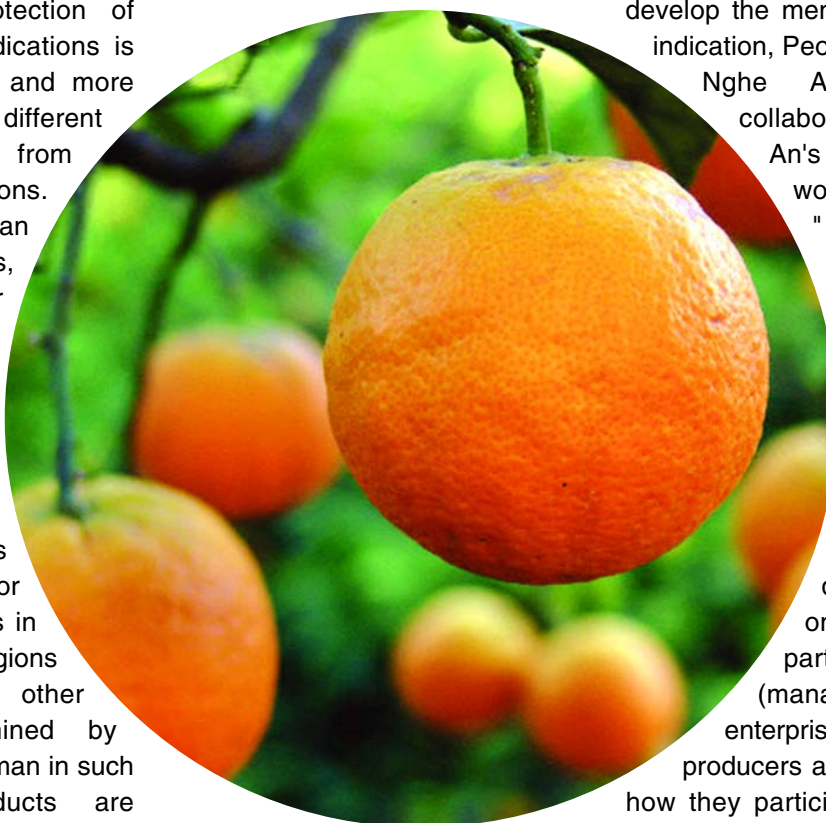
"Developing solutions to manage and expand "Vinh" geographic indications for producing orange fruits in Nghe An province".

Intellectual right protection, especially protection of geographic indications is drawing more and more attention from different countries, in particular from developed nations. Geographic indications can be in the form of words, names, symbols or images used to indicate products originated from certain regions, localities, territories or countries (called geographical regions). Geographic indications are protected and used for a product having origins in certain geographical regions with quality or any other characteristics determined by natural conditions or human in such regions. When products are accompanied with geographic indications, this means that these products are produced from regions where they have quality different with quality of products of the same kind produced from other regions.

In Vietnam, geographic indication protection is regulated in legal documents on intellectual property since 1995. Under the Special Vietnam-Swiss Program on

Intellectual Property, the Intellectual

Property Department had assisted the Department of Science and Technology (DST) of Nghe An province in implementing a project on registering "Vinh" geographic indications for orange fruits. Currently, "Vinh" geographic indication for orange fruits has been fully recognized and protected through out Vietnam.



To effectively manage and develop the mentioned geographic indication, People's Committee of Nghe An province in collaboration with Nghe An's DST conducted a workshop on "Formulating solutions to manage and develop "Vinh" geographic indication for Nghe An's orange fruits" on 15 June, 2007. The workshop discussed mostly on roles of participating actors (managers, experts, enterprises and Vinh orange producers and traders) and on how they participate in the linked chains. Delegates, besides sharing experiences on what had been done for registering "Vinh" geographic indication, also focused their discussion on how to develop the most feasible solution to manage and extend this geographic indication.

CONNECTING RESEARCH TO PRACTICE



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Vietnam's economy is fast-changing, and agriculture is faced with unprecedented opportunities and challenges, raising the need for a breakthrough both in thinking and action. In such a context, information and communications need vigorous changes. We believe that with a principle of "realizing ideas and institutionalizing experiments", AgroInfo will become a reliable reference point in terms of communications and information about the Vietnam economy for both local and foreign partners



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