Analysis Vietnamese Government Policies to develop perennial crops in Dak Lak province

Author: Phan Thi Thuy, Le Duc Niem and Philippe Lebailly
I. Introduction

Dak Lak province as a diverse region is well-suitable for development of various crops.

Dak Lak economy depends heavily on the agricultural sector, in which perennial crops as premier crops of economic growth.

Dak Lak’s perennial crop production has many difficulties due to a lot of reasons.

Meanwhile, intervention policy on agriculture often considers criteria as landmark, population redistribution, forest and market conditions.

This study especially focuses on the consequences of policies including: land, forest, migration and trade in production of long- term crops in Dak Lak province.
One of the provinces in the Central Highlands region with many different types of plants, large area and thinly populated region, two separate seasons -> capital permanent crops region. Over 1,303 billion ha of total natural land, over 387 thousand ha of perennial crops area (29.7%) GO, 2017) and 1.15 billion...
II. Methodology

• **Secondary data** was gathered from different local government offices and published papers, previous reports.

• **Primary data:** Focus Group Discussion (FGD) with 5-7 participants and Key Informant’s Interviews (KIs) including Head of Department of Agricultural and Rural Development, Head of Planting Department, elderly people, experts and policy makers.
III. Results and discussion

3.1. The overview of perennial crops situation in Dak Lak province

Table 1: The situation of perennial crops in Dak Lak, 1975-2002

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (thousand hectares)</th>
<th>Output (thousand tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coffee</td>
<td>Rubber</td>
</tr>
<tr>
<td>1975</td>
<td>11.5</td>
<td>4.5</td>
</tr>
<tr>
<td>1985</td>
<td>21.8</td>
<td>10.9</td>
</tr>
<tr>
<td>1990</td>
<td>69.6</td>
<td>14</td>
</tr>
<tr>
<td>1995</td>
<td>131</td>
<td>19</td>
</tr>
<tr>
<td>1999</td>
<td>250</td>
<td>26</td>
</tr>
<tr>
<td>2001</td>
<td>180</td>
<td>22</td>
</tr>
<tr>
<td>2002</td>
<td>167</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: NGUYEN D. T, 2016 and GO, 2002
Figure 1: The development of perennial crops in Dak Lak, 2005-2016

Source: Dak Lak of Year book, 2006-2017
Policies develop perennial crops

1. Land policy
2. Forest policy
3. Migration policy
4. Trade policy
Table 2: Policies on land allocation of perennial crop productions

<table>
<thead>
<tr>
<th>Time</th>
<th>Name and content of policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Directive No 100/CT-TW 13/1/1981: to reallocate land to individual and households</td>
</tr>
<tr>
<td>2013</td>
<td>Decision No 2729/QĐ –UBND Dak Lak 25/12/2013 “Planning development majority perennial crops and fruits to 2020”</td>
</tr>
<tr>
<td>2014</td>
<td>Decision 1442/QD- BNN-TT 27/06/2014 “ Master Planning Development of pepper to 2020 and vision 2030”</td>
</tr>
<tr>
<td>2016</td>
<td>Decision No 2325/QĐ-UBND Dak Lak 10/8/2016 “Agricultural restructuring towards raising added values and sustainable development to 2020 and vision 2030”</td>
</tr>
<tr>
<td>2016</td>
<td>Decision 214/QĐ-UBND 18/01/2016 “Replanting old coffee tree programs during 2013-2020”</td>
</tr>
</tbody>
</table>
Figure 2: Change of annual and perennial crops land in Dak Lak province (1990-2016)

The perennial crops area climbed dramatically during period due to much more lucrative than annual crops.

The agricultural area increases slightly year by year, especially from 1990-2016.

Source: Dak Lak of Yearbook 2000, 2005, 2017
Figure 3: The development of area of main perennial crops (1985-2016)

Traditional method, small scale, over 85% area owned by households

Rapid expansion in spite of local authority’s warning.

Source: (Duong, 2016) and (Yearbook of Dak Lak, 2014-2016)
Figure 4: The Master Planning for development of perennial crops (2020 to 2030)

Source: DARD, 2017

In stead of expanding area, focusing on intensive production
The producers have incentive to intensify cash production.

To create a fragmentation due to diving land on principle of average size and area.

Has no motivated farmers to use effectively land due to without receiving money when land allocation.

Feeling as allocation of property of state for individuals rather than delivery of materials.

The limitation in management lead to spontaneous expansion of area.
Forestry policy

- From 1980 to 1998, due to rapid expansion of land for agriculture, forest coverage decreased from about 90% in the 1960s to 57% in 1995 and to less than 50% in the late 1990s.

- In the beginning of the 1990s, an attractive market signals encouraged the province to exploit greatly more “barren land” for perennial crops.

![Figure 5: The relationship between coffee and forest area](source:(Dave D’haeze, et al, 2005))
Figure 6: The change of forest and agricultural land
Figure 7: The area of forested land by use purpose (2010-2016)

Source: Year book, 2017
Table 3: Policies on forest management

<table>
<thead>
<tr>
<th>Time</th>
<th>Name and content of policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>Decision 661/QĐ-TTg 29/7/1998 “Five million hectares reforestation program aimed to reforest area in exchange for certain user rights”</td>
</tr>
<tr>
<td>2005</td>
<td>Decision No. 304/2005/QD-TTg 23/11/2005 “Pilot forest allocation to households and communities in local ethnic minority villages in Central Highlands”</td>
</tr>
<tr>
<td>2006</td>
<td>ND 23/2006/ND-CP “Permission exchange poor forest to plant perennial crops”</td>
</tr>
<tr>
<td>2007</td>
<td>Decree 76/2007/TB-BNN “Guide to transformation of forestry and forest land to rubber planting in Central Highlands”</td>
</tr>
<tr>
<td>2016</td>
<td>Meeting in Buon Ma Thuot 20/06/2016 “Closing natural forest gate, without transferring over 2,253 hectares natural forest area to other purposes except those related to special defense and security. Government does not undertake to shift poor forest to annual and perennial crops” by Prime Minister</td>
</tr>
</tbody>
</table>
Under central planned economy, forest area was owned by farm states.

Forest land was allocated for households and individuals. They became a driving force to contribute protection and stabilizing of ecological environment.

High profitability from perennial crops encouraged farmers, leading to rapid decreasing of forest while the rights on forest assets has not yet been clearly with stakeholders.

Forest policies was pressured by economic development. The process of applying of policies was revealed many shortages. Understanding and application are differences between organizations.
Labor Policy

Kinh people dominated ethnic group since establishment of the NEZs in 1970s.

Planned and spontaneous migration were changed the population structure of Dak Lak.

Figure 8: Population and ethnicity in Dak Lak 1976–2001
<table>
<thead>
<tr>
<th>Time</th>
<th>Name and content of policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Direction No 190/2003/TTg “Solving the spontaneous in-migration to Central Highlands”</td>
</tr>
<tr>
<td>2004</td>
<td>Decision 134/2004/TTg for “Resettlement for migrants, providing homestead and production land”</td>
</tr>
<tr>
<td>2012</td>
<td>1776/QD-TTG dated 21/11/2012 “Redistribution of population in disasters, difficulties regions to 2015 and vision 2020”</td>
</tr>
</tbody>
</table>
Figure 9: The spontaneous migration of Dak Lak province

Source: Dak Lak People’s Committee, 2000, 2005, 2015
Figure 10. The labor force in Dak Lak province (2005-2016)

This issue pressurize to management citizen, resettlement, shifting poor forestry to cultivation in spite of local authority’s warning.

The profuse employees for agricultural production will increase in the future.

The unplanned migration is continuing and creating negative impacts.

To sum up
Trade policy
Figure 11: The export price of perennial crops during 1991-2016

Source: VICOFA, VFA, VRA, 2016

Dependency of fluctuations in export prices
Figure 12: The export turnover, 2005-2015

**Coffee**
- 2005: 249 Million USD
- 2010: 504 Million USD
- 2013: 492 Million USD
- 2014: 481 Million USD
- 2015: 396 Million USD

**Pepper**
- 2005: 8,2 Million USD
- 2010: 24,6 Million USD
- 2013: 33,1 Million USD
- 2014: 35,3 Million USD
- 2015: 28,1 Million USD

**Rubber**
- 2005: 11,9 Million USD
- 2010: 43,1 Million USD
- 2013: 17,6 Million USD
- 2014: 13,8 Million USD
- 2015: 7,9 Million USD

**Cashew**
- 2005: 5,5 Million USD
- 2010: 2,8 Million USD
- 2013: 3,9 Million USD
- 2014: 5,6 Million USD
- 2015: 4,5 Million USD
Table 5: Policies on market, 2005-2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Name and content of policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>Decision No 80/2002/QĐ-TTg, dated 24/6/2002 “Encouraging policy consumes commodities through contracts”</td>
</tr>
<tr>
<td>2010</td>
<td>Decision No 3848/QD-BCT, dated 20/7/2010 “Providing market information to support commodities selling”</td>
</tr>
<tr>
<td>2006</td>
<td>Decision No 2278/QD-UBND on 04/12/2006 for “Establishing Coffee Exchange Center”</td>
</tr>
<tr>
<td>2013</td>
<td>Decree 210/ND-CP, dated “Reducing expenses: advertising on media; participating domestic exhibition; accessing market information”</td>
</tr>
<tr>
<td>2015</td>
<td>Decision No 1684/ QD-TTg, 30/9/2015 “Strategy of economic integration for agricultural sector and rural development vision 2030”.</td>
</tr>
</tbody>
</table>
• Export commodities are still raw materials. Value added is low, economic efficiency is not high.
• Huge expansion lead to decreasing of export price due to the supply is higher than demand.
Conclusion

1. The perennial crops system was gradually increased by area, yield and output value.

2. The spontaneous migration, reclaiming wasteland and cutting down forest land as well scanty output market.

3. The producer faced small scale, large old tree, fluctuation of natural conditions, imperfect market, lack of labor in harvesting season.

4. Converting forest land to perennial crops to lead the high reforestation.
Carried out to support for migration and policies to limit migrants.

Many polices helped producers and enterprises in consumption and looking for markets.

Local authority lacks penalty methods with massive expansion of perennial crops of farmers.

The shortcoming and weakness of authority from national to provincial and commune created the pressure and obstacles on farmers.
Solutions

• To have the priorities for the favorable perennial crop growing regions and reduce the less favorable perennial crops areas.
• To acknowledge and develop the land market in order to solve the fragmentation to create many supports and encouragement users to expand “large filed”.
• to encourage the sustainable development of linkages “six houses”. To have organized agricultural encouragement forums undertaken technology, provided technical training for farmers.
• To improve policies in promotion, look for and develop export market, intensify building and promote national brand name (Vietnamese Pepper)
• To be stable price in order productive development or stockpile when bad price
• Carrying out better master planning of development
• The policies help growers to improve awareness in agricultural cultivation in order to increase yield, efficiency and competitiveness of products, negotiable capacity
Thank you for your attention