

EXECUTIVE SUMMARY

*Prepared by
Mr. David Whitehead
Head of AgrBusiness Working Group*

This Position Paper reflects the concerns of the members of the VBF's Agribusiness Working Group and follows the inaugural Position Paper and presentation made at the mid-term VBF meeting in June 2014.

At an inter-ministerial meeting between members of the Working Group and representatives of the Ministries of Agriculture and Rural Development, Planning & Investment, Industry & Trade and Finance on Monday 17 November 2014, there was robust and positive discussion about the detail of the issues in this Position Paper.

This paper is divided into 2 parts. Part I covers new **Specific and Technical Issues** facing international business in this sector in Vietnam and Part II repeats the outstanding **General and Long Term Issues** raised in the previous paper.

Part I covers five areas: **CROPS PRODUCTION, FOOD SAFETY, ONE-TIME LICENSING, TAX-RELATED ISSUES, and REGULATIONS ON CHEMICALS AND ANTIBIOTICS IN ANIMAL FEED.**

1. **Crops Production:** We discuss Decision No. 95/2007/QĐ-BNN promulgating the Regulation on recognition of new agricultural plant varieties. Currently, MARD, through Department of Crop Production is reforming seed regulations in order to streamline procedures and at the same time to release high quality seeds. We raise some issues and recommendations to help MARD come up with a circular that could meet the market's need and social development. We are also concerned about procedural bottlenecks for introducing new seedling technologies. Introduction of new technology e.g. GM Seeds, Biologicals, etc. require the development of an appropriate framework and governance. This requires significant coordination within and across Ministries and relevant government bodies and is often time-consuming.
2. **Food Safety:** We raise the issue of quarantine responsibilities between Ministries for fresh dairy products and processed dairy products. We believe that there should be specific guidelines, clearly defining quarantine responsibilities in each case and that all dairy products should be regulated under the same Ministry.

Another important issue we raise is in regard to hygiene standards of food safety for food processing facilities. Food Safety Law (Article 19) provides requirements for establishment of a food processing factory in accordance with standards prescribed by MARD, but, so far, there is no regulation from MARD on these standards.

Further, Circular 128 regarding quarantine and food safety testing on products (goods derived) from plants and animals is of concern. It requires quarantine and food safety testing on products (goods derived) from plants and animals which must be carried out at a Customs checkpoint following certain procedures. The designated inspection location is unreasonable, causing cargo congestion, and time delays, there needs to be another arrangement away from the port.

3. **One-Time Licensing:** Circular 35/2014/TT-BCT of MOIT dated 15 October 2014 regulates automatic import license applicable to fertilizer. A company needs to apply every time for a one-time license for each lot of fertilizer imported. Since a company already has a business

license for importing and trading fertilizer in Vietnam, this requirement only adds complication to the actual process.

There is an additional requirement for issuing that one-time license which is to have confirmation from a specific bank at the time of the importation. We believe that this is an unreasonable requirement.

4. **Tax-related Issues:** We appreciate that the Vietnamese government recognizes the importance of agribusiness and, to promote its development, the Government has cut down or removed many agricultural taxes and fees in order to reduce the financial burden and help cutting costs and increase competitiveness for agricultural products. Businesses welcome a variety of positive reforms including the removal of VAT for raw and semi processed agro-products, with coffee and rice benefiting most. More recently, the Government has exempted VAT from animal feed. Nevertheless, a number of agro-products, especially inputs such as fertilizers, chemicals and so on are still subject to VAT, despite the end-users of such products being mostly farmers. These farmers, in turn, without the right to a tax refund, must include all their tax expenses in their production cost when selling in the market. We believe the government should provide additional guidance on classification of semi-processed agro-products that are not subject to VAT filing and declaration, possibly through a detailed list of products under this category, and shorten VAT refund time as well as remove VAT for materials including fertilizers, insecticides, crop protection chemicals, and so on.
5. **Regulations on chemicals and antibiotics not allowed to be used in animal feed:** Regulations on chemicals and antibiotics not allowed to be used in animal feed are currently mentioned in various documents. There are too many legal documents on prohibited substances which do not facilitate management agencies and businesses in referring and fully updating. There should be focused and unified regulation on prohibited chemicals and antibiotics in animal feed in order for businesses to comply.

Part II covers three areas: **MARKET ACCESS, SEEDS AND SEEDLINGS, AND THE ROLE OF LOCAL AUTHORITIES AND INDUSTRY ASSOCIATIONS.**

1. **Market Access:** Market access is the ability of private agriculture and food companies to access markets for their products. These products may be either fresh or processed. These companies may be domestic or foreign. Access refers to access to Vietnam markets for foreign agriculture companies, as well as access of Vietnamese companies to domestic and foreign markets. The Working Group intends to focus on supporting policies to enable market access in these terms. We discuss the ongoing issues in each of these sectors and we believe that the solution includes a clearer domestic and international market access strategy based on international standards and norms.
2. **Seeds and Seedlings:** Vietnam is one of the market leaders in global rice exporting, being the second largest rice exporter in volume. However, the large volume cannot guarantee a high export value for Vietnam's rice due to the perception of low and inconsistent quality by the global marketplace. Part of the main reasons for this is the situation of the seed industry in Vietnam, with more than 300 seed varieties in circulation, of which a vast majority is low quality. There are more than 200 seed companies in the country, of which very few have sufficient resources for serious investment in the sector. We propose reform in administrative procedures, removal of local authorities' involvement on choice of crop structures, increased investment in research and development, creation of a cohesive information exchange mechanism, development of land policy to encourage land consolidation, and more focus on international cooperation and technology transfer.

3. **The Role of Local Authorities and Industry Associations:** Vietnam's agricultural industry is fragmented to regions with significantly different attributes at each locality. Government policies do not truly reflect the general and local issues. The industry associations inefficiently perform their roles in maintaining strong linkages amongst various stakeholders in the industries. Local authorities should be given more discretion to customize policies into real practices at their localities. We believe that there should be a requirement that within a certain number of days the local authorities must provide official guidance to implement the policies issued by higher level. Industry associations should be assigned specific responsibilities to help the implementation.

CONCLUSION

In conclusion, the VBF Agribusiness Working Group is very pleased with the level of cooperation we have received from the Ministries and individual officers within the Ministries with whom we have inter-related. We hope that this cooperation will continue into the future and that we can work together to improve and modernize the agribusiness sector in Vietnam.

We recognize there are a number of issues to be addressed, but we understand that these things take time. We are willing to work closely with the Ministries to bring about reform and improvement in this extremely important sector in Vietnam.

AGRIBUSINESS POSTION PAPER

Prepared by
AgriBusiness Working Group

I. SPECIFIC AND TECHNICAL ISSUES

1. CROPS PRODUCTION

1.1. Issues surrounding Decision No. 95/2007/QĐ-BNN promulgating the Regulation on recognition of new agricultural plant varieties

Context: Viet Nam is the world's leading exporters of some farm produce. However Vietnamese exports are always branded with low quality in the world market. Vietnamese exporters have to accept lower prices compared with other peers in the region. One of the main reasons is the underdevelopment of seed and seedling industry which is unable to provide high quality inputs for high quality products. Currently Ministry of Agriculture and Rural Development, through Department of Crop Production is reforming seed regulations in order to streamline procedures and at the same time to release high quality seeds. Taking this opportunity, we would like to raise some issues and recommendations to help MARD come up with a circular that could meet the market's need and social development.

Issues

- The recognition process for a new variety is too long. For example it takes at least three to four years for a new rice variety to be recognized. Meanwhile some countries only allow exporting their nationally recognized seeds after several years, for example China require five years. Therefore new variety, especially an imported seed, is out of date after being recognized.
- There are seeds having been recognized by the MARD for production and trade, but such recognition is not accepted by a number of provinces, and testing is required all over again.
- As industry has now developed to an advanced level, and before testing is done in the national testing network, applying companies have often completed very careful tests, including from baseline comparison experiments (1-2 seasons), post-experiment comparison (1-2 seasons), to production test (1-2 seasons) with a minimum planting space of 100-1,000 m² per variety, in different ecological areas, and especially in areas defined for the targeted markets. Only when good test results are confirmed, submission to the national testing network will begin. Nevertheless, a testing process that repeats the steps already taken by applying companies in the previous 2-3 years is again required. This is a waste of resources and may delay the introduction of good seeds to production. That is not to mention that many laboratory facilities of the National Testing Center, due to poor testing quality, often produce lower productivity than actually the case, preventing the offered seeds to present fully their potentials.
- Even when basic testing and production test results are available, the seed registration board still lacks the trust to grant official recognition, but instead only allow trial production. Why not set the criteria to grant official recognition once and for all?
- As Decision 95 is not specific enough, even seeds that have been recognized by the ministry are required of a re-test by several provinces, or in other cases, if the seeds are not included in the official list of the province, production and trade will not be allowed on the ground.
- Seed production and trade may be done, taking into account geographical conditions. Many seeds having been recognized for use in the North, however, are not permitted to be put to production in the South, as this is not stated in the recognition decision.
- Many have said that while recognized seeds are plenty, those in real production are few. Are seeds being tested and recognized by individual applicants just for listing sake, and not any realistic purpose? It appears to us that only institutional applicants may register for testing. Individuals must enter into some sort of partnership with business entities, so that in case of poor harvests or output, the government has something to rely on to demand

compensation. Most companies want to exist and develop, and the seeding business does not pay off over night. Thus, if a company decides to register a seed, it should be really good for the company to come up with such decision. And the company will also be fully responsible for any harm caused by the introduction of the seed. Because any illusive acts will result in the buyers turning their backs on the company.

Recommendations

- Companies' test result should be recognized, and the companies are fully responsible for the declared results. The test results must be summarized and published on zines, to allow agricultural regulators nationwide to verify within one month (or another reasonable time line). If no litigation entails, formal recognition will be granted. This is similar to seed protection. Businesses only need to make declarations and be responsible in full for their claims.
- A feature-based recognition approach should be used, e.g. based on the resilience for drought, flooding and pests of seeds. Example: A *Xanthomonas Oryzae* Xa21 genetically modified seed should be recognized by the ministry as one with anti-*Xanthomonas Oryzae* Xa21 genetic feature, and not a general anti-*Xanthomonas Oryzae* seed. Because the seed may still be infected with other strains of *Xanthomonas Oryzae* that are capable of overriding the Xa21 gene. The same applies to anti-plant hopper genetically modified rice varieties. Please have a look at the table below.

Rating of anti-plant hopper Biotype genetic groups, by classification of Japan and the Philippines (Ikeda and Vaughan, 2006)

Status	Bph 1	Bph 2	Bph 3	Others
Resistibility	Resistibility to Biotype 1 and Biotype 3	Resistibility to Biotype 1 and Biotype 2	Resistibility to all Biotypes	
Vulnerability	Vulnerable to Biotype 2	Vulnerable to Biotype 3	0	
Host genes	-	-	Bph 3, Bph 4, Bph 8 and Bph 9	Bph 5, Bph 6, Bph 7 resistant to Biotype 4

- Removal of trial production recognition, because:
 - o The varieties of plants Ordinance does not required trial production.
 - o Seeds recognized for trial production must be put to trial production for two seasons, with a maximum quantity of hybrid rice variety of 150-2,000 ha (4.5 - 60 tons * VND100,000 = VND450 million - 6 billion). As this is a sizable amount of money, not allowing sales is unreasonable, since no business can give out several billion dong for free. Selling is illegal, so they have to think of something else. In brief, unnecessary trial production should be repealed.
- Recognizing seeds should mean that once production and trade is permitted in a specific area, all the provinces in such area should also accept that recognition and comply with the decision of the MARD. The provinces must provide companies with the liberty of doing business with the recognized seeds, without the seeds being listed in the plans of the provinces and districts. Only if local subsidies are involved, narrative statements and convincing of the local governments by companies should be required.
- Increased responsibility of testing agencies. Test results in different ecological areas should be produced with the involvement of the local DARDs to make sure that the results presented by the Testing Center are impartial and recognized by local agencies.
- Defining the responsibilities of the National seed recognizing board. To be specific, the board should be responsible for its seed testing and recognition. The ministry can require an additional fee to cover its field evaluation and testing costs, and document processing.
- Collection of maintenance fee for permitted seeds. This will help the ministry to take quick actions in removing seeds that are no longer in existence and those without economic

benefits. Any creators who may find their seeds no longer fit for production but want to keep the name for whatever reason should pay this maintenance fee.

- Learning from the model of cross-evaluation between different entities and individuals for every seed.
- The ministry can ask the local Departments to update on a seasonal basis the farming area of individual varieties of plants, so that it can easily envision and put together strategies and guidance on pest control and so on, in a timely manner.
- Removal of the requirement for seed production three years after formal recognition as in the draft. As we may know, as much as 70% of hybrid rice seeds are being imported from China. It is a China's policy that nationally recognized seeds should only be exported to Vietnam five years later. Furthermore, seed production in Vietnam is still facing huge challenges in terms of land acquisition, unpredictable weather conditions, non-existent infrastructure and investment for dedicated seed production hubs.

1.2. Procedural bottlenecks for introducing new seedling technologies

Context: Introduction of new technology e.g. GM Seeds, *Biologicals* and others require the development of an appropriate framework and governance. This requires significant coordination within and across Ministries and relevant government bodies and is often time-consuming.

Outstanding problems/obstacles

- They are substantive delays in finalizing the framework for new technology introduction due to bureaucratic issues in coordination across government functions. Timelines for finalization are delayed and postponed.
- Companies are unclear on planning new product introductions, and assessing commercial and technical viability in Vietnam.

Proposal

- Expedite review and finalization of new technology introduction procedures through timely coordination across functions and collaborate with key industry players for developing regulations for new technology introduction.

2. FOOD SAFETY

2.1. Quarantine responsibilities of processed milk

Context

- In accordance with Decision No. 45/2005/QĐ-BNN, the Ministry of Agricultural and Rural Development has the quarantine function for "Fresh milk, yogurt, butter, cheese, bottled milk and dairy products".
- Under Article 63, 64 of Food Safety Law, MARD is only in charge of food safety management for raw milk; the Ministry of Industry and Trade is in charge of processed milk management.

Outstanding problems/obstacles

- Currently, the Agency that has the quarantine function for processed milk is still unclear, making it difficult for businesses to export (businesses cannot export their products without a quarantine certificate from the competent authority)

Proposal

- There should be specific guidelines, clearly defining quarantine responsibilities in each case.
- The same products should be regulated under the same Ministry.

2.2. Hygiene standards of food safety for food processing facility

Context: Food Safety Law (Article 19) provides requirements for establishment of a food processing factory in accordance with standards prescribed by MARD. So far, there is no regulation from MARD on these standards.

Outstanding problems/obstacles

- Food processing manufacturing is potentially deemed as unqualified (since no clear standards or requirements are in place).

Proposal

- MARD should issue a legal document to specify hygiene standards of food safety for each type of food processing facility for businesses to implement.

2.3. Circular 128 regarding quarantine and food safety testing on products (goods derived) from plants and animals

Context: Circular 128/2013/TT-BTC requires quarantine and food safety testing on products (goods derived) from plants and animals which must be carried out at a Customs checkpoint following certain procedures,

Outstanding problems/obstacles

- The designated inspection location is unreasonable, causing cargo congestion, and time delays.

Proposal

- Circular 128/2013/TT-BTC should be amended so that businesses are allowed to bring imported frozen food products to their storage facility for quarantine and food safety inspection in accordance with current regulations instead of checking at the port checkpoint.

3. ONE-TIME LICENSING

Context: Circular 35/2014/TT-BCT of MOIT dated October 15th, 2014 regulating automatic import license applicable to fertilizer.

Outstanding problems/obstacles

- Company has to apply every time for a one-time license for each lot of fertilizer imported. Since company already has business license of importing and trading fertilizer in Vietnam. This requirement only adds complication to the actual process.
- There is an additional requirement for issuing that one-time license which is to have a confirmation from a specific bank at the time of the importation. It is unreasonable as companies are uncertain what bank they will select for payment to supplier at the time of importation. It depends on the competitiveness of banks and exchange rates when payment to supplier is due.

Proposal

- Should not apply "one-time license" requirement to companies that already have import rights in their business license.
- There is no need for confirmation letter from the bank in order for companies to obtain permission to import fertilizer to Vietnam.

4. VAT RELATED ISSUES

Context: Aware of the importance of agribusiness and to promote its development, the Government has paid substantial attention to cutting down or removing altogether many agricultural taxes and fees, in order to reduce the financial burden and help cutting costs and increase competitiveness for agricultural products. Businesses in the sector recently welcomed

a variety of positive reforms including the removal of VAT for raw and semi processed agro-products, with coffee and rice, among others – the two leading exports of Vietnam, benefiting the most from them. More recently, the Government has decided to exempt VAT from animal feed. Nevertheless, a number of agro-products, especially agribusiness inputs such as fertilizers, chemicals and so on are still subject to VAT of 5% or 10% tax rate, despite the end-users of such products being mostly farmers. These farmers, in turn, without a right to tax refund, have to include all their tax expenses in the production cost when selling their agro-products in the market.

Outstanding problems/obstacles

- Imposing a 5% tax rate for fertilizers and other inputs of crop production and livestock have increased the market price of many agro products. With regard to zero rated products, VAT refund has been taking for a long time. These are the challenges being faced by agribusinesses, which are often small-sized companies. Moreover, classification of semi-processed agro products that are not subject to VAT filling and declaration is not clear which led to inconsistent implementation between the national and local tax authorities. This has also led to rampant tax fraud and evasion in many areas and sectors, deteriorating the business environment and State budget.

Proposals

- Provide additional guidance on classification of semi-processed agro-products that are not subject to VAT filling and declaration, possibly through a detailed list of products under this category.
- Shorten VAT refund time.
- Remove VAT for materials including fertilizers, insecticides, crop protection chemicals, and so on.

5. REGULATIONS ON CHEMICALS AND ANTIBIOTICS IN ANIMAL FEED

Context: Regulations on chemicals and antibiotics not allowed to be used in animal feed are currently mentioned in various documents, for example:

- Article 7 of Circular 57/2012/TT-BNNPTNT dated November 7, 2012 on the inspection, supervision, and penalties for the use of substances in the group of beta-agonist that are banned from breeding.
- Circular 61 /2011/TT-BNNPTNT dated September 12, 2011 promulgating the national technical regulation on animal feed.
- Circular 81 /2009/TT-BNNPTNT dated 25/12/2009 on the promulgation of national technical regulations on animal feed (4 Technical Standards), Decision No. 3762/QĐ-BNN-CN dated November 28, 2008 on management of melamine in livestock production and aquaculture, etc.

Outstanding problems/obstacles

- There are too many legal documents on prohibited substances which do not facilitate management agencies and businesses in referring and fully updating.

Proposal

- There should be focused and unified regulation on prohibited chemicals and antibiotics in animal feed in order for businesses to comply.

II. GENERAL AND LONG-TERM ISSUES

1. MARKET ACCESS

Market access refers to the ability of private agriculture and food companies to access markets for their products. These products may be either fresh or processed. These companies may be

domestic or foreign. Access refers to both access to Vietnam markets for foreign agriculture companies as well as access of Vietnamese companies to domestic and foreign markets. The Working Group intends to focus on supporting policies to enable market access in these terms.

Key Issues: Market access limitations relate to a wide range of issues – many of which are so-called ‘cross-cutting’.

Domestic market access for Vietnamese companies

1. Quality and consistency of the product (cross-cutting).
2. Input, process and supply chain technologies to improve quality and stability of quality.
3. Research and development of technologies in-house to develop company products.
4. Management capability to oversee and develop team and product quality.
5. Inconsistency of development and implementation of government policy.

Domestic (Vietnam) market access for foreign companies

1. Licensing and foreign interest limits as barriers to entry.
2. Tariff and Non-tariff barriers and custom controls.
3. Inconsistent/ incoherent policy development and implementation.

Foreign market access for domestic companies

1. There is limited understanding of market need – it is a supply driven market.
2. Anticipating markets.
3. Market information versus market intelligence and insight.
4. How to obtain more buyers – and diversify products?
5. Key issues are: how to change management style/ adopt and obtain new technology/ understand effective marketing strategies.
6. Quality control and inconsistencies in production and processing.
7. Non-uniformity – decreasing quality over time.
8. The need for value-added processing to expand the market – e.g. in aquaculture – filet production is consistent but without well developed value added processing, the market access is limited.
9. Overproduction of similar products – many examples of a ‘rush for the same product’ all at the bottom of the value chain – e.g. dragon fruit, Robusta coffee, basa fish.
10. Demand driven markets – local governments and local companies.

The result is competition at the bottom end of the market – and perpetual self-limiting the opportunity for market access. The comparative advantage becoming a perpetual disadvantage.

The solution includes a clearer domestic and international market access strategy based on international standards and norms which would be supported by:

- a) ‘Less and smarter policy’ and fewer market access obstructions from government regulations;
- b) increased substantive openness to foreign technology and investment to revitalise the agriculture sector and ensure it is of world standard; and consistent implementation of smart and progressive policy – anticipating the long term gains for millions of producers; healthier rural economies; competitive Vietnamese companies; and world class technologies and practices in place in Vietnam.

2. SEEDS/SEEDLINGS

Context

- Vietnam is one of the market leaders in global rice exporting, being the second largest rice exporter in volume. However, the large volume cannot guarantee a high export value for

Vietnam's rice due to the perception of low and inconsistent quality by the global marketplace.

- Part of the main reasons for this is the situation of the seed industry in Vietnam, with more than 300 seed varieties in circulation, of which a vast majority is low quality. There are more than 200 seed companies in the country, of which very few have sufficient resources for serious investment in the sector.

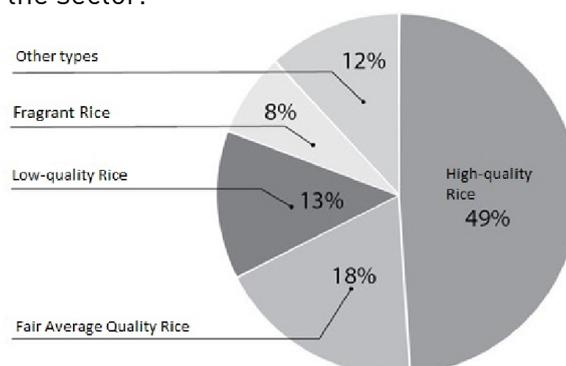


Chart 1: Vietnam's rice types for exports

- However, the root cause lies in the fact that a master plan for input material production zones is non-existent. This requires collaboration between MOIT and MARD. MOIT will need to conduct market research and needs assessment for both the domestic and international markets so that orders can be placed with MARD to guide production.
- The orders should indicate SPECIFIC TYPES (long, short, aromatic etc. types) and how many tons/crop or year (needs not place orders for any specific variety of rice given the existence of hundreds of such varieties). Based on such orders, MARD can start zoning work and coordinate production of different varieties that meet the same standards for such TYPES OF RICE.
- However, the problem is that MARD does not have a master plan for input material production zones for export in place yet due to lack of information regarding market research and needs assessment.

Outstanding problems/obstacles

- The rate of commercial seed usage is low (~30% for conventional rice seed, ~40-50% for vegetables and fruit); a large majority of farmers re-use the seed they save from previous crops, leading to low productivity, low resistance to diseases, also resulting in low economical return.
- Limitations in R&D and inadequate investment in R&D; consequently, there is a limited number of seed varieties that can adapt to different climates across the country, and that are rapidly degradable. Therefore, the current situation is that too many seed varieties are recognized and utilized, resulting in inconsistency in the quality of agro-products. For example, Thailand only has 5-6 varieties in use, whereas Vietnam has 300, with tens of new seed varieties being recognized every year.
- Inefficiency in the seed market mechanism due to subsidy policy. Local authorities take advantage of these subsidy programs to support low quality, inefficient seed varieties that are not suitable for the local climatic conditions. Farmers, due to financial burdens, or being affected by the crop and seed structure and planning by the local authority, use the low quality varieties.
- Lack of cooperation and linkage within the value chain. For many products, high demand is not sufficiently met by supply; whereas for others, there is no market for products of high quality. The production chain elements such as SEED – PRODUCTION – PROCESSING – CONSUMPTION are not linked together. As a result, there exists many seed varieties that do not suit the tastes of the consumers.
- Bureaucracy in the recognition procedures for new seed varieties takes a vast amount of administration time, and demonstrates the lack of monitoring from science organizations.

The consequence is that when the seed is accredited for commercial usage, it no longer meets market needs.

- Fragmented farming (due to the current land ownership policy) leads to difficulties in applying modern technologies in the agriculture and seed industry.
- Human resources – the quality of human resources in agriculture is not high, due to the lack of training and favorable remuneration policies. There has not been a mechanism to attract talent, and there is a shortage of well-trained leading experts.

Proposal

- Public administration reform in administrative procedures during the recognition process for new seed; and enhance the capacity of scientific supervision organizations, to ensure that the new varieties are superior to the existing ones, to avoid low quality seed being used widely.
- Removal of the distortive lobby practice at the level of local authorities, to allow the farmers to use seed according to farming demand and market demand, rather than using the varieties that are chosen by the local authorities in their crop structure, but are not market-oriented.
- Increased investment in R&D for applying technologies, to limit the introduction and circulation of poor quality seed that does not suit market demand.
- Creating a cohesive information exchange mechanism among different segments in the production value chain in order for farmers to understand and effectively meet market demand, reducing the role of intermediaries/ traders (those who take advantage of farmers' lack of information for profiteering purposes)
- Development of agricultural land policy to encourage land consolidation; thereby encouraging long-term investment in arable land and application of science and technology in production.
- Better focus on international cooperation and technology transfer, together with increased investment in human resources policy, even as early as the vocational stage.

3. ROLE OF LOCAL AUTHORITIES AND INDUSTRY ASSOCIATIONS

Context: Vietnam's agricultural industry is fragmented to regions with significantly different attributes at each locality. Government policies do not truly reflect the general and local issues. The industry associations inefficiently perform their roles in maintaining strong linkages amongst various stakeholders in the industries.

Outstanding problems/obstacles

- Difficulties arise in implementing policies in reality. Hence the root of many problems can not be comprehensively tackled.
- Conflict of interests amongst the parties occurs due to lack of co-operation.
- Unprompted development in the industry drives the demand and supply to be mismatched, causing instability and potential damage to the wealth of every stakeholder.
- The domestic agricultural industry is not sufficiently protected against international competition and threats.

Proposal

- Local authorities should be given more discretion to customize policies into real practices at their localities.
- There should be a requirement that within a certain number of days the local authorities must provide official guidance to implement the policies issued by higher level.
- Industry associations should be assigned specific responsibilities to help the implementation.