

RESEARCH SUMMARY

ASEAN ECONOMIC COMMUNITY AND THE COMPETITIVENESS OF VIETNAM'S AGRICULTURAL SECTOR ¹

Angga Bagus Bismoko

Pusat Penelitian Sumber Daya Regional-Lembaga Ilmu Pengetahuan Indonesia

Email: angga.b.bismoko@gmail.com

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ABSTRAK

Dalam sepuluh tahun terakhir, Vietnam berhasil menjadi negara pertanian yang patut diperhitungkan dalam pasar internasional. Meskipun demikian, daya saing sektor pertanian Vietnam masih belum stabil dalam mengimbangi Thailand dalam jangka panjang. Lebih dari itu, Vietnam harus berjibaku dengan pengimplementasian MEA secara penuh di akhir 2015 dan berpotensi meningkatkan persaingan di kawasan Asia Tenggara. Memahami pembangunan daya saing pertanian Vietnam dalam menghadapi berbagai tantangan dan kesempatan di era MEA menjadi tujuan besar dari penelitian ini. Penelitian ini menggunakan metode penelitian kualitatif untuk menganalisis data primer hasil wawancara mendalam dan juga berbagai data sekunder yang telah dikumpulkan. Hasil penelitian menunjukkan bahwa hingga saat ini, Vietnam masih menghadapi kendala besar dalam menghasilkan komoditas pertanian yang aman dan berkualitas tinggi ditambah juga rendahnya produktivitas tenaga kerjanya. Meskipun demikian, Pemerintah Vietnam tengah melakukan berbagai kebijakan untuk meningkatkan kualitas dan keamanan komoditas pertanian antara lain melalui No Early Spray Campaign, 3G3R dan 1M5R. Lebih dari itu, melalui mekanisme Public-Private Partnership (PPP), Pemerintah Vietnam berupaya menjembatani kerjasama saling menguntungkan antara petani dengan perusahaan. Selain itu, Pemerintah Vietnam berupaya memanfaatkan MEA guna meningkatkan arus investasi luar negeri demi membangun sektor pertaniannya dengan menyediakan berbagai insentif bagi para calon investor.

Kata kunci: MEA, daya saing, sektor pertanian, Vietnam.

ABSTRACT

In the last ten years, Vietnam has become an agricultural country to be reckoned with in the international market. However, the competitiveness of Vietnamese agricultural sector is still unstable, especially when compare to the Thailand in the long-run. Moreover, Vietnam has to fight with the implementation of AEC in full at the end of 2015 which implies the increasing levels of competition in Southeast Asia. Understanding the developments of Vietnam's agriculture in the face of various challenges and opportunities through the implementation of AEC become the major purpose of this research. Qualitative methods used to analyze primary data were collected through indepth interview and several secondary data that has been collected. The results of this research shows that Vietnam face two major obstacles in producing agricultural commodities that safe and have high quality plus the low labor productivity. Nevertheless, the Government of Vietnam conducting several policies in improving the quality and safety of agricultural commodities such as the No Early Spray Campaign, 3G3R and 1M5R. Moreover, through the mechanism of the Public-Private Partnership (PPP), the Government of Vietnam strives to bridge the mutually beneficial cooperation between farmers and companies. In addition, the Government of Vietnam is trying to take benefits from the AEC to increase the flow of foreign investment to build its agricultural sector by providing various incentives for supporting potential investors.

Keywords: AEC, competitiveness, the agricultural sector, Vietnam.

¹ This paper is a summary of research conducted P2SDR-LIPI 2015. The research team consisted of Mayasuri Presilla, Rucianawati and Angga Bagus Bismoko.

INTRODUCTION

ASEAN Economic Community (AEC) is one of the pillars of cooperation among ASEAN countries as a step to realize the ASEAN Community that is forward-looking, peaceful, stable, prosperous and united (Kementrian Sekretaris Negara RI, 2014). AEC is the token of seriousness in accelerating the economic integration of ASEAN, AEC is fully implemented by the end of 2015 focuses on 12 priority sectors, namely 7 (seven) commodities (agricultural industry, electronics, automotive, fisheries, rubber industry, wood industry and textiles) and five (5) service sectors (air transport, health services, tourism, logistics and industrial IT / e-ASEAN).

AEC would provide a significant impact to the ASEAN countries. On the one hand, the reduction or even elimination of tariff and non-tariff barriers in trading activities is an opportunity for ASEAN countries to expand their economies from regional trade. On the other hand, at the same time, there is also a more competitive economic competition among Southeast Asian countries, especially in commodity similar. According to Baskoro (2014), the absence of trade barriers within ASEAN would increase movement of goods among these countries, which could led to a competition between the local commodities against the import commodities. Thus, improving the quality of local commodities should be match with the domestic need became the key to be able to compete with imported commodities in the domestic market.

The agricultural sector is a priority in the AEC as it deals with food and raw materials for industries. In the era of AEC, the level of competition in agricultural commodities would be higher. In order to compete at the regional level, quantity and quality of the agricultural commodities should be increased, so it has a high competitiveness in both domestic and international markets. This is due to economic improvement in the ASEAN countries could change public demand for agricultural commodities.

Vietnam grows into an agricultural country to be reckoned in the last ten years. Exports of agricultural commodities such as rice, coffee, and cashew are the pillar of Vietnam commodities to compete against Thailand, India and Indonesia (Shinoj & Mathur, 2008). Shinoj & Mathur (2008) also pointed out that the competitiveness of Vietnam's cashew and coffee commodity could stand out compared to India's and Indonesia's products.

The competitiveness of the agricultural commodities in Vietnam, however, is still not quite stable in the last five years. According to the proportion of Vietnam's export compared to the world's exports is volatile in 2010-2014. UN Comtrade data shows that the proportion of exports for coffee and rice in the 2010-2014 period looks unstable and have never more than 17% of the total value of world exports. Moreover, throughout the period, UN Comtrade data also shows that the proportion of export of Vietnam's rice commodities decreased to 11.5% in 2014 which is the lowest value ever.

Vietnam seeks to improve the quality and quantity of agricultural commodities to be able to increase its competitiveness in the ASEAN and global markets. To realize this, Vietnam would implement targeted agricultural development from upstream to downstream sectors. This research seeks to find out information about conditions and developments, as well as the strategies implemented by Vietnam in both the input and output sides of agricultural commodities. The first discussion deals with the output of agricultural commodities including issues of security and the quality of agricultural commodities in Vietnam. The second section discusses the quantity and quality of agricultural labor Vietnam. To wrap up, this study covers some strategies implemented by Vietnam in improving the competitiveness of their agricultural commodities.

QUALITY AND SAFETY OF AGRICULTURAL PRODUCT IN VIETNAM

The Quality of Agricultural Products

Improving the quality of agricultural products remains a critical challenge for Vietnam in the era of AEC. Vietnam's agricultural commodities have been able to compete at the international level but it happened because the price offered is lower than Thailand and Malaysia, and consequently the quality of the products is also low. Prof. Nguyen Van Ngai from the Nong Lam University says that the quality of agricultural products from Vietnam still lags behind Malaysia and Thailand because of the development of agricultural technology is still low (Interview, 11 June 2015). Meanwhile, Hue (2014) mentions that, in terms of safety and quality of the agricultural product, Vietnam is not strong enough to compete with other big agricultural countries.

In Vietnam, the quality of agricultural products, especially rice requires serious attention if it does not want to lose its competitive value. The rice from the Mekong Delta, for instance, has low quality because of a large number of broken rice produced. Broadly speaking, the poor quality of Vietnamese rice products lies in the poor post-harvest handling. Many problems encountered in the field related to it, such as mixing with different varieties of rice milling, rice milled not dry before, and etc.

According to Prof. Ngai, China is a potential market for the Vietnamese rice. This is because China does not pay attention on the quality but the quantity of products. Concurrently, Vietnam does not have a serious problem in pumping up their quantity of production. However, the future of Vietnamese rice would be limited insofar as they do not make a serious effort to improve its quality.

Safety in Agricultural Product in Vietnam

Safety of the products is also an indispensable issue in the era of AEC besides the quality of the product. Safety of agricultural products,

especially rice, is inevitably a serious challenge in Vietnam. During this time, agricultural products are still considered less secure because of excessive use of chemicals in the production process. Vietnamese farmers believe that the use of chemical fertilizers and pesticides is a great way to increase agricultural production. Prof. Ngai argued that the majority of Vietnamese farmers are not aware of the negative impact of excessive chemical use on product safety and the well-being of farmers.

The use of chemicals in the agricultural sector in Vietnam is an epistemological heritage since the green revolution in Asia in 1960s. The intended use of massive fertilizer and pesticide which is to increase agricultural production in order to be able to overcome the food crisis in Southeast Asia. At the same time, the green revolution supported the transfer of agricultural technology from the traditional one to the modern farming that relies on chemicals and agricultural machinery. The move has proven successful in increasing agricultural productivity of countries in Southeast Asia, including Vietnam.

Farmers do not want to abandon the use of chemicals in large quantities due to several factors. The land area became one of the factors that influence the use of too much chemical fertilizers and pesticides. Based on the interview with Prof. Ngai, a decision to use excessive chemicals because of their agricultural land area is relatively small but farmers hope that the result is quite large. In addition, Prof. Ngai said that external factors such as consumer demands for getting agricultural commodities at low prices in the market be a driving factor for farmers to obtain high yields with the use of fertilizers and pesticides in large quantities.

PROGRESS AND CHALLENGES FOR AGRICULTURAL WORKERS IN VIETNAM

Vietnam's efforts in improving the competitiveness of their agricultural commodities

in international markets cannot be separated from the role of their agricultural labor. Porter (1998) in Dlamini, Kirsten, & Masuku, (2014) states that one of the factors affecting the competitiveness of a country that is a factor of conditions, including the ability of its workforce. Optimization of labor in the production process would be able to boost agricultural productivity. Increased labor productivity indicates a production run efficiently and has implications for decreasing the cost of production, so that the produced agricultural products be more competitive. Moreover, in the AEC blueprint, each country should improve the quality of agricultural commodities through the application of Good Agricultural Practices (GAP). In striving to make it happen, the Vietnamese government fully supports the agricultural modernization.

Modernization of agriculture in Vietnam faces several constraints related to the readiness of its agricultural labor force. In terms of quantity, although still dominate the structure of the national labor force, the number of Vietnamese agricultural labor decline annually. Meanwhile, the conditions of Vietnam's agricultural labor are largely a labor force with the low education levels. Timmer (2001) states that the majority of the rural population working on agriculture; have low level of education. This led to the low agricultural labor productivity. Secondly, it is deemed to be a challenge for Vietnam in fully implementing the modernization of agriculture. Application of agricultural modernization requires a workforce with a certain level of education or the ability to run properly.

Structural Shifts in the Agricultural Labor in Vietnam

General Statistic Office (GSO) of Vietnam publishes book, namely *Report on the Labor Force Survey Quarter 1 2015* that can be used to see the pattern of distribution of agricultural labor in Vietnam. Meanwhile, based on the location of residence, the data GSO of Vietnam showed that the Vietnamese labor forces are still concentrated in rural areas, contributing around

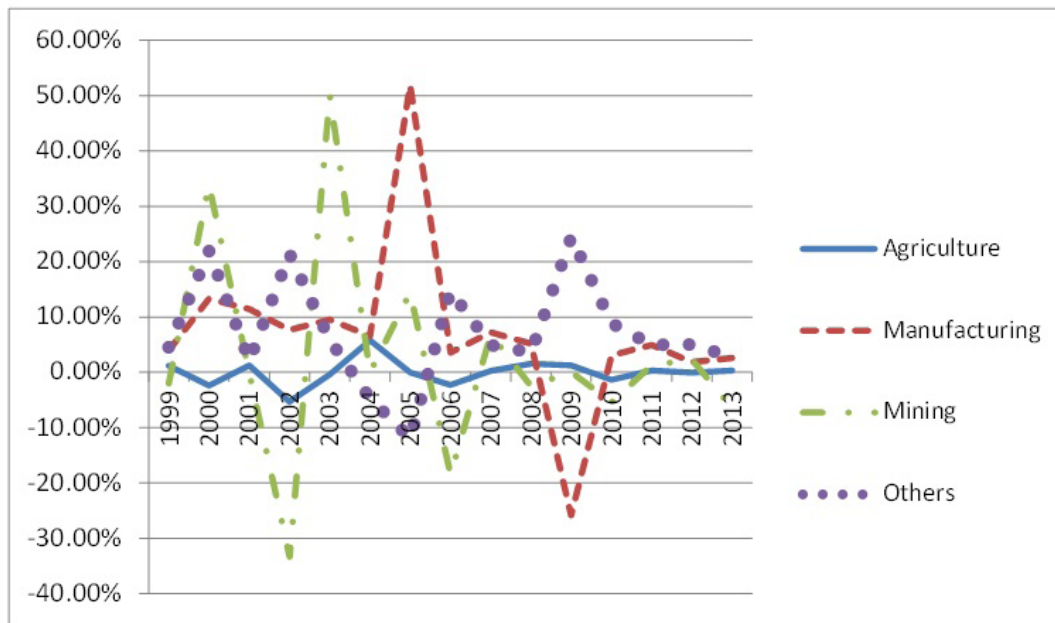
35-36 million people (70 percent of the total national workforce). Trach (2009) states that the majority of Vietnamese population living in rural areas still depend on the agriculture sector for a living. However, the proportion of labor in the agricultural labor has declined from 62 percent in 2000 to 46 percent in 2014. Simultaneously the workforce in manufacturing and construction sectors Vietnam increased by 7 percent in the same period. This phenomenon indicates the shift of labor from agriculture to manufacturing and construction and also the services sectors.

The shift of labor from agricultural into other sectors might be determined by wage differences between the agricultural and the non-agricultural sectors. The high level of wages offered by the manufacturing and services sectors provide a stimulus for labor to migrate from rural-agricultural areas to urban-manufacturing areas (Alvarez-Cuadrado & Poschke, 2011). Meanwhile, Chiang, Hannum, & Kao (2013) mention that the youth labor force from rural areas in China prefer to work in cities due to the encouragement of family and also the motivation for self-development. Figure 1 shows that the growth rate of agricultural labor in Vietnam (from 1998 to 2013) was relatively stable but low compared with the manufacturing and services sectors. The low rate of growth of agricultural labor also indicates employment in rural areas is low, and could lead to an increase in unemployment in the countryside.

The Development of Agriculture Labor in Vietnam

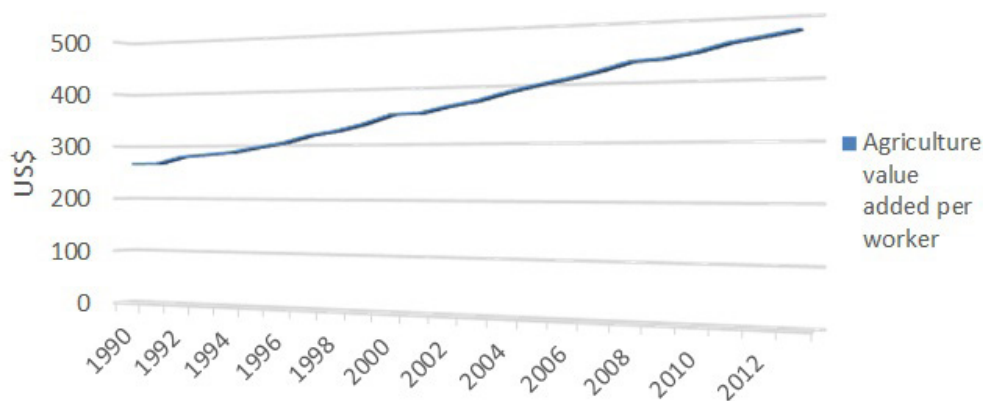
The quality of Vietnam's agricultural labor can be claimed at the level of productivity. Data from the World Development Indicators (WDI) indicates that agricultural labor productivity in Vietnam showed a rising trend from 1990 to 2013 (Figure 2). Agricultural labor productivity is based on a constant (2005) price seen rising from US\$ 266.48 in 1990 to US\$ 476.29 in 2013. Based on these data, it can be claimed that there was an increase in the work force's ability to manage

Figure 1. Employment growth in Vietnam according to Economic Sector 1998-2013



Source: Adapted from the Asian Development Bank (ADB).

Figure 2. Agricultural Labor Productivity in Vietnam during 1990-2013 (Based on Constant 2005 Prices)



Source: WDI 1990-2013, processed.

the agricultural sector in Vietnam. Nevertheless, the utilization of modern technology in Vietnam, such as tractors, is not maximal by which it indicates reliance on the traditional agricultural technologies.

Our field research show most Vietnamese farmers prefer the traditional farming technology that has been used for generations. Use of new technologies can improve the efficiency, in which also case it means reducing production costs, but most farmers are reluctant to cope with use the

recent technological development in agriculture. According to Le Thanh Phong, a crop science specialist at the Research Center for Rural Development-An Giang University, “The culture of farmers, some farmers do not want to change, they keep reviews their traditional ways. If they apply new ways, they are afraid that the result will be down.” Agricultural modernization grapple with some serious challenges when dealing with a culture though the society is actually a civilized farming population. Doubts about the successful

use of new technologies are perplexed by climatic conditions that cannot be predicted, and several times a succession of natural disasters ravaged their crops. Moreover, it can also be the lack of alignment between the goals of the government program in the field of factual conditions related to improving the quality of agricultural products. This suggests that the development of knowledge in the field of agriculture is still not in line with the development of human resources in the agricultural sector. The development of science has reached the stage of creating high quality agricultural commodities, and increasing agricultural productivity by intensification. However, modernization of agriculture is handicapped by agricultural workers' disinclination to replace a farm labor system that have been used. Vietnamese agricultural labor is not convinced by the fact that the modernization process of agricultural technologies would be aligned with the expected results because it still meets a variety of constraints on it.

THE IMPROVEMENT OF AGRICULTURAL SECTOR COMPETITIVENESS IN VIETNAM

Improving the Quality and Safety of Agricultural Products in the Periods of 1990-2000s

The main policy focus within Doi Moi administration is the management of agricultural land use. In 1990s, Vietnam's agricultural policy implemented several things such as the agricultural land reform, increasing production, providing agricultural inputs and also improving irrigation facilities (Diglio & Siddivo, 1998: 552; Hoa & Grote, 2004: 22). During this period, the quality and safety of Vietnam's agricultural products have succeeded in grabbing attention from international markets since the start of massive export. Therefore, the government began to implement several strategies and programs in supplying the demands of international markets.

No Early Spray Campaign

No Early Spray Campaign was well-known

programs in the early 1990s, precisely in 1994. The program is carried out in response to the use of chemical pesticides on a large scale by the Vietnamese farmers to increase production. The government indeed controls the use of pesticides in large numbers on the 40 days early planting, especially the rice seedlings. Through this program, the government wishes farmers could suffice the market requirements for the safe agricultural commodities.

3 Reductions 3 Gains Program

3 Reductions 3 Gains (3R3G) Program or so-called 3 Giam 3 Tang in Vietnamese is very well known as the Vietnamese Government's efforts in controlling the use of inputs on a large scale until the early 2000s. The program was firstly introduced in the province of Can Tho and Kien Giang in 2003. The history of such program implementation is closely related to the use of agricultural inputs (seeds, chemical fertilizers, and chemical pesticides) on a large scale by the Vietnamese farmers to increase output, especially in the Mekong Delta. Using of agricultural inputs was massive in reducing the quality of output produced also cause degradation of environmental quality. Therefore, the International Rice Research Institute (IRRI), Visayas State University (VSU) Philippines and the Ministry of Agriculture and Rural Development (MARD) of Vietnam collaborated in campaigning this program in 2003 (Huan et al., 2009).

This program provides positive results for reduction in the excessive use of inputs by farmers in Vietnam. Through this 3R3G program, the use of agricultural inputs successfully suppressed. The use of the seeds fell by 10% while chemical fertilizers and chemical pesticides each fell 7% and 30%. The decline in input use indirectly lowers the cost of agricultural production, so that farmers' profits increased to US\$ 44 per ha (Heong et al., 2010). Until now the 3R3G program is still ongoing and in particular carried out by farmers in An Giang province (Interview with a researcher at the Research Center for Rural Development, An

Giang University on June 8, 2015).

1 Must Do, 5 Reductions Program

The Vietnamese government shows their seriousness in improving the quality of agricultural commodities by supplementing the program with a more comprehensive program known as 1 Must 5 Reduction (1M5R). The program consists of two main things, namely the use of quality seeds and the reduction of excessive use of agricultural inputs. 1 Must Do more emphasize on the necessity of the use of certified seed while 5 Reduction involves the reduction of the use of seeds, fertilizers, pesticides, water and post-harvest losses. 1M5R program is implemented by the government as a good commitment to comply the World Trade Organization (WTO) concerns and demands.

This program has been running for three years in eleven districts of An Giang Province. Furthermore, the program was also implemented in seven provinces in the Mekong Delta region (IRRI, 2014a). The program also increases the farmers profits by US\$ 160 per crop or US\$ 128 per ha, reducing the use of agricultural inputs (IRRI, 2014b).

Improving the Quality of Agricultural Products in the Era of International Integration

The Vietnamese Government realizes that to improve the quality of agricultural products, they need to restructure the agricultural sector. Indeed, the Prime Minister of Vietnam, Nguyen Tan Dung, also considers the restructuring of agriculture as an important thing that must be done by Vietnam in the free market competition (Vietnamnet, 2015a). Such restructuring program includes the use of high technology in the agricultural system, especially biotechnology to reach a high-quality product. However, the agricultural sector is dominated by Vietnamese farmers with low agricultural technology.

One effort taken by the government through the Ministry of Agriculture and Rural

Development (MARD) is a cooperation model public-private partnership (PPP). According to Vo Tong Xuan, big companies should develop an intensive cooperation with local farmers. In addition, both the AEC and the Trans-Pacific Partnership (TPP) would be able to opening the agricultural export markets.

Investment in Agricultural Sector

In 2013, the Government of Vietnam issued a number of regulations to support the implementation of such cooperation. For example, Decree No. 62/2013-QD-TTg encourages cooperation between various stakeholders in the agricultural sector such as the production process, consumption, and the development of large-scale agriculture. In addition, such decree also regulates the contribution in the form of incentives that can be obtained by each party. Related parties include companies, farmers' organizations, and farmers themselves. For supporting the companies, incentives can be obtained from the services of land use, land leasing, export contracts, financing infrastructure projects and training for farmers throughout the projects. Moreover, for supporting the farmers' organizations, it regulates the provision of incentives such as pesticides, labor, and rental of agricultural machinery. Meanwhile, farmers earned incentives such as trainings, technical assistances, and subsidizing the cost of seeding, etc (Thang, 2014).

The main purpose of PPP is to attract investments into the agricultural sectors. Unfortunately, the implementation of such investment has decreased from year-to-year. At 2000, the amount of investment in the agricultural sector reached 14% out of the total investments in Vietnam. Then, it extremely decreased to 7.5% in 2005, and falling down to 5% in 2015. It is caused by some factors such as the decline in investment, the lack of capitals to implement large-scale projects, the lack of network to reach the market, the low value-added on agricultural products, deficiency in applying science and technology, and the ineffective post-harvest

crops (Vietnamnet, 2015b; Tuoitrenews, 2015). Nowadays, many large companies were briefly interested in investing in the agricultural sector, such as real Vingroup that main activities are in industrial sector and the real estate business is now interested in investing in organic vegetable farming. However, many companies pull back their investment from agricultural sector and move into the service sector because it can provide greater profit. Many companies said that the agricultural sector becomes less attractive because it takes a long time and huge capital, as well as the difficulty of predicting various risks such as disease, climate, environmental problems and social issues.

Foreign Direct Investment in Vietnam

In 2014, there were 512 Foreign Direct Investments (FDIs) in the agricultural sector with a value of \$ 3.34 trillion, or about 3.06% of the total FDI in Vietnam (Vietnamnet, 2015c). Most investors now come from developing countries such as Thailand, Taiwan, and Indonesia, while the developed countries like USA and Japan showed only little interest in the agricultural sector (Tuoitrenews, 2015). Nevertheless, the USA and Japan's investment in the agricultural sector produces a real change to improve the quality of Vietnam's agricultural commodities.

There are several foreign companies that invest in the agricultural sector in Vietnam. Dupont, from the USA, has over 20 years investing in Vietnam. During this time, Dupont introduced a farming systems that is high-technology and environmentally friendly, particularly for rice farming. The company also created a model of large-scale rice agriculture in the province of Thanh Hoa and also established a training center for agricultural development in Can Tho University (Vietnamnet, 2015a).

From Asia, the Japanese-owned foreign companies also registered to invest in the agricultural sector of Vietnam. Based on interviews with researchers from RCRD-An Giang University is known that Japan is the

only foreign country that has investors in the agricultural sector in An Giang province. The company is collaborating with local companies, the An Giang Import-Export Company (Angimex) and formed Angimex-Kitoku located in Chau Doc (An Giang Trade and Investment Promotion Center-ATIP, 2011).

There are several benefits from that collaboration, especially for farmers. First, the contract farming system implemented by Angimex-Kitoku provides all agricultural inputs (seeds, pesticides, and organic fertilizers) as well as agricultural techniques to Vietnam's rice farmers. Moreover, the agricultural inputs that are imported from Japan could be purchased by farmers with cheap price, and also provides a farming technique that is simple and require less effort. Second, Angimex-Kitoku guarantees to purchase from the farmer with a high price, so the farmers get more profits from this collaboration.

The success of Angimex-Kitoku increased optimism from other foreign companies to invest in the agricultural sector in Vietnam, especially from Japan. There are several Japanese companies investing in Vietnam since the beginning of 2015, such as Showa Denko that invested in pesticide-free vegetables and introduced a modern agricultural system in Ha Nam Province. There are also ISE Food (chicken farms in Ho Chi Minh City) and the Japan International Co-operation Agency (JICA) (classifying agricultural production in Lam Dong Province, Central Vietnam) (Lien, 2015). The cooperation encouraged Vietnam in producing agricultural commodities with high quality, and helped the Vietnamese agricultural commodities to enter international markets, particularly Japan. It helped agricultural commodities from Vietnam to meet high quality and safety standards of the Japanese market (Lien, 2015).

To attract foreign investors, the Vietnamese government is currently preparing and finalizing a decree which covers all aspects of agricultural sector from input supply, production to post-harvest processing. In addition, the government provides more incentives for investors, including

tax cuts and the cost of land. The government hopes that through this strategy, Vietnam can improve the quality of its products with high added value (Vietnamnet, 2015c).

CONCLUSION

Agricultural sector is a priority in the ASEAN Economic Community (AEC). As an economic cooperation, AEC provides a large market opportunity in agricultural commodities and also to invest in the sector. However, competition in the sector could also increase because similarity of agricultural commodities from the ASEAN countries. Therefore, in order to compete in the ASEAN free market, it is required not only to produce in large quantities, but also maintain the quality of its output.

In the past decade, Vietnam has been developed into one of important producers in international agricultural market. In fact, Vietnam shows its superiority in exporting agricultural commodities, such as rice, coffee and cashew nuts. Nonetheless, Vietnam agricultural competitiveness in the international market is still unstable, and in recent years its exports value is declining. Its competitiveness is declining because of its low quality of the agricultural products. Excessive use of fertilizer and pesticides resulted in the products do not meet product safety standards. In addition, farmers are still using low post-harvest technology that make the level of damage to crops is quite high. This resulted in low prices of Vietnam's agricultural commodities in the international market, though its exports tend to be high.

Vietnam's efforts in improving the competitiveness of their agricultural commodities are facing some constraints, especially related to agricultural labor factor. First, the number of labor in the agricultural sector has declined from year to year. The decline is caused by the shift of agricultural labor into the industrial and the service sectors. Second, labors in agricultural now mainly consist of a group of old people with low level of education. It implies to the ability and

the speed in implementing the modernization of agriculture became low. Third, increasing number of women in agriculture to cover the void left by men. However, the low productivity of women labor will also make the emergence of new problems in the agricultural sector of Vietnam. Fourth, the success of the government and related agencies in creating a program to accelerate the modernization of agriculture also faces obstacles in the form of the reluctance of farmers to apply to the agricultural production process.

Many programs and policies have been implemented by Vietnam in improving the competitiveness of agriculture long before the AEC is fully implemented. The programs were implemented aimed at overcoming the problems of safety and quality of agricultural products due to the excessive use of agricultural inputs. In the 1990s, the government began to implement the program of No Early Spray Campaign, continues with 3 Reduction 3 Gain and most complex that is 1 Must Do 5 Reductions. In addition, the government implemented a model of public-private partnership cooperation in bridging the problems related to capital and market access for farmers, as well as ensuring the sustainability of inputs for the company/industry. Meanwhile, the growing momentum of international cooperation activities (including AEC, TPP, etc.) also became strategic step for Vietnam to attract foreign investors into the agricultural sectors. The Vietnamese government is trying to improve its performance by making a formal regulatory investment framework and to provide various incentives for potential investors in the agricultural sectors.

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