

2003/ND-CP of May 28, 2003 defining the functions, tasks, powers and organizational structure of the Industry Ministry;

Pursuant to the Prime Minister's Directive No. 24/2003/CT-TTg of October 8, 2003 on developing agricultural, forestry and aquatic product- processing industry;

Pursuant to the industrial sector's action program for implementation of the Resolution of the 5th plenum of the Party Central Committee of the IXth Congress;

At the proposals of the director of the Engineering, Metallurgy and Chemical Department and the director of the Local Industries Department,

DECIDES:

Article 1.- To approve the Scheme on "Development of the Chemical Industry till 2010 in Service of Agricultural and Rural Industrialization and Modernization" with the following principal contents:

THE MINISTRY OF INDUSTRY

1. Development viewpoints and objectives

a) To satisfy the development requirements of the national economy, first of all agricultural production, rural industrialization, thus boosting the development of other industries and raising the people's life;

b) To develop selectively and simultaneously both fields of production means and consumption means on the basis of going straight into modern technologies, saving raw materials and materials and protecting the environment;

DECISION No. 60/2004/QĐ-BCN OF JULY 15, 2004 APPROVING THE SCHEME ON "DEVELOPMENT OF THE CHEMICAL INDUSTRY TILL 2010 IN SERVICE OF AGRICULTURAL AND RURAL INDUSTRIALIZATION AND MODERNIZATION"

THE INDUSTRY MINISTER

Pursuant to the Government's Decree No. 55/

c) To mobilize comprehensively and use efficiently the advantages of domestic resources and make full use of foreign resources for development of the chemical industry, focusing on key products in service of agriculture and rural areas such as assorted fertilizers, plant protection drugs, base chemicals, products processed from natural compounds, rubber, plastic, etc.;

d) To prioritize the attraction of foreign investment in the field of base chemicals, petro-chemistry, nitrogenous fertilizer, coloring powder, production of high-class battery of various kinds, industrial inert gas, etc. To make self-investment in many forms such as domestic joint venture, import of equipment, technologies, etc.;

e) To closely and efficiently combine the development of the chemical industry in service of agricultural and rural industrialization and modernization with the cause of defending the fatherland, consolidating security and defense.

2. Development orientations

2.1. Development of chemical products in service of agriculture

a) Fertilizer: Fertilizer production development constitutes one of the central tasks of the chemical industry till 2010 and subsequent years in order to serve agriculture. To quickly increase the quantity, diversify categories, chiefly organic fertilizer and microbiological fertilizer of different kinds, and raise the fertilizer quality to suit each type of crop and different soil conditions.

Up to 2005 and 2010, the fertilizer industry concentrates on stepping up the investment in the construction of two nitrogenous fertilizer plants, one plant for production of fertilizer from

gas in Ca Mau with the capacity of 800,000 tons of urea/year; a plant in the North producing fertilizer from coal dust with the capacity of 560,000 tons of urea/year; a diamino phosphate (DAP) fertilizer at Dinh Vu, Hai Phong, with the capacity of 330,000 tons/year, an amon sulphate (SP) plant with the capacity of 100,000 tons/year. To continue to invest in expanding the superphosphate production capacity in Lam Thao to 850,000 tons/year, in Long Thanh to 200,000 tons/year, of phosphate fertilizer plants to 500,000 tons/year.

For mixed fertilizer (NPK): No new investment in NPK fertilizer establishments according to the existing technology. To make intensive investment and develop production along the direction of raising the product quality such as the nutritious content, mechanical durability, moisture-combating and -absorbing capability, minimizing environmental pollution while raising the automation and mechanization of production.

For organic and microbiological fertilizers: Depending on the demands and raw material sources in localities to determine the appropriate scale and products.

Apart from the above-mentioned traditional kinds of fertilizer, to research into the development of a number of new kinds of leaf fertilizer, slowly dissolving fertilizer. To research into the production of assorted useful microorganisms in order to take initiative in the production of biological organic fertilizer and microbiological fertilizer.

Raw materials for fertilizer production: To make synchronous investment in projects for exploitation of such ores as apatite, secpentin in order to ensure raw materials for fertilizer

production.

b) Plant protection chemicals: Using new active elements of high activity, less harm to humans and homeothermal animals and less pollution to environment. To apply modern processing technologies, using water solvents in replacement of organic solvents in order to acquire environmentally safe and friendly products such as strong suspended products, microemulsion, water dispersal particles. To research into the use of microbiological active elements and assorted active elements extracted from vegetation. To prioritize investment projects on production of active elements in order to reduce the import percentage. To invest in new equipment for production of plant protection chemicals, automation of packing process. To step up the production of home-use disinfectants, stimulants, fungicide, herbicide.

c) Food chemical products, post-harvest preservation and in service of aquaculture: From now till 2010, to make intensive investment in renewing technologies and equipment and continue investment to raise production capacity and quality of assorted chemicals used in food production, chemicals in service of post-harvest preservation and aquaculture with a view to substituting imports. To select and access modern new technologies of high competitiveness for new investment therein. To develop the production of a number of preparations such as zeolit and diatomite in service of aquaculture. To research into the production of a number of refrigerating agents such as liquid nitrogen and solid CO₂ from accompanied gas of petro- processing projects.

d) Weight increment drugs, animal feeds: To increase investment in the production of

assorted animal feeds such as protein sources, fish powder, bone powder, minerals, vitamins, etc.

e) Active coal: To continue making intensive investment in combination with extensive investment to raise product quality and expand markets for export of active coal.

f) Analytical chemistry in service of agriculture: To develop analytical chemistry in service of agriculture: categorizing and evaluating the quality of, soil, soil's ion exchange capacity, soil humus degree, evaluating the quality of fertilizers, insecticide, aquaculture water, analyzing the quality of food, analyzing plant modicum, etc.

2.2. Development of chemical products in service of rural areas

a) Rubber products: To ensure the supply of tyres of tractors and tyres of automobiles in service of communication and special use in agriculture. To research into and develop the production of technical rubber products, latex products.

b) Detergent: Between now and 2010, mainly to concentrate on modernizing the existing chains, stabilizing and raising product quality, diversifying detergent products, satisfying the domestic demand, chiefly rural demand with prices suitable to the purchasing power of the majority of peasants.

c) Battery: To continue developing the production of assorted storage battery and battery in service of fishermen and deep-lying or remote rural areas along the direction of producing assorted non-maintenance low antimon lead, calcium lead accumulators; to reduce raw materials norms, raise the capacity

and useful life, reduce self-discharge extent during storage, raise the total output of storage batteries to 1.5-1.9 million kWh by 2010. To invest in the production of a number of raw materials for the production of batteries such as restitution lead, powdered zinc, etc.

d) Pharmaceutical chemistry: To further build establishments for production of chemicals and pharmaceutical materials. To coordinate with the pharmaceutical industry in stepping up the development of the pharmaceutical-chemical industry, achieving the target that domestic production satisfies 60% of the social demand for preventive and curative medicines, raising the consumption of medicines to USD 12-15/person/year by 2010.

e) Industrial gases: To fully satisfy the demand for industrial gas products such as oxygen, nitrogen, carbon dioxide for domestic market. To invest in the construction of industrial gas plants in association with the electricity-nitrogenous fertilizer projects of Phu My and Ca Mau.

2.3. Consumption of products supplied by rural areas to the chemical industry

a) Base chemicals

Industrial salt: To invest in the production of sodium hydroxide, chloride and sodium to satisfy the domestic demand and at the same time create conditions for the industrial salt industry to develop. In order to meet the quality requirement of salt for production of sodium hydroxide and chloride, the salt industry should increase technical and equipment investment in the production and refining processes.

b) Pharmaceutical plants: On the basis of natural pharmaceutical sources, the

pharmaceutical-chemical industry shall make full use of the available domestic potentials to build up the raw-materials industry on an industrial scale so as to be able to take initiative in drug production and preparation. To distribute pharmaceutical-chemical raw materials-manufacturing establishments in regions with advantages in raw material, human resources and environment potentials. To encourage all economic sectors to participate in growing and processing assorted pharmaceuticals according to the State's general development plannings.

c) Raw-materials trees: To diversify products turned out from rubber and some kinds of trees bearing oil such as mu oil, common shore resin, pine resin, rubber seed oil,... thereby contributing to the development of assorted raw-materials trees. To efficiently use natural rubber and rubber latex, to limit the export of raw rubber.

d) Alcohol: To develop ethanol fuel, contributing to minimizing environmental pollution while opening up the possibility of consuming agricultural products. To conduct small-scale experiments and import technologies in order to shorten the research duration before developing this type of fuel.

2.4. Construction of processing and service establishments: The chemical industry participates in investment in the development of service activities such as farm produce preservation, termite and weevil killing, fuel and consumer chemical product supply. To coordinate with the mechanical industry in building vegetable oil-processing establishments on the basis of upgrading a number of existing mu oil- processing factories into modern processing establishments with plannings on raw material zones.

accelerate the development of chemical industry in Central Vietnam through the development of a number of projects: alkyd resin, base chemicals, detergent, petro-chemicals.

Solutions and policies on land and use of natural resources: Branches and localities shall create favorable conditions for enterprises of all economic sectors to rent land for construction of establishments producing or processing chemical products, fertilizers in service of agriculture. To encourage the efficient and thrifty use of domestic natural resources. The State should provide funding support for enterprises in mineral prospection and exploration, planning on development of regions of raw materials trees or pharmaceutical plants in service of the chemical industry.

Solutions and policies on organization and management: To raise the role of State management over a number of products such as NPK fertilizer, biological organic fertilizer, plant protection chemicals in order to avoid scattered investment and the violations of environmental protection and product quality.

Market solution and policies: To take measures to protect the domestic market in the process of integration mainly by using the technical barriers to prevent the import of poor-quality, unsafe, polluting products and also by intensifying the fight against imitation goods, counterfeit goods.

Article 2.- Implementation organization

1. The Industry Ministry:

a) The Engineering, Metallurgy and Chemical Department:

- To coordinate with the Institution for Industrial Strategy and Policy Research in formulating and submitting to the Prime Minister for approval the "Strategy-Planning on Development of the Chemical Industry till 2010 with a vision toward 2020." To guide the implementation thereof after its promulgation.

- To coordinate with the Local Industries Department, functional departments of the Ministry and provincial/municipal Services of Industry in monitoring and settling in time arising matters in order to support chemical establishments in service of agriculture and rural areas.

- To direct Vietnam Chemical Corporation, Vietnam Petroleum Corporation in sufficient production, meeting the agricultural and rural demands.

- To assume the prime responsibility for, and coordinate with the concerned agencies such as the Ministry of Agriculture and Rural Development, the Fisheries Ministry, Vietnam Fertilizer Producers' Association, Vietnam Chemistry Association in, deploying specific projects.

b) The Local Industries Department:

- To coordinate with the provincial/municipal Services of Industry, the functional departments and corporations under the Ministry in realizing the scheme's contents.

- To periodically report on advantages and disadvantages in the course of implementing the scheme to the Ministry's leadership.

c) The International Cooperation Department:

- To coordinate with the functional departments of the Ministry in establishing

2.5. Chemical safety in rural areas: To raise the awareness of safety of chemicals, particularly plant protection drugs and chemicals which easily cause fires or explosion for peasant households through various communication forms of knowledge-updating courses, leaflets, posters.

3. Development solutions and policies

The development solutions and policies must ensure the following requirements:

- Balanced development of product structures;
- Best conditions for efficient mobilization of domestic resources;
- High growth rates for chemical products in service of agriculture, rural areas and the whole chemical industry;
- Being suitable to general socio-economic conditions as well as conditions on investment attraction, developing a strong chemical industry in future.

Some major solutions and policies:

Capital solutions and policies: State capital shall be concentrated on investing in key projects; implementing the existing policies on capital preferences for investment projects for fertilizer production, without scattered investment.

To encourage and create conditions for foreign investors to invest in the production of chemicals in service of agriculture and rural areas; particularly in the production of export goods, high technologies and support industries, intensive raw material processing in service of the domestic production of chemicals and

fertilizers.

Tax solutions and policies: To study and settle enterprises' proposals on VAT reduction for a number of years for new investment projects on production of fertilizers, plant protection chemicals, base chemicals and reduction of VAT rate of fertilizers to 0% in direct service of agricultural production.

Solutions and policies to raise production capacity: To comprehensively mobilize domestic and overseas resources, efficiently use the existing resources for raising the capacity of production of chemical products in order to ensure adequate and timely supply thereof for domestic consumption and export. To make intensive investment, renew technologies and equipment in order to raise production capacity.

Science and technology solutions and policies: To make development investment along the direction of going straight into the use of advanced technologies in order to create products of high quality with lower costs and at the same time diversifying products, developing new ones. To raise the research and development capability of the contingent of managers and develop sciences and technologies. The agricultural and industrial promotion systems shall provide funding and human resource supports for the work of technology transfer, research and development, marketing of establishments processing chemical products and fertilizers in service of agriculture.

Solutions and policies on product structures and territorial regions: To formulate new investment projects near raw materials regions and product outlets. In the immediate future, to

bilateral and multilateral relations of cooperation with international and foreign organizations in the field of supply of information, scientific and technical advances, financial supports and experiences in the chemical industry in service of agriculture and rural areas.

d) The Science and Technology Department:

- To coordinate with the functional departments of the Ministry in directing the research units of the Ministry to raise the research capability and step up the application of scientific and technological solutions to agricultural production and rural areas.

- To assume the prime responsibility for, and coordinate with the concerned agencies in, formulating and proposing technical barriers to protect the domestic market.

- To assume the prime responsibility for coordinated propagation of chemical safety for agriculture and rural areas.

2. Vietnam Chemical Corporation:

- To monitor and direct its attached enterprises in drawing up investment plans on technological development and innovations, raising the product quality, diversifying products in order to satisfy in time demands for chemical products for agriculture and rural areas.

- To speed up the investment in the construction of DAP plant with the capacity of 330,000 tons/year, the factory for production of nitrogenous fertilizer from coal dust with the capacity of 560,000 tons/year. To invest in expanding the super-phosphate fertilizer production capacity at Lam Thao plant to 850,000 tons/year, at Long Thanh plant to 200,000 tons/year, at fusion phosphate fertilizer

plants to 500,000 tons/year.

- To investment technologies and equipment in order to renew the plant protection drug processing and producing technologies. To invest in the production of active elements with the output of 6,000 tons/year. To make synchronous investment in projects to ensure raw materials for fertilizer production such as apatite, secpentine ores.

- To make feasibility study reports on projects for production of sodium and sodium hydroxide from industrial salt.

3. Vietnam Petroleum Corporation:

- To stably operate Phu My nitrogenous fertilizer plant, striving to run it with the designed capacity as from 2005, and at the same time building the distribution networks to satisfy the peasants' demands for nitrogenous fertilizer.

- To speed up the investment in construction of Ca Mau nitrogenous fertilizer plant with the capacity of 800,000 tons/year.

4. The People's Committees of the provinces and centrally-run cities:

- To direct provincial/municipal Services, departments and branches in formulating mechanisms and policies to concretize the scheme's contents to suit the concrete characteristics of each locality in order to promote to the utmost the chemical industry's capability in service of agricultural and rural industrialization and modernization in their respective localities.

- To consolidate and perfect the apparatuses of the Industry Services to well perform the role as key bodies to advise the provincial People's

Committees and the Industry Ministry on the development of the chemical industry in service of agricultural and rural industrialization and modernization.

5. Vietnam Chemistry Association

- To cooperate with the concerned organizations with a view to supporting the quick introduction of scientific and technical advances in service of agriculture and rural areas.

- To disseminate chemical knowledge and techniques to peasants and persons conducting activities related to the chemical industry in service of agriculture and rural areas.

6. Vietnam Fertilizers Association

- To coordinate fertilizer producers, importers and traders in the work of information, market search, inspection and supervision of sale prices, import prices, product quality, to participate in balancing supply and demands in order to avoid price fluctuation.

Article 3.- This Decision takes effect 15 days after its publication in the Official Gazette.

Article 4.- The director of the Office, the chief inspector, the directors of the departments of the Ministry, the director of the Institute for Industrial Strategy and Policy Research, the general director of Vietnam Chemical Corporation, the general director of Vietnam Petroleum Corporation, the heads of the concerned units shall have to implement this Decision.

Minister of Industry
HOANG TRUNG HAI