

THE PRIME MINISTER**DECISION No. 69/2007/QĐ-TTg OF MAY 18, 2007, APPROVING THE SCHEME ON DEVELOPMENT OF THE AGRO-FOREST PRODUCT-PROCESSING INDUSTRY IN AGRICULTURAL AND RURAL INDUSTRIALIZATION AND MODERNIZATION UP TO 2010 AND ORIENTATIONS TOWARDS 2020****THE PRIME MINISTER**

Pursuant to the December 25, 2001 Law on Organization of the Government;

At the proposal of the Minister of Agriculture and Rural Development,

DECIDES:

Article 1.- To approve the Scheme on development of the agro-forest product-processing industry in agricultural and rural industrialization and modernization up to 2010 and orientations towards 2020 with the following principal contents:

I. DEVELOPMENT VIEWPOINTS

1. Development of the processing industry must be associated with the agricultural and rural economic restructuring in accordance with agricultural and rural industrialization and modernization.

2. Development of the agro-forest product-processing industry must be associated with

domestic and world markets and raw-material zones to develop products of comparative advantages and competitiveness.

3. Investment in building and upgrading processing establishments must satisfy the requirement that modern technologies and advanced equipment be combined with traditional technologies and equipment and must be on a scale suitable to the raw-material zones and products in order to raise the quality and competitiveness of processed agro-forest products and protect the ecological environment to ensure the efficient and sustainable development of the processing industry.

4. The agro-forest product-processing industry must be developed on the basis of mobilizing all resources and economic sectors.

II. DEVELOPMENT OBJECTIVES

1. General objectives: To develop highly competitive processed commodities; rapidly increase the added value of products as a basis to boost agro-forestry production; generate more jobs and raise farmers' income; turn out quality products which ensure food safety and industrial hygiene and raise the competitiveness domestically and internationally.

2. Specific targets**a/ Agro-forest food processing**

- Rice paddy: 100% of the total rice paddy output will be processed, of which industrial-scale processing in service of domestic consumption and export reaches 55% by 2010 and 60-65% by 2020.

- Coffee: 100% of the total coffee output will be processed, to raise the percentage of coffee by the method of wet processing to 30% by 2010 and 40-

50% by 2020; to strive to raise the percentage of processed coffee powder to 10% by 2010 and 20% by 2020.

- Rubber: 100% of the rubber latex output will be processed with the following product structure for the 2010-2020 period: granular latex, 40%, technical latex, 40%, and creamy latex, 20%. To strive to reach the following rates of rubber products intensively processed at home: 30% by 2010 and 40% by 2020.

- Tea: 60-65% of the fresh tea bud output will be industrially processed by 2010 and over 80% by 2020, with the product structure as follows: green tea, 50% and black tea, 50% (CTC black tea accounting for 50%, and OTD black tea, 50%).

- Sugarcanes: By 2010, 90% of the sugarcane output will be industrially processed and 10%, manually processed; by 2020, the figures are respectively 95% and 5%.

- Vegetables and fruits: The output of processed and preserved vegetables and fruits reaches over 10% by 2010 and 20-30% by 2020.

- Cashew: Processed cashew nuts reach 100%, intensively processed and diversified cashew products for domestic consumption and export reach 20% by 2010 and 30% by 2020.

- Meat: 30% of the meat output will be industrially processed by 2010 and 40% by 2020.

- Milk (fresh milk equivalent): The industrially-processed milk output reaches 1,300 million liters by 2010.

- Vegetable oil: The annual output of refined vegetable oil reaches 783,000 tons by 2010.

- Liquors: The industrially-processed liquor output reaches around 145 million liters by 2010.

- Beer: The industrially-processed beer output

reaches around 3,500 million liters by 2010.

- Soft drinks: The industrially-processed soft drink output reaches around 1,600 million liters by 2010.

- Cigarettes: The industrially-processed cigarette output reaches around 3,200 million packs by 2010 and around 4,000 million packs by 2020.

- Fiber: The industrially-processed fiber output reaches around 350,000 tons by 2010 and around 650,000 tons by 2020.

- Paper: The industrially-processed paper output reaches 1,380,000 tons by 2010 and around 3,600,000 tons by 2020.

- Timber and non-timber forest products: The industrially-processed timber and non-timber forest product output reaches 50% by 2010 and 70% by 2020.

b/ Production value grows annually 10.7% by 2010 and 11.7% by 2020.

c/ The total export value of agricultural products reaches around USD 11 billion by 2010 and around USD 16.5 billion by 2020.

III. MAJOR SOLUTIONS

1. Planning

a/ The Ministry of Agriculture and Rural Development shall assume the prime responsibility for, and coordinate with provincial/municipal People's Committees and relevant ministries and branches in, elaborating, reviewing and adjusting detailed planning on each crop and livestock nationwide with a view to forming concentrated commodity production areas associated with processing establishments in accordance with the national master plan on restructuring of agro-forestry and fishery production up to 2010 and the vision

towards 2020 approved under the Prime Minister's Decision No.150/2005/QĐ-TTg of June 20, 2005, and submitting them to competent authorities for approval.

b/ The Ministry of Agriculture and Rural Development and the Ministry of Industry shall, according to their functions, tasks and powers, elaborate, review and adjust the master plan on processing establishments nationwide with a view to associating processing establishments with raw-material zones and step by step forming industrial clusters and parks processing agro-forest products and foods, and submit them to competent authorities for approval.

c/ Provincial/municipal People's Committees shall elaborate, review, adjust and direct the implementation of detailed master plans on processing establishments and concentrated raw-material zones in accordance with the national master plan and local socio-economic development plans.

2. Development of raw-material zones

a/ To adopt comprehensive measures on seeds, farming techniques, intensive farming investment, infrastructure construction and mechanization to raise the productivity and quality of commodity agro-forest products in service of processing establishments.

b/ Provincial/municipal People's Committees shall direct processing establishments and levels to develop raw-material zones in accordance with master plans approved by competent authorities to ensure adequate raw materials for processing establishments to reach their designed capacity; create conditions for processing establishments to formulate investment projects on raw-material zone development and adopt policies on infrastructure

investment (irrigation, roads, etc.) for concentrated raw-material zones.

c/ Mills and processing establishments shall work out plans on development of their raw-material zones in accordance with master plans approved by competent authorities; adopt specific policies and solutions to support raw-material producers in production development, raise the productivity and quality of agro-forest products and enter into product consumption contracts with raw-material producers.

3. Science, technology and transfer of technical advances

a/ The Ministry of Agriculture and Rural Development and provincial/municipal People's Committees shall direct and efficiently implement the Prime Minister's Decision No. 17/2006/QĐ-TTg of November 20, 2006, on the continued implementation of the Prime Minister's Decision No. 225/1999/QĐ-TTg of December 10, 1999, on the Program on plant varieties, livestock breeds and forestry saplings up to 2010, to ensure sufficient high-yield and quality varieties for production of raw materials of industrial processing standards.

b/ To invest in research into manufacture of small- and medium-sized production chains suitable to raw-material zones, ensuring modern technologies and advanced equipment. To rapidly develop the domestic mechanical engineering, gradually raise the rate of domestic parts in comprehensive agro-forest product processing lines of small and medium capacities. To form a support industry producing packages in service of agro-forest product processing industry.

To invest in equipment and technologies to raise the rate of intensively-processed products and the value of agro-forest products in service of export.

c/ To intensify the agricultural extension (by the State and by enterprises), train, guide and build models to swiftly transfer new strains, advanced farming methods, scientific and technological advances to farmers.

d/ To develop and adopt intensive farming processes suitable to each ecological region, guide the swift transfer thereof into production, invest in intensive farming and raise the productivity and quality of plants and livestock.

e/ Mills shall soon complete their production quality control systems towards modernity, ensuring food safety and hygiene in conformity with the world economic integration.

4. Credit investment

a/ The state budget supports the import and propagation of new varieties; investment in reservoirs and key irrigation works (canals of grades 1 and 2) and road systems in concentrated raw-material zones. Provincial People's Committees shall plan to allocate local budgets to investment in infrastructure outside mills, processing establishments and raw-material zones.

b/ To adopt policies to mobilize capital from other lawful sources in addition to state supports for investment in the construction of comprehensive infrastructure (improvement of fields, roads and irrigation works, etc.) for concentrated raw-material zones, raising productivity and quality and reducing transport costs. To invest in irrigating the industrial and fruit tree areas in localities where adequate conditions and water sources exist.

c/ To encourage mills and processing establishments to support farmers to invest in mechanizing production steps from soil preparation to harvesting and preservation to raise labor productivity and address the labor shortage.

5. Sale and trade promotion

a/ The Ministry of Agriculture and Rural Development shall assume the prime responsibility for, and coordinate with relevant ministries and branches in, reviewing, adjusting and supplementing policies and materializing the commitments to the Association of Southeast Asian Nations (ASEAN) in agriculture, first of all food security, trade promotion, veterinary and plant protection; the commitments to the World Trade Organization (WTO) in agriculture, plant and animal quarantine, investment and services; and the Sanitary and Phytosanitary Agreement (SPS) with countries importing Vietnam's farm produce.

b/ Localities, mills and processing establishments shall continue efficiently performing the agricultural product consumption contracts with producers in accordance with the Prime Minister's Decision No. 80/2002/QĐ-TTg of June 24, 2002.

c/ To support and guide enterprises to expand export markets for agro-forest products; coordinate with localities in organizing trade promotion activities, developing and managing the quality of commodity farm produce and guiding enterprises in brand registration and protection and trade promotion.

d/ To consolidate and expand the sectoral information system, including information on production and markets, in order to assist establishments and producers in investment in market-driven production development and efficient sale of products.

6. Continued renewal and reorganization of agro-forestry production

a/ To create conditions for household economy to develop by encouraging households having capital, labor and production experience to develop

commodity production and farm economy. To support and create favorable conditions for poor and difficulty-stricken households to develop production, eradicate hunger, reduce poverty and strive to get riches.

b/ To well implement policies to boost rapid development of the cooperative and private economic sectors, especially small- and medium-sized rural enterprises, in order to intensify production and labor restructuring.

c/ Corporations and localities shall promptly complete the rearrangement and renewal of agricultural and forestry farms under the Politburo's Resolution No. 28 and the Government's decrees; and efficiently rearrange, renew and develop state enterprises.

d/ To encourage domestic and overseas organizations and individuals to invest in the agro-forestry sector, especially small- and medium-sized rural enterprises processing agro-forest products and foods.

e/ To enhance the role and operation efficiency of professional associations for better sale, information, market forecasts, trade promotion and science and technology, ensuring the interests for enterprises, farmers and consumers as well.

7. Land policies

a/ To well implement the 2003 Land Law and soon complete the land plot convergence and swapping, the grant of land use rights certificates in the agriculture, forestry and aquaculture domains, and well direct the undertaking of settlement of residential and production land for ethnic minority people in localities.

b/ To adopt incentive and supportive policies for farmers to plan production and concentrate land to

form commodity production areas; encourage the development of a number of potential commodities such as industrial trees, fruit trees, livestock and poultry rearing, etc.

c/ To continue boosting the land assignment and forest contracting in the forestry sector; and adjust policies to encourage people to protect natural forests and develop economic forestation.

VI. ORGANIZATION OF IMPLEMENTATION

1. The Ministry of Agriculture and Rural Development and the Ministry of Industry shall coordinate with provincial/municipal People's Committees and relevant ministries and branches in directing the implementation of the Scheme on development of the agro-forest product processing in the course of accelerated industrialization and modernization up to 2010 and subsequent years.

2. Provincial/municipal People's Committees shall assume the prime responsibility for, and coordinate with the Ministry of Agriculture and Rural Development, the Ministry of Industry and relevant ministries and branches in, organizing and directing the implementation of this Scheme in their localities.

Article 2.- This Decision takes effect 15 days after its publication in "CONG BAO."

Article 3.- Ministers, heads of ministerial-level agencies, heads of government-attached agencies, and presidents of provincial/municipal People's Committees shall implement this Decision.

For the Prime Minister
Deputy Prime Minister
NGUYEN SINH HUNG