



SPECIAL ESSAY

Agricultural Land Policies and Their Impact on Agricultural Production and Peasants' Lives in Viet Nam Today

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Abstract: This paper reviews and analyses agricultural land policies in Viet Nam today. It does so with specific reference to the process of Renovation (or *Doi Moi*), a series of economic reforms beginning in the 1980s. The impact of Renovation policies on agriculture, food security, and other key areas of social welfare is assessed. Despite some adverse effects and unresolved issues, the process of Renovation has facilitated a historically significant change in agriculture and food production.

Keywords: Land reform in Viet Nam, land use, agriculture, Renovation, Viet Nam.

INTRODUCTION

Agricultural land is the most valuable natural resource of Viet Nam, and one of the most decisive resources for the life and development of Viet Nam's peasants in the current context of a socialist-oriented market economy. Since the beginning of the Renovation process, the state has implemented policies to help the peasants gain access to land-use rights.¹ Those policies have had a significant positive impact on agricultural land and agriculture in general in Viet Nam. However, there still exist many issues relating to land policies in Viet Nam that must be resolved in order to make agriculture develop in a stronger and more sustainable manner.

AGRICULTURAL LAND POLICIES IN VIET NAM

The current policies on agricultural land in Viet Nam are a result of the Renovation process initiated by Politburo Decision No. 10 (issued in 1988)² on the granting of self-ownership rights to peasant households, and the Decision of the Sixth Plenum of

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¹ "Renovation" is a translation of the Vietnamese *Doi Moi*, the term for the economic reforms in Viet Nam.

² See http://dangcongsan.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30625&cn_id=33201.

the Sixth Central Committee of the Communist Party of Viet Nam (November 1988) on the transfer of land to peasant households.³ Those policies were concretised in the Law on Land issued in 1993; the law has continuously been revised in succeeding years, especially by means of legislation such as the 2003 Law on Land, the Law on Land Use Transfer Tax (1999), and the Law on Agricultural Land Use Tax (2000, replacing the Agricultural Land Tax). In November 2013, the National Assembly of Viet Nam adopted a revised Land Law. The 2013 Land Law has 14 chapters with 212 articles, after an addition of seven chapters and 66 articles. The new Land Law reaffirms that the state represents the people with respect to the ownership of land and with regard to the uniform administration of land, and is the authority for the administration and use of land. The 2013 Land Law also regulates land acquisition more tightly, and specifies cases of land acquisition necessary for purposes of national defence.

The key features of the agricultural land policies of the state of Viet Nam today are: the tenure of land ownership, guidelines on land prices, concentration and accumulation of land, compensation for land recovery, and agricultural land tax.

Policy on Agricultural Land Tenure

Agricultural land tenure in respect of ownership in Viet Nam is expressed in two rights: an ownership right and a use right. The ownership right vests in the state (land belongs to the entire people with the state as the representative owner); the land-use right vests in the masses, mainly peasants. This kind of tenure with respect to ownership and use is perhaps unique.

As the owner and the organ of public management of land, the state has the right to recover peasants' land-use rights; to decide on the conversion of agricultural land use and transfer of agricultural land, the use of which has been converted, to organisations and individuals who are not peasants; and to determine the prices at which agricultural land is recovered.

Peasants have the right to use agricultural land for agricultural production purposes. They also have the right to transfer, inherit, and mortgage their land-use rights. According to the 2003 Land Law, the term for leasing agricultural land to peasants was 50 years for land used to plant perennial crops and 20 years for other land. The 2013 Land Law increased the duration of use of farming land of all kinds, that is, land farmed by individuals or households, from 20 years to 50 years.

There has also been a significant change in the revised Land Law with regard to foreign entities obtaining land rights from the state. The 2013 law for the first time states that land can be allocated for sale and lease to foreign entities which invest in

³ See http://dangcongsan.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30625&cn_id=259153.

residential housing projects. This is an important step towards removing procedural differences between the rights of domestic and foreign investors, which are not considered necessary. It is a step in the direction of levelling the playing field for domestic and foreign investors in respect of land acquisition.

Policy on Agricultural Land Prices

The government's Decree No. 188/2004/ND-CP, issued on November 16, 2004, determines land prices in accordance with market prices and incomes generated by the land. Authorities at the level of the province are authorised to determine land prices. The period of time over which particular regulated prices prevail is flexible and follows market prices closely.⁴

While officially recognising the market price of land and regulating the state-determined price with reference to the market price, the state indirectly recognises the existence of land-use prices and a land-use market. This is one of the bases on which the state determines the price of land exchange between the state and the people.

There were changes regarding land prices in the revised Land Law of 2013. The state now makes it clear that price lists will be updated every five years, and that the right to re-determine prices can be exercised only if the market price changes by more than 20 per cent. There are also clearer provisions on how land prices are to be determined. One of the important regulations in the law is that the evaluation of land price must be based on the purpose of land use, the duration of land use, and the market price of land at the time of evaluation. The revised law also abolished the previous regulation that the state's land price list was to be announced on January 1 every year.

Policy on Concentration and Accumulation of Agricultural Land

The handing over of land to peasant households was initiated in the beginning of the 1990s in accordance with an egalitarian distribution mechanism based on both the quantity and quality of land. As a result, the agricultural land handed to peasants became fragmented. In order to enable farmers to conduct large-scale agricultural production, the state has now effected a policy that encourages farmers to "exchange farming fields," whereby farmers can transfer or exchange land between one another so as to own larger and more consolidated agricultural fields.

⁴ According to the government's Decree no. 188/2004/ND-CP issued on November 16, 2004, when the gap between the state's prices and market prices is more than 30 per cent for a period of more than 60 days, the Ministry of Finance has to propose measures to the government to change the prices.

Policy on Recovery of Agricultural Land and Compensation

The 2003 Land Law determined that the state had the right to recover agricultural land as well as housing land from farmers for reasons of public interest or socio-economic development. While recovering peasants' agricultural land and housing land, the state has to compensate the peasants by allocating new land for the same purpose as the type of land that was recovered, or, where no land is available for compensation, pay compensation equal to the value of land-use rights as at the time when the decision for recovery was made. Through such provisions in the law, since the 1990s, the state has recovered agricultural land in order to develop new industrial zones and urban squares.⁵

The 2013 Land Law provides that land may be recovered where such land recovery is for socio-economic development and in the national or public interest. The state also confirms in the revised law that proposals for investment projects under this form of land recovery are to be approved by the National Assembly, or the Prime Minister, or the provincial People's Councils of Viet Nam.

Investment proposals for projects of national importance are to be approved by the National Assembly. Investment proposals for the construction of industrial zones, export-processing areas, hi-tech zones, economic zones, new urban areas and projects funded by official development assistance (ODA) must be approved by the Prime Minister. Investment proposals for the construction of new urban areas and new rural residential areas, for upgrading urban areas and rural residential areas, for industrial clusters, for concentrated areas for processing and production of agricultural, forest, and aquatic products, and for projects to develop protected forest land and the specialised use of forest land must be approved by Provincial People's Councils.

Policy on Agricultural Land Tax

The law stipulates that peasants must pay taxes to the state for land lease, land use, and other administrative fees. In general, the total agricultural land tax levied by the state is not large. From 2003 to 2010, the government exempted all peasants from taxes on agricultural land under the land limits, gave complete exemption to poor peasant households from paying land-use tax, and reduced the tax for using land in excess of the land limits by 50 per cent.

Land tax is applicable only to land used in excess of the land limits or auctioned land. All fees, such as those paid for the certificate of land-use right, mapping, and land registration, are small.

⁵ For example, in the period 2000 to 2005, the state recovered about 366,000 hectares of agricultural land, an average of 73,000 hectares per year.

In general, thus, the agricultural land tax policy has been streamlined remarkably, including by means of tax exemptions for transactions of farming land transfers, with a view to encouraging land accumulation and concentration by farmers.

*THE IMPACT OF AGRICULTURAL LAND POLICIES ON VIET NAM'S AGRICULTURE
IN THE RENOVATION PERIOD*

Viet Nam is primarily an agricultural country. Thanks to the new government's agricultural land policies, Viet Nam's agriculture has enjoyed positive changes in terms of the rural population and agricultural labour force. In 1990, 80 per cent of the population of Viet Nam (66 million) lived in rural areas. In 2008, the rural population constituted 72 per cent of the total population. Together with an increase of the rural population from 58.9 million in 2000 to 62 million in 2008, there was a strong process of restructuring of the labour process in the spheres of agriculture, forestry and aquaculture. The movement of the labour force from rural areas contributed to an increase in the average land area per agricultural labourer from 0.9 hectare in 2000 to more than 1.1 hectares in 2008.

These changes are integral to the economic renovation and the process of international integration of Viet Nam in general, and to agricultural land policies in particular. However, the most significant achievement of Viet Nam's agriculture over the last two decades relates to food production. During the 1970s and the 1980s, Viet Nam often suffered from food shortages and hunger. The country had to import 148,000 tonnes of rice in 1976 and 483,000 tonnes of rice in 1986. After implementing the policies of the Renovation period, agricultural production increased remarkably. Rice import was reduced to 55 tonnes by 1989 and there was no import in 1990. In 1995, total food production reached 26 million tonnes (of which rice constituted 25 million tonnes). In 2008, total food production was 43 million tonnes (of which rice production constituted 39 million tonnes). The average food production per person increased from 363 kg in 1995 to 502 kg in 2008. In 2012, food production was about 43.4 million tonnes, an increase of more than 1 million over production in 2011.⁶

Since 1990, Viet Nam has produced enough food for its population and has exported at least 5 million tonnes of rice each year. Viet Nam also exports other agricultural products such as rubber, coffee, pepper, cashew, and seafood. In 2012, Viet Nam exported 7.7 million tonnes of rice.⁷ In 2007, the value of agricultural exports amounted to 19 per cent of total exports (which amounted to USD 48.4 billion).⁸

⁶ *Dan Viet* newspaper, March 14, 2013.

⁷ *Youth* newspaper, March 14, 2013.

⁸ Food imports in the same year constituted 6 per cent of total imports (which amounted to USD 60.8 billion).

The supply of food has increased gradually and led to improvement in key areas in social welfare and the economy. Such improvement can be seen in the increase in life expectancy (affected by the rate of infant deaths) and decrease in the rate of death of children less than 5 years old (determined by nutrition and health care). The average life expectancy increased from 60 years in 1980 to 65 years in 1990, 69 years in 2001, 70 years in 2004, and 74 years in 2007. The current average life expectancy of the Vietnamese is 75 years, which is 33 years more than in 1960 (the average increase in life expectancy in the world over the same period was 21 years).⁹ Life expectancy at birth in 2012 was 76.8 years.¹⁰

The under-5 mortality rate in Viet Nam declined from 68 per 1000 live births in 1980 to 24 per 1000 live births in 2013. Infant mortality declined from 47 per 1000 live births in 1980 to 19 per 1000 live births in 2013.¹¹

The above-mentioned achievements are significant, and are closely related to the positive changes introduced by land policies in Viet Nam towards an increased agricultural land fund.

THE IMPACT OF AGRICULTURAL LAND POLICIES ON THE AGRICULTURAL LAND FUND IN VIET NAM

Land in Viet Nam is officially divided into three categories: agricultural land, non-agricultural land, and unused land. Agricultural land comprises the following types of land: land for agricultural cultivation, forest land, land for aquaculture, and land for salt production. The land for agricultural cultivation is sub-divided into land for perennial crops and land for annual crops; and the latter is further divided into land for rice and for short-term crops. The forest land is divided into protected forest land and forest land for specialised use. This land classification serves as the basis for land management and planning.

The total land area of Viet Nam is 33.2 million hectares. As a consequence of the new land policies of the Renovation period, agricultural land in the country increased from 18.2 million hectares in 1995 to 21.5 million hectares in 2000, and 24.7 million hectares by the end of 2006 (75 per cent of the total land area) — an increase of 3.2 million hectares. The bulk of this increase was accounted for by forest land (2.9 million hectares). During this period, non-agricultural land increased by 328,000 hectares, land under aquaculture increased by 347,000 hectares, perennial crop land increased by 277,000 hectares.

⁹ Infonet, July 10, 2012.

¹⁰ See <http://www.data.worldbank.org/indicator/SH.DYN.MORT>.

¹¹ See <http://www.data.worldbank.org/indicator/SP.DYN.IMRT.IN>.

The extent of unused land was reduced from 11.7 million hectares in 1995 to 5.1 million hectares in 2006, and the extent of forest land increased from 10.8 million hectares in 1995 to 14.5 million hectares in 2006. Within agriculture, the land fund for rice declined from 4.3 million hectares in 1995 to 4.1 million hectares in 2006; at the same time, however, there was an increase in the extent of land under crops, perennial and annual.

Interventions by the central and local governments brought down the area of deforested hills in the mountainous regions by about 580,000 hectares. There were two main reasons for the reduction of land under rice cultivation: first, urbanisation and industrialisation; secondly, rice cultivation brings low incomes and is less attractive income-wise than aquaculture or the cultivation of other crops, or animal husbandry.

The data collected in 2008 show that there was little change in land use. The total agricultural land increased to 25 million hectares. The area of land with rich soil and land under perennial crops remained stable. Forest land increased to 14.8 million hectares and unused land decreased to 4.5 million hectares. Non-agricultural land increased to 3.4 million hectares, within which housing land in urban areas showed an increase of 113,000 hectares, a significant change.

While evaluating the land-use plan for the period 2001 to 2010, the Economic Committee of the National Assembly concluded that the planning of land use in those years had played an important role in enhancing the efficiency and effect of the state's management of land, and helped enhance the potential of land in serving socio-economic objectives, creating new jobs, increasing incomes, and improving people's lives. Land-use planning succeeded in zoning land for agricultural production and protecting land for rice cultivation. It also helped achieve the goal of providing sufficient food for the country, and ensured sufficient resources for strategic reservation and export. The work on protection and development of forests helped prevent serious degeneration of forest areas. Land-use planning has also helped meet the demand for land for national industrialisation, modernisation, and urban development. It has created important resources for national socio-economic development through activities such as auctions, and by collecting fees for land-handling, land lease, and change of purpose of land use. Areas of unused land are gradually and in a planned manner brought into use to meet the demands of socio-economic development, and in such a manner as to provide for ecological balance and environmental protection.

However, the practice shows that the accuracy of demand prediction for land for the development of branches and sectors of the economy, and for investment projects, and in order to incorporate plans by local authorities into land-use plans, is still lacking in scientific calculation and inadequate for development strategies and demands. There are as yet no clearly defined responsibilities for

every level of management, organisation, planning, and implementation of plans for land use.

Although the land area brought under wet-rice cultivation exceeded the planned target by 55 per cent over the last 10 years, 270,000 hectares were converted into land used for other purposes. Conversion of land specialising in wet-rice cultivation (rather than other land) into land for industrial and urban development has taken place in many localities. The land requirement for industrial zones and parks was met sufficiently, but investment was still fragmented and some industrial zones developed too slowly.

Meeting the Demand for Infrastructure Development and Ensuring Food Security

By extending the five-year land-use plan for 2011–5 to 2020, the government hopes to achieve four key objectives: meet the demand for infrastructure development in the areas of transport, water resources, culture, health care, and sports; promote industrial and urban development; ensure national food security; protect the environment and promote sustainable development to meet the challenges of climate change.

Accordingly, the government has proposed a concrete project of land-use planning. By 2020 the area of agricultural land will be 26,732,000 hectares, which is 506,000 hectares more than in 2010. By 2020 the area of non-agricultural land will be 4,880,000 hectares, which is 1,175,000 hectares more than in 2010. The area of unused land in 2010 was 3,164,000 hectares and, as a result of conversion for agricultural and non-agricultural purposes, unused land will only be 1,483,000 hectares in 2020.

The government also proposes to retain 3.81 million hectares for rice cultivation in 2020. But according to local proposals, the area for rice cultivation will only be 3.6 million hectares. The Economic Committee of the National Assembly has agreed with the government's proposal to retain 3.81 million hectares for rice cultivation, under the following terms: the government's proposal should point to concrete measures to retain that land area for rice cultivation, and, at the same time, introduce special schemes for rice cultivators and localities that retain the area for rice cultivation.

As regards the government's proposal that the area demarcated for industrial zones be 200,000 hectares by 2020, after consideration, the Economic Committee of the National Assembly has agreed with the proposal, but on condition that the government will only recover land in accordance with real demand, and pay attention to local authorities and regions (middle land, mountain and coastal regions) for transforming their economic structure.

Positive and Adverse Effects of Agricultural Land Policies on Peasants' Lives

Positive effects

Agricultural land policies in contemporary Viet Nam have had a positive impact on agricultural production and the lives of the peasants in the following ways:

1. *By facilitating peasants to be proactive in their labour, production, and transactions, in order to maximise the efficiency of agricultural production and income generation from land.* Vietnamese peasants benefit from the agricultural land policies in three ways: agricultural land is handed to them free of charge; they have the right to organise and plan their cultivation and sell agricultural products in accordance with market principles in order to improve their lives; and they have the right to transfer land-use right as a property. As a result, the peasants' lives have significantly improved.
2. *By allowing farmers to change the economic structure of their households and enhance land-use effectiveness.* As peasant households are considered autonomous economic units, peasants are free to engage in agricultural production activities that can bring them benefits and good incomes. As a result, there exist a variety of modes of agricultural production in Viet Nam today: while many households specialise in agricultural products, the number of households specialising in rice cultivation has reduced.
3. *By allowing credit access to farmers.* The issue of a certificate for agricultural land use to peasants helps not only to make transactions in land-use rights — especially transactions relating to lease and productive capital — safe, but also to mortgage their land-use rights for credit and loans.
4. *By encouraging farmers to accumulate collective agricultural land for better agricultural cultivation and production.* According to the Land Law, peasants can exchange, transfer or lease their land in order to accumulate an area for agricultural land large enough for mechanisation and better agricultural cultivation, as well as for applying scientific methods to cultivation. Peasants who are not able to engage in effective agricultural activities can transfer their land-use right to other peasants in order to gain money to start non-agricultural industries.
5. *By activating an agricultural land market in rural areas, resulting in more efficient land allocation to farming and the emergence of new industries in the rural areas.* A market for agricultural land in rural areas has been established to facilitate transactions of land-use rights and reduce exchange fees. The fact that the transfer of land-use rights has become easier creates favourable conditions for the rational use of land in accordance with market regulations. This promotes the process of land re-allocation between agricultural cultivation, aquaculture, and animal husbandry, and, at the same time, contributes towards restoring and developing many traditional handicraft villages in the rural areas of Viet Nam.

Adverse effects

In addition to the positive impact, there are several adverse effects of the agricultural land policies.

1. *Peasants enjoy limited benefits and profit from their land-use rights.* According to the Land Law, peasants cannot freely change agricultural land into other types of land. At the same time, due to the low benefits generated by agricultural land, the price of agricultural land-use rights is much lower than the price of use rights for other categories of land. The term for holding agricultural land-use rights is short; in addition, the compensation rate for agricultural land recovered by the state for other purposes is low. As a result, peasants are not strongly attached to agriculture and the chances of getting rich through agriculture are difficult.
2. *The number of peasants who do not have land for cultivation is increasing.* The peasants have rights over use of land. However, when in difficult circumstances, families that do not have enough capital or other means to cultivate and produce are left with no option but to sell their agricultural land-use rights, and then fall into poverty. The state does not have enough resources to help them retain agricultural land as their means of livelihood. As a result, a gap between rich and poor has been generated within the class of peasants. Social evils and crimes have started to penetrate into Viet Nam's villages.
3. *Land policies fail to encourage farmers to protect cultivated land and to make long-term investments in land.* The fact that the term of land-use rights is short discourages peasants from making long-term investments on agricultural land. At the same time, in order to have better crops, many peasants over-use chemical fertilizers and ignore investment towards long-term improvement. As a result, agricultural land degenerates.
4. *The objective of the policies to support farmers to accumulate and concentrate farming land remains unsatisfied.* The egalitarian land distribution policy of the 1990s contributed to agricultural land becoming fragmented. In addition, the conversion of a large area of agricultural land to other purposes has led to a continuous reduction of the agricultural land possessed per person. Today, there exist only a few agricultural production household units with land holdings of 3 to 5 hectares. The majority of households possess less than 1 hectare.
5. *Land recovery and compensation policy makes peasants subject to certain losses.* If their land is recovered, peasants will suffer losses because the state does not have enough agricultural land with which to compensate them. The land reserved for compensation is often not as good as recovered land. As a result, the peasant's life may become more difficult. In some cases, peasants are not able to negotiate the terms of compensation. Schemes for the vocational training of peasants whose lands have been recovered, for encouraging individuals and organisations who get agricultural land-use rights to share with and help the peasants, and for the resettlement of peasants, often have a low impact.

6. *Land policies fail to encourage farmers to practise modern agricultural production.* As agricultural land is fragmented, almost all agricultural households use family labour to cultivate and do not buy agricultural machinery and modern devices of production. They do not cooperate with each other in production activities, in the exchange of means of production, in selling agricultural products, and in the application of science and technology in production. Therefore, the effect and performance of agricultural production is still low.

CONCLUSION

The policy of Comprehensive Renovation in Viet Nam has given a new face to Viet Nam's agriculture and rural life, and has facilitated a change of historical significance. From a country that used to suffer from food shortages and needed to import food, Viet Nam has become one of the two largest rice exporters in the world. That outstanding achievement is a result of innovative management policies, particularly policies on agricultural land. However, the process of continuous renovation poses new issues and problems relating to land policies aimed at helping Viet Nam develop a modern and sustainable agriculture. Some of those issues and problems were discussed in recent years, and the National Assembly passed a revised Land Law in November 2013. The revisions address some of the points that have been raised over time, but there still remain issues that need to be worked on. The new law continues to affirm that land in Viet Nam is owned by the people and managed by the state. It also provides new provisions for the planning, use, lease, and retrieval of land, and for compensation, assistance, and re-settlement of people subject to relocation.

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