In 2007, Vietnam officially became the 150th member of WTO, with opportunities and challenges ahead of it. In addition to the benefits of the membership, Vietnam also needs to make commitments to fulfill its obligations in all areas of agricultural, seafood, garments, electronics,… The problem that our group wants to take a closer look at is the agriculture field

Vietnam is a country with 90% of the population working in agriculture sector, the annual gross output of agricultural products provides a significant portion of GDP for the country, However, Vietnamese agricultural products face many obstacles and difficulties, therefore the changes in regulations on agriculture sector will quickly and directly affect all aspects of people's life as well as the development of agricultural products.

To gain a deeper understanding of Vietnam's commitments to the agricultural products group and what Vietnam has achieved after more than a decade of joining the WTO, please go into the details our group presented below.

1. **THEORETICAL BASIS.**
2. ***What is* WTO**

The WTO is short for World Trade Organization. This organization was established and operated from January 1, 1995 with the goal of establishing and maintaining a free, convenient and transparent global trade.

1. ***What is agricultural product.***

In the WTO, goods are divided into two main categories: agricultural and non-agricultural products.

Agricultural products cover a fairly wide range of goods derived from agricultural activities such as:

- Basic agricultural products such as rice, wheat, flour, milk, animal products, coffee, pepper, cashew nuts, tea, fresh fruits and vegetables …;

- Derivative products such as bread, butter, cooking oil, meat,…

- Products made from agricultural products such as confectionery, dairy products, sausages, soft drinks, beer, cigarettes, cotton fiber, rough animal skin …

**B. CONTENTS OF COMMITMENTS ON OPENING THE MARKET OF VIETNAM'S AGRICULTURAL PRODUCTS.**

1. **Market situation of Vietnam's agricultural products before joining the WTO.**

Vietnam in the international arena is still an agricultural country, farmers account for nearly 80% of the population, agricultural labor accounts for over 70% of social labor. Due to the backward development of agriculture, the exported products have low added value.

After 17 years of renovation, agriculture has achieved many important achievements, especially in food production, not only meeting domestic demand but also exporting 3-3.7 million tons of rice every year. Until 2007, export value of agricultural products reached 12, 5%, significantly increased compared to previous years.

Our country still used more than 7 million hectares of land to grow rice. Meanwhile, there were only nearly 1 million hectares to grow coconut, rubber, tea, coffee and 1, 4 million hectares to grow fruits, vegetables and flowers. It can be said that this was an unbalanced development because it was clear that rice had become the monoculture product, accounting for 74% of the country's cultivated area.

When talking about Vietnamese agricultural products at that time, the highlight was that the ratio of processed agricultural products to total production was very low, namely: 68% sugar cane, 35% tea, 1% meat. Agro-processing facilities applied outdated technology, resulting in low productivity and efficiency. In addition, food hygiene and safety were not guaranteed, chemical residues, pesticides, toxic substances and antibiotic factors were still high, so it affected the quality.

Regarding the agricultural product market, the cooperation, joint venture, cooperation in production, processing and consumption of products between businesses and between businesses and farmers had not been smooth. Market prices of agricultural products are still floating for producers.

* 1. ***For Vietnam, the General Commitment to open markets for agricultural products is specified as follows:***

Regarding general tax reduction commitment: Vietnam has committed to an average tax reduction of 10.6% compared to the current MFN (Most favored nations).

Regarding tax reduction for each agricultural group:

• Processed agricultural products (such as meat, dairy, processed vegetables, processed foods, temperate fruits, and citrus fruits) must be reduced more than raw agricultural products (due to these processed products at the time of negotiation for WTO membership, Vietnam was applying a high import tax rate);

• Raw agricultural products (rice, coffee, rubber, pepper, cashew ...): Import tax of these products is reduced very little or no reduction at all.

Regarding reduction duration:

Vietnam has committed to gradually reducing import taxes on agricultural products within 3-5 years from the date of accession to the WTO (January 11, 2007). Which means the cut will have to be completed in 2009-2012 depending on the product. The tax reduction will be divided equally for each year in the reduction schedule.

*Table 1: The structure of tariff commitments for Vietnamese agricultural products*

|  |  |  |
| --- | --- | --- |
| Structure | Tax line  number | Main products |
| Total number of agricultural tariff lines | 1.185 |  |
| The number of lines decreases compared to MFN | 500 | Beef, pork, vegetables, fruits, flowers, all processed agricultural products … |
| The number of lines remains the same | 535 | Live animals, plant varieties, rice, tea, TV material oil, fur, animal skin, cocoon, linen, flax … |
| The number of lines increases compared to MFN | 150 | Mainly is the non-quota tax on goods: sugar, poultry eggs, tobacco leaves (NHN), poultry meat, cigarettes, cigars … |

* 1. ***WTO commitments on food groups***

For the food group, Vietnam has committed to open markets under various trade agreements, most importantly:

• Commitment to WTO

• Commitment within the framework of ASEAN region and ASEAN partners.

• Commitments on import duties for food groups are shown in the Table below.

*Table 2: Summary of tariff commitments for food products according to WTO*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| HS  code | Products | Current tax rates  (2007) | WTO commitments | | |
| Original tax rate | Final tax rates | Year of implementation |
| 1006 | Rice |  |  |  |  |
|  | Paddy seed | 0 | 0 |  |  |
|  | Other paddy | 40 | 40 |  |  |
|  | Rice varieties | 40 | 40 |  |  |
| 1005 | Corn |  |  |  |  |
|  | Maize varieties | 0 | 0 |  |  |
|  | Grain corn, broken pieces type | 5 | 5 |  |  |
|  | Popcorn | 50 | 30 | 35 | 30 |
| 071410 | Types of cassava (fresh, dried, slices, pellets ...) | 10 | 10 | 20 |  |
| 071420 | Assorted sweet potatoes (soy sauce, dried…) | 10 | 10 | 20 | 14 |

* *WTO commitment trend for fruits and vegetables*

The level of openness commitment for these goods is mainly reflected in the commitment to reduce import taxes for vegetables and fruits (to make it easier for foreign goods to access Vietnamese market)

-  Import tax reduction rate for fruits are higher than for vegetables.

-  Temperate fruits have a higher import tax reduction rate than tropical fruits.

-  Processed fruits and vegetables have a higher import tax reduction than fresh vegetables.

-   The fruits and vegetables of Vietnam which are capable of producing and exporting have a lower import tax reduction rate compared to the ones where our country has little production advantage and has to import a lot, especially temperate vegetables and fruits (apples, pears, peaches, grapes ...).

* *Summary of regional commitment on fruit and vegetable market opening*

In AFTA Vietnam commits to apply the 0-5% import tax rate of all fresh and processed vegetables and fruits from January 1st, 2006;

In ACFTA Vietnam committed to apply the 0% import tax rate of fresh vegetables on January 1st, 2008, 30% on processed fruits and vegetables in 2008 and will be reduced to 5% in 2013 and 0% in 2015.

China and 6 former ASEAN countries (Bruney, Indonesia, Malaysia, Philippines, Singapore and Thailand) reduced the tax rate to 0% on January 1st 2006 for fresh vegetables and 0% on January 1st, 2010 for vegetables and processed fruits.

*Table 3: Import tax commitments on some types of vegetables and fruits.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| HS  code | Products | Current tax rates (2007) | WTO commitments | | |
| Original tax rate | Final tax rates | Year of implementation |
|  | Fresh and semi-processed vegetables |  |  |  |  |
| 07 | Vegetables of all kinds |  |  |  |  |
|  | Varieties for breeding (seeds, fruits, tubers, stems, branches, etc.) | 0 | 0 |  |  |
| 0701-0709 | Fresh and frozen vegetables |  |  |  |  |
|  | Fresh leafy vegetables (cabbage, cauliflower, cabbage, etc.) | 30 | 20 |  |  |
|  | Fresh fruit type vegetables (tomatoes, cucumbers, legumes, etc.) | 30 | 20 |  |  |
|  | Fresh tuber types vegetables(potatoes, carrots, turnips, ...) | 30 | 20 |  |  |
|  | Spices (onions, garlic, ...) | 30 |  |  |  |
|  | Fresh mushrooms | 30 | 30 |  |  |
|  | Nuts | 30 | 25 | 20 | 2012 |
| 0701-0711 | Processed vegetables (steamed, temporarily preserved through vinegar pickling, salt pickling, etc.) | 30 | 15 |  | 2010 |
| 0712-0713 | Dried vegetables, dried beans | 30 | 25-30 | 20-25 | 2010 |
| 08 | Berries of all kinds |  |  |  |  |
| 0803 | Banana | 40 | 40 | 25 | 2012 |
| 0804 | Dates, figs, pineapple, avocado, guava, mango and mangosteen | 40 | 30-40 | 15-20-25-30 | 2010-2012 |
| 0805 | Citrus fruits (oranges, tangerines, lemons, grapefruit) | 30 | 40 | 20-30 | 2010-2012 |
| 0806 | Grapes | 25 | 25 | 10-13 | 2012 |
| 0807 | Melons, papaya | 40 | 40 | 30 | 2010 |
| 0808-0809 | Apples, pears, peaches | 20-25 | 24-25 | 10 | 2012 |
| 8011-0812 | The fruits are preserved temporarily by steaming, soaking, salt, sugar ... | 40 | 40 | 30 | 2010 |
| 0813 | Dried fruits | 40 | 40 | 30 | 2010 |

* 1. ***Commitment to open market of industrial crops.***

Industrial crops are divided in 2 categories:

- Short-term industrial crops: Sugar cane, peanuts, soybean and cotton.

- Long-term industrial crops: Coffee, rubber, cashew, tea and pepper….

*Table 4: Import tax commitments on some industrial crops.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| HS  code | Products | Current tax rates (2007) | WTO commitments | | |
| Original tax rate | Final tax rates | Year of implementation |
|  | 1. Sugar cane |  |  |  |  |
| 1701 | Raw sugar | 30 |  |  |  |
| 1701 | Refined sugar | 40 |  |  |  |
|  | 1. Peanut |  |  |  |  |
| 1202 | Peanut shells for breeding | 0 | 0 |  |  |
| 1202 | Other peanut shells | 10 | 10 |  |  |
| 1202 | Peanuts | 10 | 10 |  |  |
|  | 1. Soybean |  |  |  |  |
| 1201 | Soybean for breeding | 0 | 0 |  |  |
| 1201 | Other soybean | 5 | 5 |  |  |
| 52 | 1. Cotton |  |  |  |  |
| 5201 | Carded cotton | 0 | 0 |  |  |
| 5202 | Cotton scrap | 10 | 20 |  |  |
|  | 1. Coffee |  |  |  |  |
| 0901 | Coffee beans | 20 | 20 | 15 | 2011 |
| 0901 | Roasted and ground coffee | 40 | 40 | 30 | 2011 |
| 2101 | Instant Coffee | 50 | 50 | 40 | 2010 |
| 0904 | Pepper of all kinds (seeds, grounded, etc.) | 30 | 30 | 20 | 2010 |
| 0902 | 1. Tea of ​​all kinds | 40 | 40 |  |  |
|  | 1. Cashew |  |  |  |  |
| 0801 | Unshelled cashews | 5 | 30 |  |  |
| 0801 | Cashew shelled | 40 | 40 | 25 | 2012 |
| 4001 | 1. Natural rubber | 3 | 5 |  |  |

* *The impact on short-term industrial crops which have low competitiveness*

*Sugar cane:* In the WTO, Vietnam has committed to apply the tariff rate quota (TRQ) with the tax rate in the quota of 25% for raw sugar and 40% for refined sugar; Non-quota tax is 85%.

*Soybean, cotton consumption*: WTO commitments remain the same.

*Peanuts:* The WTO commitment remains the peanut tax of 10%, thus making no new impact.

* *For long-term industrial crops with high yield, low production costs.*

Activities of importing products of this group are mainly to supplement the source of export goods (in the form of input raw materials for export). Therefore, WTO commitments and regional trade liberalization are unlikely to have a negative impact on these sectors.

* 1. ***Commitment to non-tax agricultural protection measures.***

## *Measures for quarantine animals and plants and food safety:* Vietnam is committed to fully comply with the provisions of this Agreement.

## *Tariff quotas on agricultural products (TRQ)*

## Under this commitment, Vietnam is allowed to apply TRQ with 4 groups (28 tariff lines with 8-digit HS codes, of which 21 lines are agricultural products and 7 non-agricultural lines), including:

## + Sugar;

## + Poultry eggs;

## + Tobacco leaves

+ Salt

1. **Some solutions for Vietnam's agricultural products**

Some proposals for rapid and sustainable development after joining WTO are:

***1. Continue to improve the legal system and management mechanism on agricultural products:***

- Drafting documents guiding the implementation of newly promulgated laws, ensuring specific, public and transparent compliance with the contents of the law;

- Promote administrative reforms, perfect the land market management mechanism

- Perfecting the mechanism and organization of competition management, anti-dumping and anti-subsidy to create a healthy competitive environment. Develop technical standards and standards of food hygiene and safety in accordance with the TBT and SPS Agreements to protect the domestic market and consumers.

***2. Administrative reform:***

Abolish unnecessary procedures and papers to shorten the time of establishing enterprises and participating in the market, quickly bringing quality agricultural products into business. The import and export management of commodities subject to specialized management is based on technical standards, food hygiene and safety, practicing conditions, and does not use permits as a tool to restrict trade.

***4. Innovation to thrive human resources:***

Our country has abundant human resources, young workers account for 70% of the labor force. Vietnamese are hard-working, hard-working and quick-cognitive.

Therefore, it is necessary to accept the market mechanism in higher education in the fields of technology - technology and vocational training in the agricultural sector to mobilize resources to develop and improve the quality of training human resources, associated with the full implementation of market mechanisms in the payment to employees.

**5*. Focus on developing infrastructure:***

Mobilizing all resources including the resources of foreign investors to build the infrastructure of our country's agricultural industry as it is a great strength of our country, with great potential and has yet to be disclosed.

***7. Improve the competitiveness of Vietnamese businesses:***

Four weaknesses of our enterprises: the number of enterprises is small, small in scale, lack of capital, production and business technologies are generally backward, weak corporate governance ability. Therefore, businesses must identify the right commodity and market strategy. On the basis of choosing the right market strategy, commodity strategy that renew production technology, management technology; apply ISO standards, improve business practices; create its own identity, unique features of the business through which attract customers, develop markets, building brands.

**8.  *Improve the competitiveness of the economy on all three levels of state, business and industry*.**

Promote internal resources, protect domestic market, formulate strategies and planning on economic restructuring in accordance with the roadmap of international economic integration.

**9. *Ensuring the leadership of our Party:***

Enhance the spirit of independence, autonomy, uphold the national sovereignty and the orientation of development. Raise awareness of all social strata about the nature and content of the international economic integration process, opportunities and challenges when Vietnam joins the World Trade Organization.

**CONCLUSION**

After joining the WTO, besides the favorable opportunities, the challenges are not small for the agricultural sector, especially the agricultural products. With the opportunities and challenges mentioned above, we need to seize opportunities, turn opportunities into real advantages, overcome challenges and turn challenges into opportunities for development.