

# WORLD TRADE ORGANIZATION

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**Working Party on the  
Accession of Viet Nam**

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## **ACCESSION OF VIET NAM**

### Domestic Support and Export Subsidies in Agriculture

The Government of the Socialist Republic of Viet Nam has submitted the following information on Domestic Support and Export Subsidies in Agriculture, with the request that it be circulated to the members of the Working Party.

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Supporting Table DS:1

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Measures exempt from the reduction commitment - "Green Box"*

Measure type	Name and description of measure with reference to criteria in Annex 2 of the Agreement on Agriculture	Monetary value of measure in year in question (billion Dong)				Data sources
		1999	2000	2001	Average 1999-2001 6 = (3+4+5):3	
1	2	3	4	5	6 = (3+4+5):3	7
(a) General services						
(i) Research <sup>1</sup>	Budget allocations to conduct research projects on plant varieties/seeds and breeds, farming techniques, etc.; maintenance and development of agricultural research institutions, experimental centers, etc.	243.98	367.83	292.10	301.30	MOSTE; MARD; MOF; Prov
(ii) Training services <sup>2</sup>	Expenditures to set up, maintain and develop agricultural training institutions and centers	198.44	242.01	534.31	324.92	MARD; MOF; Prov
(iii) Extension and advisory services <sup>3</sup>	Budget allocations to establish and maintain a nationwide network of provision of agricultural extension and advisory services	132.71	150.10	181.14	154.65	MARD (AFESD); Prov
(iv) Infrastructural services <sup>4</sup>	Budgetary expenditures to construct, maintain and develop farm irrigation systems, water supply facilities and drainage works, etc. for agricultural sector	5,491.10	6,787.14	4,863.00	5,713.75	GDS; MARD; Prov

<sup>1</sup> Agricultural research: There are totally 19 field research institutes in agricultural sector including National Agricultural Research Institute, Institute of Veterinary Quarantine, Institute of Plant Protection, etc. Research projects conducted by these institutes and some other national institutions, universities on plant varieties/seeds and breeds, farming techniques and methods, agricultural technologies and practices, soil science, agro-chemistry, genetics, plant and animal health protection, agronomy, etc. are funded by the State budget.

<sup>2</sup> Training services: The agricultural training institution system consists of some universities including University of Agriculture, University of Water Resource and University of Forestation, 30 highschoools and vocational training schools majoring in various fields such as horticulture, animal breeding, veterinary, plant protection, agro-mechanics, forestation, food processing, agricultural accountancy, etc. Expenditures of these institutions to train agricultural technicians, agronomists, specialists and agricultural workers are from the State budget allocation.

<sup>3</sup> Extension and advisory services: A nationwide network of agricultural extension and advisory staff is established pursuant to the Government Decree No.13/CP dated 2 March 1993 on extension activities.. The operating and developing expenditures of this network are from budget allocation of governments at various levels. The main function of this network is to provide farmers and/or agricultural producers with gratis advisory services related to farming methods, agricultural production technologies, etc.

<sup>4</sup> Infrastructural services: The State allocates budgets for the construction, maintenance, reclamation and improvement of water supply facilities, irrigation and drainage works, dam and dyke system.

Measure type	Name and description of measure with reference to criteria in Annex 2 of the Agreement on Agriculture	Monetary value of measure in year in question (billion Dong)				Data sources
		1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6 = (3+4+5):3	7
(v) Pest and disease control, inspection services <sup>5</sup>	Budgetary expenditures in activities related to plant and animal health protection; sanitary and phytosanitary defense and alertness; pest and disease surveillance, prevention and control; provision of vaccines, etc.	247.76	277.25	264.02	263.01	MARD (DPP, DVQ); Prov
(b) Public stockholding for food security purposes	Budgetary expenditures in activities related to accumulation, storage and handling of products for food security purposes including foodstuffs such as rice and paddy (under the management responsibility of the State Reserve Department); some plant varieties/seeds such as seeds of rice, maize, vegetables; insecticides, veterinary medicines, vaccines, etc. (under the management responsibility of MARD)	686.90	578.40	2,271.40	1,178.90	MARD; Prov
(c) Domestic food aid	Budgetary outlays in activities related to food aid distribution to deprived people in remote, mountainous and other disadvantaged areas for hunger relief purpose	92.50	85.44	197.07	125.00	MARD; Prov
(d) Decoupled income support <sup>6</sup>		150.81	166.61	105.80	141.07	MARD; Prov
(e) Income insurance and income safety-net programmes		0.00	0.00	0.00	0.00	

<sup>5</sup> Pest and disease control, inspection services: The system of veterinary and plant protection agencies in agriculture sector consists of National Department of Veterinary Quarantine, National Department of Plant Protection and their branches in 61 provinces and cities throughout the country. These agencies' main functions include pest and disease surveillance and monitoring (forecast, alert, prevention, defense and eradication), regulatory framework development, quarantine, sanitary and phytosanitary inspection at the border gates as well as across national regions/areas, etc (excluding inspection services charged to imports and exports).

<sup>6</sup> Decoupled income support: During the 2-year period of 1999-2001, some supports have been provided from the provincial budgets to households with income of less than the standard minimum level specified by the Ministry of Labour, War Invalids and Society as follows: Poor households are defined as households with monthly average rice-equivalent income of less than 25kg of rice with regards to those living in urban areas; of 20 kg of rice or less with regard to those living in plain rural areas; of 15 kg of rice or less with regard to those living in mountainous rural areas. Hungry households are those with monthly average rice-equivalent income of 13 kg of rice or less.

From 2001, the standard minimum level of poverty and hunger definition is specified in the Decision No. 1143/QĐ-LĐTBXH of Minister of Labour, War Invalids and Society dated 1 November 2000 as follows: Households with average income per capita below 80,000 Dong/month (or 960,000 Dong/year) with regard to those living in mountainous rural areas and islands; 100,000 Dong/month (or 1,200,000 Dong/year) with regard to those living in plain rural areas; 150,000 Dong/month (or 1,800,000 Dong/year) with regard to those living in urban areas are defined as households of poverty and hunger situation.

Measure type	Name and description of measure with reference to criteria in Annex 2 of the Agreement on Agriculture	Monetary value of measure in year in question (billion Dong)				Data sources
		1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6 = (3+4+5):3	7
(f) Payments for relief from natural disasters	Budgetary outlays related to provision of food, foodstuff and other basic necessities to farmers in areas hit by natural disasters to assist them to stabilize their lives and recover production; relief in form of electricity assistance payments to use pumps to irrigate drought-stricken land or to drain flooded land; relief in form of financial support (cash payments) to suffered farmers to purchase seeds, veterinary medicines, insecticides, etc. to continue with production	901.20	2,192.07	1,434.36	1,509.21	MOF; Prov
(g) Structural adjustment assistance provided through producer retirement programmes		0.00	0.00	0.00	0.00	
(h) Structural adjustment assistance provided through resource retirement programmes		5.61	15.98	109.8	43.80	Prov
(i) Structural adjustment assistance provided through investment aids		181.78	270.74	170.44	207.65	Prov

Measure type	Name and description of measure with reference to criteria in Annex 2 of the Agreement on Agriculture	Monetary value of measure in year in question (billion Dong)				Data sources
		1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6 = (3+4+5):3	7
(j) Environmental programmes <sup>7</sup>	Budgetary expenditures in activities related to tree planting on barren and unfertile land; environment protection, landscape preservation; protection of water and land resources, prevention against soil degradation and erosion; conservation of biological potentials and biodiversity; forestry development, etc.	774.27	788.59	3,630.02	1,730.96	SB; MARD; MOF; Prov
(k) Regional assistance programmes <sup>8</sup>	Budget allocations for resettlement of ethnic minorities, establishment and development of new economic zones; freight subsidies to offset the high cost of transportation of policy commodities to mountainous, remote regions, etc.	959.70	1,329.00	3,309.45	1,866.05	MOF; SB; MARD
(l) Other <sup>9</sup>	Job creation programme	771.10	905.27	853.20	843.19	MOF; Prov
Total		10,837.86	14,156.43	18,007.43	14,333.91	

<sup>7</sup> Environmental programmes: With the aim to increase plant-covering rate over barren and unfertile land, to protect and preserve the ecological environment, water resources as well as natural world of plants and animals, etc, the Prime Minister issued the Decision No.661/QD-TTg dated 29 July 1998 to launch the Programme on Growing 5 million hectares of forest. The incentive-based policies under the Programme provide for an annual grant of 50,000 Dong/ha applied to those who undertake the task of protecting natural forests; a one-off cash payment of 1,000,000 Dong/ha applied to those who undertakes the task of preserving and developing forests; a one-off cash payment of 2,500,000 Dong/ha applied to those who undertake the task of growing conservation forests as a means of erosion control; and a one-off cash payment of 2,000,000 Dong/ha applied to those who undertake to grow trees producing rare wood of great value, etc. Additionally, the State also provides financial support to construct and develop the infrastructure, to allocate land and issue certificates of land use right to farmers who participate in the Programme.

In addition, pursuant to the Inter-Ministerial Circular No. 109/2000/TTLT/BNN-BTC dated 20 October 2000, afforestation yards are allowed to retain the corporate income tax amount otherwise payable for forest development.

<sup>8</sup> Regional assistance programmes: The State allocates part of its budget for the resettlement of ethnic minorities in order to stabilize their lives, to prevent slash-and-burn activities, to develop untapped areas into new economic zones or production areas as the destination for attracting the movement flows of inhabitants from densely-populated regions or land shrunk as a consequence of natural disasters or soil-blown accidents, etc. The main activities include building new villages/communes, reclaiming virgin lands for production development; constructing infrastructure such as roads, clinics, schools, markets, etc.; organising classes to introduce production methods to ethnic minorities; providing transport subsidies, food assistance and initial capital grants for those who move to newly-developed economic areas to start on production; providing freight subsidies to offset the high cost of transportation of policy commodities and production inputs to mountainous, remote regions; providing preferential loans to inhabitants in the Mekong delta region to construct their houses against floods. Since 1999, the State has launched the Programme 135 with the focus of priority investments to develop 1,000 communes under harsh and especially disadvantaged conditions in remote and distant areas, etc.

<sup>9</sup> Socio-economic programme includes dissemination and introduction of methods of production and/or doing business and then provision of preferential loans to assist the target recipients to develop production, processing activities and to promote sales of their products in order to generate more employment and incomes.

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Measures exempt from the reduction commitment - Special and Differential Treatment - "Development Programmes"*

Measure type	Name and description of measure with reference to criteria in Article 6:2 of the Agreement on Agriculture	Monetary value of measure in year in question (bil. Dong)				Data sources
		1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6 = (3+4+5):3	7
(a) Investment subsidies generally available to agriculture	Interest rate support applicable to investment activities <sup>10</sup>	524.30	1,137.85	886.78	849.64	MARD; SB; DAF; Prov
	Soft loan to develop economic activities of farms <sup>11</sup>	N/a	N/a	N/a	N/a	<sup>12</sup>
(b) Input subsidies generally available to low-income or resource-poor producers	Short-term soft loans <sup>13</sup>	893.85	1,275.17	693.30	954.11	SB; MARD (DARNEZ); Prov
(c) Support to encourage diversification from growing illicit narcotic crops	Provision of support in the form of plant varieties/seeds, seeds, breeds; dissemination of farming techniques; administrative costs to assist the diversification from illicit opium poppy cultivation to other crop production	9.60	11.10	1.47	7.39	MARD (DARNEZ); Prov
Total		1,427.75	2,424.12	1,581.55	1,811.14	

<sup>10</sup> The Government compensates commercial banks for the difference between prevailing market interest rate and preferential interest rate charged by commercial banks for mid-term or long-term investment loans under the Government's direction. The preferential interest rate is 0.81% per month (i.e. 9.72% per year) (The prevailing commercial interest rate applicable to investment projects to establish and develop processing premises for agricultural and forestry products and projects of growing perennial plants which was previously at 1.25% per month has been cut down to 1.15% per month. Since 2000, preferential credit interest rate was 0.45% per month (i.e. 5.4% per year) due to decreasing commercial interest rate. And the preferential interest rate in 2001 has been 9.6% per annual.

<sup>11</sup> Pursuant to the Circular No.82/2000/TT-BTC of Ministry of Finance dated 14 August 2000 guiding the implementation of the Government Resolution No.03/2000/NQ-CP dated 2 February 2000 on economic activities of farms, the State provides support to develop transportation infrastructure, irrigation and drainage facilities, water supply system, utilities, telecommunications infrastructure, processing facilities with a view to encouraging individuals and households to develop agricultural and forestry production on farms.

Farms conducting business in the encouraging fields or sectors are eligible to borrow from the Development Assistance Fund. Pursuant to the Prime Minister's Decision No.67/1999/QD-TTg on some credit policies of banks for agricultural and rural development, farms are eligible to borrow commercial credits from the State-owned commercial banks to develop their production and business activities.

<sup>12</sup> Government Resolution No.03/2000/NQ-CP dated 2 February 2000 on economic activities of farms; Circular No.82/2000/TT-BTC dated 14 August 2000 of Ministry of Finance.

<sup>13</sup> The State establishes a banking network for the poor in order to allow the poor to have access to short-term loans at preferential interest rate equivalent 50% of the prevailing commercial market interest rate to develop their own production.

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2000**

*Measures exempt from the reduction commitment - Direct Payments under  
Production-Limiting Programmes - Exempt Direct Payments*

Measure type	Name and description of measure with reference to criteria in Article 6:2 of the Agreement on Agriculture	Monetary value of measure in year in question (billion Dong)			Data sources
		1999	2000	2001	
1	2	3	4	5	6
(a) Payments based on fixed area and yields		NIL			
(b) Payments based on 85 per cent or less of the base level of production					
(c) Livestock payments made on a fixed number of head					

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Calculation of the Total Aggregate Measurement of Support (Grand Total AMS)*

Description of basic products	Product-specific AMS (from Supporting Tables DS:5 to DS:7 below) (billion Dong)			Product-specific measurements of support (from Supporting Table DS:8 below) (billion Dong)			Value of production (billion Dong)						Total AMS (aggregate) (billion Dong)		
							Value (billion Dong)			10% of value (billion Dong)					
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
1	2	3	4	5	6	7	8	9	10	11	12	13	14 =2+5+8	15 =3+6+9	16 =4+7+10
(1) Rice	0.00	0.00	0.00	27.20	61.94	0.00	76,869.40	63,691.60	63,088.10	7,687.00	6,369.10	6,308.81	(0.00)	(0.00)	(0.00)
(2) Sugar	4,474.24	2,358.00	2,734.58	100.56	431.41	187.56	6,956.00	6,102.73	6,831.27	695..60	610.27	683.13	4,574.80	2,789.41	2,922.14
(3) Pork	0.00	0.00	0.00	3.20	0.00	0.00	16,641.24	17,472..14	16,969.47	1,664.12	1,747.2	1,697.00	3.20	(0.00)	(0.00)
(4) Cotton	0.00	9.57	9.51	2.00	0.00	3.84	122.10	103.40	150.10	12.21	10.34	15.01	2.00	9.57	13.35
(5) Plant varieties/s eeds	12.00	922.02	963.21	0.00	0.00	0.00	N/a	N/a	N/a	N/a	N/a	N/a	12.00	922.02	963.21
(6) Animal breeds	18.30	427.74	446.26	0.00	0.00	0.00	N/a	N/a	N/a	N/a	N/a	N/a	18.30	427.74	446.26
Total product-specific AMS	4,504.54	3,717.33	4,153.56	132.96	493.35	191.40	124,075.3	122,389.3	122,247.7	12,407.5.3	12,238.93	12,224.77	4,637.5	4,210.68	4,344.96
Total non-product-specific AMS (from Supporting Table DS:9 below)													1,111.82	1,152.72	2,000.82
Grand Total AMS													5,749.32	5,363.40	6,345.78

**Note:** Columns 14, 15 and 16: Figures indicate that AMS aggregate for that specific product is not subject to reduction or inclusion in the Grand Total AMS because the calculated AMS is less than 10% of value of production of that specific product (excluding sugar) (*de minimis* exclusion of developing countries).



**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Calculation of the Total Aggregate Measurement of Support (Grand Total AMS) - Average 1999-2001*

Description of basic products	Product-specific AMS (from Supporting Tables DS:5 to DS:7 below) (billion Dong)	Product-specific measurements of support (from Supporting Table DS:8 below) (billion Dong)	Value of production (billion Dong)		Total AMS (aggregate) (billion Dong)
			Value (billion Dong)	10% of value (billion Dong)	
1	2	3	4	5	6
(1) Rice	0.00	29.71	67,883.03	6,788.30	29.71
(2) Sugar	3,188.94	239.84	6,630.00	663.00	3,428.78
(3) Pork	0.00	1.06	17,027.62	1,702.76	1.07
(4) Cotton	6.36	1.95	125.20	12.52	8.31
(5) Plant varieties/seeds	632.41	0.00	N/a	N/a	632.41
(6) Animal breeds	297.43	0.00	N/a	N/a	297.43
Total product-specific AMS	4,125.14	272.56	122,904.10	12,290.41	4,397.70
Total non-product-specific AMS (from Supporting Table DS:9 below)					1,421.79
Grand Total AMS	4,125.14	272.56	122,904.10	12,290.41	5,819.50

Note: Column 6: Figures indicate that AMS aggregate for that specific product is not subject to reduction or inclusion in the Grand Total AMS because the calculated AMS is less than 10% of value of production of that specific product (excluding sugar) (*de minimis* exclusion of developing countries).

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Product-Specific Aggregate Measurements of Support: Market Price Support*

Description of basic products	Calendar year	Measure type(s)	Applied administered price (1,000 Dong/ton)	External reference price (1,000 Dong/ton)	Eligible production (1,000 ton)	Associated fees/levies (billion Dong)	Total market price support (billion Dong)	Data sources
1	2	3	4	5	6	7	8 = ((4-5)*6)-7	
(1) Rice <sup>14</sup>	1999	Price support	3,767.00	3,170.87	20,406.00	0.00	0.00	MARD
	2000	Price support	3,010.00	2,716.03	21,160.10	0.00	0.00	
	2001	None <sup>15</sup>	3,036.00	2,489.00	0.00	0.00	0.00	
	Average 1999-2001						0.00	
(2) Sugar <sup>16</sup>	1999	Price support/import licence	6,975.00	2,259.00	947.30	0.00	4,467.54	
	2000	Price support/import licence	5,049.00	3,112.00	1,208.70	0.00	2,341.11	
	2001	Import licence	6,458.00	3,886.00	1,057.80	0.00	2,720.69	
	Average 1999-2001						3,176.45	

<sup>14</sup> The following data are applied when calculating external reference price of and eligible production for rice:

- Conversion rate between paddy and rice yields: Paddy/rice = 0.65;
- Average export price of rice (FOB Ho Chi Minh port) in 1999: US\$227.4/ton, in 2000: US\$192/ton, in 2001: US\$168/ton.

<sup>15</sup> None: Price support was not applicable in 2001.

<sup>16</sup> Price support is effected via the following measures:

- Import licence (with raw and refined sugar);
- Authorized/designated importers;
- Mandatory requirement by the Government on sugar plants to purchase farmers' sugarcanes at determined protective price (minimum purchase price) to protect farmers' income (e.g. the minimum purchase price of sugarcane was determined at 240,000 Dong per ton in 1999);

As a consequence, domestic price of sugar is higher than world price.

- Eligible production for sugar equals to the total production of all domestic sugar plants.
- Average export price of sugar (CIF Vietnam's port) in 1999: US\$ 162/ton, in 2000: US\$ 220/ton, in 2001: US\$ 262.3/ton.

(Source: General Department of Custom)

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Product-Specific Aggregate Measurements of Support: Non-Exempt Direct Payments*

Description of basic product	Calendar year	Measure type(s)	Applied administered price (1,000 Dong/ton)	External reference price (1,000 Dong/ton)	Eligible production (1,000 ton)	Associated fees/levies (billion Dong)	Total direct payments (billion Dong)	Data sources
1	2	3	4	5	6	7	8 = ((4-5)*6)-7	9
			NIL					

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

***Product-Specific Aggregate Measurements of Support: Other Product-Specific Support and Total Product-Specific AMS***

Description of basic product	Calendar year	Measure type(s)	Other product-specific budgetary outlays (billion Dong)	Other product specific support (billion Dong)	Associated fees/levies	Total other product-specific support (billion Dong)	Market price support (Supporting Table DS:5) (billion Dong)	Non-exempt direct payments (Supporting Table DS:6) (billion Dong)	Total AMS	Data sources
1	2	3	4	5	6	7 = (4+5-6)	8	9	10 = (7+8+9)	11
(1) Rice	1999		...				(0.00)		(0.00)	
	2000		...				(0.00)		(0.00)	
	2001		...				....		...	
	Average 1999-2001								(0.00)	
(2) Sugar <sup>17</sup>	1999		6.70 <sup>18</sup>			6.70	4,467.54		4,474.24	
	2000		16.89			16.89	2,341.11		2,358.00	
	2001		21.13			21.13	2,720.69		2,741.82	
	Average 1999-2001								3,191.35	
(3) Cotton <sup>19</sup>	1999		0.00			0.00	0.00		0.00	MARD
	2000		9.57			9.57	0.00		9.57	
	2001		13.11			13.11	0.00		13.11	
	Average 1999-2001								7.56	
(4) Plant varieties/seeds <sup>20</sup>	1999		12.00			12.00	0.00		12.00	<sup>21</sup>
	2000		922.02			922.02	0.00		922.02	
	2001		963.21			963.21	0.00		963.21	
	Average 1999-2001								632.41	

<sup>17</sup> With regard to sugar, in addition to price support, the Government also provides financial support to import new varieties of sugarcane for the cultivation in the following provinces: Binh Dinh, Quang Nam, Thua Thien - Hue, Ninh Thuan, Phu Yen, Quang Ngai, Binh Thuan, Quang Binh, Kon Tum.

<sup>18</sup> Prime Minister's Decision No.04/1999/QD-TTg of 5/1/1999.

<sup>19</sup> The Government provides financial support to lower the selling price of imported cross- line cotton seeds with a view to reduce the production cost of cotton farmers who could otherwise hardly afford to purchase these high-yielding varieties/seeds to for cultivation due to their high import price.

<sup>20</sup> Support program for plant varieties/seeds pursuant to the Prime Minister's Decision No.225/1999/QD - TTg dated 10 December 1999 focuses on the research, development, protection of plant varieties/seeds and genetic sources, production of origin varieties/seeds, etc., and importation of new genetic and variety sources, production of good-quality varieties/seeds to supply farmers.

<sup>21</sup> Prime Minister's Decision No.225/1999/QD-TTg of 10/12/1999.

Description of basic product	Calendar year	Measure type(s)	Other product-specific budgetary outlays (billion Dong)	Other product specific support (billion Dong)	Associated fees/levies	Total other product-specific support (billion Dong)	Market price support (Supporting Table DS:5) (billion Dong)	Non-exempt direct payments (Supporting Table DS:6) (billion Dong)	Total AMS	Data sources
1	2	3	4	5	6	7 = (4+5-6)	8	9	10 = (7+8+9)	11
(5) Animal breeds <sup>22</sup>	1999		18.30			18.30	0.00		18.30	MARD <sup>23</sup>
	2000		427.74			427.74	0.00		427.74	
	2001		446.26			446.26	0.00		446.26	
	Average 1999-2001								297.43	

<sup>22</sup> Support for breeding centers and agencies: Normal costs on maintaining and protecting herds of breeds are usually very high due to requirement of compliance with strict technical conditions and procedure. As a consequence, farmers could not afford to purchase these breeds for their production given their limited financial resources and low production capability. In order to assist farmers to reduce their production costs, the State budget provides these breeding centers and agencies with financial support with a view to lowering the selling price of breeds.

<sup>23</sup> Prime Minister's Decision No.225/1999/QĐ-TTg of 10/12/1999.

**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

*Product-Specific Equivalent Measurements of Support*

Description of basic product	Calendar year	Measure type(s)	Applied administered price (1,000 Dong/ton)	Production eligible to receive the applied administered price (1,000 tons)	Market price support budgetary outlays (billion Dong)	Equivalent measurement of support (EMS) (billion Dong)	Non-exempt direct payments (billion Dong)	Other product-specific support (billion Dong)	Associated fees/levies (billion Dong)	Total monetary value of equivalent commitment (billion Dong)	Data sources
1	2	3	4	5	6	7	8	9	10	11 = (7+8+9-10)	12
(1) Rice	1999	Interest rate support to purchase rice during harvest time <sup>24</sup>		500.00				27.20		27.20	MOF; MARD
	2000			1,400.00				61.94		61.94	
	2001			0.00				0.00		0.00	
	Average 1999-2001									29.71	
(2) Sugar	1999	50% reduction of payable VAT liability						100.56		100.56	<sup>25</sup>
	2000	Total:						431.41		431.41	
		Interest rate support for investment loans						27.00		27.00	<sup>26</sup>
		50% reduction of payable VAT liability						31.17		31.17	
		Compensation for the differences between market and applied exchange rates						37.44		37.44	
		Interest rate support to purchase sugarcane during harvest time <sup>27</sup>						24.80		24.80	<sup>28</sup>

<sup>24</sup> The State provides interest rate support to enable trading enterprises to purchase rice during the harvest time when the domestic market prices drop sharply causing losses to farmers.

<sup>25</sup> Decision No.854/2000/QD-TTg of 7/9/2000 and No.194/1999/QD-TTg of 23/9/1999.

<sup>26</sup> Decision No.854/2000/QD-TTg of 7/9/2000 and No.194/1999/QD-TTg of 23/9/1999.

<sup>27</sup> The State provides interest rate support to enable trading enterprises to purchase sugar during the harvest time when the domestic market prices drop sharply causing losses to farmers.

Description of basic product	Calendar year	Measure type(s)	Applied administered price (1,000 Dong/ton)	Production eligible to receive the applied administered price (1,000 tons)	Market price support budgetary outlays (billion Dong)	Equivalent measurement of support (EMS) (billion Dong)	Non-exempt direct payments (billion Dong)	Other product-specific support (billion Dong)	Associated fees/levies (billion Dong)	Total monetary value of equivalent commitment (billion Dong)	Data sources
1	2	3	4	5	6	7	8	9	10	11 = (7+8+9-10)	12
		- Finance working capital						50.00		50.00	
		Support to develop the areas of sugarcane growing (funded by the provincial budgets)						261.00		261.00	<sup>29</sup>
	2001	Total						187.56		187.56	
		Support to develop the areas of sugarcane growing (funded by the provincial budgets)						150.00		150.00	
		- Support to cover losses caused by exchange rate fluctuation						37.56		37.56	
	Average 1999-2001									239.84	
(3) Pork	1999	Interest rate support to purchase pork <sup>30</sup>		1.86				3.20		3.20	MARD
	2000							0.00		0.00	
	2001							0.00		0.00	
	Average 1999-2001									1.06	

<sup>28</sup> Government Official document No.562/2000/CP-NN of 7/6/2000.

<sup>29</sup> Report No. 972/BC/KN-KL of 15/10/2001.

<sup>30</sup> The State provides interest rate support to enable trading enterprises to purchase pork when the domestic market prices drop sharply causing losses to farmers.

Description of basic product	Calendar year	Measure type(s)	Applied administered price (1,000 Dong/ton)	Production eligible to receive the applied administered price (1,000 tons)	Market price support budgetary outlays (billion Dong)	Equivalent measurement of support (EMS) (billion Dong)	Non-exempt direct payments (billion Dong)	Other product-specific support (billion Dong)	Associated fees/levies (billion Dong)	Total monetary value of equivalent commitment (billion Dong)	Data sources
1	2	3	4	5	6	7	8	9	10	11 = (7+8+9-10)	12
(4) Cotton	1999	Support to cover losses of purchasing raw cotton produced by farmers <sup>31</sup>						2.00		2.00	MOF, MARD
	2000							0.00		0.00	
	2001	Support to cover losses of purchasing raw cotton produced by farmers								3.84	
	Average 1999-2001									1.95	

<sup>31</sup> Support to cover losses of purchasing raw cotton produced by farmers : Cotton plants are required by the Government to purchase the whole quantity of raw cotton produced by farmers at a minimum determined price to protect farmers' income. As a result, cotton plants usually suffer losses due to the sharp drop of cotton price in the world market that significantly influence on the price of domestically produced cotton (textiles plants would only purchase cotton supplied by the domestic cotton plants at respective low price). The Government provides financial payments to assist the cotton plants to cover these losses.



**Domestic Support: Viet Nam**  
**Reporting period: 1999 – 2001**

**Non-Product-Specific AMS**

Measure type(s)	Calendar year	Non-product-specific budgetary outlays (billion Dong)	Other non-product- specific support (billion Dong)	Associated fees/levies	Total non-product- specific support (billion Dong)	Data sources
1	2	3	4	5	6 = (3+4-5)	7
100% agricultural land use tax-free for extremely disadvantaged areas and 50% for those growing rice and coffee	1999	N/a			N/a	MOF <sup>5</sup>
	2000	N/a			N/a	
	20001	700.00			700.00	
	Average 1999- 2001				233.33	
Incentives relating to land <sup>32</sup>	1999	N/a			N/a	
	2000	N/a			N/a	
	20001	N/a			N/a	
	Average 1999- 2001				N/a	
Value-added tax incentives <sup>33</sup>	1999	N/a			N/a	
	2000	N/a			N/a	
	20001	N/a			N/a	
	Average 1999- 2001				N/a	
Support to cover losses for electricity used in irrigation <sup>34</sup>	1999	101.82			101.82	
	2000	147.72			147.72	
	2001	301.82			301.82	
	Average 1999- 2001				183.79	

<sup>32</sup> Ministry of Finance's Circular No.44/1999/TT-BTC of 26 April 1999 provided guideline for tax incentives to cooperatives. Agriculture service supplying cooperatives in mountainous areas are exempted from land rental, those in other areas enjoys 50% land rental off.

<sup>33</sup> Ministry of Finance's Circular No.122/2000/TT-BTC of 29 December 2000 provided guideline for implementation of Law on Value-added Tax. Under provision of Article 4 of Law on Value-added Tax, unprocessed agricultural products produced and traded to the market by organisations or individuals are not subject to value-added tax.

Also according to the above mentioned Circular and Article 10 of Law on Value-added Tax, input VAT amount is presumptively deducted at 2% or 3% of the purchase value with regard to unprocessed agricultural products and forest products (uniformly applicable to domestic trade and exportation).

<sup>34</sup> The Government have charged at the average of 572.72 Dong/kwh for electricity used in water pumping, irrigation in comparison with the average of 700 Dong/kwh for other sectors. The difference will be covered by the Government. The electricity consumption in agriculture is 800 million kwh per annual.

Measure type(s)	Calendar year	Non-product-specific budgetary outlays (billion Dong)	Other non-product- specific support (billion Dong)	Associated fees/levies	Total non-product- specific support (billion Dong)	Data sources
1	2	3	4	5	6 = (3+4+5)	7
Support irrigation fee <sup>35</sup>	1999	1,010.00			1,010.00	
	2000	1,005.00			1,005.00	
	2001	999.00			999.00	
	Average 1999- 2001				1,088.45	
Total	1999				1,111.82	
	2000				1,152.72	
	2001				2,000.82	
	Average 1999- 2001				1,421.79	

<sup>35</sup> Under Decree No.112 of the Government dated 25 August 1984, basic amortization, considerable repair of irrigation works and machinery (estimated round 3,300 billion Dong per annual) are not calculated and considered subsidies for agriculture. According to this provision, irrigation fee should be 1,500 billion Dong per annual. In fact, due to farmers' difficulties, the total received in 1999 was 490 billion Dong, 2000: 495 billion Dong and 2001: 501 billion Dong. The Government has covered unpaid fee according to the Prime Minister's Decision No. 1116/QD/Ttg dated 22 August 2001.

**Export subsidies: Viet Nam**  
**Reporting period: 1999 – 2001**

***Export Subsidies: Outlay and Quantity***

Description of products	Direct export subsidies	Sales of stocks (billion Dong)	Producer financed subsidies (billion Dong)	Cost reduction measures (billion Dong)	Internal transport subsidies (billion Dong)	Total product specific export subsidies (billion Dong)				Quantity of subsidized exports (1,000 tons)				Data sources
						1999	2000	2001	Average 1999-2001	1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Product-specific subsidies														
(1) Rice	Total:					486.00	600.00	822.77	636.26	1,900	2,500	3,730	2,710	
	Provision of interest rate support to rice export enterprises					123.00..	180.00	380.00		650	1,000			MARD <sup>36</sup>
	Provision of interest rate support in cases of rice export transactions with deferred payments					30.00	100.00			300.00	1,000			MOF
	Support to cover losses of rice export enterprises					180.00	320.00	330.00						MOF
	Provision of short term interest rate support in cases of rice export transactions					N/a	N/a	0.27						
	Export bonus					N/a	N/a	112.50				3,730		
(2) Pork	Total					49.70	31.30	31.48	37.49	7.10	9.50	20.00	12.20	MOF; <sup>37</sup>
	Support to cover losses of pork export transactions					49.70	31.30			7.10	9.50			
	Export bonus							26.10				20.00		
	Provision of short term interest rate support in cases of pork export transactions							0.07						

<sup>36</sup> Prime Minister's Decision No.250/1998/QD-TTg of 24/12/1998; Government Official Document No.275/CP-KTTH of 18/3/1999 and No.1039/CP-KTTH of 30/9/1999; Prime Minister's Decision No.35/2000/QD-TTg of 21/3/2000

<sup>37</sup> Prime Minister's Decision No.933/1999/QD-TTg of 28/10/1999 and No.540/2000/QD-TTg.

Description of products	Direct export subsidies	Sales of stocks (billion Dong)	Producer financed subsidies (billion Dong)	Cost reduction measures (billion Dong)	Internal transport subsidies (billion Dong)	Total product specific export subsidies (billion Dong)				Quantity of subsidized exports (1,000 tons)				Data sources
						1999	2000	2001	Average 1999-2001	1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	- Provision of support to certain markets							5.31						MOF
(3) Coffee	Total:					203.00	348.60	536.35	362.65	50	198.7	932	393.57	
	Refund of export surcharges; support to cover losses of trading enterprises who have bought coffee for temporary storage for suitable export opportunities					53.00	147.00			50	138.7			MOF; <sup>38</sup>
	Support to cover losses of coffee export enterprises					150.00	180.00	350.00						MOF
	Provision of interest rate support to assist export enterprises to purchase coffee for temporary storage for suitable export opportunities						21.60	100.00			60			MARD; <sup>39</sup>
	- Export bonus							86.24				932.00		
	Provision of short term interest rate support in cases of coffee export transactions							0.11						
(4) Vegetables and fruits	Total					12.00	9.90	165.00	62.30	15	12.00	N/a	9.00	MOF; <sup>40</sup>
	Support to export vegetables and fruits such as canned pineapples, cucumbers, etc. to Russian, US markets, etc.					12.00	9.90	16.50		15.00	12.00			
	- Export bonus							148.50						
(5) Export bonus upon performance						...	...	10.55	3.52					MOF

38

Government Official Document No.30/CP-KTTH of 11/1/2001.

39

Prime Minister's Decision No.1067/2000/QD-TTg of 27/10/2000.

40

Government Official Document No.977/CP-KTTH of 13/9/1999.

Description of products	Direct export subsidies	Sales of stocks (billion Dong)	Producer financed subsidies (billion Dong)	Cost reduction measures (billion Dong)	Internal transport subsidies (billion Dong)	Total product specific export subsidies (billion Dong)				Quantity of subsidized exports (1,000 tons)				Data sources
						1999	2000	2001	Average 1999-2001	1999	2000	2001	Average 1999-2001	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(6) Export promotion						...	0.60	2.75	1.12					
Grand Total						750.70	989.80	1,568.91	1,103.14					

## ANNEX

### Official exchange rate:

This exchange rate was used in calculation of all programmes of domestic support and export subsidies.

Currency unit: Dong (Vietnamese Dong)

1999: US\$ 1 = 13,944 Dong

2000: US\$ 1 = 14,146 Dong

2001: US\$ 1 = 14,815 Dong

Data sources: GDS.

### Explanation of abbreviations for relevant agencies:

AFESD	Agricultural and Forestry Extension Services Department
DAF	Development Assistance Fund
DARNEZ	Department of Agricultural Resettlement and New Economic Zone
DPP	Department of Plant Protection
DVQ	Department of Veterinary Quarantine
GDS	General Department of Statistics
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
MOSTE	Ministry of Science, Technology and Environment
MPI	Ministry of Planning and Investment
SB	State Bank
Prov	Provinces

### Abbreviations:

N/a	Data not available
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