

I. PROJECT IDENTIFICATION

PROJECT TITLE: **Agricultural Exports and Market**

APPENDIX ATTACHED: YES NO

2. PROJECT NO. (M.O. 1095.2): **730-11-140-291.01**

3. RECIPIENT (specify): COUNTRY **Vietnam**

4. LIFE OF PROJECT: BEGINS FY **1974** ENDS FY **1983**

5. SUBMISSION: ORIGINAL **3/8/73**

REV. NO. _____ DATE _____

REGIONAL _____ INTERREGIONAL _____

CONTR./PASA NO. _____

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE \$ L ₁ (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT (B) BUDGET	
1. PRIOR THRU ACTUAL FY												
2. OPBN FY 73*	-	-	-	-	-	-	-					
3. BUDGET FY 74	1,437	255	84	112	74	100	45	925	228			
4. BUDGET FY 75	1,572	290	96	112	74	75	45	1,050	278			
5. BUDGET FY 76	1,187	290	96	112	74	75	30	680	183			
6. BUDGET FY 77	1,027	290	96	112	74		30	595	165			
7. ALL SUBQ. FY	2,602	350	120	672	444		120	1,460	360			
8. GRAND TOTAL	7,825	1,475	492	1,120	740	250	270	4,710	1,214			

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR: ***Prior activities for this project were under Agric Credit & Agric Organs. 730-11-140-291**

(B) KIND OF GOODS/SERVICES

(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER: **Shelby A. Robert, Jr.** TITLE: **Agric. Econ Marketing** DATE: _____

2. CLEARANCE OFFICER: **James W. Davis** TITLE: **ADFA** DATE: **3-10-73**

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL: **ADPROG: Ernest Kanrich** Date: **3/16/73**

A/Director; Stanley J. Siegel Date: **5/4/73**

004390

No. Pouch: #185
Dated: May 8, 1973

2. CLEARANCES

BUR OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE

3. APPROVAL AAs OR OFFICE DIRECTORS

SIGNATURE: _____ DATE: _____

TITLE: _____

4. APPROVAL A/AID (See M.O. 1025.1 VI C)

SIGNATURE: _____ DATE: _____

TITLE: _____

ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

AGRICULTURAL EXPORTS AND MARKETING

PROP:

I. Sector Goal

A. Statement of Goal

To increase the efficiency of production and distribution of agricultural products, increase and equitably distribute farm income, provide an adequate diet for the people of Vietnam at reasonable costs, achieve surplus production of commodities with favorable economic advantage and expand exports of agricultural commodities and of products derived from agricultural commodities.

B. Measures of Goal Achievement

1.0 Increase flow of commodities of export quality through commercial marketing channels.

1.1 Export statistics by type of commodity, grade, marketing, etc., indicate increased exports of agricultural commodities.

1.2 Increased agricultural income as indicated by analysis of exports and measures of value added in the domestic marketing system.

2.0 Increased producer income by reducing spoilage in the marketing system. Currently spoilage runs up to 50% for fruit and vegetables, 10% for rice and 15% for eggs.

2.1 Rapid response studies of the marketing system, producers and purveyors to verify increased income.

3.0 Production output increases sufficiently to maintain 1972 per capita consumption of basic commodities as well as increasing the amount of agricultural exports.

3.1 Per capita disappearance does not decline.

3.2 Export statistics show an increase.

C. Important Assumption

1.1 Favorable GVN economic and tax policies toward agricultural exports will be sustained and improved. (November 1971 economic reforms and action by GVN and 1972 Investment Law provides basis for its export and development policies)

1.2 Vietnam foreign exchange rates will remain within reasonable parity of world levels.

1.3 GVN policies will favor expansion of agricultural production including provision for adequate production inputs.

II. Statement of Purpose

A. Purpose

To develop viable and effective agricultural marketing and export institutions, marketing and export services, and the necessary infrastructure to meet current and projected marketing needs of Vietnam's agricultural production.

B. Conditions at the End of Project

1.0 An effective system of rice, feedcrops, and oilseed assembly, storage, processing and shipping and associated services primarily in the private sector capable of meeting the domestic and export market for these commodities.

Indicators:

1.1 Country buying points established on the basis of the pattern of current and expected production density, with cleaning, drying and other necessary equipment and storage for rice, feedcrops, legume, fiber and oil and specialty crops.

1.2 Established regional rice milling facilities to take advantage of the inherent characteristic of grains to produce an export quality product for domestic and export markets. (Present milling capability in Vietnam is inadequate to produce an export-quality product).

1.3 Established terminal port facilities which may include grain drying and storage and rice milling or other necessary facilities for domestic and export markets of a wide range of agricultural products, (including both public and private sectors).

1.4 Established transportation capability adapted to country's geographic requirements, i.e., canal, surface and coastal shipping.

1.5 Adequate oilcrops storage and processing facilities established.

2.0 A modern and efficient commercially developed livestock assembly, slaughter, storage and processing system and associated services capable of meeting the domestic and export demand requirements for livestock and livestock products.

Indicators:

2.1 Slaughtering and process facilities established near central markets. Processing facilities for livestock include canning and freezing to supply export as well as domestic markets. An estimated US\$15 million in canned goods are imported by the Vietnamese military each year.

2.2 Established assembly points and refrigeration from slaughter to retail.

2.3 Adequate transport established for livestock and poultry to urban centers.

2.4 Adequate wholesale and retail refrigeration facilities established.

2.5 Fresh meat market expanding at decreasing rate while chilled and frozen meat markets expand at increasing rate.

3.0 An effective system of fruit, vegetable and special crops, assembly, storage, processing and transport capable of meeting domestic and export demand for fresh or processed fruit, vegetables and special crops.

Indicators:

3.1 Shipping points and wholesale market facilities established to assemble, grade, pack, cool and ship products to central markets and for export. These facilities may be privately or publicly owned.

3.2 Adequate transport system established with refrigerated trucks, possible rail refrigerated cars in certain areas of country, refrigerated ships for export, and road system to provide access to assembly and shipping points.

3.3 Established adequate refrigeration facilities for export, later for domestic wholesale and retail operations.

3.4 Processing industry capable of supplying military, domestic and export markets with canned, precooked frozen and dehydrated foods.

4.0 An effective grades and grading system established for major agricultural commodities that adequately reflect domestic and export market values.

Indicators:

4.1 Identification of categories used by the trade.

4.2 Categories are objectively discernible.

4.3 Categories adequately reflecting market values.

4.4 Quality surveillance system effectively operating.

5.0 A market news service for major commodities, supplying information to all market participants, including prices, quality, sizes, quantity and market conditions for major domestic and export markets.

Indicators:

5.1 Major export markets identified.

5.2 Network of reporters established with ability to develop necessary marketing information.

5.3 News assembly and distribution system operating.

6.0 Private sector aware of and using modern business management principles and techniques, particularly in export operations.

Indicators:

6.1 Continual change in scale and character of marketing functions observed, including direct private sector contact with foreign markets.

6.2 Increased private investment made in product handling facilities, especially for export operations.

6.3 Private sector promotional programs focused on domestic and export sales, including GVN sponsored export promotion activities.

7.0 A storable supply of products in the market places with reasonable market margins.

Indicators:

7.1 Reduced price fluctuations during the year.

C. Important Assumptions

1.0 The agriculture sector will achieve a surplus position in major agricultural products, export of specialty products can proceed in the interim.

2.0 Security will improve in the countryside to permit reasonable freedom of movement of people and products.

3.0 Roads, rail and canal transportation development will keep pace with export and domestic marketing needs, primarily through GVN policy actions and resource allocation.

4.0 Credit for construction of processing facilities and for other private sector marketing requirements, especially export, will be available.

5.0 GVN policies will favor agricultural export development and resource use toward this end.

III. Outputs

A. Output Target

1.0 Improved GVN policy and necessary implementing action with respect to grades, standards, market news, storage, transport, processing and export regulations.

1.1 Grade and standards.

1.2 Market news

1.3 Storage

1.4 Transport

1.5 Processing

1.6 Export regulations

2.0 Trained marketing specialists in private and public sectors through in-country seminars and third country and US observational and academic training (projection of 150 per year).

3.0 Established an improved marketing system for rice, feed grain and oilseeds.

3.1 Improved in-country rice milling and drying capability. Recommendations to Ministry of Agriculture based on an assessment of current rice milling and drying system.

- 3.2 Recommendations on magnitude of in-country storage facilities requirement. Provided data to be gathered through on-farm rice and feedgrain utilization investigations.
- 3.3 Marketing system losses identified of paddy, rice and feedgrains and recommendations made on extent to which investment can be made in the system.
- 3.4 Private and public sector economic engineering feasibility studies provided for several pilot marketing and export oriented facilities including alternative combinations, sizes of facility components, and cost projections.
- 3.5 Trained staff for feedgrains, rice and oilseed storage operators, rice millers, wholesalers and retailers, facility managers and export markets.
- 3.6 Trained rice and feedgrain inspectors.
- 3.7 Established test facilities for demonstration and training inspectors.
- 4.0 Develop an improved marketing system for livestock, poultry and eggs.
- 4.1 Modern slaughter and processing facilities operating in private sector. Recommendations from domestic and export market studies jointly with MinAgr (MOA) and Economic Development Council (EDC).
- 4.2 Reduced losses and damage of agricultural products supplying terminal and export markets. Observations based on improved movement statistics from MOA.
- 4.3 Recommendations provided for improving provincial and village assembly facilities. Recommendations based on MOA joint appraisal of needs, location and size.
- 4.4 Planning and design completed for adequate poultry meat processing facilities for domestic, military and export markets (freezing and canning). Size and location recommendations based on market studies with MOA and EDC.
- 4.5 Adequate egg processing facilities planned and designed for military, domestic and export markets. Market appraisals with MOA and EDC to be basis of location and size recommendations.
- 4.6 Improved retailing and wholesaling of meat and eggs. Recommendations based on studies by GVN and consultants.
- 5.0 Develop an improved marketing system for fruits, vegetables and specialty crops.

- 5.1 Selected crops most likely to be successfully exploited in export markets. Selection to be based on joint market studies, price analyses and costs of production and marketing.
- 5.2 Recommendations made by MOE and EDC on size and location of refrigerated storage facilities needed for domestic and export markets are being complied with by commercial sector based on studies with MOA and EDC.
- 5.3 Recommendations to MOA and private sector provided on improvements needed to improve producing area assembly packing and handling facilities.
- 5.4 Losses and spoilage in marketing selected fruits and vegetables assessed and recommendations made by GVN for reduction.
- 5.5 Based on studies by GVN and consultants, recommended improved retail and wholesale market systems in operation.
- 5.6 Trained personnel of GVN private sector effectively supervising and operating domestic and export fruit and vegetable operations.
- 6.0 Established national agricultural policy with respect to grades and standards for major agricultural products.
- 6.1 Decree establishing a unit within the GVN to administer and enforce grade and standards issued.
- 6.2 Trained staff assigned to the grades and standards unit 30-40 staff.
- 7.0 Re-orientation of production programs to conform to domestic and export market consumer preferences. Recommendations depend on findings of consumer studies.
- 8.0 GVN assuming increasing responsibilities in making recommendations to private sector concerning export and domestic marketing opportunities. Data based on studies of foreign and domestic markets.
- 9.0 Trained wholesalers and assembly men in product handling and marketing system management for fruits and vegetables, poultry swine and eggs. Contractor provides series of 2 seminars per year for each region (2-3 days) for 20-30 people per seminar. Training to run for 3 years. Seminars as follows:
- | | |
|-----------------------|-----------------------|
| Fruits and vegetables | 6 seminars 150 people |
| Swine | 6 seminars 150 people |
| Poultry | 6 seminars 150 people |
| Eggs | 6 seminars 150 people |

10.0 Completed marketing facilities for demonstration purpose for fruits and vegetables or swine and poultry.

10.1 Demonstrations of operations established for country marketing facilities.

10.2 Established wholesale facilities being used in a small central market.

IV. Project Inputs

<u>Kind of Input</u>	<u>Magnitude of Input</u>	<u>Scheduled Delivery Date</u>
<u>US:</u>		
<u>Direct Hire</u> 41 man years of technical services	8-Agricultural Marketing/ Export Advisors (various areas of specialization) (41 man years)	Various months during FY 1974 and FY 1975 throughout life of project
<u>PASA</u> 68 man years of Technical services	1-Project Manager (10 man years)	July 1, 1973
	9-Agricultural Marketing/ Export Advisors (various areas of specialization) (58 man years)	Various months during FY 1974 and FY 1975 throughout life of project
<u>Contracts</u> 34.5 man years of technical services	Agricultural Marketing Seminars (3 man years)	Start FY 1974 and continues thru life of project.
	Studies to identify export opportunities (5.5 man years)	Start FY 1974 extend life of project
	Short-term advisors and Consultants (15 man years)	Start FY 1974 and extend life of project
	Agribusiness Development Consultants and Studios (11 man years)	Start FY 1974 and terminate during FY 1974

<u>Kind of Input</u>	<u>Magnitude of Input</u>	<u>Scheduled Delivery Date</u>
<u>Participants</u>		
MS level academic training in U.S. International Marketing Agriculture Products	20 participants average of 2/yr	FY 1974
Observation and On-Job-Training 3rd country and U.S.	300 participants average of 30/yr	FY 1974
<u>Commodities</u>		
Materials for grain testing centers	\$ 10,000	FY 1974
Materials for Grain Marketing Institute	\$ 50,000	FY 75 25,000 76 25,000
Marketing facilities for demonstration purposes	\$ 175,000	FY 75 75,000 76 50,000 77 50,000
<u>Other</u>		
Invitational travel to identify or investigate export opportunities	\$ 250,000	FY 74 45,000 75 45,000 76 30,000 77 30,000

Government of Vietnam

The GVN will provide personnel, office space and support to carry out the purposes of this project.

Specifically:

1. Ministry of Agriculture

a. Directorate of Agricultural Economics will, through the Marketing Service, supply personnel in the Office of Foreign Trade to conduct studies of export opportunities for agricultural products; analyze external market data

and recommend ministry policy to promote export development. The Marketing Service will also supply personnel and support in import substitution activity and domestic market improvement.

b. Directorate General of Agriculture will provide adequate personnel to develop plans for production of exportable products and will work on identifying products for export, both crops and livestock. Personnel and support will also be given to production of substitutes for imports and will promote production of improved varieties for domestic markets.

2. Ministry of Economy will, through the Export Development Center, Division of International Trade and the Institute of Standardization, provide personnel and necessary support to identify export opportunities and to implement plans for export development for agricultural products. The Ministry of Economy will also work on plans for import substitution and will be involved in domestic market improvement.

3. Ministry of Foreign Affairs will, through Embassies and Consulates in countries which are export targets, provide space, personnel and assistance in identifying export opportunities and assist in the mechanics of exporting to these countries.

Rationale

South Vietnam's economy has historically been based on agriculture. Until the big increase in war related activities about 13 years ago almost 80% of the population lived in rural areas. Current estimates of the rural population ranged around 65%. Traditionally, the major exports from Vietnam have been agricultural products with rice and rubber being the two most important. Over the last several years, agricultural products have accounted for more than 80% of all exports.

The Government of Vietnam has a strongly stated national policy favoring economic development. A statement of economic reform measures proclaimed November 15, 1971 directs all Government agencies to work toward economic development in particular. The Investment Law of 1972 creates a favorable climate for foreign and local investment in economic expansion. It provides among other things tax benefits, import privileges, repatriation rights on earnings, and assures the cooperation of Government agencies.

For the next several years, agriculture will be the expected source of most GVN exports. In addition, many industrial enterprises will be developed utilizing agricultural products as raw materials.

Most agricultural programs in the GVN and USAID are directed towards increasing production. This includes (1) the introduction of high yielding varieties of rice and other crops, and of technology; (2) adaptive crops and soils research; (3) the import of improved poultry and livestock for breeding flocks and herds; (4) the implementation of adapted improved poultry and livestock production and disease control practices; (5) the production of feed grains and the use of nutritionally balanced rations; (6) the increased use of fertilizer, pesticides and other production inputs; (7) increased irrigation; and (8) increased availability of credit. Both domestic and export markets received serious set-backs because of lowered production resulting from insecurity, diversion of labor and other influences of the war. As production increased more attention has been paid to marketing of agricultural products. First attention was given to domestic markets and beginning in November 1971, to exports.

The sound future development of Vietnamese agriculture will require careful attention to three important marketing considerations:

I. The development of exports from the agricultural sector.

II. Import substitution. Local production must be used to replace imports when it can be done without building enterprises based on high protection and uneconomic production.

III. Improvement in domestic marketing systems to improve efficiency, reduce costs and provide the type of services required to effectively handle the expected and needed increase in agricultural production.

I. Export Development

Exports reached a post-world war II high in 1960 at about US\$84,000,000. This has declined to between US\$12,000,000 and 15,000,000 since 1968. Under improved security conditions the possibility of increasing export of rubber is good. However, the possibility of renewing rice exports is not favorable in the short-run. Most basic crops will not be available to enter world markets until local demand is fully met and prices are competitive with world markets. On the other hand, there may be a number of specialty crops, tree fruit and vegetables that can be exported in the short-run. It appears that South Vietnam has a comparative advantage in the production and marketing of some products in Southeast Asia markets and possibly in more far distant markets. The year round growing season makes it possible to produce for seasonal market entry when supplies in foreign markets are low and prices high.

Export development will require consideration of policies that would:

1. Control inflation.

2. Identify export opportunities and encourage the organization, development and implementation of production designed to meet the identified market demand.

3. Use most of the foreign exchange earned to further expand economic development and exports.

4. Provide favorable tax, credit, exchange rate, wage and price policies that will encourage development of investment in export enterprises.

There seems little doubt that under favorable conditions agriculture can gradually expand its output and re-enter foreign markets. Exports are likely to be only a trickle before 1975 but the physical and human resources are available to effect a major expansion of agricultural exports over a 10-year period.

II. Import Substitution

It is estimated that in 1970 15% of Vietnam's domestic food consumption was imported and there is some evidence this has increased in the last two years. In addition, an estimated 15-20% of the feedgrains and 80% of the fats and oils are imported. Additional large consumer imports are sugar, tobacco, cotton, milk products, and rice. Significant quantities of canned meat, fruit and vegetables are imported for Vietnam military rations.

Import substitution policies will need careful appraisal to prevent development of uneconomic enterprises. It would be easy to develop a strong protective system of duties to encourage import substitution leading to small inefficient, high cost enterprises. The use of scarce development capital for import substitution that is needed for higher priority enterprises that can operate at a relative advantage can mean unnecessarily high prices for the consuming public.

Some of the identified substitute opportunities that need appraisal are:

1. Vietnam military rations including meats, vegetables and fruits which could be canned in country.

2. Imported foods such as infant foods. An equally nutritious product could probably be manufactured from locally grown products.

3. Expanded sales of local produce to foreign nationals. Sanitary conditions and the judicious use of refrigerators and in handling and marketing food would greatly expand the sales of locally grown foods to foreign nationals.

In developing an import substitution policy consideration should be given to:

1. Limiting the use of foreign exchange for consumer products to essentials.
2. Preparing a realistic feasibility analysis for each product when it appears the substitution of a local product might be feasible.
3. Using tax, credit and price policies that will encourage import substitution where economically feasible.

III. Improvements in the Domestic Agricultural Marketing System

The marketing systems for agricultural products in Vietnam work fairly efficiently for some products. Farmers sometimes receive up to 80% of the price that the consumer pays where products are handled by few people and moved only short distances. In other cases the marketing system is very inefficient. Procurement and assembly costs are high with many middlemen each taking a margin; handling is slow and rough with large physical losses; satisfactory refrigeration and storage facilities are lacking and commodities cannot be held, all of which contribute to the ultimate cost the consumer must pay. Also there is evidence of monopolistic and oligopolistic practices in the market place.

Some of the changes and improvements that could be made in the marketing systems for specific commodities, for domestic as well as export markets, that would increase marketing efficiency and reduce marketing costs are:

1. Organizing transportation to assure a full load going to market and for the backhaul.
2. Designing and using more appropriate packaging.
3. Supplying timely news releases on market conditions and prices which would increase the bargaining power of farmers.
4. Encouraging the establishment of suitable refrigeration and storage facilities for use on a custom basis.
5. Organizing production in a limited geographic area to reduce assembly and transportation costs.

As further agricultural and industrial development takes place consumer income and employment will increase and many adjustments will need to be made in the marketing of agricultural products. The Government of Vietnam and the

private sector should collaborate in positive actions for making the adjustments needed in handling this volume and building export to:

1. Handle the increased volume of products and services that will develop as demand increases.
2. Meet shortages that might develop in local supplies as a result of the emphasis on exports.
3. Effect the changes in the marketing systems needed to take advantage of increased production efficiency.
4. Achieve the cost savings and efficiencies that are possible through larger wholesaling and retailing operations.
5. Provide for the additional facilities for assembling, handling, packaging and storing the increased production.
6. Furnish market information showing the size, grade, and variety needed to improve quality, meet consumer demand and reduce middleman buying power.
7. Set up reasonable sanitary standards for the food products to be marketed.
8. Establish grades and standards that will promote efficient buying and selling.

IV. Implications for Employment and Income Distribution

This project is not designed to have direct effect on employment or income distribution. Expanded exports could have a positive effect on employment.

Programs or policies such as land reform or resettlement which would have a direct effect on employment and income distribution could have an important influence on this project. Increasing incomes at lower levels could place pressures on current marketing system to accelerate change and the demand for marketing facilities and services. It could also expand domestic consumption at the expense of exports unless policies of GVN provided restraints.

Course of Action

This project is designed to improve the GVN foreign exchange balance and to improve the domestic marketing of agricultural products. It is planned to accomplish this through, (1) export development, (2) import substitution, and (3) improvement of domestic marketing activity. These three interrelated phases

of the project are dependent on: (a) the effective organization of production including the adoption of appropriate varieties, (b) the use of adequate production and processing inputs, (c) the development of appropriate marketing facilities for handling, packaging and storage, (d) the availability of improved transportation facilities, (e) the ability to furnish high quality standardized products, and (f) a comprehensive understanding of local and foreign market conditions and requirements.

1. Agricultural Export Development

Successful expansion of agricultural exports will require the: (1) identification of market opportunities in foreign markets, (2) production of adequate quantities of products identical to the opportunity identified, and (3) provision of the incentives and infrastructure that will permit, and enable export to happen.

The steps planned under this project are as follows:

- (1) Select in order of priority products and target markets. This involves definite quality specifications and reasons for exploiting the market opportunity.
- (2) Develop marketing plans and assist in making contacts between exporters and importers of agricultural products.
- (3) Help plan, organize and implement required production.
- (4) Train GVN and private sector personnel to appraise and report on market conditions for farm products, both in domestic and foreign markets.
- (5) Organize the presentation and promotion of agricultural products in trade fairs or missions in target markets.
- (6) Develop and carry out promotion plans for expanding sale of Vietnam agricultural products in selected foreign markets.
- (7) Recommend to GVN, policies on taxation, investment, credit, infrastructure development, prices and wages that will facilitate the expansion of agricultural exports.
- (8) Recommend policies to GVN on the control and use of foreign exchange earnings that will foster further economic development.

2. Import Substitution

Foreign exchange balances can be improved through reduced importation. Substitution can come about through; (1) increased local production of presently imported products, such as vegetable oils, sugar and kenaf; or (2) the development

of substitutes for products currently being imported; (For example, infant food that could be manufactured from locally grown products to reduce milk imports. Care must be taken not to select and develop import substitutes that are likely to become overly protected and inefficient businesses) and (3) planned reduction in consumption of imported items not considered necessities.

Steps planned to assist in expanded import substitution are:

- (1) Select target products, taking into consideration the economics of local production of imported products and product development opportunities using modern processing technology.
- (2) Appraise the economic feasibility of product opportunities selected.
- (3) Help plan, organize and carry out production providing the necessary engineering, food technology and processing techniques.
- (4) Suggest GVN policies for duties, taxes, credit, and investment that will promote production of substitutes.
- (5) Determine the need for and develop necessary marketing facilities and infrastructure.

3. Improvement in Domestic Marketing

Any expansion of agricultural exports in the near future must come largely from production developed specifically for this purpose outside the current domestic marketing system. Subsequently, larger scale expansion can come only when domestic demand is more nearly satisfied through increased production of basic commodities. One way effective production increases can be attained is through reduction in the loss and spoilage in the domestic marketing system.

The adoption of improved varieties and production practices for export products will beneficially affect those offered for domestic sale. The improvement of facilities, packaging and transportation for export products will carry over to those products marketed internally. Likewise, improvements in domestic marketing will benefit the handling and quality development of products for export.

Improvements in the marketing of agricultural products are necessary to deliver the larger quantities required by urban consumers. The facilities for handling, storage and transportation are generally inadequate to handle products necessary to feed expanding urban populations.

This project is designed to improve domestic marketing systems for rice, feedgrains, oilseeds, fruits, vegetables, and livestock and livestock products through:

- (1) Seminars and institutes that demonstrate improved methods of procurement, handling, packaging and processing.
- (2) The appraisal and design of more modern facilities to handle products and protect quality.
- (3) The development of meaningful grades to facilitate trade.
- (4) The provision of accurate and timely market news reporting for major products.
- (5) Technical assistance for improving food processing including facility engineering, food technology and marketing.
- (6) Training GVN and private sector personnel through academic courses and the observation of improved marketing activities in the United States and third countries.
- (7) Recommending pertinent GVN policies that will help facilitate improvements in the domestic marketing system.

Implementation Plan

A PERT chart is not included with this PROPOSAL. Time frame prediction is precarious at this time for a number of reasons: (1) security of production areas; (2) uncertainty of investment in the private sector, foreign and Vietnamese; (3) concern about adequate infrastructure availability; and (4) the problems of recruitment of personnel for a project of this type and scope.

As staff is recruited for this project time frame charts will be developed for its various segments.