



# Transitioning from Agricultural Production to Agricultural Economy: The Future of Vietnam's Food Security

Hien Vu

To accommodate for the food security of a rapidly increasing population, Vietnam needs to evaluate how best to adjust its current agricultural practices. Drawing on a wide array of research, Hien Vu proposes that a Vietnam needs to shift from mere agriculture production to being an agricultural economy.

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Food security is a crucial issue for Vietnam's future as the country's population (97.4 million) is expected to reach 120 million by 2050 with the demand for food projected to increase accordingly (Food and Agriculture Organization [FAO], 2017). However, Vietnam's current agricultural production faces numerous challenges such as limited land, poor infrastructure and low productivity which may threaten the country's ability to meet its future food needs (Tran, 2018), (Nguyen, 2021). In this context, a transition from mere agricultural production to being an agricultural economy focused on sustainable and efficient farming practices may be necessary to ensure Vietnam's food security and support the country's economic growth.

Agriculture is a vital sector of Vietnam's economy, providing employment for nearly 40% of the country's population and contributing about 15% to its gross domestic product (GDP) (World Bank, 2016). The majority of Vietnamese farmers are smallholders who cultivate crops such as rice, maize and vegetables on small plots of land using traditional farming methods (Hoang V, 2021). However, the current state of agriculture in Vietnam faces several challenges that may limit its ability to meet the country's future food needs.

One major challenge is the limited availability of arable land which is exacerbated by rapid urbanization and industrialization. According to

the World Bank, Vietnam's arable land per capita has decreased from 0.22 hectares in 1990 to 0.14 hectares in 2017, lower than the average for other middle-income countries in the region (World Bank, 2018). This means

that farmers have to produce more food on less land which can lead to overuse of soil and water resources and lower productivity. In addition, Vietnamese farmers face challenges in terms of the production, distribution, and marketing of their crops (Moustier, 2010). Many smallholders also lack access to credit, inputs and technical assistance, limiting their ability to adopt new technologies and improve their yields (Loc, 2010), (Stur, 2016).

In facing these challenges, transitioning to an agricultural economy may bring numerous benefits to Vietnam both in terms of economic growth and food security. An agricultural economy differs from traditional agricultural production in that it focuses on creating value-added products such as organic products in addition to engaging in the marketing process rather than simply growing and selling crops (Fortier & Trang, 2013). This approach is already being adopted as Vietnam's organic farming area has quadrupled from 53,350 hectares in 2016 to roughly 240,000 hectares in 2020 with the participation of over 100 firms and 17,000 farmers according to the Ministry of Agriculture and Rural Development

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(MARD). The benefits of this recent emphasis on developing new technologies, inputs and business models in order to increase efficiency and sustainability is evident when considering that Vietnam gained over \$335 million in 2019 from exporting local organic produce (Vinh Bao Ngoc, 2021).

Drawing on these statistics, there are at least two key advantages arising from an agricultural economy. Firstly, there is the increased productivity given that farmers can leverage new technologies and knowledge to improve their yields and quality of crops (Thien, 2020). Secondly, access to the domestic and international markets is also increased due to a broader diversity of produce and more engagement between farmers, processors and consumers (World Bank, 2016). Ultimately, the results of transitioning to an agricultural economy are plenty and could contribute significantly to guaranteeing food security (Garrett et al., 2019).

However, while this transition can bring numerous benefits, there are significant challenges that will need to be addressed

in order to ensure its success. One of the main challenges is the lack of infrastructure and investment in rural areas which may hinder the adoption of new technologies and practices along with possible resistance from traditional farmers who are unwilling to cease longstanding methods (Vinh Bao Ngoc, 2021). Likewise, many farmers may lack the skills and knowledge necessary to be involved in the marketing of their products (Phuong et al., 2020). Another particular concern are stakeholders in the labor sector who may be reluctant to change their business models which impact worker conditions (Nguyen, 2014).

Yet, despite these challenges, successful transitions to an agricultural economy have been observed in other countries such as Thailand, Malaysia and China, thereby offering valuable lessons and examples for Vietnam (Reardon, 2012). By recognizing the challenges and promoting a collaborative and adaptive approach, Vietnam can unlock the potential of its agricultural sector and ensure a more sustainable and resilient food system for the future.

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