



## **The Role of Commodity Export to Economic Restructuring of Son La Province**

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### **Abstract**

Commodity export plays a huge role in the socio-economic development of each locality and country as well. The export promotion strategy is essentially an open-ended solution for the economy to capitalize on foreign capital and technology, combining them with domestic potential for labor and natural resources to generate strong growth in terms of economy, contributing to shorten the gap with rich countries. In Son La province, exports have positively contributed to increase foreign exchange earnings, increasing budget revenues, stimulating technological innovation, transforming the positive economic structure, creating jobs and raising the standard of living of people. However, the export value and export markets are not stable, mainly export raw unprocessed products, not corresponding with the potential available in Son La province. This paper analyzes the situation of commodity exports and impacts on the economic restructuring in Son La province in the period of 2010-2017, assessing the advantages and disadvantages, thus providing solutions to improve commodity export in the near future.

**Keywords:** commodity export, Son La province, economic restructuring, raw materials



## 1. Introduction

Exports not only play an important role in international trade but also contribute to economic growth and a positive economic shift. Through export activities to create capital for import and accumulation of production, serving industrialization and modernization due to annual import of a large number of modern machinery and equipment from outside, aimed at equipment for production. Exporting creates favorable conditions for other industries to have favorable development opportunities, creating the possibility of expanding consumption markets, creating conditions for stable and stable production. Exports play an active role in renewing equipment and production technology. Export activity is a large-scale business, a market where competition is fierce. Existence and development of commodity export depends largely on quality and price; It depends heavily on the technology that makes them. This motivates local and national manufacturing enterprises to continually innovate and improve their equipment and machines to improve the quality of production. On the other hand, exports in a competitive market economy also require businesses to improve their skills and qualifications [3]. Exports have had a positive impact on solving employment and improving people's lives, first of all through export activities, with many different stages that have attracted millions of workers to work and have income is relatively high, increasing the value of Labor Day, increasing the national income. Export also creates capital to import essential consumer goods, to serve the life and meet people's consumption needs, improve the material and spiritual life of laborers. It can be said that exports not only act as a catalyst for economic development, but also as importing as internal factors directly involved in solving internal problems such as capital, labor, technology, consumption, market, . . . . For Viet Nam, including Son La province, export orientation is one of the important objectives in the development of the external economy, which is considered a strategic issue for economic development and implementation. The country's industrialization and modernization can overcome the opportunities, apply modern science and technology, and shorten the gap between the development level of Vietnam and the world. Experience has shown that any country or locality in a period of time to promote exports, the economy of that country, the region during this time has a high growth rate.

Exports of Son La province have achieved remarkable achievements, contributing significantly to economic development and economic restructuring in a positive direction, poverty reduction, job creation to increase income for Households, actors involved in production and trading of exports [2]. However, Son La province has been exporting and importing goods of the province with not much annual export value and unstable fluctuations, mainly unprocessed raw product. As a results, it does not really promote the advantages, not suitable with the potential of the province. Appropriate and practical solutions are needed to enhance value as well as enhance the role of exports for local economic growth, promote industrialization and modernization of the economy.

This article analyzes the role of commodity exports to the economic restructuring of Son La province, clarifying the situation of commodity exports into provincial economic growth in the period 2010-2017, assessing the advantages and disadvantages and then proposing effective measures to boost exports in order to shift the economy towards a positive direction in the coming time.



## 2. Research methodology

\* Data collection method: Data on export of goods, GDP value of Son La province for the period 2010-2017 was collected from the Son La statistical yearbook, summary report on the province's exports and other relevant documents.

\* Data analysis method:

- The comparative statistical method used in this paper aims to evaluate and compare the increase and decrease of export activities over the years 2010-2017 and compare and contrast the economic restructuring of Son La province in the period paragraph. Compare, analyze the contribution of GDP / export of the province to confirm the important role of export.

- Statistical methods describe both the breadth and depth of export performance and the contribution of exports to give an account of the potential for export development and the extent to which it contributes to economic growth. Economic and economic restructuring of the province.

## 3. Results for commodity export to economic restructuring Son La Viet Nam

In recent years, Son La has promoted the development of the province's key production, supply and consumption chains. The province has reviewed and adjusted the production planning in the direction of concentrating on the development of plants and animals which are advantages of the locality and are competitive and in line with the socio-economic development planning of province and market demand, which combine to enhance the control of food hygiene and safety. Up to now, Son La province has supported the development, maintenance and development of 28 safe vegetable and fruit production lines, safe meat and fishery products and support for the establishment of five certified safe agricultural products in Son La city and Moc Chau district. Focusing on key products to boost exports, Son La Provincial People's Committee has approved four plans for cooperative development, linking production with consumption of agricultural products, build the big field. Products with competitive advantages in the market such as tea, coffee, sugarcane, vegetables, flowers, fruits, pharmaceuticals, furniture, rattan, bamboo, livestock and fishery products are produced. Follow the chain link production and consumption. At the same time, to restructure the system of production, purchase, processing and marketing of products. Along with that, provincial leaders have paid attention to the construction of infrastructure for production and consumption of goods [6].

**Table 1: Number of business establishments of Son La provinces, North West and Viet Nam in 2017**

No.	Number of markets (Unit: market)	Number of Supermarket (Unit: Supermarket)	Number of Enterprise are doing business (Unit: Enterprise)	Number of Persons are doing in Enterprise (Unit: Person)
Viet Nam	8.580	188	505.059	14.012.276
North West	440	8	7.150	211.792
Son La provinces	110	1	1272	27986

*(Source: General Statistics Office Yearbook 2017)*



In 2017, the number of markets in the province of Son La has 110 markets, a trade center and 27,986 employees in enterprises are doing business, this is the source and then engaged in production and consumption in the province and export. In addition, the provincial leaders are also interested in organizing series of activities to promote and promote consumption, contributing to the export of Son La products to domestic and foreign markets, ensuring income for producers. export goods. At the same time, to create conditions for enterprises and cooperatives of Son La province to combine consumption and export of safe agricultural products in Hanoi and other provinces in the country and boost export. To promote the province's advantageous products in association with tourism promotion, to introduce socio-economic development achievements of Son La province, to supply information on mechanisms and policies to attract investment of the province, Inviting businesses, investors to invest in production, processing and export of agricultural products.

**Table 2: Export value of Son La province and Viet Nam**

Year	Viet Nam (Mill USD)	Son La (Mill USD)	Son La/Viet Nam (%)
2010	157.075	2,333	0,14
2011	203.655	6,464	0,32
2012	228.309	5,481	0,24
2013	264.065	15,737	0,59
2014	298.066	104,303	0,35
2015	327.792	86,387	0,26
2016	351.559	40,377	1,14
2017	425.122	68,875	1,62

*(Source: General Statistics Office Yearbook, Son La Statistical Yearbook)*

According to the above table, Son La province's export value has reached a significant value, reaching USD 2.333 million in 2010, but by 2011 it reached USD 6.464 million, USD 4,131 million and by 2013 increased by nearly \$ 10,000 Millions, the highest in the year was 104,303 Millions USD, despite a decline in 2016 with 40,377 Millions USD but by 2017 increased to reach the export value 68,875 Mill USD due to determination At the provincial level, Son La has achieved many achievements in socio-economic development, of which turnover of agricultural and forest products accounts for 99.2% of the total export turnover. Export markets include: Afghanistan, Taiwan (China), Pakistan, India, Laos, Japan, Korea, Australia ... Many kinds of vegetables and fruits of Son La officially enter the market in China, Australia, the United States such as: mango, lemongrass, dragon fruit. In addition, there are 334 agricultural cooperatives and 3 cooperative unions in the province; 42 establishments are granted VietGap certificates, with an area of over 302 hectares; 47 safe vegetable, fruit, meat and seafood supply chain; There are 9 main agricultural products bearing the protected designation. The whole province has 42,627ha of fruit trees, with an output of over 198,800 tons. Thus, it can be seen that the export value of goods has been growing dramatically, increasing and decreasing through the years are not stable, the proportion of contribution in Vietnam's export value is still quite modest. increased over the years during the study period. In 2010, contribution of Son La in Viet Nam was 0.14% but increased to 0.32% in 2011 and 1.62% in 2017, a significant increase in proportion [6].



In 2017, Son La province handed over the investment decision to 25 investors / 28 projects, including 6 investment projects to build processing plants and preserve agricultural products in the districts: Van Ho, Moc Chau, Thuan Chau, Mai Son. We have started 4/6 projects. The province is also stepping up the attraction of high technology investment in production and processing of agricultural products. Besides the results, the export turnover of the province is not commensurate with the potential advantages. To boost the export of products in the province in general and agricultural products in particular, increase the proportion of output of high quality products, increase the value of products; Son La province has selected 12 major agricultural products, plans to export agricultural products in 2018 and orientation to 2020. Accordingly, strive to boost export turnover in 2018, expected to in 2020, the export turnover of agro-products will increase by 7-10% / year, from 6-8%. Strive to export more than 28,000 tons of agricultural products in 2018 with total estimated value of over USD 13 million; it is expected that by 2020, this figure will reach nearly 34 thousand tons and over 18 million USD. According to the director of Son La Department of Industry and Trade, the province has set a specific target for some agricultural commodities expected to be exported in 2018, including: Mango 320 tons; 320 tons; lime 300 tons; bananas 1,200 tons; 300 tons of plum; vegetables of 100 tons; 5,000 tons of coffee; tea 500 tons; avocado 50 tons; honey 5 tons; cassava flour 15,000 tons; 500 tons.

### **3.2. The role of commodity exports to economic growth in Son La Viet Nam**

The role of exports not only creates more jobs and improves people's living conditions, because export goods attract millions of workers, creating capital for importing essential consumer goods for life. Exports are also the basis for expanding and promoting the external economic relations of the province, such as export and production of goods to promote consumption relations, investment, international transport... In turn, foreign economic relations create the premise for export expansion. Exports have contributed to the shift of economic structure to the outward-oriented economy and the most profitable restructuring of production and consumption, which is the result of the modern science and technology revolution. The economic restructuring in Son La province's industrialization suitable with the development trend of the national economy. The impact of exports on production and economic structural change can be seen in the following way: Exporting domestic products to abroad due to the demand of the world market for the production of export and export the products that countries need. That has a positive impact on economic restructuring, promote production development.

In general, export plays an important role in the economic development and economic restructuring of Son La province in particular and the country in general, the export value is not equal to the potential and level of contribution has not been great, but the export has affected the spirit as well as the development of production in the area, especially for export.



**Table 3. Proportion of Export value /GDP in the Son La province**

Year	GDP (Bill dongs)	Export (Bill dongs)	Export /GDP (%)
2010	14.386,14	47,23	0,32
2011	18.333,70	131,10	0,71
2012	19.766,45	114,15	0,58
2013	22.854,42	331,04	1,45
2014	26.390,21	2.216,02	8,39
2015	27.861,15	1.835,37	6,58
2016	29.979,01	926,65	3,09
2017	32.853,99	1.585,15	4,82

(Source: Son La Statistical Yearbook)

According to the table, Son La's contribution to GDP in 2010 was only 0.32% but it was 0.71% in 2011, the highest level in 2014 with the contribution ratio of 8.39%, the next years there is a decline but it can be said that exports have gone along with the recovery and development of the economy of the province and it has shown that exports have a positive impact on the GDP of the province, no one can deny the great contribution of exports in creating a new face. Not only have positive contributions to GDP growth in the province, the robust development of export activities has also brought significant benefits to the sectors, such as banking, insurance and transport and other domestic industries. More and more export activities led to international payment services in the developed banks. Export-import payments have become one of the major lucrative tools.

**Table 4. The Economic Structure Son la Province**

Year	Total	Value (Bill dongs)			Structure (%)		
		Agriculture Forestry Seafood	Construction Industry	Commercial Service	Agriculture Forestry Seafood	Construction Industry	Commercial Service
2010	14.386,14	5.044,85	4.738,79	4.601,59	35,07	32,94	31,99
2011	18.333,70	7.037,18	4.732,10	6.562,00	38,38	25,81	35,80
2012	19.766,45	7.493,02	4.049,82	8.223,61	37,91	20,49	41,60
2013	22.854,42	8.277,98	5.021,95	9.554,49	36,23	21,97	41,80
2014	26.390,21	8.640,15	6.552,42	11.197,64	32,74	24,83	42,43
2015	27.861,15	8.768,86	6.608,83	12.483,46	44,81	23,72	44,81
2016	29.979,01	9.095,63	7.863,49	13.019,88	30,34	26,23	43,43
2017	32.853,99	9.337,10	8.982,28	14.534,61	28,42	27,34	44,24

(Source: Son La Statistical Yearbook)

The economic structure of Son La province in the period from 2010 to 2017 has shifted positively. In 2010, the agriculture, forestry and fisheries sector accounts for 35.07% and by 2010 only 28.42%. Industry and construction accounted for 32.94% in 2010 but by 2017 was 27.34%. Trade Services in 2010 is 31.99% to 2017 is 44.24%. This shows that the structure of the



trade services sector that annual grows also includes the contribution of exports in increasing the share of the industry through international trade. In summary, export is regarded as a strategic issue for economic development, industrialization, modernization and economic restructuring Son La province, especially in the trend of globalization.

## 4. Discussion and Solutions

### 4.1. Discuss the successes and limitations of commodity export to the economic restructuring of Son La province

\***Success:** The export has been paid great attention by the provincial leaders and the export value has clearly shown the fact that the export of goods has great impacts on economic growth and economic restructuring along the direction of the contribution of 0.32% to 8.39% in the GDP of the province, the proportion of industry and trade services in the economic structure, it clearly shows the trend of industrialization, modernization.

\***Limitations:** Despite significant achievements, the export value of Son La Province has increased unstably during the period 2010-2017. The main export items are unprocessed products, the contribution of export / GDP of the province is very modest compared to the potential and uneven over the years.

### 4.2. Solutions

Promoting exports to new heights is an important strategy for economic growth and economic transition in Son La province. Exporting will create opportunities to expand consumption markets, supply inputs for production, maximize production in the country. Exporting creates economic and technical prerequisites for regular renovation of domestic production capacity. Through export, the goods of the province will participate in the competition on the world market price and quality. This competition requires reorganizing production to match the needs of the market. To enhance the value and role of exports, the following measures should be implemented:

First, actively produce products must ensure quality standards, food safety, stamps, labels traceability to meet export conditions; Registration for protection of Son La agricultural products in the domestic and foreign markets; to upgrade and upgrade the Muong La (Son La) - Than Uyen (Lai Chau) route to facilitate the transportation of agricultural products of the province to the Chinese market.

Second, continue to invite businesses to invest in building processing plants, preserving vegetables, fruits and fruits of Son La for deep processing, raising the value of export products; To review, adjust and supplement the planning on the formation of concentrated raw materials, select the kinds of plants with the potential and advantages to meet the conditions for export ...; Promoting trade promotion and export support activities.

Third, build and implement chain links for export products. The link between government, people and enterprises is not tight, leading to the situation of agricultural products developing spontaneously, without the strict management of all levels and departments, affecting quality, prestige products. To promote agricultural exports, trade promotion, chain linkage is very important.

Fourth, diversify the export market, expanding the scale attracting the demand of customers to buy goods of the province. To step up export activities, diversify the consuming markets, have a reciprocal effect in the sale of goods, so as to avoid being forced to press the price of agricultural products in the integration trend. It is necessary to build geographical indications, brand names, area codes, stamps, labels and labels to ensure the conditions for export and sale of



safe agricultural products in the province to ensure efficiency and synchronism. To ensure the sustainable production and consumption of products, raise incomes of enterprises, cooperatives, unions of cooperatives and laborers, striving to contribute to achieving and exceeding GDP growth targets. In the period from 2018 to 2020 is 10% per year

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