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IMPACT OF ECONOMIC SLOWDOWN ON LABORERS, EMPLOYMENT AND LIFE OF RURAL PEOPLE'S

- The economic crisis caused negative impacts on the lives, income, employment of rural people's. Labor and employment in mountainous and poor areas see greater slowdown. However, spending by the residents thereat does not decrease more than other areas.
- Unlike the two previous crisis, in the present crisis, those laborers returning home have little chance to seek a job, especially they have difficulties in accessing rural labor force.
- Economic crisis results in the majority of rural people cutting down on their spending in both living and investment. However, spending of poor households does not see a decrease higher than the goodish households.
- Economic crisis leads to near poor, near hunger householders to poor and starveling ones. The number of poor households increase in every province, region, with the sharp increase in mountainous areas, economic difficulty communes.
- Economic slowdown results in investment decrease in production, mainly in plain, midland and other communes.
- As to production land, uncultivated land ratio increases sharply in aqua-culture field.
- **Economic crisis causes great impact on small scale industry production.**

Foreword

There have been many difficulties and challenges facing Vietnam's economy recently. Inflation and macro imbalance in early 2008, followed by the year-end financial crisis starting in the US and spreading over to regions in the world, have resulted in negative impact on economic sectors, directly affecting the people's life. Though many measures have been taken by international organizations and Vietnamese government, the economy and the people's life still face various negative impacts, especially the vulnerable groups such as those in rural areas and the poor. Thus, reports and source of official information are required to serve as basis for mapping out policies on providing timely assistance to them.

In response to such urgent demand, the Standing Economic Committee of the National Assembly, on 23 March, 2009, requested the In Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) to study and prepare an assessment report on "impact of economic slowdown on people's life and impact of social security policies". Research group of IPSARD, e.g. the Center for Rural Development with the assistance from Netherlands Development Organization (SNV) Vietnam organized assessment of the economic crisis impact on rural people's life.

Due to the constraint of short period of time and limited fund, it is impossible to apply complicated and regular research methodologies. Thus, the best way is to collect opinions directly from those residents who are direct policy beneficiaries in rural areas. We have cooperated with the Agricultural Application Science Research Centre – Central Propaganda Committee of Vietnam Farmers Association to collect self-assessment information from the farmers in 4 provinces of An Giang, Binh Thuan, Lang Son and Nam Dinh representing eco-regions. Objects from whom information shall be collected are farmer households collected by commune level Farmers Association. Information shall be collected in form of discussion, synthesizing opinions which are relatively objective and can be collected directly and on a timely basis. Errors are unavoidable during collection process but the results also help give a global picture of the farmers, rural area during economic crisis time.

In order to ensure and increase, the accuracy of the information, the Farmers Association assigned 04 supervisors groups for supervision of collection of information of localities. IPSARD prepared survey criteria, compiled data, calculated and designed the report.

This is a new, cost effective method. To make the next surveys more effective, it is kindly requested that the National Assembly, standing Economic Committee of the National Assembly make plan on budget arrangement soon for IPSARD's implementation thereof.

We thank you SNV, the Agricultural Application Science Research Centre – Central Propaganda Committee of Vietnam Farmers Association for your coordination, assistance, which facilitate to the research and collection of important information in support of this report./.

**For and on behalf of the Research
Group**

PhD. Dang Kim Son

1. Purpose and content of assessment

Since early 2008, economic changes have caused negative impacts on the people's life, especially those in rural areas. In the context of high inflation, despite of increased agro-product price, material prices increase at faster rate, causing difficulties to production and people's life. The solution to adjust inflation has yielded benefits but disadvantages too, especially to small and medium sized enterprises in terms of exchange rate, interest rate. Such impact results in issues in relation to agro-products consumption, labor, employment of rural people. The global financial crisis started in early September 2008 in the US and spread over to all over the world. Being a market economy and quite open, with export revenue accounting for more than 50% its GDP, Vietnam's economy is not directly affected by financial market but great impact can be seen in trade and investment.

After 3 years maintaining economic growth rate of more than 8% per annum, Vietnam's GDP growth rate in 2008 was only 6.23%, the lowest since 2000. In the first quarter of 2009, the situation was even worse with growth rate of only 3.1% over the same period last year. According to the International Monetary Fund (IMF), Vietnam's growth rate for the whole 2009 is estimated at 5.5%. The greatest impacts of the economic crisis in Vietnam on rural area, farmers are forecasted to include:

- Labor, jobs market: early return of exported laborers, enterprises under crisis leaving laborers redundant, returning home, decreased income.
- Agro-product market: markets for major products such as coffee, rubber, etc shrinking. Products are unsold, which affect the rural people's life.

In response to the worsening global economic crisis, in addition to the people's efforts, many supporting policies have been mapped out by the State, including subsidy to the poor on new year holiday occasion, interest subsidy to enterprises, etc. These policies have helped reduce burden on the economy and the residents.

The question is that together with the State support, efforts made by the rural people during the past time, how have production activities and people's life been changed in terms of:

1. Jobs of local workers (including on spot laborers and migrant laborers returning home)
2. Living expense of the farmers and poverty in rural area
3. Agro-forestry production, small scale industry operations in rural area

The aforesaid items helps assessment of the situation, suggest adjustments to the policy in the short and long terms, macro policy, socio-security policy for rural area in the coming time.

Due to time, fund constraint, this assessment shall be conducted to 4 typical provinces for various regions, including:

- Nam Dinh: representing Red River Delta with diverse production systems and migrant workers
- Lang Son: representing the Northern mountainous region, where concentrated by minority groups and geographically difficult
- Binh Thuan: representing Central region
- An Giang: representing Mekong Delta

Total communes from the 4 provinces submitting reports is 584, including communes under program 135 accounting for 22.4%. Reporting communes are in plain, mid land, mountainous, costal areas, largely in plain and mountainous areas.

Table 1: Features of reporting communes in respect of poverty level and geographical characteristics

Province	Total communes	% commune 135	Geographical characteristics (%)			
			Plain	Mountain	Mid land	Coastal
Common	584	22.4	45.9	42.8	4.1	7.2
An Giang	92	12.2	85.9	13.0	1.1	0.0
Binh Thuan	106	15.2	17.9	34.0	21.7	26.4
Lang Son	202	69.7	0.0	100.0	0.0	0.0
Nam Dinh	184	0.0	92.4	0.0	0.0	7.6

85% of reporting communes having income generated from agro-forestry and fishery accounting for more than 50% of total income in the commune. Non-agricultural communes account for only less than 4% of reporting communes.

Those informants to the opinion forms are representatives of communal Farmers Association. Information provided show comments directly given by the communal Farmers Association and residents in the commune about related issues.

Table 2: Percentage (%) of reporting commune by income

Province	Total communes	Non-agriculture	Semi-agriculture	Agriculture
Chung	584	3.8	11.6	84.6
An Giang	92	6.5	8.7	84.8
Binh Thuan	106	4.7	10.4	84.9
Lang Son	202	0.0	0.0	100.0
Nam Dinh	184	6.0	26.6	67.4

Notes:

- Non-agriculture commune is commune where income generated from agro-forestry and fishery operations accounts for less than 20% of total income in the whole commune
- Agriculture commune is commune where income generated from agro-forestry and fishery operations accounts for more than 20% total income in the whole commune
- Semi-agriculture commune is commune where income generated from agro-forestry and fishery operations accounts for between 20% and 50% of total income in the whole commune

2. Economic crisis impact on employment

Unemployment situation of migrant laborers, exported laborers

Unemployment situation of migrant laborers

Since early 2009, in the surveyed areas of 4 provinces, 21.7% of migrant laborers lost their jobs and return home. There is not a big gap between 4 provinces in respect of those migrant laborers who lost their jobs and return home irrespective of a plain or mountainous provinces. Particularly, in Nam Dinh, unemployed migrant workers accounts for 22.5%, Lang Son with 21.1%.

With respect of geographical characteristics, jobless migrant workers in mid land communes is 25.5%; mountainous area is 25.0%; and in plain area is 23.8%.

28.5% of migrant workers in difficult communes (communes under program 135) lost their jobs. While, only 23.5% of migrant workers in communes not under program 135 is jobless. It can be seen that poor communes are more affected by the economic crisis in form of jobless migrant workers, than non-poor communes.

The survey results also show that communes with higher GDP from agriculture have higher rate of jobless migrant workers (25% in agricultural commune as compared to 18.5% and 20.5% in non-agriculture and semi-agriculture ones respectively).

Table 3: Percentage of jobless workers by province and working place (unit: %)

Province	Jobless migrant workers	Early returning home of exported workers	Jobless workers in enterprises	Jobless workers in farms	Jobless workers in factory, workshop
Common	21.7	17.2	36.9	85.3	8.7
An Giang	19.5	29.3	40.5	85.9	5.6
Binh Thuan	21.5	18.7	44.4	88.7	10.5
Lang Son	21.1	21.3	34.1	44.0	7.4
Nam Dinh	22.5	15.1	34.1	85.3	11.9

Unemployment of exported workers

Economic crisis also affects exported workers. In the first 4 months of 2009, in all 4 surveyed provinces, 17.2% of exported workers had to return home ahead of schedule. Rate of jobless exported workers varies significantly among provinces (An Giang: 29.3%; Lang Son: 21.3%; Binh Thuan: 18.7%; Nam Dinh: 15.1%) and among surveyed communes by geographical features (mid land, mountainous areas with exported workers returning home with much higher rate than that in plain, coastal communes).

As to income structure in the commune, agriculture commune has the highest rate of jobless exported workers with 16.1%; and 13% in non-agriculture commune and 15% in semi-agriculture commune.

In the contrary, there is not a significant gap in terms of jobless exported workers between communes under program 135 (15.6%) and non-135 program commune (15.8%).

Table 4: Rate of jobless workers collected by area and socio-communal economic conditions
(unit: %)

Features of commune	Jobless migrant workers	Early returning home of exported workers	Jobless workers in enterprises*	Jobless workers in farms	Jobless workers in factory, workshop**
By geographical feature					
Plain	23.8	13.4	37.5	57.1	13.6
Mountainous	25.0	18.5	37.9	39.7	9.9
Mid land	25.5	19.9	49.9	51.6	5.9
Coastal	22.1	15.1	38.0	68.0	9.7
By commune 135					
Commune 135	28.5	15.6	35.9	35.3	9.4
Non commune 135	23.5	15.8	38.7	55.8	12.1
By GDP structure of commune					
Non-agriculture	18.5	13.0	36.3	64.1	9.3
Semi-agriculture	20.5	15.0	36.6	63.8	12.4
Agriculture	25.0	16.1	38.6	52.2	11.9

* rate of jobless workers being those working in enterprises/total jobless workers returning home

** working in factories, workshops in local areas

In short, the survey results show that unemployment of migrant workers, exported workers is worse in mid land, mountainous, pure agriculture, and economic difficulty communes (commune 135).

Unemployment of those workers working in enterprises

Enterprises are worst hit by the economic crisis. In all 4 provinces, 36.9% of jobless workers returning home are workers working in enterprises. Rate of jobless people being workers varies among surveyed provinces, from 34.1% in Lang Son, Nam Dinh to 44.4% in Binh Thuan. The results also reveal that rate of jobless persons being workers is higher in mid land communes (49.9%).

Number of persons being jobless migrant and exported workers can seek jobs

Seeking a new job by jobless persons returning home is very difficult. In all 4 provinces, only 11.3% of those returning home can seek new jobs. Of the 4 surveyed

provinces, two provinces of Binh Thuan (20%) and Lang Son (30.7%) have higher number of persons who can find a job than that in Nam Dinh and An Giang.

It is much more difficult, and even impossible to find a job in mid land and mountainous areas. In the mid land area, only 2.7% of jobless workers can seek a job, and 7.4% in the mountainous area. However, in rather good economic condition communes (non-135 commune), jobless migrant workers can find a job more easily than those in 135 communes. Jobless migrant workers in agriculture and semi-agriculture communes can find a job more easily than those in non-agriculture communes (refer to the figures in Table 5).

Table 5: Rate of workers returning home can find new jobs by province (unit: %)

Province	Rate of workers returning home can find new jobs	Rate of workers returning home can find new jobs in agro-forestry sector	Rate of workers returning home can find new jobs in local industry and service sectors
Common	11.3	5.3	6.1
An Giang	8.6	3.5	5.1
Binh Thuan	20.0	7.2	12.8
Lang Son	30.7	13.5	17.2
Nam Dinh	7.9	4.4	3.5

Of 11.3% of those workers returning home, who can find new job, 5.3% can find jobs in agriculture and 6.1% in industry, service sectors. This fact also occurs in regions and communes with various economic conditions. It is often expected that farmers in agriculture commune of non-importance (non-agriculture and semi-agriculture communes) have many opportunities to move to non-agriculture work. However, it is actually easier to get a job in agro-forestry and fishery sectors.

Table 6: Rate of workers returning home can find new jobs by area and economic condition in commune (unit: %)

Province	Rate of workers returning home can find	Rate of workers returning home can find	Rate of workers returning home can find new

	new jobs	new jobs in agro-forestry sector	jobs in local industry and service sectors
By region			
Plain	12.3	6.1	6.1
Mountainous	7.4	2.6	4.8
Mid land	2.7	0.9	1.9
Coastal	10.5	6.8	3.7
By commune 135			
Commune 135	8.1	3.0	5.0
Non commune 135	10.1	4.8	5.3
By GDP structure of commune			
Non-agriculture	4.5	3.4	1.1
Semi-agriculture	16.8	9.6	7.2
Agriculture	8.9	3.8	5.1

Analysis results show that it is very hard to find new jobs during crisis time in local area.

Unemployment of local workers

As to local work force, there is a difference between agriculture and non-agriculture laborers. Rate of unemployment of those working in farms accounts for 85.3%, which is 9.7 times higher than the number working factories, workshops (for 4 province as a whole).

Plain and coastal regions are more affected than the rest. Unemployment rate in these two regions is 68% and 57.1% respectively, while it is only 39.7% in mountainous area.

Unemployment rate among those working at home is higher in non-135 communes with 55.8% as compared to 35.3% in 135 communes in terms of the number of jobless workers working in farms. That rate is higher in those communes with low GDP rate from agriculture (64.4% of communes with GDP from agriculture < 20% as compared to 52.2% communes with GDP from agriculture > 50%).

3. Impact of economic recession on poverty reduction and hunger eradication and living expense

On living expense

Economic crisis forces family households to cut down on their spending, especially non-regular expenses. To assess this impact, we present 3 major expense items, including:

- Spending on meat, fish: up to 68.4% of communes in 4 provinces reported decreased spending on meat and fish among households with average decrease of 18.5%. More affected are seen in An Giang, Nam Dinh with 73.9% and 71.2% respectively. In terms of geographical aspect, more impacts are seen in the plain and mid land areas, with decreased spending on meat and fish of 19.7% and 18.3% respectively.

Table 7: Spending of family households by province and spending content (unit: %)

Province	Decreased spending on meat and fish		Decreased spending on luxury items		Decreased spending on construction	
	Ratio of communes with decreased spending on meat and fish	Amount of spending decrease * (%)	Ratio of communes with decreased spending on luxury items	Amount of spending decrease* (%)	Ratio of communes with decreased spending on construction	Amount of spending decrease * (%)
Common	68.4	18.5	65.2	23.6	52.3	25.9
An Giang	73.9	18.0	65.2	26.6	46.7	16.9
Binh Thuan	66.0	20.8	74.5	29.5	58.5	34.8
Lang Son	64.9	15.8	53.0	19.3	45.0	28.9
Nam Dinh	71.2	20.2	73.4	22.4	59.8	22.3

* Only for communes with decrease

- Spending on luxury items procurement: 65.2% of commune report decreased spending on luxury items with average decrease of 23.6%. More affected provinces are Binh Thuan and Nam Dinh with the number of affected communes of 74.5% and 73.4% respectively. Like spending on meat and fish, plain and mid land areas are more affected than the rest with up to 83.3% of communes in the mid land area affected with spending decrease of up to 37.1%.

Table 8: Spending situation by family households by region and commune (unit: %)

Commune characteristics	Decreased spending on meat and fish		Decreased spending on luxury items		Decreased spending on construction	
	Ratio of communes with decreased spending by household on meat and fish	decrease* (%)	Ratio of communes with decreased spending by household on luxury items	decrease* (%)	Ratio of communes with decreased spending by household on construction	decrease* (%)
By region						
Plain	71.6	19.7	71.3	23.6	55.2	21.4
Mountainous	66.4	17.2	56.8	22.6	49.6	30.2
Mid land	79.2	18.3	83.3	37.1	58.3	38.6
Coastal	54.8	17.9	66.7	20.4	47.6	25.4
By commune 135						
Commune 135	65.4	17.8	55.1	24.1	48.6	36.9
Non commune 135	69.2	18.6	67.5	23.6	53.2	23.8
By GDP structure of commune						
Non-agriculture	86.4	18.1	72.7	17.2	50.0	19.5
Semi-agriculture	64.7	18.6	73.5	21.4	52.9	22.4
Agriculture	68.2	18.5	63.8	24.4	52.4	26.8

* only for communes with decrease

- Spending on construction: 52.3% of surveyed communes has decreased spending on construction, with average decrease of 25.9%. Binh Thuan and Nam Dinh are two provinces with highest rate of decreased spending on construction, with 34.8% in Binh Thuan and 22.3% in Nam Dinh. In region scale, like the above mentioned expense items, plain and mid land areas are more affected.

Thus, spending on meat and fish is more affected than on procurement and construction. However, impact on procurement and construction is greater. The residents shall cut down more on spending on domestic investment. Scope and level of impact in the plain and mid land areas is greater than others.

Impact on poverty reduction and hunger eradication

Economic crisis impact on hunger household varies in surveyed localities. There is a decrease in the number of starveling households in the first 4 months of 2009 against

2008, with overall decrease in 4 province of 16.7%. The biggest drop is seen in Binh Thuan and Nam Dinh, in the mid land area (down by 66.6%) and plain area (by 35%). Sharp decrease in the number of starveling households is seen in good economic conditions: non-135 communes and communes with low GDP from agriculture activities. However, the number communes with starveling households increase, especially in the mountainous area (8.8% of communes with increased number of starveling households). Notably, Lang Son with number of starveling households increasing to 8.9%.

Table 9: Increase, decrease in hunger and poverty in localities (unit: %)

Province	Number of starveling households against 2008	Number of poor households against 2008	Number of communes with increased starveling households	Number of communes with increased poor households
Common	-16.7	-7.2	4.1	15.9
An Giang	-	-9.2	0.0	27.2
Binh Thuan	-32.7	-13.8	2.8	13.2
Lang Son	1.6	-3.6	8.9	18.3
Nam Dinh	-29.5	-6.3	1.6	9.2

The survey also shows that the number of poor households in surveyed localities also changes in the same way as that of starveling households but with lower rate. The number of poor households in provinces drops by 7.2% against 2008, with the biggest drop in Binh Thuan of 13.8%. The number of poor households decreases sharply in mid land and coastal areas by 16.3% and 14.7% respectively. More decrease is seen in those communes with better economic conditions. However, the number of communes having poor households increases from 2008 with 15.9% of communes, especially in An Giang with 27.2%. Great impact is seen in communes 135 with 19.6% of communes with increased poor households.

Table 10: Increase, decrease in hunger and poverty by region, commune (unit: %)

Commune features	Number of starveling households against 2008	Number of poor households against 2008	Number of communes with increased	Number of communes with increased poor

			starveling households	households
By region				
Plain	-35.0	-7.8	1.1	15.3
Mountainous	-6.6	-4.3	8.8	18.8
Mid land	-66.6	-16.3	0.0	0.0
Coastal	20.6	-14.7	7.1	11.9
By commune 135				
Commune 135	-15.8	-3.4	15.0	19.6
Non commune 135	-17.5	-8.2	2.5	15.1
By GDP structure of commune				
Non-agriculture	-28.1	-12.7	0.0	18.2
Semi-agriculture	19.6	-11.5	2.9	16.2
Agriculture	-17.5	-6.2	5.3	15.8

Economic crisis has quite obvious impacts on poverty reduction and hunger eradication. Mountainous, difficult economic condition communes shall be more affected with increased number of hunger and poor households.

4. Impact of economic recession on production

Impact of economic recession on agricultural productions

Investment in farms

42.3% of communes reports that economic slowdown results in decreased investment on farms with about 21% decrease.

Over 54% of plain communes and 75% of mid land communes reported that economic slowdown results in decreased investment in farms with 21-23% decrease. Only 26% of mountainous communes have similar assessments.

Only 22.4% of poor communes 135 reported that economic slowdown results in decreased investment in farms, while 46.8% of non-135 communes reported that economic slowdown results in decreased investment in farms.

Table 11: Impact of economic recession on agricultural production in certain provinces

Province	Impact of economic recession on investment by farms	Impact of economic recession on decreased price of agricultural products	Ratio of communes reporting unsold

	Ratio of commune with decrease in investment on farms	Decrease* (%)	Ratio of communes with agricultural products sold at lower price	Decrease* (%)	agricultural products
Common	42.3	21.0	71.6	16.6	14.0
An Giang	20.7	18.7	53.3	21.7	0.0
Binh Thuan	52.8	27.1	72.6	21.2	16.0
Lang Son	19.8	15.3	71.3	12.7	16.3
Nam Dinh	71.7	20.4	80.4	16.2	17.4

* Only for commune with decrease

Table 12: Impact of economic recession on agricultural product selling price by geographical feature, commune 135 and communal income structure

Commune feature	Impact of economic recession on investment on farms		Impact of economic recession on decreased price of agricultural products		Ratio of communes reporting unsold agricultural products
	Ratio of commune with decrease in investment on farms	Decrease* (%)	Ratio of communes with agricultural products sold at lower price	Decrease* (%)	
By region					
Plain	54.1	20.9	72.8	17.9	11.6
Mountainous	26.0	22.9	72.0	14.5	16.8
Mid land	75.0	23.0	83.3	25.4	8.3
Coastal	45.2	13.1	54.8	14.0	16.7
By commune 135					
Commune 135	22.4	22.7	64.5	15.8	15.9
Non-commune 135	46.8	20.8	73.2	16.7	13.6
By GDP structure of commune					
Non-agricultural	54.5	17.3	63.6	18.4	13.6
Semi-agricultural	58.8	18.8	70.6	16.8	4.4
Agricultural	39.5	21.7	72.1	16.5	15.4

* Only for communes with decrease

Economic downturn and selling price of agricultural product

71.6% of communes reports that agricultural products are sold at lower price than that in 2009 on average of 14%. 14% of communes reports that agricultural products are unsold

Communes in plain, mid land, and mountainous areas all face difficulties in selling their agricultural products.

Vacant cultivation land and aqua-culture land

Basically economic slowdown does not affect the use of cultivation land for annual trees. On average, only 4.9% of cultivation land for annual trees is left vacant during Winter – Spring crop in 2009, a 0.1% higher than that in 2008. However, land for aqua-culture left vacant in 2009 is about 0.7% larger than that in 2008 and mainly concentrates in developed aqua-culture provinces (An Giang, Binh Thuan).

As to cultivation land for annual trees, area of Winter – Spring crop left vacant mainly concentrates in Mid land and Mountainous communes. Meanwhile in Mid land and Plain communes, vacant area of Winter – Spring crop in 2009 is higher than that of 2008. On average, aqua-culture area of Mid land communes left vacant during the first quarter of 2009 is 18.7% which is 3.3% higher than that of 2008.

Table 13: Area of farming land left vacant in some provinces

Province	Ratio of annual plant area left vacant last Winter-Spring crop		Ratio of aqua-culture area left vacant during the first quarter	
	2009	2009 compared to 2008	2009	2009 compared to 2008
Common	4,9	-0,1	4,7	0,7
An Giang	0,2	-0,9	11,0	3,1
Binh Thuan	9,5	0,4	10,8	0,8
Lang Son	8,1	-0,1	2,7	0,1
Nam Dinh	1,3	-0,1	0,3	0,0

Table 14: Farm land left vacant of communes categorizing by regional feature, poverty level and income structure.

Commune features	Ratio of annual plant area left vacant last Winter-Spring crop		Ratio of aqua-culture area left vacant during the first quarter	
	2009	2009 compared to 2008	2009	2009 compared to 2008

By region				
Plain	2,7	0,3	4,8	1,0
Mountainous	7,4	-0,5	2,9	0,1
Mid land	10,7	0,1	18,7	3,3
Coastal	1,2	-1,1	5,6	0,1
By commune 135				
Commune 135	6,1	0,5	4,8	1,1
Non-commune 135	4,7	-0,3	4,6	0,6
By GDP structure				
Non-agricultural	2,7	0,4	7,1	1,8
Semi-agricultural	2,0	0,1	2,4	0,1
Agricultural	5,4	-0,2	4,9	0,7

Impact on home craft and small scale industries

Temporarily stopping or downsizing business scale of home craft enterprises.

On average, of the home craft and small scale industry enterprises, 15.4% has had stopped running since 2009, 8% has been subjected to reduction of business scale (production and labor)

Mountainous communes have ratio of home craft and small scale industry enterprises stopped running at lower level (4.6%), while such ratio of communes in other regions is over 10%. Ratio of stopped and scale downsizing enterprises in agricultural communes is much higher than that of non-agricultural ones.

Table 15: Impacts of the economic slowdown on home craft and small scale industries of surveyed provinces

Province	Impact of the economic recession on home craft and small scale industries		Impact of the economic recession on selling price of home craft and small scale industry products.		Ratio of commune has local home craft products unable to be sold.
	Ratio of home craft and small scale enterprises stops running business in 2009	Ratio of home craft and small scale enterprises downsizes business in 2009 compared to that in 2008	Ratio of communes evaluates the selling price of home craft products to be lower than that before the slowdown.	Reduction rate of selling price of home craft products (%)	

Common	15,4	8,0	36,0	14,6	5,7
An Giang	17,9	2,6	34,8	12,5	1,1
Binh Thuan	7,4	14,2	41,5	17,3	6,6
Lang Son	6,3	17,9	14,9	14,7	4,0
Nam Dinh	15,1	15,2	56,5	14,0	9,2

Economic slowdown and selling price of home craft products

36% of communes reported their home craft products have to be sold with lower prices compared to those before the slowdown. On average selling price fall about 14.6%.

5.7% of communes reported their local home craft product unable to be sold.

Particularly, 41% of non-communes 135 reported they have home craft products sold at prices lower than that before the recession. Meanwhile, such ratio is 12% only at poor communes 135.

Table 16: Impacts of the economic slowdown on home craft and small scale industries categorized by geographic features, commune 135 and income structure of communes

Commune features	Impact of the economic recession on home craft and small scale industries		Impact of the economic recession on selling price of home craft and small scale industry products.		Rate of commune has local home craft products unsold.
	Rate of home craft and small scale enterprises stops running business in 2009	Rate of home craft and small scale enterprises downsizes business in 2009 compared to that in 2008	Rate of communes evaluates the selling price of home craft products to be lower than that before the recession.	Reduction rate of selling price of home craft products (%)	
By region					
Plain	17,0	6,8	50,4	14,2	6,7
Mountainous	4,6	13,4	19,6	15,4	4,4
Mid land	18,8	34,6	54,2	21,2	12,5
Coastal	10,3	11,3	31,0	8,7	2,4
By commune 135					
Commune 135	2,7	2,8	12,2	16,7	5,6
Non-commune 135	15,8	8,2	41,3	14,4	5,7
By GDP structure of commune					
Non-agricultural	0,6	2,5	45,5	13,8	4,6
Semi-agricultural	7,0	8,4	50,0	15,4	4,4
Agricultural	26,0	10,3	33,6	14,4	5,9

5. Conclusions

From the analysis hereinabove, we would like to draw up the following conclusions:

- Economic crisis has caused adverse impacts on the life, income and employment of rural people.
- In mountainous and poor areas, jobs shrink more badly. However, spending of the residents thereat does not decrease significantly as compared to other regions.
- Unlike the two previous crisis, those workers returning home as a consequence of the crisis have little chance to seek a job. They especially have difficulties in joining agricultural labor force.
- It is very hard to for jobless workers to seek new jobs, only a small number of jobless workers can find a job.
- Economic crisis forces the majority of rural people to cut down on their spending, both in living expense and investment. However, spending of poor households does not decrease more than the goodish ones.
- Economic crisis results in certain near poor, near starveling households falling down into poor and starveling ones. The number of communes with poor households increase in every province, area, with sharp rise in mountainous, difficult economic condition communes.
- Economic slowdown results in falling investment in production, especially by large scale household producers, mainly in the plain, mid land, and goodish communes.
- As to the changes in production land, vacant aqua-culture land area increases sharply.
- Economic crisis had great impact on craft small industry, with quite large number of small sized enterprises and craft establishments suspending their production or downsizing.