

# **Oolong Industry in Vietnam: Focusing on Its Linkage with Taiwan**

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Country visited: Vietnam

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## **Research background**

The foreigner direct investment (FDI) in farmland of tropical area is not a news, especially large-scale FDI on food crops and cash crops (Olivier, 2011). It's reason, expansion process and result have arisen public concern since 1980s, especially the potential opportunity and risk which brought by the mega-scale plantation of FDI to investment destination. While little attention has been paid on moderate and small-scale (MSS) FDI.

## **Research purpose**

The purpose of this survey was to get general information about the background of oolong industry transfer from Taiwan and the livelihood change of local Vietnamese involved into oolong company as a case of MSS FDI.

## **Results/Achievements**

Though the survey, the information about the transfer history background and process of oolong industry from Taiwan(TW) to Vietnam(VN) was gotten. Besides, the structure of oolong companies, the daily operation and the industry chain were also clarified.

### **(1) How oolong industry was chosen**

From 1986 to 1995, TW investor whose previous jobs might not related to agriculture, firstly entered into VN by multi promotion factors, like Southbound policy, cheap land and labor, TW investors went southeast Asia, China to invest multi industry.

In agriculture field, they had ever tried to plant some special fruits (dragon-fruit, passion fruit), flowers (orchids, chrysanthemum) and tea (oolong, black tea and green tea) in VN and aimed to explore both TW and VN market. But only oolong tea got success.

### **(2) Industry transfer process:**

Time period: the TW investment activities could be divided into 3 periods, before

1986, 1986-2000, and after 2000.

Land: Before 1986, land was owned by nation, so few Taiwanese could enter VN to invest unless they became Vietnamese. After 1986, the Doi Moi (economic reforms activities of VN government) and the encouragement policy of cultivate wasteland, land trade was opened to both Vietnamese and foreigner. After 2003, most of the large-scale wasteland had already owned or occupied, so the later comers had to rent (foreigners) or buy (VN) land with high price from government or from local land owner.

Labor: Before 1986, only ethnic inhabitant and few Kinh people (the majority of Vietnamese) lived in Lam Dong, so Taiwanese hired Kinh people who were believed to be good learner and good follower compared with ethnic group, from north and south-central coast provinces. Most of these Kinh people then settled down and bought their own plots on nearby area to build house and plant crops. They became new residents. After 2003, the requirements of new residents on payments was higher, so the TW started to hire ethnic groups in Lam Dong and in nearby province.

Equipment: Before 2003, all the raw materials, like seedings, production equipment, chemicals were controlled by TW. But after 2003, Vietnamese started to join oolong industry and operate oolong companies by themselves.

Technology: Until now, the key structure and quality control (chemical usage and operation methods) principles were followed TW standard, but there were few tea experts from TW.

### **(3) Technology flow in daily operation**

Only trader, owner and experts acquired the techniques and knowledge of the whole operation process, mostly group leaders and workers only knew the specific actions of their tasks.

#### **Plans for further research**

<b>Time</b>	<b>Target</b>
Whole November	Summarize field memo, and figure out research structure
Whole December-15 <sup>th</sup> February	Reading articles, adjust research structure, attend Vietnamese course, making new field survey plan for next time
16 <sup>th</sup> February – March	Field survey for 1.5 month



Photo 1 Daily operation of tea harvesting group of Haiyih Co.  
(Dalat, 2018/10/25)



Photo 2 Consultative conference of Taiwanese oolong company  
with local fresh tea leaf growers (Dalat, 2018/10/06)