

## PERIURBAN CRAFT VILLAGES IN THE STORM OF HANOI EXPANSION

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Hanoi remained confined in a limited space for four decades. Until the beginning of the 1990s, under the effect of a top-down interventionist policy, absence of foreign investments, low standard of living and moderate population growth, the city was contained in its four urban districts. Since then, a process of “urban correction” has been in place (Quertamp F., 2003) for it to secure the status of an attractive international metropolis. Its expansion has accelerated since 2000, urban development henceforth becomes the main engine of the economy.

The public authorities are no longer the owners of the majority of the urban or industrial projects and have disengaged themselves from compensation for farmers who lost land, giving the task to property developers. But they remain strongly involved in planning as far as they are the only ones entitled to transform land use rights, from agricultural to residential or industrial lands. Depending on the size of the projects, the Prime Minister or the Provincial People’s Committee shall approve their implementation. The involvement of private property developers seeking a quick return on their investment (as the long-term lease is valid for 40 years) has changed the social orientations of town and country planning (Ségard J., 2010).

A second crucial factor of on-going changes in the Hanoi peripheral areas is the administrative expansion of the capital. In fact, in August 2008, this centrally-controlled municipality absorbed the entire Hà Tây province to the West and a small number of communes of the neighbouring provinces, a move that triples its area and doubles its population. The space expansion of Hanoi aims to make it more competitive at international level, putting it on the same level as other large Asian cities. In the same way, the urban area extends to the East, towards Gia Lâm, along the economic development corridor which is stretched until Hải Phòng, along the national road 5. A parallel highway, along which will be built several urban residential zones, is in the pipeline and should be able to relieve traffic congestion on this congested artery, which leads to the main port of the delta.

This urban expansion takes place on densely-populated rural margins (1500 hab/km<sup>2</sup> on average), with diversified productive activities similar to the Asian *desakota*, as studied by Mac Gee (1991). More than 500 villages are involved in craft and semi-industrial activities, some of which for several centuries. These very varied, large

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labour-intensive activities take place in a residential environment already in high demand for housing.

If during the 1990s the government issued policies to stop migrations from the densely populated countryside to the cities, as a result of the opening of the country to the market economy by widening residential and industrial space in the villages and supporting diversification of production, it has withdrawn itself from the country planning a few years ago and “liberalized” the land market, which has been thriving. Construction works mushroomed all over the place according to imported urban models.

The new urban “project” implemented by private and semi-public property developers with approval by the central and provincial authorities is founded on separation of activities, and on a zoning of residential, industrial and entertainment areas. It is carried out in an area where multi-usages of land are adopted and the quick rotation of crops has facilitated a rural settlement among the most densely-populated in the world.

In this article, we discuss the modalities and the consequences of capital extension on his boundaries, in particular on the craft villages. This top-down policy is carried out without consultation with the entire relevant administrations, in particular those of agriculture and water resources management, and with residents. Worse still, it is imposed without taking into account the characteristic of these periurban areas that have extremely long-standing economic and demographic dynamics<sup>1</sup>.

## **I. CRAFT VILLAGES WHERE URBANIZATION OCCURS IN CENTURY-OLD RURAL AREA**

The monsoon-influenced Asia’s deltas are typical of activities linked to intensive rice growing, craft and trade, made possible by the density of river networks which connect the upstream areas to the sea and the residential areas between them.

### **1. A system of production associated with intensive rice growing: the multiple-purpose use of spaces**

In the Asian rice-growing deltas influenced by tropical rain, rice transplanting, a method needed for very high outputs and up to three crops per annum, requires

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much labour seasonally. Rice, a staple food crop, has the advantage of feeding a large population, but requires heavy workloads over specific periods. For centuries, during the time between crops, and especially in the areas where rice cultivation is not possible in period of monsoons because of submerged low-lying terrain and farmers have had to find other activities on their small land plots being unable to nourish them. Many villages of the over-populated rice plains specialized in other non-agricultural activities, in particular the craft industry, requiring little capital and being able to absorb under-employed labour for most of the year. In the Red River Delta, there are currently approximately 1,000 craft villages, some of which have kept artisanal activities for several centuries. These villages produce commodities for villagers and urban dwellers (foodstuffs, objects of worship, manufactured products and construction materials, trade and transport services) and for exports (baskets, furniture, woolen clothes and art pieces).

They enjoy incomes four times higher than those of the “agricultural” villages and thus could invest in building premises and improve their living conditions.

Half of these villages are located in a radius of fifty kilometres around Hanoi and, several of them, maintaining thousand-year-old activities, took part in the development of the capital in feudal time and especially at its heyday of Southeast and East Asia.

Since *Doi Moi*, or renovation, the fast development of craft and especially industrial activities has facilitated fast growth of production, its diversification, and the recruiting of many villagers suffering from agricultural under-employment and working in subcontracting.

Most of these villages are organized in clusters which gather craftsmen working in the same sector. Among them, a division of work tasks has taken place. Work is socially divided within the framework of informal partnership agreements between small sizes companies geared to undertake additional activities, which carry out a segment of the production process, and between enterprises of various size bonded by subcontracting relations.

The geographic concentration of small-sized enterprises can be attributed to the development of commercial and non-commercial interactions: external economic sectors, networks of suppliers and purchasers, and economic scale. A cluster of craft villages can cover a small or large number of localities, as well as small and large-sized enterprises in various proportions. Their grouping depends on the type of activity, mode of organization, their seniority, their integration to the upstream or the downstream of the commercial sector and the markets to which they supply (local, domestic or export).

This system of localized production is adapted to the economic context of transition. According to Digregorio (2001), contrary to the public or private sector’s large enterprises, the organization of enterprises in cluster is much more flexible and market responsive, mainly due to their more compacted organizational apparatus and their being part of the informal sector. The production costs are lower and they can access

the market “niches” leftover by the formal sector’s large enterprises which must meet standards of management, quality and a much more stringent legislation. They profit from a greater flexibility of the use of family labour force, most of them underpaid for the least qualified activities and who undertake these activities in the same time as agricultural ones.

## **2. Villages which employ a large share of labour force but weakened by the 2008 crisis**

The population density of rural communes in the neighbourhoods of Hanoi in 1999 averaged 1,500 inhabitants per km<sup>2</sup>, and many communes recorded a density exceeding 2,000 inhabitants per km<sup>2</sup>, in the craft villages or along the most commercial axes. The qualitative surveys carried out in about forty craft villages in peripheral Hanoi (IRD/Casrad 2003-2009) show the attraction of these small employment sources, some of them being organized in clusters. However, the migrations to these areas for settlement are rare because work is often temporary and, in the absence of sufficient housing to accommodate the workers, the small employers sub-contract to craftsmen of the close or more distant villages so that they can work at home. The temporary workers seek homestay or an accommodation in the vicinity, but they are still counted at the time of the census in their village of origin.

The Casrad survey carried out in 2005-2006 as part of Program FSP2 on the craft villages covering the two provinces bordering on Hanoi (formerly Hà Tây and Bắc Ninh) produces figures which are based on statistics given by the Commune People’s Committees which take into account only the population of working age from 16 to 60. In the 269 villages surveyed in the former Hà Tây province, 229,000 full-time craftsmen have been recorded, of them approximately 23,000 were migrants. In this province, only some large clusters emerge, employing more than 10,000 workers: La Phù (knitting and confectionery), Hữu Bằng - Chàng Sơn (manufacture of furniture), Dương Liễu - Cát Quế Minh Khai (agricultural produce processing for noodles, etc.). As for the multitude of villages specialised in basket making, they would be rather organized in networks than in clusters, but employ a large number of temporary subcontracted workers, in the province’s south-western area. Two communes (Phú Nghĩa and Đông Phương Yên) also have large enterprises working for exports settled in industrial parks along National Road No. 6 and which employ 35,000 workers aged above 16.

In Bắc Ninh, in the 60 craft villages surveyed by Casrad in 2005, 62,000 workers have been recorded, of them 15,000 were migrants. Three large clusters of villages dominate: the most dynamic is Đông Kỵ (art furniture), made up of three neighbouring villages which employ 25,000 workers with more than a third of them being migrants. Phong Khê - Phú Lâm (paper) and Châu Khê - Tư Đức - Đình Bảng (iron and steel industry), clusters specialized in industry, employ 8,200 and 7,000 workers respectively from various backgrounds.

In addition to these workers kept busy most of the year by craft and small industry are many other family workers and assistants who take part in a temporary way in the activity of these villages and provide support during the period of important orders.

The formal sector's large enterprises which sub-contract to and recruit hundreds of workers were seriously impacted by the 2008 international crisis. The fall of exports has mainly affected the villages specialized in the art furniture (Đồng Kỵ), knitting (La Phù) and basket making. In the villages of Phú Nghĩa and Đông Phương Yên, many families were at technical unemployment at the time of our visits. Some had left for other districts searching for work.

However, the crisis is all the more sensitive as competition is strong in certain sectors like basket making: the Philippines, Myanmar and especially Indonesia are large producers of high quality bamboo products which earn them a much higher income than their Vietnamese counterparts. Accessing the very demanding markets in terms of quality (Japan, France, and the USA) is a real challenge.

### **3. The creation of an industrial production space difficult to match urban standards**

#### *a. A changing space of craft and industrial production*

In the 1990s, in the villages starting to embrace mechanization or having widened their scale of production to access the international markets, the most dynamic craftsmen, with the assistance of the local communities, created new spaces of production. The Provincial People's Committees, at the request of the craftsmen, took measures to change the status of agricultural land into grounds intended for industrial production and let them create informal craft mini-parks. Then in the 2000s, the Provincial People's Committees built industrial sites in the most dynamic communes in order to separate the most polluting activities from residential space, to give to the companies the means of expanding their production scale and to pave the way for the workshops away from the axes of communication. Amid the slow progress, and corruption of a number of local communities, part of the villagers have built workshops, and sometimes houses, in an illegal way on agricultural land. The development at three different speeds of a space of production took shape:

- in industrial sites, enterprises in the process of modernization reaching the same level of production as the formal sector's large enterprises, both public and private enterprises with mixed capital. They are increasingly consuming space and energy.
- enterprises starting to embrace mechanization settled in the boundary of residential area, along the dikes, at the former site of co-operative premises or in pond areas which were partially filled, and in formerly vegetable-cultivated areas.
- in village residential areas, only the manual activities or those using machines of small size are maintained. The family enterprises, with low capacity of investment, mainly use family labour or day labour and work in sub-contracting. In spite of the deafening noise of certain workshops (metallurgy and textile), these activities are tolerated.

While the production area has widened, little has been made to meet the need for accommodation of migrant workers. In the most attractive craft villages, shortage of housing land makes it difficult to construct dormitories and the small employers, with fluctuating incomes, do not have the means to accommodate their labour. In La Phù, large enterprises have to build in an illegal way on agricultural land some dormitories to accommodate their permanent workers, which is the only way to keep them in place and of avoiding a work force turn-over, which is harmful to these enterprises weakened by the crisis of exports. The few thousands of workers of Đồng Kỳ live in difficult conditions (tents, workshops, etc.). The situation makes it hard for migrants, already tightly checked by local security services, to integrate.

*b. The environmental challenge: a hard nut to crack amid loose governance*

The fast development of craft and especially industrial activities has caused serious environmental and health problems. The original area of craft villages and the village society are subjected to strong pressures since the production was mechanized, the material types changed and so did the waste volume. In this highly-populated deltaic area, the agricultural territory bears a dense irrigation network, inserted in the craft production area. Whereas the irrigation infrastructures were designed and modernized at the communal level with an aim of ensuring agricultural production and of protecting the population against floods, the irrigation network first has changed. Some waterways and water reservoirs used for irrigation and drainage purposes, or ponds have become true dumps for craft and industrial enterprises which prefer to settle in the vicinity. As there is no network making it possible to separately agricultural water and industrial waste water, the pollutants discharged by craft villages are poured in the waterways and then on agricultural land.

The water pollution in some craft villages (paper, metals, textiles, etc.) has reached very high levels in heavy metals, acids and coliforms, which jeopardize rice outputs, and consequently residents' health while spreading in the neighbourhood. The coal-fired ceramic kilns discharge into the air dust harmful to the villagers' health.

The rural small-sized enterprises are less directly polluting than the large factories, because they use the recycled raw materials which require less chemicals to be treated, and consume less energy. However, due to their large number and scattered location with a number of them right in the village centre, they cause serious damage to human health and the environment.

The multiplication of family craft enterprises without funds to invest in water treatment, the lack of place to expand production and to make it more appropriate to human health, and the lack of co-operative and community institutions which would make it possible for waste treatment at a collective level, are all those elements which jeopardize the activities. Some water-consuming enterprises (iron and steel and paper mills) drilled wells, which in the future are likely to cause subsidence, in the flood-prone delta. The craftsmen, meanwhile, are unable to afford the construction of high

chimneys to disperse into the air harmful smoke for human health or the purchasing of gas furnaces.

## II. THE CENTRALLY-GOVERNED MUNICIPALITY EXPANSION ACCELERATES SINCE THE END OF THE YEAR 2000

The merger of the rural Hà Tây province in August 2008 made it possible to extend the administrative limits of the capital and thus bringing the population to 6.5 million with 60% being rural population. This extension translates a government political will to control the growth of the capital in a context of urban transition which places the big cities in the heart of economic growth. The urban planning projects of the entity have first aimed at serving housing and road construction needs, the construction of industrial and trading facilities remains limited by the failure of industrial parks to attract long – term committed foreign investments.

### 1. Urban and industrial planning projects in the greater Hanoi: between planning and realities.

#### *a. A government project for the greater Hanoi: Master Plan 2010*

A Master Plan is under development (Ministry of Construction, Master Plan 2010) and should be completed for the millennium of Hanoi in October 2010. This Plan, though yet to be operational, should work out key directions for planning of this future metropolis which, by 2030, should contain 10 million inhabitants. The plan attempts to give a big picture of its economic, social and water resources management. The metropolis of 2030 will consist of several types of spaces, with various population density and functions, adapted to the terrain of this highly flood-prone delta (Vietnam ranks 6th amongst countries most affected by climate change). Two types of areas will be arranged:

- The densely populated urban area, representing 32% of the city's total area, which will be home to more than 7 million inhabitants in 2030, or 65% of the city population. It will be made up of two types of towns:

Five autonomous satellite towns will be mapped. The current city to its Ring Road 3 will cover half of the urban area. It will be replanned (in particular the old centre and administration quarters) and will shelter approximately 2.2 million inhabitants.

Future cities:

- In a radius of twenty to thirty km of the city centre (Hòa Lạc, Sơn Tây, Xuân Mai, Phú Xuyên - Phú Minh and Sóc Sơn), their population will reach approximately

- 250,000 each, except for the first, where a technopolis is located the end of the Láng-Hòa Lạc highway and which will shelter 750,000 inhabitants. They will theoretically ensure job generation for the majority.
- The periurban area located between Ring Roads 3 and 4, to the Đáy river, will be completely urbanized and will be home to approximately 1.5 million inhabitants. Many residential areas, including the satellite town of northern An Khánh, will be included in the planning.
  - One of the strong points of this new Master Plan which wants to give to the capital a very ecological character is the proposal to maintain a “green corridor” between the Đáy and Tich rivers. The highly flood-prone Day river basin, is the outlet of Red River flooding. Two million rural residents (of the three million rural population of Hanoi) will live in the villages of farmers or craftsmen. In this area with low population density,
    - +40% of the land will be earmarked for intensive agriculture, biodiversity conservation parks and cultural heritage preservation. Any urban and industrial development will be prohibited here. As many as 40,000 ha of agricultural land will be maintained to ensure food security.
    - + In the remaining 28%, clusters of highly developed villages will be devoted to craft industry and to agricultural produce processing. The production conditions will be improved to attract a large number of labourers and to avoid the migration towards the city. Three eco-cities of approximately 60,000 inhabitants (Phúc Thọ, Quốc Oai, and Chúc Sơn) will be built at the intersections of the highway intersections which will cross the region in a north-south direction and the three East-West connecting roads. With a low population density, these towns will be arranged with lots of greenings, particularly on the river banks, and essential drainage axes for the rainy season. Priority will be given to eco-tourism and relations with the neighbouring villages to which they will supply services and trade.

Many experts have questioned the validity of such master plans for Vietnam at a time of government disengagement, of property developers’ emergence in urban planning and the dominant role of market forces in urban extension. While memory of the government dominant role in planning work remains lively, in reality, it is proved that no master plan has been followed so far: the recent economic boom over the last five years and the massive investments injected in urban development have little in common with orientations set in various master plans. For Lawrie Wilson (2009), it is proved that:

- On the institutional aspect, the fragmentation of responsibilities between ministries and departments, and the domination of the Ministry for Construction to the detriment of the Ministry of Agriculture and Rural Development, make it difficult for the urban planning to be operational and sustainable. Normally, because of decentralization in effect in Vietnam, the Master Plan should be initiated by the



People's Committee of Hanoi and not by the Ministry of Construction which accounts directly to the Prime Minister. Within the city, the relationships among the various departments are closer than those among the ministries as the latter are closer in distance.

- The various master plans were developed as if the government was always the main urban building project owner, whereas until the 1990s, and especially 2000, the private sector, both large construction firms and small family enterprises, were the main builders of the city. In addition, the management of land in some provinces such Hà Tây was too loose, which adversely affects the urban extension management.
- These plans do not take into account the land situation, in particular the socio-economic context of the zones to be built. Proposals for alternative occupations to people who lost land are inadequate and not working.

A master plan is not a strategic development plan, it is only a planning. It needs to be accompanied by other policies to be really effective.

Experts question the feasibility of such a top-down project without institutional means on the ground to put into practice whereas local authorities are in lack of facilities for enforcement, expertise and fundings.

*b. Investors' projects and their implementation on the site.*

While the Master Plan of Hanoi 2010 is under drafting, development and planning projects progress at various paces. With the exception of the huge Láng – Hòa Lạc road construction project, which should be completed to mark the millennium anniversary of the capital, since the merger of Hà Tây, the progress has slowed down. The People's Committee of the new Hanoi wanted to review all the projects which had been approved by the former Hà Tây Province, and new resolutions on land expropriation have been enacted (in particular Resolution 69, then Decision 108, specific to this province). Since the end of the year 2009, works have resumed, but the difficulty of farmers land withdrawal and confusion between the various modes of compensation (the old system or the new system suggested by Decree 69 and Resolution 108) slow down the operations. At the end of 2008, 772 projects (residential, entertainment and industrial) for the new Hanoi have been recorded (Look At Vietnam, March 27<sup>th</sup>, 2009).

The urban project of the capital, with a philosophy slightly different from the first versions of Master Plan 2010, is founded on a network of satellite towns intended to relieve the congested downtown, connected to the capital by a highway system of several ring roads and by the enlarged highway Láng - Hòa Lạc (152 m and 30 km) leading to the Hòa Lạc high-tech park. Covering an area of 264 ha, the town of Northern An Khánh (recently renamed Spendor!), located 12 km from Hanoi downtown, should become a development hub. A modern city with skyscrapers-dotted landscape and luxurious residences, it would accommodate many service enterprises like 'London City' as the old downtown is now unable to ensure its function, as well as new technology industries which would function in partnership with the high-tech park.

Around this satellite town, several new urban areas or *Khu Đô Thị Mới*, with primarily residential function, offering several categories of residences on areas varying from two to five hundred hectares, will be built along secondary road axes.

At 25 km from Hanoi, a ring road of 62 km surrounding its western area is in the pipeline and will be connected to roads which lead to the Chinese border. The project kick-started in June 2008 (*Giaothongvantai* July 8, 2008), but the 19,680 ha which should be cleared for the construction of this road and the adjacent residential and industrial zones are always awaiting the Prime Minister's approval. In fact, the financing of this road to be conducted by Nam Cường property developer, must be made according to the "land for infrastructure" policy. The purchase of land at low prices along this six-lane road and its urbanization should pay for the cost of its construction. However, according to Master Plan 2010, the surroundings of this road should not be urbanized, except for the intersections with the three connecting roads (National Roads 6 and 32, and Highway Láng - Hòa Lạc) where three eco-towns are to be built. Greening should adorn the road's surroundings as well as the centre in order to keep the ecological character of the "green corridor", crossed in the north-south direction by this road. In addition, planning and development projects of these 19,680 ha are in complete contradiction with the philosophy of the Master Plan which intends to maintain in this "green corridor" agricultural land and craft villages. These will generate jobs to around two million rural residents (of the capital' expected three million rural population). Without golf courses, luxury residential zones and industrial parks proposed by this property developer, how the construction of this "green" centripetal road at a cost of 8 trillion VND could be funded remains questionable. (*Giaothongvantai* 7/8/2008).

For the moment, a cut back on these projects has been done by the People's Committee of Hanoi. Some have been approved, others suspended and the remainder to be revised to be in conformity with the future Master Plan, in particular in the area which will be urbanized between Ring Roads 3 and 4 and will contain large greenings, notably on the Nhuệ river banks. Part of these projects had been signed in a hurry by Hà Tây province authorities, who had approved many residential zones and golf courses, some of them covering several thousands of hectares, in complete contradiction with local environmental, demographic and irrigation conditions.

### *c. Industrialization of the expanded Hanoi and the Eastern provinces*

The construction of industrial parks in the rural areas and along the main roads is one of the major elements of the industrial policy of the provinces to attract foreign funds. It aims at relocating the too polluting enterprises out of the capital and benefiting from the lower land prices as well as a more flexible environmental legislation.

The industrial park projects of the greater Hanoi are divided into four types :

- The Hòa Lạc hi-tech zone located to the West of Hanoi at the end of the highway. Covering an area of 1,586 ha, it is in the course of completion.

- The industrial parks covering hundreds of hectares intended to accommodate large foreign companies and other enterprises. These 18 parks of a total area of 3,166 ha are managed by the metropolis and are located along the main arteries, in particular close to the airport. They are aimed at boosting the urban development of Hanoi peripheral areas.
- The district-managed industrial zones covering tens of hectares must accommodate at the same time polluting factories moved from the capital as well as local enterprises. For the expanded Hanoi, there are 45 of them.  
Craft and industrial sites of a few hectares prioritized for craft villages workers number 171.

In Bắc Ninh, to the east of the capital, the policy of the authorities is to transform it into an industrial province. Strategically located on the road to China with rich trading and craft tradition, Bắc Ninh has 13 industrial parks spreading over hundreds of hectares, both already operational and in the pipeline around the province. Their total area is of approximately 5,000 ha along the two highways.

Highly attractive tax and land policies are offered to foreign investors with most of them being Asian (South Koreans, Japanese, etc.). Some projects are deemed to cater to both for industrial and housing needs (high-end villas, entertainment parks and so on). However, in the most remote districts from Hanoi, where land price is much more affordable, in spite of the enticing conditions offered to investors, most of these industrial parks are only filled by half, which does not prevent local authorities from continuing to expand the existing parks.

One of the reasons explained to villagers to acquire hundreds of hectares of agricultural land is employment opportunities. According to the legislation, part of the jobs must be allotted to the residents of the village in which the project is located. But these industrial zones cannot solve the local employment problem. The residents do not have in general the necessary qualifications to be recruited in these foreign invested factories. The villagers only land the least rewarding and poorly-paid jobs (Museum of Ethnography of Vietnam, 2008). These industrial zones attract skilled workers and employees but large companies do not offer them accommodation. In the peripheral area's most urbanized villages, a new stock of private rental houses and rooms is developed, not without creating problems to local residents.

## **2. New urban development players: rise of large property developers**

The Vietnamese government intends to proceed with the enlarged Hanoi planning following the urban planning model of Asian major metropolizes (Ho Chi Minh City, Jakarta, and Kuala Lumpur). Organized around satellite towns able to accommodate tens of thousands of inhabitants and residential zones of smaller scale, connected by a dense highway network with development axes running to the South of China or to the East of the delta, these models are introduced to Northern Vietnam at a new

period. These private and closed cities are aimed at offering all the necessary services to their inhabitants. They are primarily intended for the high-society (accounting for only 5% of the population, according to a report in 2007 by CB Richard Ellis property consulting office). They symbolize the rise to power of the neo-liberal private sector in construction and urban management versus a post-Communist government in lack of means.

*a. From public to private: a struggling marriage of convenience*

Since 2003, the authorities have no longer been the owners of the majority of the urban or industrial projects but they remain involved in these development projects as they are the only eligible to transform the land use right, and thus to convert agricultural land into residential or industrial land. Only the central government has the right to change the status of rural communes into urban ones, a process which has a considerable impact on the land price and land management norms. The Prime Minister or the Chairperson of the Provincial People's Committee signs the building licenses, depending on the scale of the projects which are proposed to them. These projects must meet a certain number of criteria, not always clearly defined for the moment, as long as the Master Plan of enlarged Hanoi is not completed. Land acquirement is henceforth undertaken by the property developers who compensate farmers according to the rates suggested by the provincial authorities.

*“This process, common now in and around major urban areas, is an exceptionally regressive form of taxation that has as its moral hazard a virtually unlimited capacity to create revenue for the state and private fortunes for the deal makers as long as the urban growth machine remains propelled by investment. Needless to say, in disputes, the state is generally on the side of developers, most of whom are state corporations or state corporations in joint venture with foreign and domestic private corporations. (DiGregorio M., 2009)”.*

The lack of facilities is exacerbated by the authorities' financial woes: the government does not have the means to implement large expressway projects of the enlarged Hanoi, and large sized residential projects. It attempts henceforth to address these flaws by encouraging B.O.T type (Built Operate Transfer) and the “lands for infrastructures” projects, where the private construction firms can more easily acquire land at lower cost in return for construction of public infrastructures (schools, hospitals or roads).

However, investors who seek a quick return on investment within the limit of 40 year term (Ségard J., 2010) are less inclined to make available the facilities needed for their projects (in particular villages' protection against floods) and to build housing for lower-income people. In addition, land speculation and the desire to “put one's hand on” property with the fast-rising value as well as rampant corruption at all administrative levels impede lost-land people's access to residential and industrial land. The craft production zones in the craft villages are intended for the richest enterprises, capable

to buy auctioned land plots, even technically, it is mentioned that the villagers have priority.

The many irregularities experienced by these projects again reflect the authorities' somewhat incompetence and absence of development management, since the authorities do not manage to control the developers, even when they are state enterprises (Ségard J., 2010).

*b. Property markets in the periurban area and its unequal access*

Large projects will be carried out mainly on agricultural land. In case of road building or road widening, the land acquirement from residential areas is considered. The merging of Hà Tây into the capital sparked a land price bubble amid an expected projects' inflation. Recently converted residential land, and in particular agricultural land within the framework of development projects, are sold at high price by real estate traders and other intermediaries who invest in the periurban zones. The instability of land prices and their extreme sensitivity to institutional reforms and changes are likely to cause great tensions in the villages between the land-losing farmers, who will not have access to the property at too high a price, and the purchasers, mainly outsiders.

There are two types of agricultural land in periurban zones:

- Residential and agricultural lands, intended for vegetable production (known as "land of 5%" which started to be allotted to the villagers before 1993 for family food production). They are in general tiny pieces (on average 100 m<sup>2</sup> per household) on the village's boundaries. Villagers tended to build illegally on this land or to sell it for construction. This spontaneous urbanization is not taken into account in large urban projects as people's need for residential land is ignored. The land is the aim of many property negotiations and, depending on their location, is sold at prices ten times higher than that of the agricultural land.
- The agricultural land on which households have usufruct (20 year lease by the government since 1991). Large residential and industrial projects of the enlarged Hanoi will take place on that land in return for compensations funded by the property developers according to rates imposed by municipal government. Until October 2009, the land was compensated at a rate of 45.7 million VND a "sào" (360 m<sup>2</sup>), that is to say 126,944 VND m<sup>2</sup> in the periurban district of Hoài Đức. To make up for the losses farmers suffer for this low price, those who had more than 50% of their land acquired could receive the equivalent of 10% of the value of their land, called "land of services", to build a workshop or open a shop there to shift their occupations to non-agricultural activities. That land of services is regrouped over the communal land and must be arranged by a company, and - is not intended for construction by the recipients. However, opacity and slowness in policy implementation end up in worsening the relations between farmers and the authorities with the farmers refusing to be having their land sold at low price, only to pay for the arrangement of the land of services which belonged to them.

In October 2009, the Government issued Decree 69 to raise the rates of compensation for rice field clearances to a five-fold increase from the old rates and to protect the best rice acreage. However, according to Resolution 108 of Hanoi, land of services cannot be distributed to farmers having their land expropriated any more, under the pretext that Hanoi is in need of land for its development projects. This new directive worries the periurban villagers, in particular those whose total land will be expropriated. Those aged more than 40 years have little chance to change their career into a new trade and to be recruited by enterprises which will sit in their commune. Even with an increase of five times the original amounts, the compensations they're likely to receive do not allow them to make investments in production, not to mention that they can help them buy land on the free market now becoming prohibitive.

### **3. Attempts to resume control by Hanoi: the setting of land and environment standards**

The Commune People's Committees in Vietnam are equipped with human and financial means to manage communities of 5,000 inhabitants on average with dominant activity being agriculture. The committees, staffed by civil servants and elected people deal with administration, civil and social affairs, tax collection, and land management.

The rural legislation regarding the management of space, in particular environmental aspect, is not very clear and badly adapted to craft villages. It would take two years for resolutions, once adopted at provincial level to be known at grassroot level (Monre, 2008), a testimony of the lack of relations among different levels of administrative hierarchy. This opacity of legal affairs, related to the lack of means, impedes management of the most industrialized and most populated communes, notably in the context of Hanoi's fast-changing peripheral areas.

More over, the People's Committees are not well prepared to be up to the requirements of managing communes with more than 5,000 inhabitants, as well as industrial and multi-activity requirements (tax collection, land and migrant worker management, application of social law, planning and arrangement of public spaces and protection of human health and environment, etc.): they are in lack of competence and funds, are poorly-informed of the environmental legislation (Monre, 2008) and they have few law enforcement tools. The fact that grassroot civil organization members are also part of the commune government is a constraint to their capacity to decide matters related to residents who are their relatives or neighbours. Only district governments can resort to armed force. Chairpersons of People's Committees of several surveyed craft communes claim they are overloaded with the task which is assigned to them and request the higher levels to grant them the same institutional facilities as the urban communes. They do not have budgetary autonomy and cannot invest in development projects for their commune.

Since August 2008, the new Hanoi, wishing to build a new megalopolis of international ranking, wants to control land use and standardization of production conditions (environment, management of labour force and human health). The local authorities of the communes where many urban projects are planned must quickly solve land disputes related to illegal constructions on the agricultural land, in particular along the roads which must be widened. They must crack down on offenders and oblige them to destroy their constructions. Being unable to resort to the armed force, the Commune People's Committees must call for the district government when the recalcitrants do not comply. Drastic actions with the army support for the destruction of illegal constructions on agricultural lands multiply in the city surroundings to pave the way for future residential or road projects. Police launch raids on workshops in craft villages which do not meet hygiene norms and fines are issued. The launching of a census on illegally built land is part of a move by Hanoi authorities to regulate land use, however, it is expected that as long as the prerogatives of communal authorities are not enhanced and that they are not better equipped in terms of technical staff and financial facilities, these operations organized by the Province will be of limited effectiveness.

Corruption of certain urban services, and financial and technical inability of managers in charge of small enterprises to make sure they comply with environmental social and sanitary norms imposed by the City make the visits by city authorities ineffective.

The facilities enjoyed by urban communes should also be made available to the management of these industrialized villages, in particular the assignment of a larger number of civil servants and engineers specialized in legal, environmental and cultural issues as well as a scrutiny of public spaces by the police. An application for licenses must be filed for any construction, which should limit abusive constructions in public space.

In *Đông Ky*, large village of 12,000 inhabitants which had become a *phường*, (urban ward) of the district's chief town, in 2008, a better control of the use of public spaces by relevant force was in place resulting in a less abusive use of backstreets for materials storing and craft activities: fines of up to 20 million VND are applied as compared to 5 million imposed in rural communities.

### III. URBANIZATION PROCESS IMPACT ON CRAFT VILLAGES

The new Hanoi now with a doubled population and a ambitious metropolitan project on space expansion, seeks to act in a more authoritative way with regard to the lower administrative levels. The scale and colossal financial stakes of the projects to be set up, in particular the extremely land-consuming motorway network seem to give the capital a greater room for maneuver. The opacity of the projects, their duration of implementation and the lack of communication towards the lower levels and towards population became increasingly frequent. In the communes still under the collectivization

period influence, the population seems more passive after those spent years working in co-operatives (such as the village of gold-sheet makers of Kiêu Ky in Gia Lâm) where the individual initiative has always been bypassed. The villagers became spectators of a large theatre play of which they would be the main losers (Dubiez B. & Hamel C., 2009). In addition, the end of the government subsidizing period of craft zones and the liberalization of land hamper the access to land by craftsmen.

### **1. Competition on the non-agricultural production land: conflicts with the liberalization of development planning**

The craftsmen in craft villages need land to build workshops or to scale up their production, to mechanize, to build dormitories for workers and to move away from the residential zones the most polluting workshops. The unequal access to land by craftsmen and the slow formulation of craft projects prompted a race to acquire land and the spread of illegal constructions on agricultural land.

#### *a. The liberalization of construction on productive land in the villages or the stop to promotion of rural industrialization*

Since the mid 2000s, the industrial sites foundation policy in craft villages has changed its procedures. The project management is assigned to building firms which are given the responsibility to acquire farmers' land at compensation rates proposed by the Province and to lease in the long run the land plots with priority given to the villagers, but at the free market price. The land can be given to outsiders if the villagers cannot afford to lease. Previously, the Province was in charge of the industrial sites construction and leased land for 50 years to the craftsmen at subsidized prices, much lower than the free market prices.

This liberalization of urban and industrial development planning, providing to the provinces a land intermediary role between population and building firms, called into question the commitment by rural small sized enterprises. By then, the latter were founded thanks to a privileged access to land by villagers, training of craftsmen, a facilitated access to bank credit as well as favourable fiscal policies. The land bubble in periurban zones has prompted a fast land price hike on the private market, whereas the rates of compensation of the land expropriated from farmers remained very low until Decree 69 of October 2009. It is not rare that land is resold hundred times more expensive than the price of compensation after basic infrastructures being installed.

This new industrial development policy creates tension in rural areas because the villagers do not agree to be have their land expropriated, to lose their property as agricultural capital to the hands of property developers, whereas they cannot afford to lease land in the new industrial parks. This policy of land liberalization does not allow entrepreneurs to get access to land plots without government subsidies, as it was



the case in the first generations of craft zones, and thus caused considerable injustices against villagers considering the huge profits reaped by property developers.

Acts of civil disobedience and land-related conflicts (illegal construction on agricultural land, refusal to be expropriated, repeated complaints and petition, sit-in in the capital, etc.) multiply, in particular as the inflation of unfinished projects in the absence of sufficient funds of the property developers. The unequal access to land prompted a rising anger in the villages most affected by urban expansion, in particular by the most active ones, which claim their right to land for their enterprises.

Serious conflicts with the intervention of the police supported by the District People's Committees took place in villages such as La Phù or Son Đông where farmers refused to have their land expropriated and continued to cultivate on their land. In Son Dong village, a number of villagers were imprisoned. What the villagers do not accept is the absence of communication, and of briefings by the authorities, whereas according to the law, any development project must be carried out after consultation with the population. They agree to have their land acquired for projects of public utility, conscious that the expansion of the capital is necessary for the country, given the fact that land belongs to the State, therefore to the people. On the other hand, they refuse that the main recipients of the land profits are private property developers.

In Bắc Ninh Province, to the East of the capital, and more precisely in the craft village of Đồng Kỵ, having recently become an urban ward or *phường*, tensions between the populations, supported by the new team of the local People's Committee, and the Province are increasing. A project to widen the craft production zone to 29.5 ha was approved in 2007 by the Province, following the request of the most dynamic entrepreneurs. A third of the agricultural land, pertaining to the *phường* (ward) neighbouring of Trang Liêt, was already expropriated. The authorities of Bắc Ninh applied a minimal threshold compensation rate for rice fields: 79,000 VND per m<sup>2</sup>, or a third less than that of Hanoi. The land was planned by a construction firm chosen by the Province which, resold them, once developed, in auction to bidders with highest offer. Best located land plots in the first section of the craft making zone sell like hot cakes at 50 million VND per m<sup>2</sup>, because it has become urban land. The price is inaccessible to the majority of the small craft enterprises. The two other thirds are on the territory of Đồng Kỵ. The inhabitants of this commune refuse, except for some members of the Communist party, to give up their land at such a low price and threaten to lodge petitions and to appeal to higher authorities, which, a few months before the local elections, is likely to create problems. They want a craft production zone because they are in lack of premises but wish to take charge themselves with construction firms, in order to be sure to benefit from land conversion and above all to have access to land.

*b. The answer of villagers: growth of illegal constructions on agricultural land*

In La Phù, a large village of more than 9,000 inhabitants, specialized in woolen and confectionery products, the need for production land is pronounced. In 1999, a

project of several small craft production zones was approved by the Commune People's Committee on the site of the "5%" land after conversion of its use. A construction firm was to acquire land from the existing users, to build inner roads, drainage and water supply facilities and an industrial park to rent out land plots on a long-term basis at free market price to craftsmen wishing to settle in this area. Local people refused to have their land expropriated as they believe that the "5%" land are their "property" and that they are able to develop it into a craft production zone without resorting to construction firms that they don't trust and which will resell the land to bidders with highest offer.

The villagers having land in the first zone (Zone A), covering 11 ha, ended up profiting from it after several years. In 2006, they had the approval to change their land status and developed it themselves. But these land plots along the road, very small in size (narrower than 500 m<sup>2</sup>), and not mechanization-suited, are used mainly for trade of confectioneries and do not facilitate the relocation of many workshops in the village centre. Most craftsmen in this zone had to buy several plots from their neighbours to widen their workshops because each family does not hold, in general, more than 100 m<sup>2</sup> of this type of land.

Land belonging to the residents of other villages still did not have the authorization to change its status as local authorities prefer first of all to evaluate the first results of the A craft zone. The land beneficiaries impatient to use their land for mechanized production ended up proceeding to construction without authorization. More than 150 dwellings and workshops illegally built since 2006 without adequate infrastructure for industrial activity have been recorded. In spite of attempts by local authorities to clear them, most of these constructions have been maintained. Rice fields in the surroundings of informal craft production zones, which are normally controlled by the local authorities, were sold illegally for construction of workshop and housing. These craftsmen will have their land expropriated as soon as housing projects are implemented on that land.

In a context where it is expected that all the agricultural land of this commune will be developed into residential areas and an "expanded" craft production zone will be formed, the rush for land with rising price (reaching 30 million a m<sup>2</sup> along the roads in the industrial zone) has become ever stressful.

To have a larger area for craft production, and even for residential purpose, is key for the villagers in this very populated area. The communal authorities apply the official policies of widening residential space to accommodate several households living in houses shared at least by three couples. New areas are thus set up in the village surroundings and encroach on the agricultural land. However, little is made to widen the space of industrial production, and especially the procedures are very slow as they are related to land speculation. In La Phù and Bát Trảng, several large enterprises have to resettle tens of kilometres away for an area of thousands of m<sup>2</sup>, whereas their agricultural land are sold by auction to property developers!

## 2. Multi-activities pattern, the functions of craft villages questioned

### *a. Agriculture: an asset for households with multi-activities in craft villages*

Most of the villages in the Red River Delta are self-reliant regarding rice. Their agricultural land, though limited in size (1/8 ha on average in the surveyed villages in Hanoi periurban area, as compared with 1/3 ha on average in the delta in 2002), provide them all or part of family cereals supply. The trading represents a tiny share in this process.

In craft villages, craftsmen function with a system of subcontracting of many villagers who are also involved in agriculture. This system of production relies on a wise marriage of convenience among craft industry, petty trade, intensive gardening, livestock keeping and agriculture of subsistence. The small employers in craft villages count on these income sources to offer wages lower than those in downtown. According to Mr. Digregorio (2009), the families most affected by agricultural land expropriation are the young couples who do not have sufficient family labour to multiply income opportunities. This is likely to challenge the financial balance of multi-activities households and to jeopardize families who do not have many income sources apart from agriculture. The land is also used as collateral for bank loans to invest in the craft industry as a considerable capital.

Two types of craft villages are thus distinguished:

- Villages which live mainly on craft industry.

The mechanization and development of craft production have caused villagers to give up agriculture. In order to keep their land, they rent it out to farmers from neighbouring villages. It could be suggested that the agricultural land diminution does not affect them. Even if these villages are very industrialized and a majority of the population live on craft industry, they still depend on a sub-contracted labour force working at home. Once the labour force is unable to ensure its rice self-reliance, it could cause all the system of production based on the subcontracting of local labour force and seasonal employment, an extremely flexible and informal employment to collapse. Along the production chain - from the beginning, the suppliers of recycled raw materials, such as metal or paper collectors, paper sorters, spinners, garment dyers to paper benders, votive paper printers, etc. - a host of family households are involved seasonally, depending on the orders and market fluctuations. These thousands of households, clients of large enterprises from the beginning to the end, take part in the system and make a great product diversification. These full-time enterprises while working with sub-contractors on a seasonal pattern also depend on agriculture.

- Villages where craft industry provides a supplement beside agriculture.

The agricultural land, mainly rice-growing land, ensures that family is self-

reliant regarding cereal consumption. Rice is sold in limited volume as surplus is hardly available. It ensures food security in the event of a sales slump or temporary unemployment of subcontracted small craftsmen. If agricultural land provides only an additional income to the villagers, it helps keep population on the site, together with craft industry and limit migration to the cities. As soon as agriculture disappears, secondary craft activities such as basket making, embroidery or produce processing would not be able to keep the villagers in their village.

Little is mentioned in the first versions of Master Plan 2010 about the conditions in which the area between Ring Roads 3 and 4 will be urbanized. This currently periurban and densely populated area is home to many craft villages, notably in Hoài Đức and Hà Đông districts, the place of famous ancient silk production cluster.

According to a JICA/MARD survey conducted in 2003 on craft villages, about twenty villages existed in these two districts. Organized in clusters and specialized in food processing, carving and textile, they employed more than 40,000 full-time people. Very dynamic and geared to both domestic market and exports at the same time, these highly populated villages suffer from land shortage to expand their production. Up to 2030, they will have lost all the agricultural land and will have to reorganize their production space and to find ways to address the lack of agricultural land.

*b. The destruction of connection among cluster villages*

The cluster villages maintain close bonds founded on recruitment of labour force or subcontracting of work, sales of materials and finished or semi-finished products, exchange of know-how, technical, trade or transport services and land rental. These bonds occur within a connection network made of roads of various size such as inter-village roads and dike roads hardly accessible to cars on which all types of vehicles can be seen running.

The on-going urban projects on agricultural land of these villages are not part of an overall planning developed in consultation with relevant property developers and services, and even less with the the population approval. They are individual projects, approved case by case by the provincial authorities, without any rationale other than that for property developers which is the proximity of the main roads and a quick return on investment. In this way, motorways, residential quarters and industrial parks cross village surroundings, isolating them and breaking irrigation and drainage network and destroying the inter-village connection arteries. The press has run headlines on many problems encountered by residents of such as villages isolated by a golf course, and villagers must travel several kilometres to get to neighbouring villages, or can no longer easily access their fields located on the other side of the motorway or there are such problems as a funeral going at its own risks and dangers to the cemetery burying a grandparent! The enlarged Hanoi project is laden with numerous space-consuming roads and large motorways. Some of them do have their *raison d'être* of creating a

metropolis to join in the globalized world while most are likely to disrupt all the existing local development dynamics of the villages which were until then quite dynamic.

*c. Irrigation network failures and floods*

Large urban projects affect irrigation and drainage networks. Several problems emerge: impact of constructions on embankments, the closing of certain canals, the construction of large motorways which, due to lack of sufficient pipes, limit the natural drainage and the dispersion of the agricultural land stuck in between various projects. These problems affect residents' daily life and their agricultural land and the village surroundings are more easily flooded during rainy season, thus limiting the agricultural output.

Residential and industrial areas are built on embankments to protect from the risks of flood. However, these platforms are raised with one metre higher than the village's ground. When it rains, the villages below these large urban platforms suffer even more of the floods. Normally, it is stipulated in the protocols governing the construction of these communities and other industrial projects that the property developers are supposed to develop a system of drainage around the villages to protect them. According to an official in charge of agriculture of one of the districts most affected by urban development, such network is not yet made available. The only activity performed to limit the damage is temporary pumping, using large machines to reduce water logging.

Some officials in charge of the agriculture claim that as long as their district will not become completely urban, the management of agricultural land will be difficult and the protection of the villages incomplete. It is up to relevant services to proceed to an overhaul of the water resources management, especially the drainage; while waiting, it is expected that the participation of the private property developers will be minimal. The privatization of urban planning will have serious consequences on the maintenance of public services because the property developers seek the short-term return on their investments in property.

In addition, the dysfunctions of the irrigation network affect the cultivated area. Some irrigation canals are congested and water does not arrive any more to the fields, and those stuck between several projects no longer have access to irrigation water. Farmers are compelled to abandon them and do not receive the necessary compensations.

In Hoài Đức district which is highly tempting to urban and road developers, a petition has been signed by residents to complain about the situation. A tenth of the irrigated area has been affected. In Kiều Ky, a project of craft production area was approved in 2001. In 2007, the ground clearance was performed, but in 2008 the project was halted. A canal which irrigated the area was to be cut by the project development, thus affecting the irrigated agricultural land. A village head had to fight so that the canal is maintained as long as the industrial project has not been implemented and that cultivation is maintained on agricultural land (Dubiez B. & Hamel C., 2009).

### **3. Discrimination against newcomers: risks and assets**

#### *a. Areas prone to social division risks*

The mixture in these rural areas, where intensive agriculture (vegetable production), craft industry or manufacturing and urban style housing intermingle, makes the management more difficult as stakeholders outside the village intervene with financial facilities and a political support by far superior to those of local population. The land disputes are ruled to the disadvantage of the people, the least involved in the political system, which challenges the village cohesion. After the collectivist period, social differentiation accelerates in the most dynamic villages. The agricultural land redistribution to village families which took place every 20 years now do not take any more into account the young people born after 1993.

The influx of a temporary labour force in the largest villages creates many problems. Living far from the village centre in over-populated dormitories or makeshift dwellings and poorly integrated in daily life (the non-residents cannot join voluntary associations), the workers, often young and unmarried, are stigmatized. In Lai Xá, a village of the photographers, recently merged into the chief town of Hoài Đức district, 10 kilometres away of Hanoi, 2,000 migrants have settled. The majority of them are students and workers of the new industrial park. As many as 76 families have changed their occupation to running rental rooms and dormitories. Meetings were organized to explain to these renters and the young people of the villages how to behave with the newcomers who henceforth make up half of this local population (Museum of Ethnology of Vietnam, 2008).

In the villages close to the capital, which have lost the whole of their agricultural land to residential, road and industrial projects, the spectre of unemployment starts to loom and threaten a dark future to people aged more than 35-40. The land compensation spent on construction, children schooling or purchase of a motorbike does not enable them to be change their career. And yet, the government had announced large vocational training projects to ensure that villagers can land another occupation. Most studies carried out in the first generation of villages merged into the capital showed little impact of these projects of occupation shift for they're badly targeted and without financial means of support (Nguyen Van Suu).

#### *b. Industrial parks and the announced death of subcontracting in a number of sectors*

With the creation of industrial parks, a number of the clients have managed to scale up their production and seek to control a greater part of the production chain. For some managers of basket making industry, this system of subcontracting harbours many disadvantages, in particular the difficulty in controlling the quality of work, of raw materials used and of production deadline. Rather than sub-contracting the whole manual part of a product, they recruit young poorly trained and underpaid workers from remote provinces to carry out the entire production process under their control. This

phenomenon has spread since 2008, in the neighbourhoods of Phú Nghĩa and Đông Phương Yên and in the lacquer village of Hạ Thái. In 2004, there were still just a few large enterprises along the national road 6. By then, most of the production process took place at village households.

The large sized enterprises recruit hundreds of workers who weave, rub, varnish, carve out and put the final touches before packing. It is the beginning of “modern” industrialization in search of standardization and the first manifestations of the end of a system of subcontracting which employed thousands of villagers in this province for centuries.

Once the craft making zone operational in 2001 gathering the ten large enterprises of the village, it is expected that the bag makers of Kiều Kỵ village will lose their occupation to poorly paid workers from remote provinces, who work full-time in these new factories. The craftsmen are hesitant in landing a full-time job at the factory because that does not enable them to ensure in parallel the agricultural and house work and also because the wages are low. In addition, the owners of these companies give priority to recruiting a young labour force, trained on the job and who are not ready to claim their rights. Hardly is villager aged more than 35 recruited.

In fact, the whole principle of cluster is affected, and in particular the transfer of know-how within the families, the use of most qualified craftsmen and the flexibility of a system adapted to the seasonal variations of orders.

## Conclusion

In the densely populated peripheral areas of Hanoi, fast changes in land use have been occurring since its recent extension. The integration of Hà Tây Province, the implementation of Master Plan for the development of the capital up to 2030, the large urban and industrial projects and the construction of a modern motorway network connecting Northern Vietnam to China and Hải Phòng harbour, demonstrate the government will to secure the means to put Hanoi on a par with Asian metropolises and to enhance urbanization amid the globalization.

However, the existing production system in villages of these over-populated peripheral areas is based on multiple uses of spaces and multi-activities patterns associated with irrigated rice growing, the mainstay of the Red River Delta. That production system which can nourish the population is at the origin of a process of an extremely active *in situ* urbanization which is characterized by rising concentration of residents and an activity diversification in rural townships. The improvement of living conditions in peripheral villages can be seen in the development of self-construction by villagers in every which way, sometimes illegally on the agricultural land, in the absence of the authorities’ approval to change land status.

Two logics clash in an unequal way: the large urban projects of private and semi-public property developers, set up with government support, are based on a zoning of areas (residential, industrial and entertainment areas) connected by a dense road network and the privatization of the various entities, a symptom of the government deficiency in managing them. This future “modern” capital eager to attract foreign investors and to meet the demand of the middle class by offering them living conditions of international standards barely fits its rural and densely populated environment.

*Thus, new ‘global spaces’ exist side by side with ‘local spaces’ (McGee, T., 2009)*

On the opposite side, a series of village initiatives, badly coordinated, not recognized by the authorities - the rural areas being labeled as passive and undoubtedly for that they have local government with extremely weak powers – seek to make up for the lack of attention to the rural population and to meet the increasing need for residential and productive space and for facilities provided by the provincial government. Unplanned and very individualized, this urbanization at “low price” (Denis E., 2006), or “invisible” (DiGregorio Mr., 2003) suffers from many management dysfunctions and deficiencies. The environmental issues caused by concentration of badly equipped, badly managed craft and industrial enterprises have been raised.

The diminution of agricultural area will not only cause employment problems and but also increase the food cost of villagers. The concreting of ground and the disappearance of agricultural land will exacerbate floods and this occurs in spite of the expectations of the Master Plan to maintain many green areas, which can hardly be fulfilled. The clearance of agricultural land in the villages where large development projects will be established is likely, in the short run, to create considerable social and spatial gap in this new patchwork, the result of the city being split into several centres, if local people do not manage to change their careers and to benefit from part of land rent.

The liberalization of land use thus rings the knell of the promotion of rural industrialization policy as initiated in the craft villages clusters, in spite of its employment and production capacity. Are the withdrawal of government from rural development and the sale of land at low prices to private property developers - the majority of them being foreigners, the price to be paid so that Hanoi can rise to be on a par with the world’s capitals?

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*Cover photos:*

*Photo 1 (above): Trương Hoàng Trương, industrial area, Vinh Loc A, Binh Chanh district, Ho Chi Minh city, May 2006.*

*Photo 2 (below): Patrick Gubry, new urban area, district 2, Ho Chi Minh city, November 2008.*