The transition of dairy farming in Vietnam from semi-subsistence to commercial systems

Jean-Daniel Cesaro, Guillaume Duteurtre & Nathalie Hostiou
Sector policy transition: evolutions of models

- Cooperative agriculture
- Tenure contract
- National Dairy Development Strategy
- Industrialisation of dairy sector


State Farm
Family farming
Entreprise, mega ferme

Ba Vi State Farm (1960)
Family farms (2000s)
Farm TH Milk (2015)
Vietnam National Dairy Policy
Toward Greater Food Self-Sufficiency

Milk production & import since 1961


Tons

Millions

1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0

1975 End of Vietnam War
1986 Starting Doi Moi
1994 End US trade embargo of Vietnam
2000 Bilat. Trade Ag. Vietnam - USA
2007 WTO membership

VN PRODUCTION

VN IMPORT

VN Dairy Self-Sufficiency 2001 : 10 %
2013 : 32%

VN Dairy National production
2001 : 0.1 MT
2013 : 0.5 MT
Price one liter of fresh milk at supermarket in Vietnam & USA

- **Era of protected market economy**
  - State Fixed price

- **Era of competition market economy**
  - Semi free-price

<table>
<thead>
<tr>
<th>Year</th>
<th>Prix de vente Vietnam (USD)</th>
<th>Prix de vente Etats-Unis (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **2007**: WTO
- **2008**: China Melamine crisis
Political adjustment & Sustainability of production systems

How are the policy strategies for import reduction and sectoral development translated into sustainable development issues?

Can small, medium and large farms respond to all the issues of sustainable development?

Is there a good dairy production model in Vietnam capable of being productive, competitive, providing employment in rural areas without risking damage to the environment?

What can we learn from the example of Vietnam in terms of the coexistence of production models?
Restructuration of dairy herd: the reality behind ideology

Agriculture Census

Hypothetical projection

- [1000 & +]
- [300-1000]
- [100-300]
- [30-100]
- [10-30]
- [2-10]
- [1-2]
Dominant and growing
Small-scale dairy family farming in Vietnam

Dairy herd by district
Ba Vi dairy territory: a symbiosis of actors
Development of the dairy value chain in Bavi: diffusion outside the farm

State Economy

Ba Vi State Farm

Integrated marketing syst.

Indirect sales

Consumers

1990

Market after Đổi Mới

Gvt collection system

Privat. coll. center

Indiv. farm

Milk bars

Dairy factories

Concentration

Consumers

2005

Recent Industrialization

Gvt collection system

Privat. coll. center

Industrial farm

Indiv. farm

Milk bars

IDP dairy factory

Official « Ba Vi » TM

Consumers
Phó Thủ tướng Lê Thanh Nghị

Lãnh tụ Fidel Castro
Location of dairy holdings surveyed by types in Bavi (2014): specialization inside the State farm
Milk Farms typology and performances in Bavi (2014)

Source: Pham Duy Kanh et al., 2016
Following the Pham Duy Khanh (IPSARD) on going work

Renc. Rech. Ruminants, 2015, 22
Mega-farms hypothesis: a solution to the lack of new space?

Dairy herd by mega farms
TH Farm: clusters & cow barns

- Cluster 1: 5000 cows
- Cluster 3, 4, 5: 10,000 cows
- Cluster 2: 2500 cows
- Cluster 6: 2500 cows
- Head quarter: 1500 cows

Quarantine zone
Cluster 4: 3500 cows

- Water treatment
- Manure treatment
- Cluster of bans
- 500m
Is such a large-scale investment sustainable?

Work force

Pollution

The Revalter project
Multiscale assessment of the livestock development pathways in Vietnam

The TH milk company (Vietnam)
Is such a large-scale investment sustainable?

Report of a visit conducted in Nghĩa Đàn District (Nghe An Province) on July 2nd, 2015 completed with a literature review

Guillaume DUTEURTRE
Jean-Daniel CESARO
NGUYEN Mai Huong
PHAM Duc Khanh
NGUYEN Ngoe Luan

Oct. 2015
Concentrated dairy production is always linked with state land tenure management.

**Historical trajectory**

- **Colonial concession**
- **VN Political decision**
  - Dairy State farm
  - Dairy family holdings
  - Medium farms
    - 30 locations
  - Mega farm
    - 10 locations
  - No dairy
    - More than 100 locations
Limited land for mega-farms, what’s next phase of development?

• **Mega Farm development** not sure and not enough secure for financial investment

• **Coexistence and holdings diffusion** around mega-farms? How TH milk can provide technical assistance to small holders?

• **Private cooperatives** development to support small and medium scale holdings

• **Reparcelling land tenure**, complex issue supported by new policies 2016
Thank you

Vinamilk family holdings in Cu Chi (HCMC)