Vietnamese policy on milk cow raising development

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Content

- Development of milk production in 2001-2013
- Driven factors of milk cow development
Development of milk cow in Vietnam

• Introduced in Vietnam in 1920s in HCM city
• Before 1986, only state farms
• After 1986, family breeding starts
• In 2000, private farms encouraged
• In 2001, government policy on milking cow development
Development of cow raising in Vietnam

In 2001-2013
41000 cows to 186000 : GR of 9.8%/year
Milk prod: 65 thsd tons to 456 thsd tons: 10.2%/y

Structure of herd: 90% crossbred; 10% exotic in 2011
Growth of dairy productivity per cow

GR of milk productivity: 4.8%/y at national level
HCM city: 5.5 tons/cow/year (15.5kg/day)
VNFuturemilk; 26 kg/day
TH TrueMilk; 30-40 litters/day
Distribution of cow herd

- 2001: 12 provinces
- 2005: 33 provinces
- 2013: 44 provinces
Diversity of production models

• Breeders: HH (200thsd), farm, mega-farm (company)
• Diversified forms of linkages
  - Independent HH
  - Link between HH and company
  - HHs are members of company
  - Concentrated company: breeding, processing, commercialization,
Breeding scale increasing

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 100 cows</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td>14</td>
<td>12</td>
<td>16</td>
<td>11</td>
<td>7</td>
<td>9</td>
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<tr>
<td>50 – 99 cows</td>
<td>12</td>
<td>16</td>
<td>37</td>
<td>42</td>
<td>40</td>
<td>40</td>
<td>44</td>
<td>79</td>
<td>104</td>
</tr>
<tr>
<td>20 – 49 cows</td>
<td>161</td>
<td>211</td>
<td>352</td>
<td>471</td>
<td>571</td>
<td>610</td>
<td>728</td>
<td>934</td>
<td>1097</td>
</tr>
<tr>
<td>10 – 19 cows</td>
<td>961</td>
<td>1236</td>
<td>1517</td>
<td>1730</td>
<td>1984</td>
<td>2022</td>
<td>2087</td>
<td>2359</td>
<td>2532</td>
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<tr>
<td>5 – 9 cows</td>
<td>2630</td>
<td>2984</td>
<td>2978</td>
<td>3248</td>
<td>4017</td>
<td>3870</td>
<td>2954</td>
<td>2831</td>
<td>2836</td>
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<tr>
<td>&lt; 5 cows</td>
<td>4956</td>
<td>4403</td>
<td>3783</td>
<td>3039</td>
<td>2284</td>
<td>2183</td>
<td>2302</td>
<td>2072</td>
<td>1774</td>
</tr>
</tbody>
</table>

- **< 5 cows**
- **5 – 9 cows**
- **10 – 19 cows**
- **20 – 49 cows**
- **50 – 99 cows**
- **> 100 cows**
Driven factors
Increased consumption

17 l/ per/ y vs 35 l in Asian area
GDP per capita increase: 13%/year

Change of milk consumption thanks to publicity of dairy companies
High profit of milking cow

- Profit of 37% in 2010 in Tien Giang (excluded family labor) (Phi Van, 2012)
- Higher so much than other agriculture activities: poultry, rice, pig (1 cow = 106 pigs)
- In HCM city in 2013: profit rate 2.0-27%
### Higher scale, higher profit rate

<table>
<thead>
<tr>
<th>Raising scale</th>
<th>cost price (VND/kg)</th>
<th>profit (VND/kg milk)</th>
<th>Profit rate (%)</th>
<th>Annual profit (thsd. VND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 cows</td>
<td>12747</td>
<td>253</td>
<td>1.9</td>
<td>2.7</td>
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<tr>
<td>5-9 cows</td>
<td>10714</td>
<td>2286</td>
<td>17.6</td>
<td>47.9</td>
</tr>
<tr>
<td>10-19 cows</td>
<td>10713</td>
<td>2287</td>
<td>17.6</td>
<td>96.0</td>
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<td>20-49 cows</td>
<td>9493</td>
<td>3507</td>
<td>27.0</td>
<td>367.8</td>
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<tr>
<td>50 cows +</td>
<td>9490</td>
<td>3510</td>
<td>27.0</td>
<td>736.2</td>
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</tbody>
</table>
Important of milk companies

• Several milk companies established and buy milk;
• Linkages with cow HHs: contract, supporting HH in extension services, veterinary, artificial insemination, credit in cow,…
• Publicity for milk consumption

• 2001 Gov Decision on strategy for developing milk cow breeding: objective, orientation, supporting measures

• Provinces: programs on milk cow development with supporting measures

• 2010: strategy for livestock dev. to 2020, Including milk cow breeding

• 2010: strategy for developing of dairy industry to 2020, 2025
2. Restructuring and privatization of state farms

- 2005, policy of restructure of state farms:
  - Assign land of state farms to HH, establishing joint stock company, HH are members
  - Privatization of state farm
- Higher efficiency after restructuring
3. Encourage company to invest

- Milk cow breeding is particularly preferential sector
- Preference on income tax of enterprises: less income tax level, exemption in some years;
- Preference of tax on land use (lower, exemption)
- Favorite for company in rent land (37000ha for TH True milk)
Encourage company to invest

- Supporting on human training, marketing, technology application,...
- Supporting for livestock infrastructure (250000 usd) (electricity, road, environmental treatment equipment,...)
- Money support for import exotic cow and high productivity (HF)
- Encourage contracting and linkage between HH & company (Vinamilk: 5000hh, 65000 cows; FrieslandCampina Vietnam: 30000 cows)
4. Improvement of cow herd

- Most is local, cross-bred cows (F1, F2, F3)
- Low milk productivity
- Produce, import cow sperm of high productivity race
- Offer freely sperm to cow breeders
- Training technician and service to cow breeders for artificial insemination
- Preferential credit to HH for buying milk cow;
- Import a lot of exotic and purebred cow (2014, Vinamilk imported 5000 cows; TH True milk 100%)
5. Support of HH breeders

- Support for vaccination, disease test,..
- Training extension agent, veterinarians at grassroots level,
- Training programs for breeders: feed use, caring, veterinary care, grass cultivation, milking,...
- Demonstration models
- Preferential credit or subsidy of interest
Conclusion

- Fast development of VN milk cow breeding in last decade;
- Important role of government policies
- VN continue to support milking cow breeding to have 500000 cows in 2020 (satisfy 38% of domestic demand)
THANK YOU!

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