

# AN ANALYSIS THE VALUE CHAIN OF FRESH MILK IN THE NORTH OF VIETNAM



## THE CASE STUDY IN SONLA



# CONTENT OF PRESENTATION

- ◆ Introduction
- ◆ Context
- ◆ Empirical research
  - Methodology
  - Results
  - Conclusion
- ◆ Policy recommendation

# OBJECTIVE

- ◆ Analyze the value chain of fresh milk: how formulate? Who are actors? Their role? How value added are distribute?
- ◆ Suggest some policy implications to improve the value added and benefits of farmers and other actors in the fresh milk chain in Son la in particular, and in Vietnam in general.

# RESEARCH QUESTIONS

- ◆ How do the milk chain formulate?
- ◆ What are roles and linkages of milk actors? Who is the key? What is the role of farmers?
- ◆ Is there a suitable distribution of value added in the chain?
- ◆ Do the farmers benefits? How can encourage them?

# Context of the study

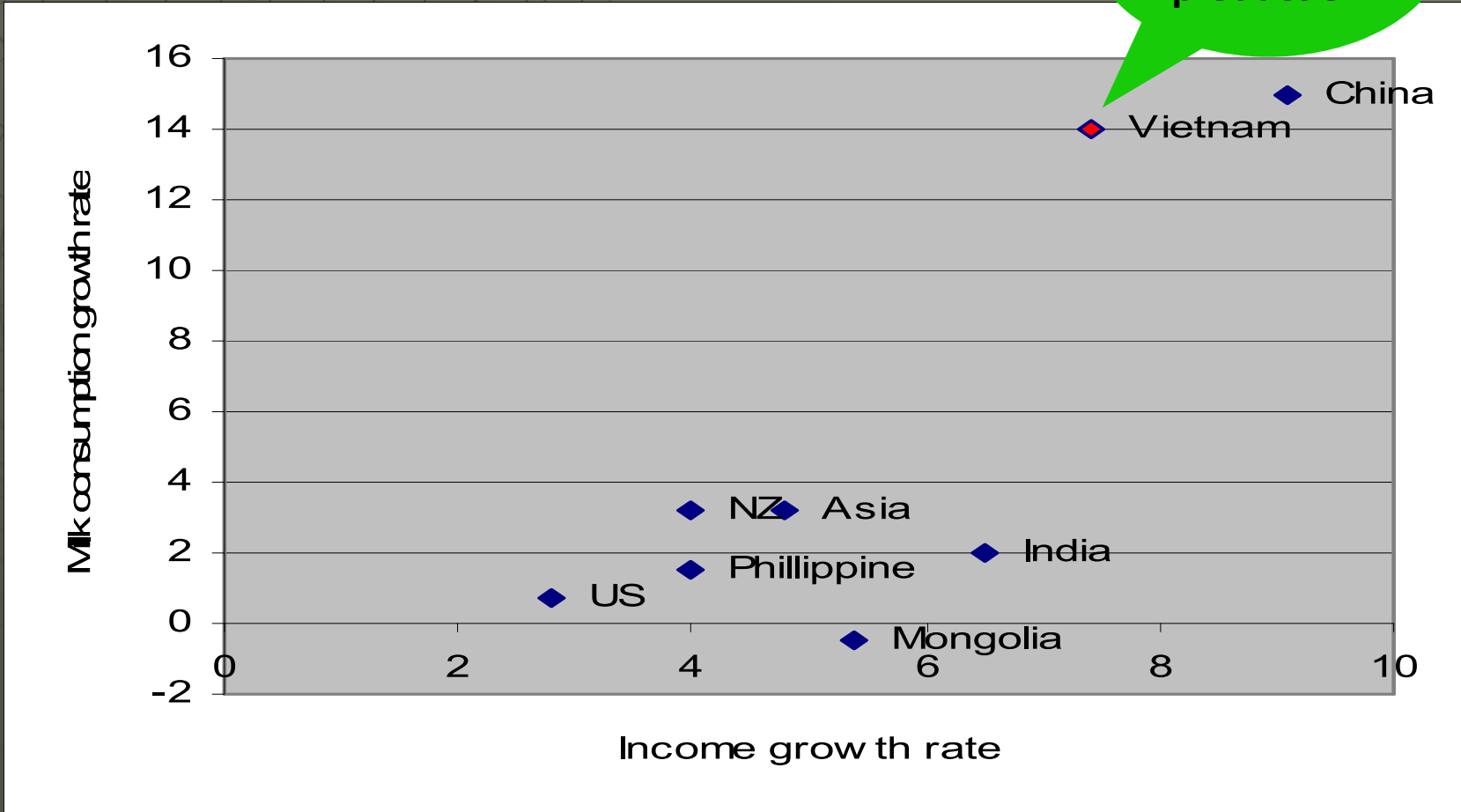


- ◆ Dairy is becoming important in VN:
  - Customers: nutrition and health;
  - Producers: employment, stable income, utilised fodder and agricultural by-products.
- ◆ Milk production could not satisfy the rapidly increase in milk consumption →
  - VN imported a large quantity of milk
  - Depend on foreigners
  - Distortion of market, fluctuated price
  - Farmers' vulnerable



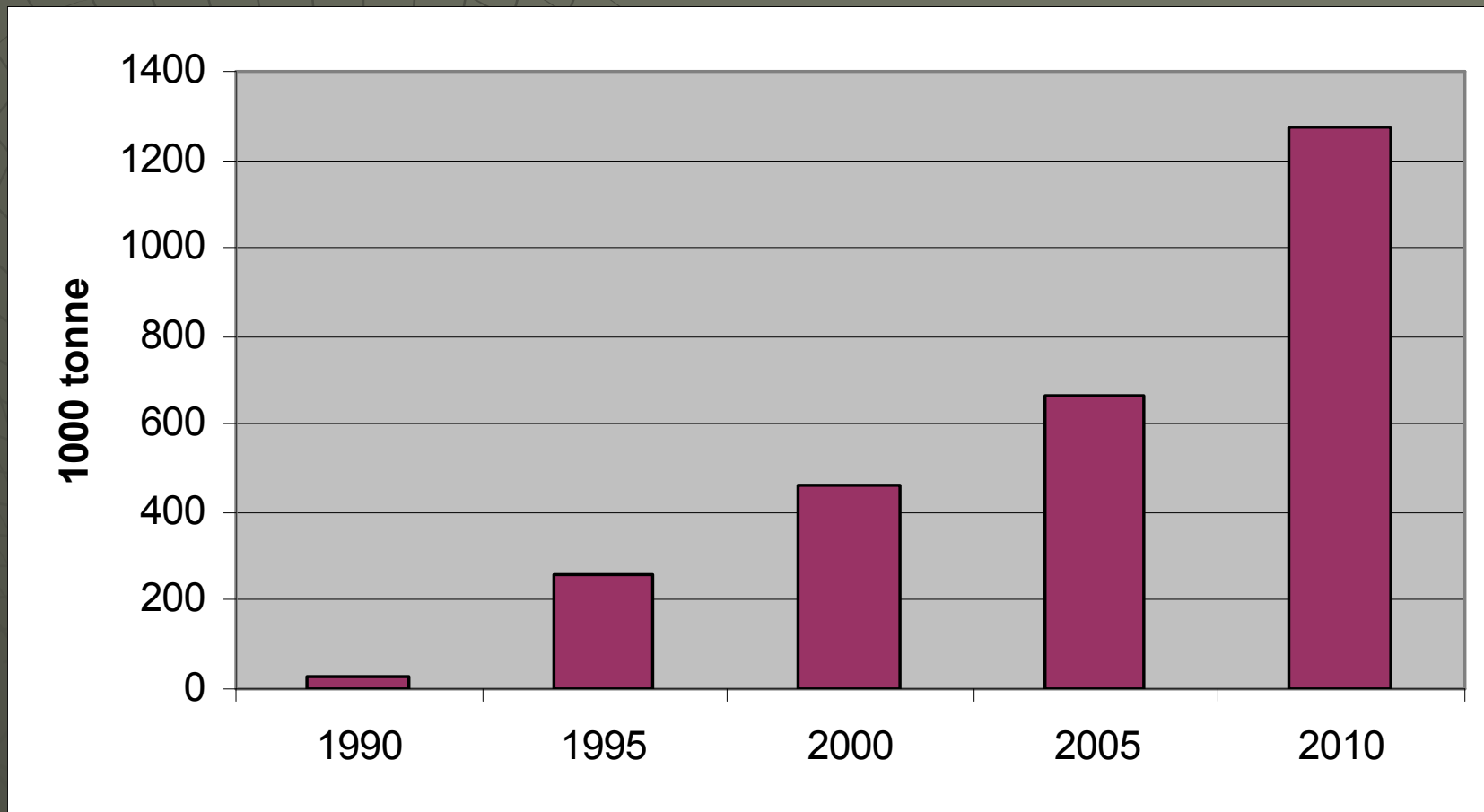
# Increase in Income enhance Milk consumption

Potential for milk production

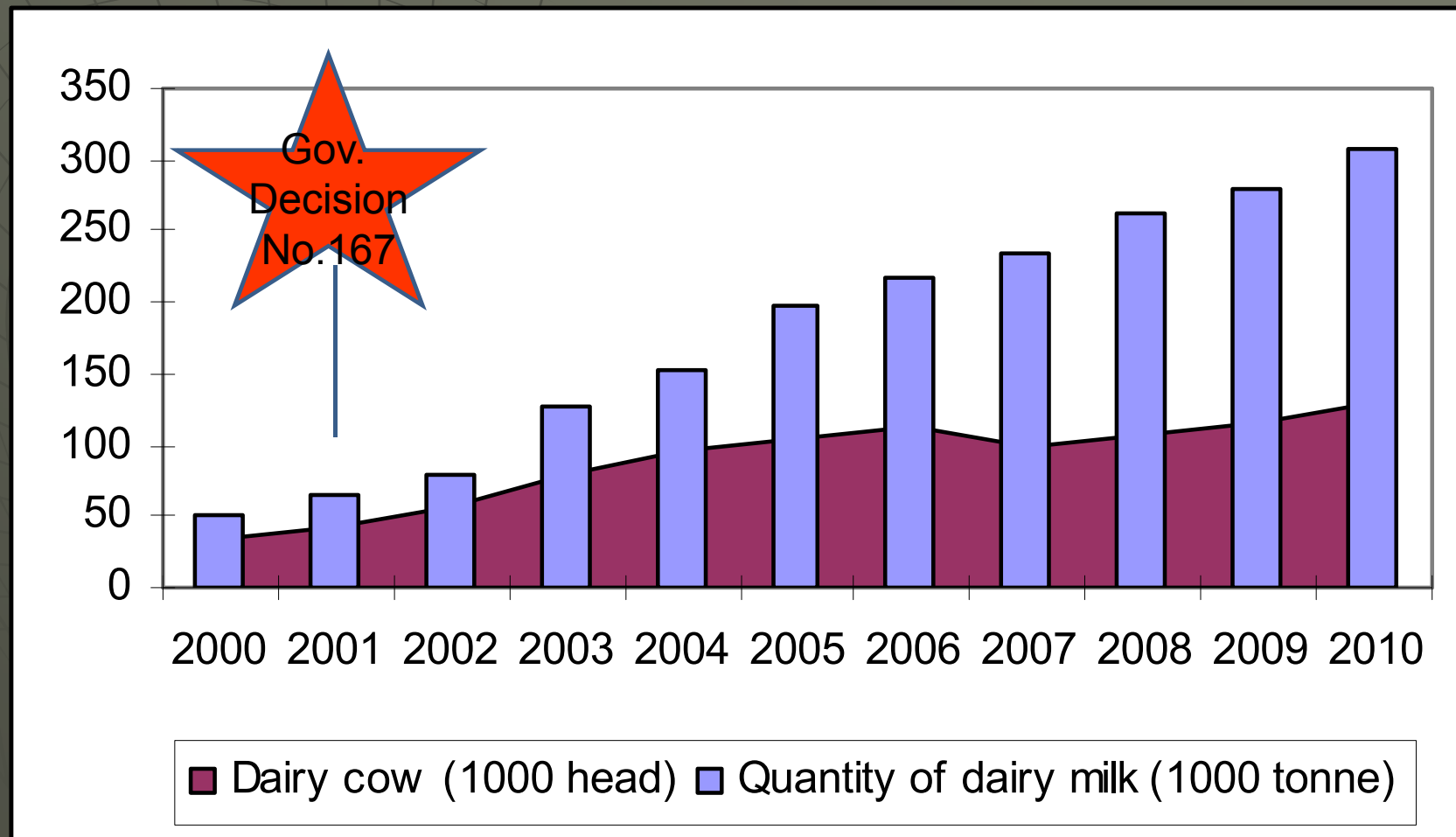


Source: Nancy, 2008

# Milk consumption: increasingly!

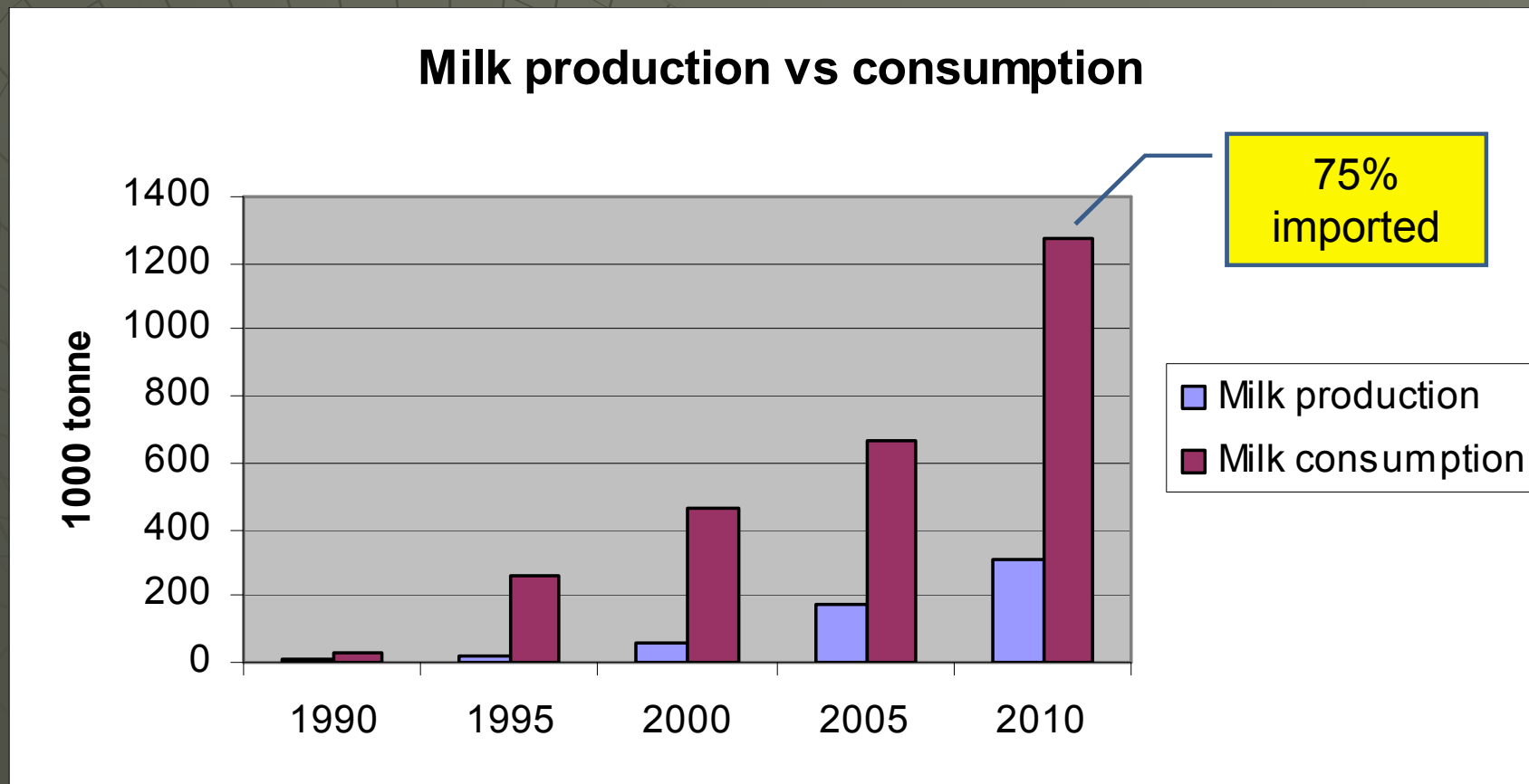


# Steadily Increase in milk production



Source: NIAH, 2011; Nancy, 2008, FAO, 2009

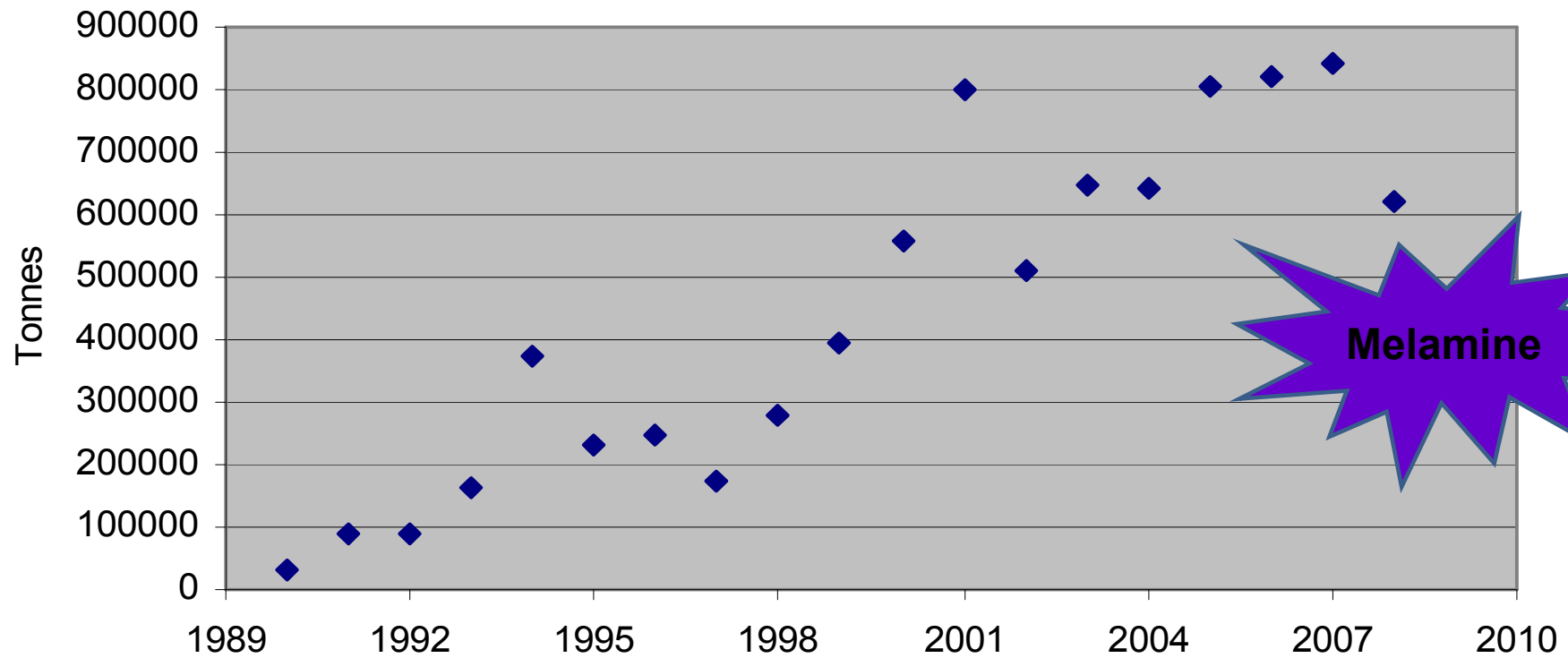
# Production versus consumption



Source: NIAH, 2011; Nancy, 2008; GSO, 2011

# Import quantity of milk equivalent

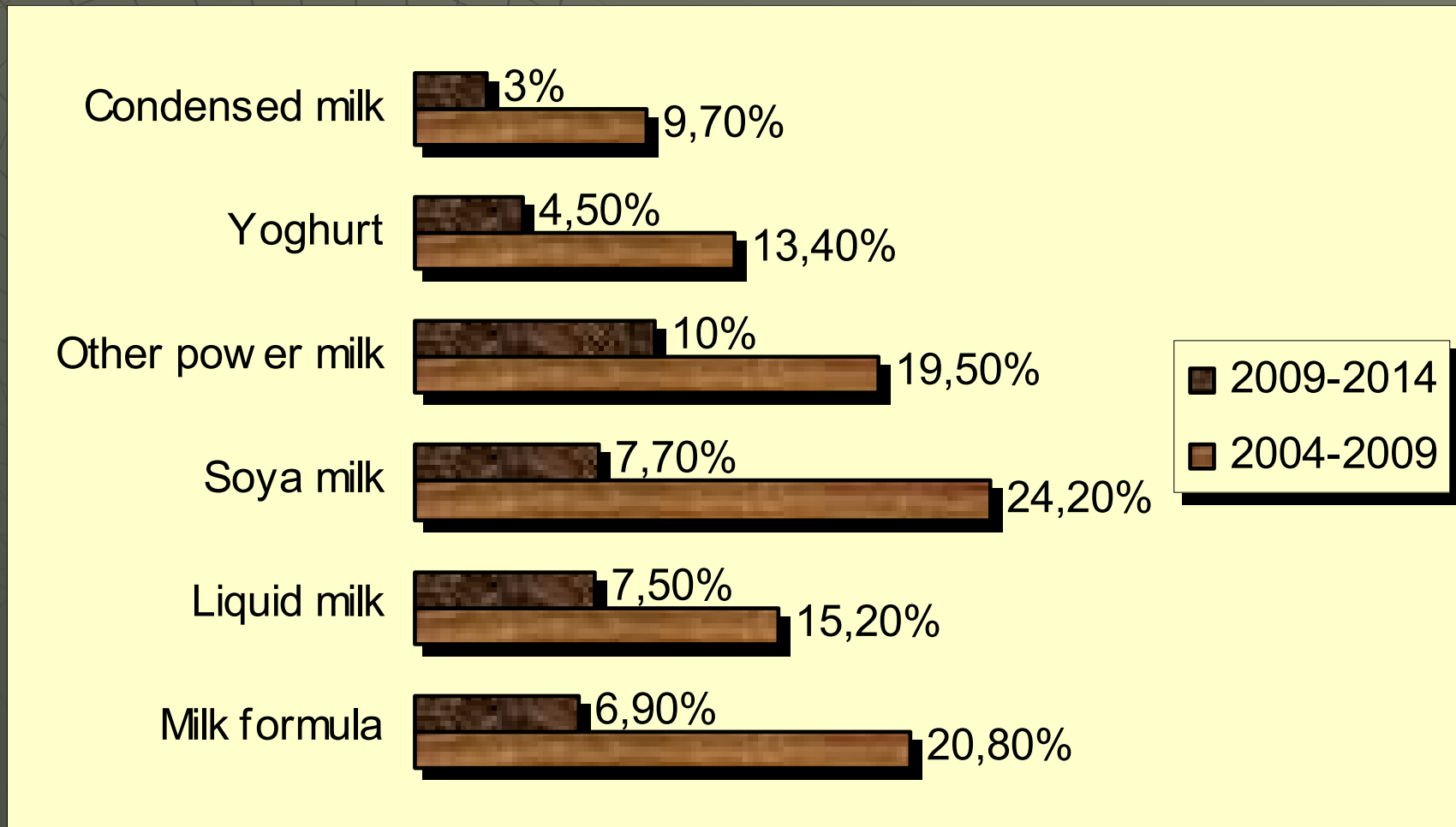
## Import Quantity of milk equivalent in Vietnam



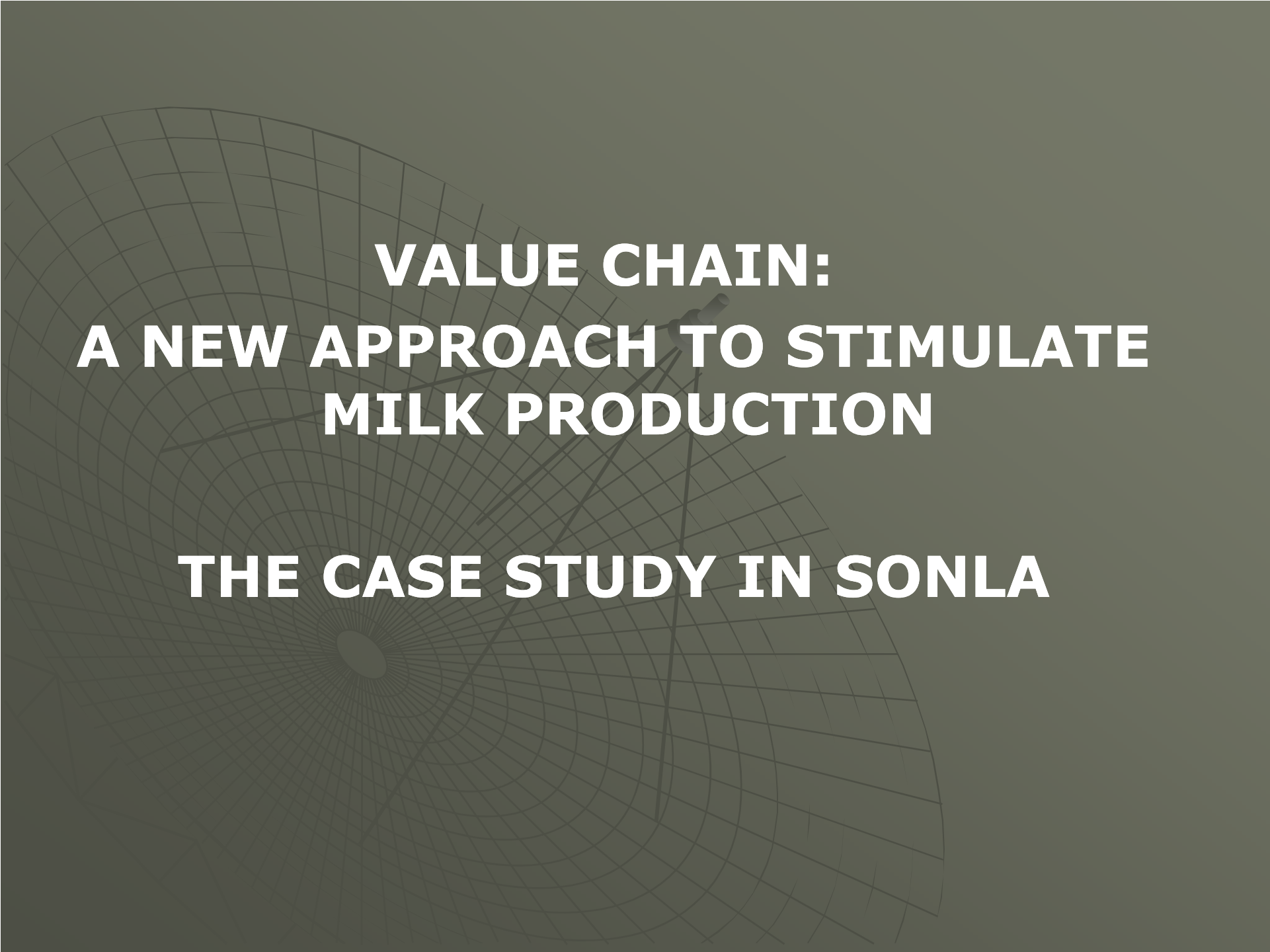
Source: FAOSTAT, 2011

# Prospect of Vietnam dairy milk production

## CAGR of dairy products



Source: HBBS, 2010



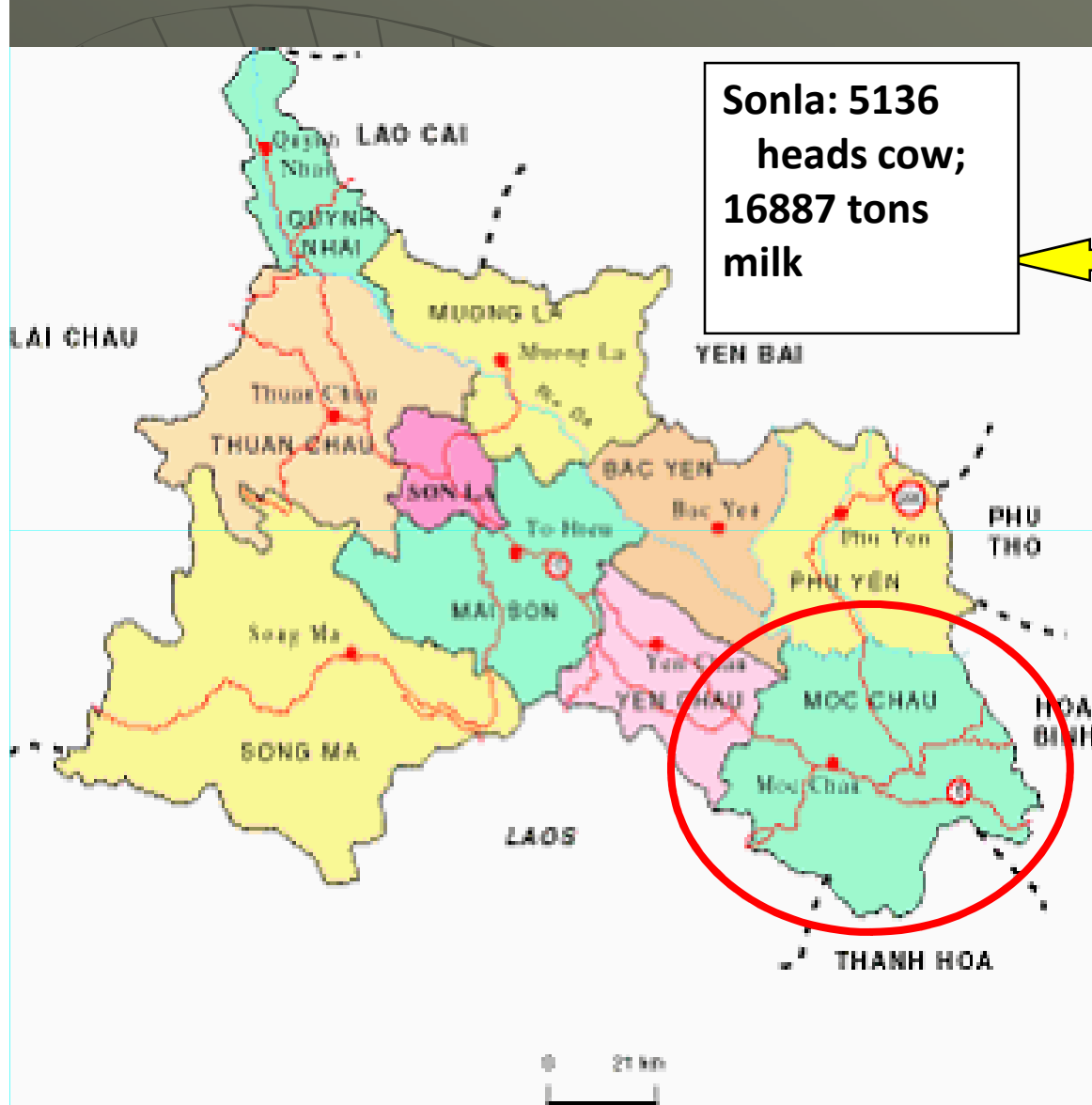
**VALUE CHAIN:  
A NEW APPROACH TO STIMULATE  
MILK PRODUCTION**

**THE CASE STUDY IN SONLA**

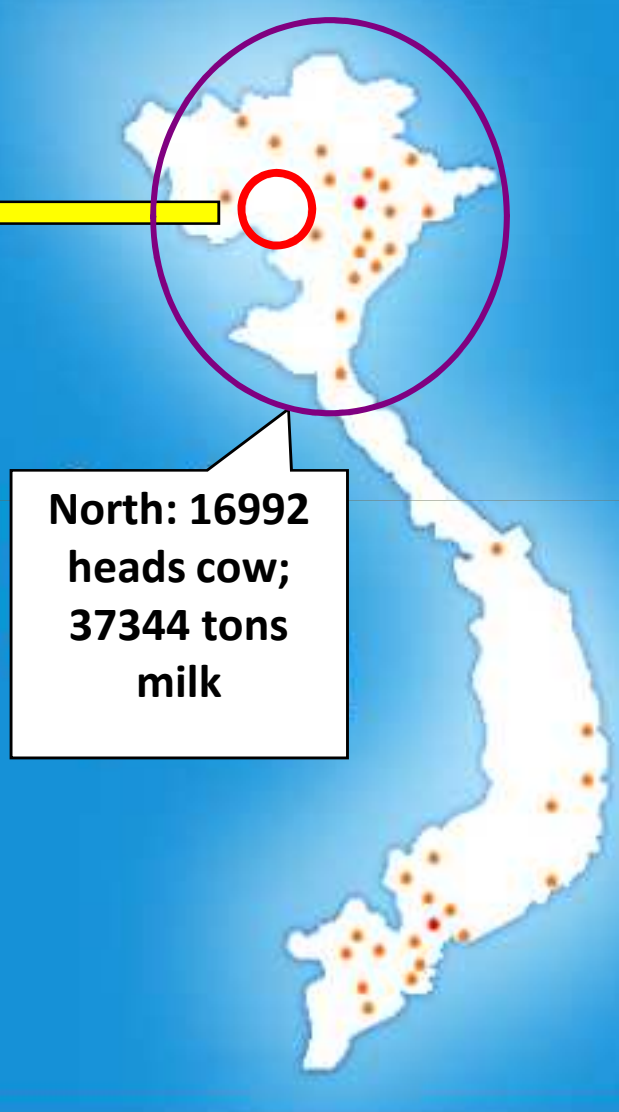
# EMPIRICAL RESEARCH

## Methodology:

- ◆ *Study site: Sonla province, Vietnam*
- ◆ *Data collection*
  - *Secondary data and statistical censuses*
  - *Primary data*
  - *4 field trips during 2008-2010*



**Sonla: 5136  
heads cow;  
16887 tons  
milk**



**North: 16992  
heads cow;  
37344 tons  
milk**

# Milk production

<b>Year</b>	<b>No of HH/ fams</b>	<b>Total head cows (cow)</b>	<b>Fresh milk production (1000 tonne/year)</b>	<b>Average milk yield (kg/cow/day)</b>	<b>Average farmsize (head cow/fam)</b>
2008	503	4,579	12,507.5	16.9	9,10
2009	491	5,735	19,675.7	20.21	11,68
2010(*)	483	6,396	22,111.5	20.38	13,24

\*By the time of survey Oct, 2010

# At farm level

## Farm size

	<b>Total (50 farms)</b>	<b>Large size group (14 farms)</b>	<b>Medium size group (21 farms)</b>	<b>Small size group (15 farms)</b>
<b>Average farm size</b>	<b>13,02</b>	<b>21,29</b>	<b>12</b>	<b>6,73</b>
<b>Max</b>	<b>35</b>	<b>35</b>	<b>15</b>	<b>9</b>
<b>Min</b>	<b>2</b>	<b>16</b>	<b>10</b>	<b>2</b>

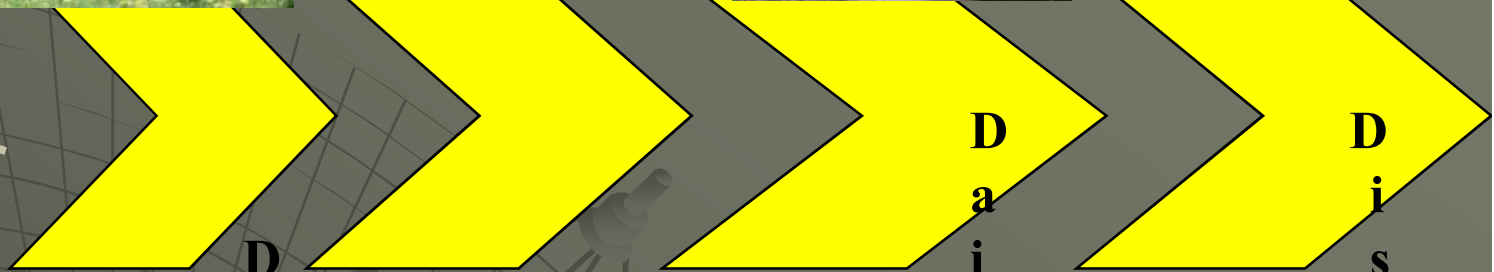
# Larger land area per cow

	<b>Total</b>	<b>Large size group</b>	<b>Medium size group</b>	<b>Small size group</b>
Average land area	<b>2,289</b>	<b>3,4</b>	<b>2,099</b>	<b>1,52</b>
Max	<b>5,55</b>	<b>5,55</b>	<b>3,23</b>	<b>2,63</b>
Min	<b>0,77</b>	<b>1,79</b>	<b>1,25</b>	<b>0,77</b>
Average land area/head	<b>0,191</b>	<b>0,16</b>	<b>0,174</b>	<b>0,242</b>
Max area/head	<b>0,56</b>	<b>0,222</b>	<b>0,269</b>	<b>0,56</b>
Min/head	<b>0,11</b>	<b>0,11</b>	<b>0,124</b>	<b>0,137</b>





# Turnover



**Additional turnover (USD)**

**0.4526-0.4739**

**0.4553-0.4761**

**1.1579-1.2061**

**1.2632-1.3267**

**Share (%)**

**34.1-35.7**

**34.3-36**

**87.3-91**

**95.2-100**



**Value added**

**D**  
**a**  
**i**  
**r**  
**y**

**M**  
**i**  
**l**  
**k**

**D**  
**a**  
**i**  
**r**  
**y**

**D**  
**i**  
**s**  
**t**  
**r**  
**i**

**Value added (USD)**

**0.168-0.215**

**0.024-0.050**

**0.249-0.356**

**0.116-0.211**

**Share of value added (%)**

**19.22-24.6**

**3-6**

**28.5-40.7**

**13.3-24.1**

**r**  
**s**

## 5. CONCLUSION

- ◆ Dairy plan is the most powerful actor in the chain and it drives the whole chain.
- ◆ The value added of the chain are distributed unequally among determinants in the bias orientation to the non-farmer (non-producer)
- ◆ Opportunity cost in farmers have not been counted → real value added in farmers must be much lower

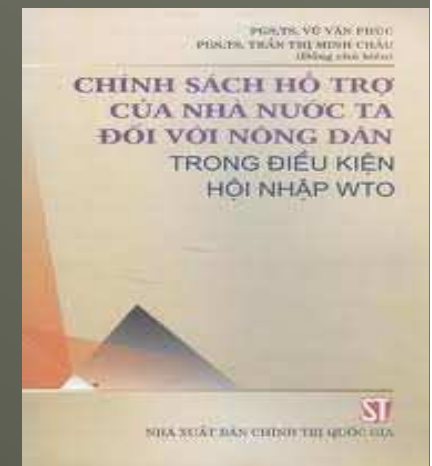




# Policy implication



- ◆ **Role of dairy plan in promoting VA of the whole chain → push up**
- ◆ **Dialogue among participants and stakeholders**
- ◆ **Provide dairy farmer tools to monitor for better dairy production → book keeping, advisor, monitors**
- ◆ **Support from the local and national government**





Thank you for listening !