Value chain analysis of beef cattle feeding systems in Bac Kan province, the Northern Mountainous Region, Vietnam

Preliminary findings

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Introduction

- High demand of consumers in urban areas
- Availability of cattle markets in study site
  - essential opportunities to participate in economic activity
  - high and smooth flow of live cattle
- Considerable development projects of cattle production

Why is cattle production still under-developed?
- Stable/gradually decreasing cattle population
- Reducing cattle herd size in households/stop keeping cattle
Objectives

- To identify actors and distribution systems of live cattle and beef in study sites
- To identify constraints and opportunities for the beef cattle value chain
- To derive recommendations for sustainable development of cattle production in study areas through value chain approach
Selection of tools

- Collection of secondary information
- Household interviews
- Key informants
- SWOT analysis of actors in cattle value chains
- Data processing & analyses
Selection of target groups

- 97 households in three beef cattle feeding systems;
- 5 retailers in live cattle markets in Pac Nam;
- 5 groups of middlemen in live cattle markets in Pac Nam;
- 3 slaughtering houses in Hanoi;
- 2 slaughterhouses cum retailers in Bac Kan;
- 4 beef wholesalers in Hanoi markets;
- 5 beef retailers in Bac Kan and Hanoi markets;
- 4 local authorities.
An overview of the study site
Actors in cattle value chain

Input providers
- Cattle households
- Live cattle intermediary trade
- Slaughtering
- Beef intermediate trade
- Consumption

Service providers
- Retailers
- Middle-men
- Slaughterhouses
- Beef retailers
- Beef wholesaler
- Consumers

Breed providers
- Farmers
- Supermarkets
- Restaurants

Feed providers

Extension and agricultural staff; veterinarian; researchers and institutions; NGOs
Strengths and opportunities

- Self-breeding, self-providing feed
- Easy trading, high demand
- Supporting of government
- Cattle price
- Working in groups
- Tight relationships
- Price agreed among middlemen
- Cattle sources outside
- Short capital turnover,
  - Easy trading, stable customers,
  - Verbal contract
- Verbal contract
- Increasing demand
- More opportunities of products
- High quality of beef import

Weaknesses and threats

- Poor veterinary, extension services
- Poor breeding quality
- Information, bargaining capacity
- Cattle outbreaks, poor profitability
- Long keeping, cattle resources
- High investment capital
- High lobby & transportation costs
- Risks from outbreaks, lost, shock
- Poor conditions, residential quarter
- High unexpected lobby costs, tax
- Great debt fixed, no uniform cattle
- Unstable cattle resource
- Leftover at end of marketing time
- Loss of products during trading
- Long-term debt of buyers
- No official distribution line
- Poor uniform, processed product
- Poor guaranteed product: quality, types, hygiene
Recommendations for intervention activities

**Increasing capacity building for farmers**
1. Building farmer groups
2. Designing formal regulation and activities

**Improving product quality**
1. Providing trainings
2. Building programme linked between cattle farmers and consumers

**Strengthening cattle resource**
1. Support development of cattle
2. Providing technical trainings

**Support policies**
1. Building agreements among neighbouring countries
2. Providing regulation for slaughter houses’ conditions and location programming
3. Creating quality control of products in markets
THANK YOU FOR YOUR ATTENTION!
Cattle source in markets

- Peak season of cattle trading: August – February
- Movement of cattle depending strongly on disease outbreaks, price disparity
- Cattle source: Local cattle, neighbouring provinces and China
- Cattle from outside:
  - small scale
  - no regular basis
  - none official regulation
  - without security of veterinary
  - no custom check
Table 1: An example showing differences of lean meat yield and value of live cattle

<table>
<thead>
<tr>
<th>Cattle breed</th>
<th>Lean meat proportion (%)</th>
<th>Live-weight (kg/cattle)</th>
<th>Lean meat performance (kg/cattle)</th>
<th>Value (VND/head)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle 1</td>
<td>30.0</td>
<td>300</td>
<td>90</td>
<td>8,100,000</td>
</tr>
<tr>
<td>Cattle 2</td>
<td>35.0</td>
<td>300</td>
<td>105</td>
<td>9,450,000</td>
</tr>
<tr>
<td>Difference between two cattle</td>
<td>5.0</td>
<td>0</td>
<td>15</td>
<td>1,350,000</td>
</tr>
</tbody>
</table>

* Required evaluation criteria: fatness, leanness, skeleton frame, head, legs, rump, thigh, chest, neck
Figure 1: Estimated live cattle lean meat price in the study site during 2000-2009
Figure 2: Estimation of expenses for a cattle head transporting to Hanoi

- Transportation cost: 200,000 VND
- Veterinary quarantine cost: 10,000 VND
- Lobby costs: 50,000 VND
- Tethering: 5,000 VND

Unit: 1,000 VND
Figure 3: Prediction of benefit per head of cattle per day sharing among actors and their added value. 

Farmers: 5.2
Retailers: 100
Middle-men: 80
Slaughter-houses: 200
Beef wholesaler: 200
Beef retailers: 300

Unit: 1,000 VND